

Reimagining the future

Agility in a climate of change

Agility in a climate of change

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

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

While navigating this 'new normal', Agility at scale underlined our approach at each step. ITC responded with unmatched agility, fast-tracking innovation across every dimension of operations - across the value chain. This was accompanied by large scale efforts to provide relief and support to communities in need, around our operational areas, across the country.

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

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Chairman's Message



Sanjiv Puri
Chairman & Managing Director, ITC

I have great pleasure in presenting this edition of ITC's Sustainability Report. It is indeed humbling, and a matter of pride, that this Report has been published for 18 consecutive years. This fulfilling journey that commenced with a deep inspiration to serve national priorities, has spurred innovations over time, leading to meaningful transformation of lives and landscapes across the country. As always, we remain committed in our resolve to be a global exemplar in Sustainability, and contribute our utmost to shaping a more secure, sustainable and inclusive future.

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. The chapters that follow, present the contours of the superior triple bottom line performance we have strived to achieve. It also chronicles the strategies and focussed interventions undertaken to contribute to the Nationally Determined Contribution (NDC) commitments and to the objectives set in the UN Sustainable Development Goals (SDGs). The Report also lays down a bold and ambitious agenda for the future, enshrined as a Sustainability 2.0 vision, to guide thought, strategy and action in the journey ahead.

Igniting Hope Amidst Myriad Challenges

In a year and a half, the future has been rewritten in ways unimagined. The devastation caused by the pandemic has completely rewired how every organ of society needs to look at rebuilding a shared tomorrow. However, much before this Black Swan event, the world was already grappling with daunting challenges of sustainability. Every successive year in recent memory recorded new highs in extreme weather events, be it heatwaves, floods, droughts, ravaging wild fires or soaring temperatures. The world has witnessed more than 15 most destructive climate disasters in 2020, indeed a stark reminder that climate change is here and now. The writing on the wall is even more evident from the recently released report by

the United Nations' Intergovernmental Panel on Climate Change (IPCC), which forewarned that the average global temperature is likely to exceed the 1.5-degree Celsius mark within 20 years, if immediate and large-scale action is not taken. The report has distinctively identified that emissions "unequivocally caused by human activities" have already pushed the average global temperature up 1.1 degrees Celsius relative to pre-industrial times. Raising the level of concern is also the Global Risks Report 2021 published by the World Economic Forum, which identified infectious diseases, climate action failure as well as livelihood crises among the highest impact risks of the next decade. India too has been impacted by a large number of climate change triggered events in the recent past. Experts warn that if climate change is not reined in, frequency of extreme events such as heatwaves could increase by 75 times in India by 2050, leading to reduction in wheat yields by 50% in the Indo-Gangetic plains, amongst others. It is also disconcerting to read reports that 21 major cities in India may run out of groundwater by the end of this decade, while many coastal cities may get submerged by the rising sea level by the turn of the century.

The pandemic also provided more than a fleeting glimpse of a world where environmental degradation can get reversed. The initial months of lockdown, imposed to contain the spread of the contagion, saw nature temporarily healing itself. People across the world experienced a much cleaner and greener environment with fresher air and clearer skies. This has reinforced the fact that we can indeed build back better and collectively create a world that is cleaner, greener, more sustainable and inclusive.

The surge in the spread of the virus impacted livelihoods globally and accentuated the chronic challenge of providing gainful employment to the millions of youth joining the workforce across the world. Large scale livelihood generation will indeed be one of the most important pre-requisites to create an equitable world in the near future.



We can and must act now to collectively take giant strides to address these daunting challenges and ensure that the planet and its people are not at peril.

Therefore, be it the fast escalating threat of climate change or the livelihood crisis, the narrative emerging is fairly univocal. We can and must act now to collectively take giant strides to address these daunting challenges and ensure that the planet and its people are not at peril. It is indeed heartening that India today stands out among major nations in the world for being one of the few countries to make commendable progress towards its commitments to achieve the goals of the Paris Agreement and in fact will be ahead of target in some areas. It is also encouraging that many nations across the world are proposing action to address the heightened climate risks. However, given the urgency for action necessitated by the impending crisis, it would be critical to embed the long-range global commitments with specific short to medium term milestones to enable pragmatic progress towards achieving the overall goals.



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There is, however, hope and optimism for the future. The invaluable lessons learnt during this Black Swan event to pivot with agility and craft innovative responses to the ever-evolving situation promises to benefit society manifold in the years ahead. The pandemic unleashed the power of science and technology to develop and implement new solutions rapidly, as evident in the speedy development and roll

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out of vaccines. This indeed points to the immense possibilities of rapidly developing effective solutions that can power an inclusive future to benefit the most distressed in society. Another pandemic induced trend is the accelerated digital adoption in every sphere of economic and social activity, changing the course of the future in more ways than one. I firmly believe that the digital revolution must be vigorously harnessed to foster inclusive and sustainable growth, else social inequity will only widen the digital divide. The ubiquitous presence of digital across economic and social activities can indeed be leveraged manifold to empower farmers, raise agri productivity and transform rural development. An example lies in the innovative way ITC enhanced capacity of farmers through digital training platforms and customised apps, forming more than 4,800 WhatsApp groups in 5,000 villages to build capacity of 3.8 lakh farmers in order to achieve the objectives of the Company's collaborative initiative with NITI Aayog in 27 Aspirational Districts.



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Creating Enduring Value: ITC's Sustainability Vision and Strategy

It is abundantly clear that the global economic models pursued for decades could not ensure sustainable or equitable progress. A paradigm shift is today called for in crafting new economic models that innovatively integrate environmental stewardship and livelihood generation as core outcomes. Therefore, I believe that it is crucially important today to usher in a new era of Responsible Capitalism - one that innovatively integrates extreme competitiveness with solutions to nourish the environment on a large scale and also simultaneously enhance social equity through supporting sustainable livelihoods. I am convinced that corporates are indeed uniquely placed to bring about such transformational change in society by embedding sustainability at the core of its business strategy. It is also then that Businesses will be able to make a much more constructive contribution to meeting the SDG goals.



I believe that it is crucially important today to usher in a new era of Responsible Capitalism - one that innovatively integrates extreme competitiveness with solutions to nourish the environment on a large scale and also simultaneously enhance social equity through supporting sustainable livelihoods.

It is this conviction that led ITC to craft innovative business models that has synergised the creation of economic, environmental and social capital as a unified strategy. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', has contributed to building vibrant businesses of the future, purpose-led brands and to achieving laudable benchmarks in sustainability performance. It is indeed a matter of pride that the synergistic business models crafted have enabled ITC to achieve the global environmental distinction of being carbon, water and solid waste re-cycling positive enterprise for over a decade now. More importantly, these sustainable business models have enabled ITC to support the livelihoods of over 6 million people. The multi-dimensional interventions made by the Company through large-scale programmes in watershed development, sustainable agriculture, afforestation, farmer empowerment, among others, seek to contribute meaningfully to addressing some of the major sustainability challenges facing the country.

Reimagining Sustainability 2.0

While it is indeed humbling that the initiatives spearheaded by the Company has led to large scale outcomes, the pandemic has fast tracked the need for action with an even more bold and ambitious agenda. Recognising these new realities, ITC has embarked on the next horizon of sustainable excellence with a comprehensive agenda that we call the Sustainability 2.0 vision, with a resolve to 'Build Back Better'.

Sustainability 2.0 derives inspiration from the larger organisational vision, and is backed by a suite of Board-approved Sustainability Policies that have been further strengthened to ensure that they remain contemporary and future ready.

A strong and robust Sustainability Governance framework, with Board Committee supervision, continues to guide, review and monitor sustainability performance. The management of key sustainability issues is driven by extensive stakeholder engagement, comprehensive materiality analysis and identification of risks and opportunities. Founded on inclusive growth as a core objective, Sustainability 2.0 will address the need for larger environmental resource replenishment through a Reduce-Recycle-Restore-Replenish eco-system. Strengthening efforts to combat, mitigate and adapt to climate change, the Sustainability 2.0 agenda will promote large scale sequestration, decarbonisation through enhanced renewable energy use, circular economy and sustainable agriculture as the key pillars of the Company's low carbon strategy.



ITC has embarked on the next horizon of sustainable excellence with a comprehensive agenda that we call the Sustainability 2.0 vision, with a resolve to 'Build Back Better'.

The redefined sustainability vision also raises the bar even higher with ambitious targets that will contribute even more meaningfully to the nation's NDC commitments and SDG goals. ITC will aim to reduce specific GHG emissions by 50%, enhance share of renewable energy usage to 50% of total energy consumption and create rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030, whilst multiplying the positive impact on the rural eco-system through large scale climate smart agriculture and bio-diversity conservation. The efforts to ensure plastic neutrality and sustainable management of waste will continue apace in the years ahead. The overall aspiration is also to support sustainable livelihoods for 10 million people by 2030.

Transforming Lives & Landscapes: Key Sustainability Achievements

ITC's Sustainability 2.0 vision builds on the robust foundation of significant achievements in environmental stewardship and societal development. In this journey, several milestones have been attained, paving the way for even more impactful interventions in the horizon ahead.

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For a Greener Tomorrow

Over the years, ITC has relentlessly pursued a mission for environmental stewardship through a wide spectrum of large-scale endeavours that attempts to comprehensively address climate change and environmental degradation through mitigation, adaptation, building resilience and replenishment of natural resources. This is manifest in initiatives that focus on carbon sequestration, decarbonisation, enhanced renewable energy use, water security, waste management, green buildings as also climate-smart agriculture. Ground level assessments and evaluation of climate risks across key agri-value chains also enable targeted initiatives.

Renewable Energy & Green Buildings

It is indeed satisfying that over 41% of the Company's total energy consumption is today from renewable sources, despite a growing manufacturing footprint. As many as 33 green buildings have received LEED® Platinum certification, which also includes several iconic luxury hotel properties and the world's first LEED® Platinum certified data centre. ITC Windsor in Bengaluru recently became the first luxury hotel in the world to achieve a LEED® Zero Carbon Certification.

Afforestation

Towards replenishing the nation's natural resources, ITC's large-scale afforestation programme has cumulatively greened over 8,76,000 acres, enabling significant carbon sequestration, among others. The programme has also supported about 160 million-person days of employment for marginal farmers and tribals. ITC has also promoted bio-diversity conservation in more than 44,000 acres to revive & sustain ecosystem services and products provided by nature, and aims to enhance coverage over 250,000 acres by 2030.

Water Security

Addressing the critical problem of water stress, ITC has spearheaded an extensive watershed development programme bringing soil and moisture conservation to over 1.2 million acres. A focussed initiative for demand side management has led to water savings of 25-40% in 7 crops, contributing meaningfully to the Hon'ble Prime Minister's Vision of 'More crop per drop'. ITC's efforts to ensure water security in its catchments has also been globally

recognised with its Kovai unit in Tamil Nadu being awarded the Platinum rating by the Alliance for Water Stewardship Standards which is the highest recognition for water stewardship in the world. The unit is the first site in India and the first paper mill in the world to achieve this recognition. Going forward, we will strive to certify all sites in high water-stressed areas in our catchments as per the international water stewardship standard by Alliance for Water Stewardship by 2035.

Solid Waste Management

Management of waste has assumed critical importance with increasing pressure on landfills and waste becoming a major pollutant in even rivers and oceans. For more than a decade, ITC has implemented industry leading efforts in end-to-end waste management through a unique Well-being Out of Waste (WOW) programme that currently reaches 1.5 crore citizens. This programme has promoted behavioural change through large scale awareness on waste segregation in households and commercial complexes, facilitated collection in collaboration with urban local bodies and enabled viable recycling options for such post-consumer waste, including plastics. In addition, the Green Temple Initiative for waste conversion to biogas for kitchens and compost for gardens has covered nearly 190 temples and is being expanded. Addressing the concern on single-use plastics, ITC's Paperboards Business has launched a sustainable packaging portfolio comprising recyclable paperboards, under the 'Filo' and 'Omega' series which is garnering encouraging response.

Enhancing Social Equity and Livelihoods

Securing and enhancing livelihoods is at the core of ensuring social equity and improvement in the quality of lives of people. The primary challenge continues to be the imperative need to ensure livelihoods for economically marginalised communities not just for today but also for the future. ITC contributes to societal development through a two horizon perspective – first by making today's dominant sources of income sustainable by empowering communities to conserve, augment and manage their social and environmental capital in order to secure agri production systems and thereby their current sources of livelihood, and secondly, by creating capabilities for wealth generation and employment for tomorrow by

assisting communities to put in place the necessary socio-economic infrastructure to equip them to take advantage of emerging economic opportunities. To actualise this strategy, ITC has adopted an integrated approach to development comprising a mosaic of mutually reinforcing interventions collectively called "Mission Sunehra Kal".

Public-Private-People Partnerships

It is indeed humbling that these programmes have been able to engender significant transformation in rural India with multi-dimensional programmes aimed at empowering local communities. The projects promoted under the Social Investments Programme are spread over 216 districts of 25 States/Union Territories. More than 83 Public-Private-Partnerships have been established in areas like Water Stewardship, Sustainable Agriculture, Solid Waste Management, Women Empowerment and many others.

Adding Value to Agriculture

Agriculture which accounts for half of the country's workforce also consumes significant natural resources like water to provide food, fodder, forests and fibre to the billion plus population in India. It is also the most vulnerable to climate change and faces critical challenges of water stress and poverty. Recognising these challenges, and in pursuit of the Horizon 1 approach, ITC has contributed substantially in building climate resilience of agriculture through promotion of sustainable and climate-smart practices, focusing on water stewardship, large scale afforestation and promoting biodiversity conservation. The globally acknowledged ITC e-Choupal has empowered over 4 million farmers and nurtured several inclusive agri value chains to benefit farmers and support rural livelihoods. These value chains are anchored by ITC's large investments in food processing, its vibrant brands as well as exports and include agri value chains in segments such as Wheat and Spices, Potato, Fruits & Vegetables and Dairy. In addition, a forestry-based paper value chain has also been nurtured over time and an agarbatti-based bamboo value chain is also being developed.

Multiplying Farmer Incomes

In line with the Government's vision of doubling farmer income, ITC has launched an integrated programme, Baareh Mahine Hariyali, that aims to multiply rural

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incomes through a wide spectrum of interventions including agronomic practices such as zero tillage, introduction of right varieties, cropping intensity and diversification as well as shared mechanised farming equipment. This pilot programme covered over 2,00,000 farmers, out of which 35,000 who adopted all practices have already doubled incomes while others are making encouraging progress.

Climate Smart Agriculture

To build climate resilience in agriculture, ITC has embarked on a large Climate Smart Agriculture initiative, which has covered over 2.5 lakh farmers across 8,000 villages. A pilot at scale **demonstrated a reduction** of GHG emission of select crops by 47%, whilst enhancing net returns to farmers between 41% to 87%. The efforts to promote climate-smart agriculture will be scaled up to cover 3 million acres by 2030.

NextGeneration Agriculture

Unleashing a new dimension of NextGeneration Agriculture, ITC aims to strengthen farmer empowerment by fostering demand-responsive agri value-chains, enhancing value addition, promoting climate-smart agriculture and leveraging digital solutions. Bringing the benefits of the Digital Revolution, ITC is launching a Super App called the ITC-MAARS (Metamarket for Advanced Agriculture and Rural Services) as a 'Phygital' Model to provide the full array of new age solutions to empower the farmer. These initiatives for NextGeneration Agriculture will be anchored by Farmer Producer Organisations (FPOs) across several clusters to provide a robust eco-system to build competitive and demand-responsive agri value-chains. The aspiration is to benefit 10 million farmers by 2030.



Unleashing a new dimension of NextGeneration Agriculture, ITC aims to strengthen farmer empowerment by fostering demand-responsive agri value-chains, enhancing value addition, promoting climate-smart agriculture and leveraging digital solutions.

Integrated Rural Development

Several other initiatives, defined in the Horizon 2 areas have been scaled up over the years. These include women empowerment, mother and child care, health and sanitation, vocational training and primary education to create a better future and strengthen capabilities for gainful livelihood opportunities.

Combatting Covid-19 : Interventions during the pandemic

Inspired by the Company's abiding commitment to serve national priorities exemplified by its credo of *Sab Saath Badhein*, ITC heightened its efforts to ameliorate some of the acute challenges faced by society. As the first wave hit the country, ITC set up a Covid Contingency Fund of Rs 215 crores to support the vulnerable. Essential food and hygiene products were speedily distributed in 25 States and Union Territories. An unfortunate fallout of the pandemic was the loss of livelihoods. Redoubling its efforts to assist in creating livelihoods and developing community assets, ITC facilitated daily wage earners access the MGNREGA scheme. This helped generate 55 lakh person days of work in nearly 2,500 villages, including the building of over 5,600 crucial water harvesting structures.

During the second wave, addressing the need to ramp up the availability of oxygen and enhance medical infrastructure, ITC swiftly initiated the airlifting of 24 cryogenic containers to ease the bottlenecks in transporting oxygen. ITC also sourced more than 1,200 concentrators and 22 oxygen generators to help enhance healthcare infrastructure. The Company also helped set up 3 temporary medical facilities with 600 beds in record time in West Bengal, Madhya Pradesh and Bihar. In addition, ITC's Paperboards unit in Bhadrachalam produced and supplied medical oxygen to Government hospitals in Telangana.

Recognising the need for quality healthcare in rural areas, ITC is progressively launching an Integrated Rural Healthcare Programme as part of its social initiatives. This community-based rural healthcare initiative, envisaged as a 'phygital' model, will provide comprehensive, onsite primary and secondary healthcare facilities together with telemedicine services.

Building a Sustainable Enterprise of Tomorrow

The symphony of ITC's efforts in its Sustainability journey continues to receive global accolades.

It is indeed a matter of pride that ITC has continuously achieved the 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies. It has also been included in the Dow Jones Sustainability Emerging Markets Index. ITC was recently adjudged as the 'Best Governed Company' at the 20th ICSI National Awards acknowledging the Company's robust governance model anchored on the values of trusteeship, transparency and ethical corporate citizenship.



This pursuit of responsible competitiveness, that aims to integrate growth with environmental stewardship and societal value creation, will continue apace to contribute to our abiding vision to build an institution of national pride, serving societal needs with compassion and dedication.

In recent years, an extensive strategy reset has been undertaken to architect the structural drivers that will power ITC's next horizon of growth and ensure that the enterprise remains future-oriented, consumer-centric and nimble whilst ensuring that progress is sustainable and inclusive. Each Business has pivoted to create new frontiers for the future, with enhanced competitiveness to strengthen leadership or attain the top positions in the case of newer segments. The Company continues to explore opportunities to craft disruptive business models helmed by digital and sustainability as well as its enterprise strengths.

This pursuit of responsible competitiveness, that aims to integrate growth with environmental stewardship and societal value creation, will continue apace to contribute to our abiding vision to build an institution of national pride, serving societal needs with compassion and dedication. In this journey, our credo of 'Nation First - Sab Saath Badhein' will remain an abiding inspiration.

As we champion a paradigm shift towards Responsible Capitalism, ITC stands committed, as always, to creating enduring and sustained value for all its stakeholders. It is this pledge that we once again reinforce with this Sustainability Report that capsules our aspirations and achievements in shaping a secure tomorrow for the generations to come.

Sanjiv Puri
Chairman & Managing Director, ITC

ABOUT ITC

Putting Nation First

It is ITC's vision to put Nation First in all its endeavours. The Company has therefore aligned its multi-dimensional initiatives to the national objectives of supporting livelihood creation and the preservation and replenishment of natural resources, even while enhancing the competitiveness of its businesses.

With sustainability embedded firmly in the core of its business model, ITC's focus has been on empowering rural India and its farmers, strengthening domestic agri-value chains, promoting manufacturing excellence, creating vibrant Indian brands to maximise value capture in India, driving import substitution and increasing Indian agri-exports.

ITC is acknowledged as a global exemplar in sustainable business practices, crossing defining milestones in its journey over the past 25 years. Guided by its conviction that businesses can bring about transformational change in society by pursuing innovative business models that synergises creation of shareholder value with social and natural capital, ITC's efforts have yielded significant outcomes.



₹ 48,151 Crore

Gross Revenue



200+

Manufacturing Units



₹ 33,557 Crore

Non-Cigarette Revenue



41%

ITC's Energy from Renewable Sources



Among Top 3

Contributors to National Exchequer



19, 16 & 14 years

Of Being Water, Carbon & Solid Waste Recycling Positive, respectively



13

Future Ready Businesses of Tomorrow



6 Million

Sustainable Livelihoods Supported



25+

World Class Indian Brands



'AA' Rating by MSCI-ESG

Highest among Global Tobacco Companies



35,900+

Employees in ITC Group



Included in
Dow Jones Sustainability Emerging Markets Index

ABOUT ITC

ITC's Businesses – Spanning Agriculture, Manufacturing, Services

FMCG



Winning in the New Normal

Branded Packaged Foods, Education and Stationery Products, Personal Care Products, Cigarettes, Safety Matches and Agarbatti

- One of the fastest growing in the country
- Leading FMCG marketer in India
- 25 powerful mother brands
- 120+ innovative products launched in COVID times
- Addressing emerging needs for hygiene, health, wellness and immunity products
- Purpose-led brands anchored on larger consumer needs
- Powered by world class quality, superior consumer insights, & cutting edge innovation
- Strategic investments in creating a new core in FMCG
- Anchoring agri value chains

Agri Business



Powering NexGen Agriculture

- Pioneer in rural transformation
- Extensive engagement with farmers for over 100 years
- Sources over 3 million tonnes of agri produce in 22 states; supports over 20 agri-value chain clusters
- One of India's largest exporters of agri commodities
- Scaling up value-added portfolio across categories like organic, food safe, attribute specific as well as medicinal & aromatic plants
- e-Choupal initiative empowers over 4 million farmers
- ITC aims to reach 10 million farmers by 2030

Paperboards & Packaging



Towards Sustainable Packaging

- Clear market leader in Value Added Paperboards
- Icon of environmental stewardship
- Kovai plant awarded Platinum rating as per AWS Standards, the highest recognition for water stewardship in the world
- Developing alternatives to single use plastics
- Contributing to 'Make in India' and Import Substitution
- Anchoring local forestry value chains, empowering farmers

Hotels



Reimagining Hospitality

- Trailblazer in 'Responsible Luxury'
- One of India's pre-eminent and fastest growing hospitality chains
- 107 hotel properties in over 70 locations
- 'Largest Chain of Hotels in the World, with maximum LEED® Platinum Certified Properties', as per USGBC
- First Hotel chain in the world to receive Platinum level certification under DNV's My Care Infection risk management programme for 'WeAssure' hygiene protocol
- ITC Windsor - first hotel in the World to achieve LEED® Zero Carbon certification

IT



Driving Digital Disruption

- ITC Infotech - Wholly-owned subsidiary of ITC
- Leading global technology services and solutions provider
- Presence across 5 continents
- Growth driven by global in-house centre services, digital experience using data analytics and infrastructure services

ABOUT ITC

ITC's World-Class Brands that Retain Value in India



Annual consumer spends of over
₹ 22,000 Crores
 in aggregate

25
 Mother brands creating larger value for India

Reach over
150 Million
 Indian Households

Over
120
 Innovative products launched last year

A Bouquet of Leading Brands



No.1 in Branded Atta



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



No. 1 in Cream Biscuits



No.1 in Notebooks



No. 1 in Surface Disinfectant Spray



No. 2 in Noodles



No. 2 in Liquid Bodywash Category



No. 2 in Deodorants



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

ABOUT ITC

Pillars of Competitive Advantage

ITC's ability to leverage the synergies residing across its businesses gives the Company a unique advantage and enables it to remain agile and competitive even in times of extreme adversity. ITC benefits from its strong foundation of diverse institutional strengths including:



Anchoring domestic sustainable value chains, empowering farmers, supporting livelihoods



Wheat Value Chain
Anchored by Aashirvaad atta and ITC's agri exports

Dairy Value Chain
Supported by Aashirvaad Svasti Dairy and Sunfeast Wonderz milk-based Beverages

Spices Value Chain
Supported by Aashirvaad and Sunrise spices

Tree to Text Book Value Chain
Anchored by Classmate and Paperkraft Notebooks, Supporting Largescale Forestry

Potato Value Chain
Driven by Bingo! Snacks

Bamboo Value Chain
Driven by Mangaldeep Agarbatti

Fruits & Vegetables Value Chain
Powered by B-Natural juices, Farmland and ITC Master Chef Frozen Foods

For more information on Agri Value Chain, refer to 'Securing Agri Value Chains for ITC's Major Crops' of Making Agriculture Future Ready section on page 59 of this Report.

ABOUT ITC

Building Back Better with Sustainability 2.0

Poised to take its sustainability endeavours to the next level, ITC has embarked on the next horizon of sustainable excellence with Sustainability 2.0, an ambitious agenda that is aligned to the need to craft inclusive strategies that can address the urgent challenges of the post pandemic world.

The aspiration to raise the bar has found expression in the need to find innovative ways to define new pathways that will enable the transition to a net zero economy, ensure water security in its catchments, create an effective circular economy for post-consumer packaging waste, and protect and restore biodiversity, so critical for existence of life on the planet.



Sustainability 2.0 Ambitions: 2030 Targets

Combating Climate Change

Renewable energy - 50% of total consumption by 2030

Meet 100% of purchased grid electricity requirements from renewable sources by 2030

Reduce specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to a 2018-19 baseline

Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other initiatives

Sustainable Agriculture

Promote Climate Smart Village approach in core Agri Business catchments covering over 3 million acres by 2030

Water Stewardship

Achieve 40% reduction in specific water consumption by 2030 as compared to a 2018-19 baseline

Create rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030

Ensure certification of all sites in high water-stressed areas as per the international water stewardship standard by Alliance for Water Stewardship by 2035

Improve crop water use efficiency in agri value chains through demand side management interventions and enable savings of 2,000 million kilolitres of water by 2030

Biodiversity Conservation

Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 250,000 acres by 2030

Plastic Waste & Circular Economy

Ensure 100% of the Company's packaging is reusable, recyclable or compostable by 2028

Enable sustainable management of waste in excess of the amount of packaging utilised by FY 2021-22

Sustainable Livelihoods

Supporting sustainable livelihoods for 10 million people by 2030

ABOUT ITC

The Journey So Far

ITC e-Choupal

Productivity improvement, climate smart agri practices, replenishing natural resources, providing market access

Empowered over 4 million farmers

'Choupal Pradarshan Khet' brings benefits of agri best practices to small and marginal farmers. Backed by intensive research and knowledge, this initiative provides Agri-extension services to ensure productivity gains

ITC e-Choupal 4.0

Leveraging a 'Phy-gital' ecosystem to empower farmers using digital technologies

To reach 10 million farmers by 2030

Baareh Mahine Hariyali

Integrated agri interventions to multiply farmers' income

Introduction of agronomic practices, right varieties, cropping intensity and diversification, shared mechanised farming equipment. Covered over 200,000 farmers in 4 districts of UP and Bihar

Covered over **200,000 farmers**; over **35,000 farmers** doubled incomes

Partnership with NITI Aayog

Improvement of agriculture in 27 Aspirational Districts

2.5 million farmers trained

Farmer incomes increased upto 60% for paddy & soyabean cultivated in the Kharif season of 2020

3.8 lakh farmers brought onto digital training platforms through 4,836 WhatsApp groups in 5,000 villages last year

Medicinal & Aromatic Plants Project

100-acre demo farm for Medicinal & Aromatic Plants in Madhya Pradesh

Farmers in 500 villages educated on medicinal plant cultivation

Social and Farm Forestry

Over **875,000 acres** greened

Supporting about **160 million person days** of livelihood for tribals and marginal farmers

Carbon sequestration, top soil retention, water recharge

Agro-forestry covers over 123,000 acres

Water Stewardship Mission

Watershed development in over **1.2 million acres** in 14 states

7.3 million person days of livelihood supported

Demand side management interventions cover **300,000 acres** in 6 states

Nearly 22,000 water harvesting structures built; net water storage of 41.95 million CuM

Climate Smart Villages Programme

Covered over 1,600 villages across 14 States

Reduced GHG emissions of soya and wheat by 37% and 47%, respectively as per assessment done in 2018-19

Increase in yield of soya & wheat by 65% and 20% respectively; net returns by 70% and 45% respectively as per assessment in 2018-19

ITC's Climate Smart Agriculture covered over 2.54 lakh farmers, over 8.8 lakh acres and 21 major crops in 8,000 villages across 17 States in 2020-21

ABOUT ITC



Livestock Development

Over **330,000** farmers benefitted

Women's Empowerment

Over 77,400 women empowered economically

Primary Education

Over 800,000 rural children covered

Skilling & Vocational Training

Over 90,000 youth trained

Renewable Energy

Over 41% ITC's energy requirement met from renewable sources

Green Building Movement

Established **33 platinum** rated green buildings
All premium luxury hotels are LEED® Platinum certified

Waste Management

Well-Being Out of Waste, covers over **1.5 Cr citizens**; Livelihoods for nearly **17,000 waste collectors**

99% of the total waste generated (non-hazardous) in ITC units either reused or recycled

Solid Waste Management Programme operational in 17 districts of 11 States covering 731,000 households

Circular economy pilot programme for MLP collection and recycling in Pune

Green Temple Initiative processing waste from temples to provide biogas for kitchen and compost for gardens expanded to 188 temples

ITC is collaborating with several local bodies and NGOs for solid waste management including collection, segregation and recycling of plastic waste

Health & Sanitation

Over 38,000 Individual Household Toilets constructed in 15 states
Over 220,000 beneficiaries covered under Mother and Child Health Initiative

Approach to Reporting

Reporting Framework

The 18th 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, 2020 to March 31, 2021. ITC reports its performance on an annual basis and the last Sustainability Report was published in September 2020.

ITC's Sustainability Report 2021 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 Sustainable Supply Chain and 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 eight 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.

Independent Audit and Assurance

The financial data included in the report is excerpted from the Company's Report & Accounts 2021, 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. The footprint of projects promoted under the Social Investments Programme is spread over 25 States/Union Territories covering 216 districts.

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 2021 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 (CO₂) emissions and GHG removals, in accordance with ISO 14064:2006. The GHG inventory of 2020-21 has been verified by Messrs. Deloitte Haskins & Sells LLP at the 'Reasonable Assurance' level. ITC accounts for the following gases in its GHG inventory: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF₆), GHG Emissions and CO₂ 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

COVID-19 RESPONSE

Agility in Adversity, Compassionate in Crisis

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

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



₹ 215 crores

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

Schemes under MGNREGA generated over

5.5 million

Person-days of employment in 16 states

25

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

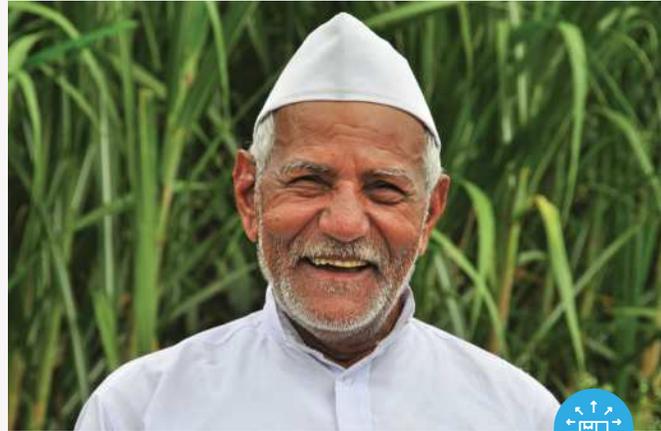
COVID-19 RESPONSE

Supporting our Stakeholders



Communities

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



Farmers, Supply Chain and Distribution

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



Consumers

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

COVID-19 RESPONSE

Standing with Team ITC



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

Contingency Management Teams deployed at all locations.

Detailed advisories have been issued to employees on how to safeguard themselves, their colleagues and associates, and their families.

Covid care centres for employees and their families, assistance with hospitalisation and treatment, and protection of income.

Employees have been provided secure remote connectivity to facilitate Work from Home.

The Company's employees, trade partners, transporters and their associates were provided extensive training – both online and at the place of work - in COVID-19 safety protocols.

Medical advisories through a network of Company Doctors on preventive measures and counselling services.

Risk mitigation protocols such as zoning in factories and restrictions on travel and office presence.

The Company has made arrangements with various medical establishments to facilitate COVID-19 vaccination for employees and their families as well as value chain partners across India.

COVID-19 RESPONSE

Business response

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

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

Some key interventions



Swift Resumption of Operations

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

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



Capacity Augmentation

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



Purposeful innovation

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



Repurposing manufacturing plants

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



'WeAssure' programme for hotels

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



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

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

ACCELERATED DIGITAL TRANSFORMATION

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

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

ITC GOVERNANCE

ITC's Corporate Governance Philosophy

Anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment and 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:

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

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

Strategic supervision
by the Board of Directors (the Board)

Strategic management
by the Corporate Management Committee (CMC)

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

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

For more details on ITC's governance structure, refer to the Company's Report and Accounts 2021.

Governance Structure



Divisional Management Committees

Each headed by a Divisional Chief Executive

Businesses include

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

Corporate Functions

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

Shared Services

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

The role, powers and composition of the Board, Board Committees and CMC are available on the Company's corporate website. Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

ITC GOVERNANCE

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 and its 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, evaluates its performance and also that of the Board Committees and the Directors.

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 laid down 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 2021.

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 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 strength of the Board as on 1st June, 2021 was thirteen, including the Chairman, three other Executive Directors and seven Non-Executive Independent Directors, of which two are Women Directors.

The composition of the Board, including other Directorship(s) / Committee Membership(s) of the Directors as on 31st March, 2021, is mentioned on the following page.

6

Meetings of the Board were held during the year ended 31st March, 2021



ITC GOVERNANCE

Composition of the Board

Director	Category	Number of other Directorships(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	9	3 (also as Chairman)
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	4	3
S. B. Mathur	Independent Director	7	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	3	1
H. Bhargava	Non-Executive Director Representative of Life Insurance Corporation of India as Investor	3	1
A. Jerath ¹	Non- Executive Director Representative of General Insurers' (Public Sector) Association of India as Investor	2	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

1. Resigned w.e.f. 1st May, 2021

ITC GOVERNANCE

Board Committees

Currently, there are five Board Committees

The CSR and Sustainability Committee

The Audit Committee

The Nomination & Compensation Committee

The Securityholders Relationship Committee

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.

 The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided in the Company's Report and Accounts 2021.

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 exemplary personal conduct consistent with the ITC Code of Conduct. The Code is available on the Company's corporate website and is shared with employees at the time of their joining and periodically with all employees. 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.

Chair of the Highest Governance Body

Chairman

The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and 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 the balance of membership of the Board, subject to Board and Shareholder approvals.

ITC GOVERNANCE

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 & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are kept abreast on all business related matters, risk assessment & 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 the 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 inasmuch 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 coverage under Personal Accident Insurance and sitting fees for attending meetings of the Board and its Committees, the quantum of which is determined by the Board.

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 and 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 at arm's length 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 & 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 2020-21 was 222:1. The total remuneration of the highest paid employee has increased by 47% and the median remuneration of employees has also increased by 16% in FY 2020-21.

 **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**

ITC GOVERNANCE

ESG and Sustainability governance at ITC

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

Sustainability Governance Structure



CSR and Sustainability Committee

The CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

The CSR and Sustainability Committee comprises the Chairman of the Company and five Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts, 2021.

Sustainability Compliance Review Committee (SCRC)

The Corporate Management Committee (CMC) has also constituted the Sustainability Compliance Review Committee (SCRC), which presently comprises seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.

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

Sustainability Policies

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

Implementation

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

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



Our Sustainability Strategy

As the world prepares for a post-pandemic future, ITC is actively working towards Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change and the pandemic. With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change and enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity.

VISION

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

MISSION

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

VALUES

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



Trusteeship



Excellence



Customer focus



Innovation

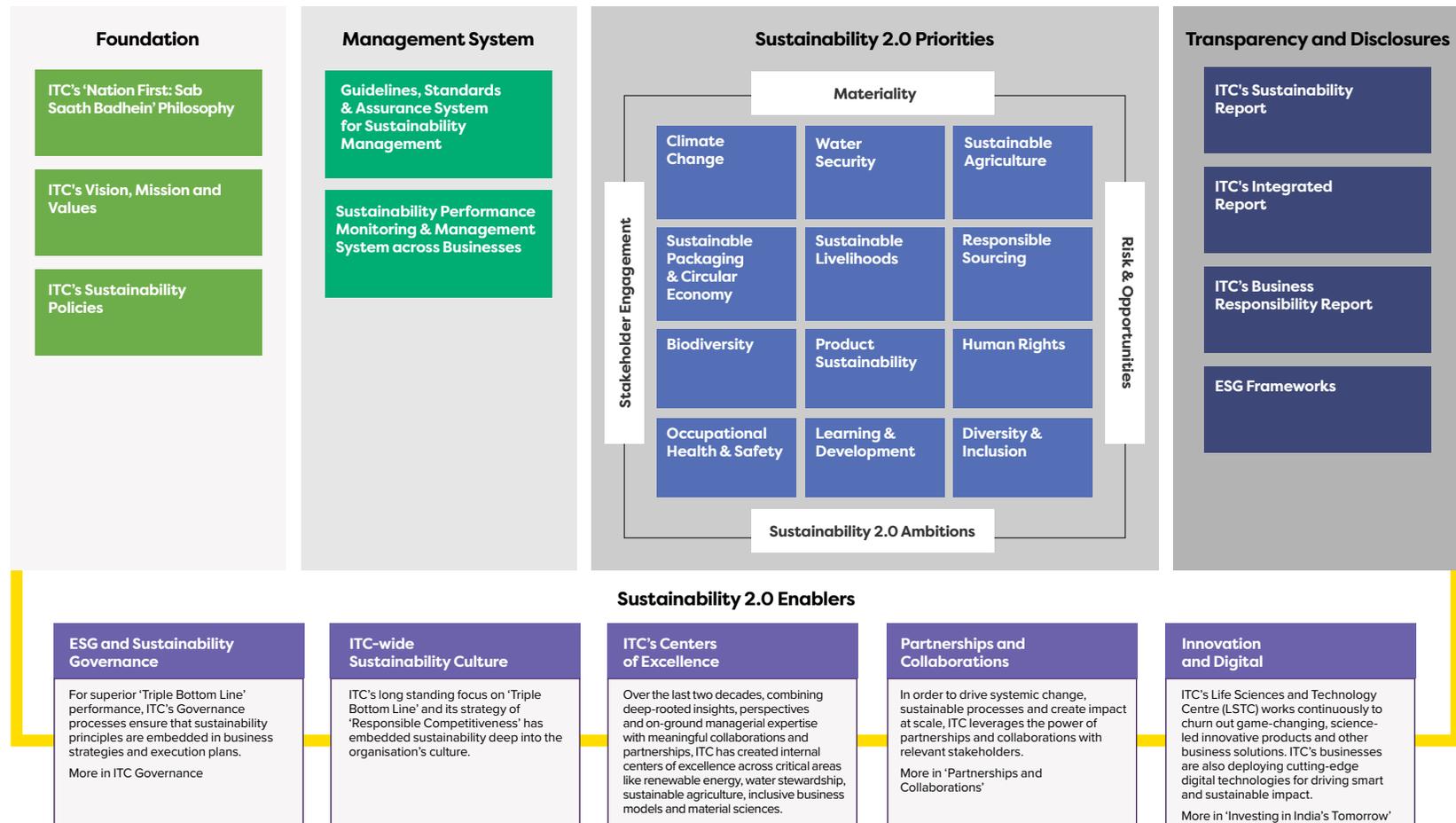


Respect for people



Nation orientation

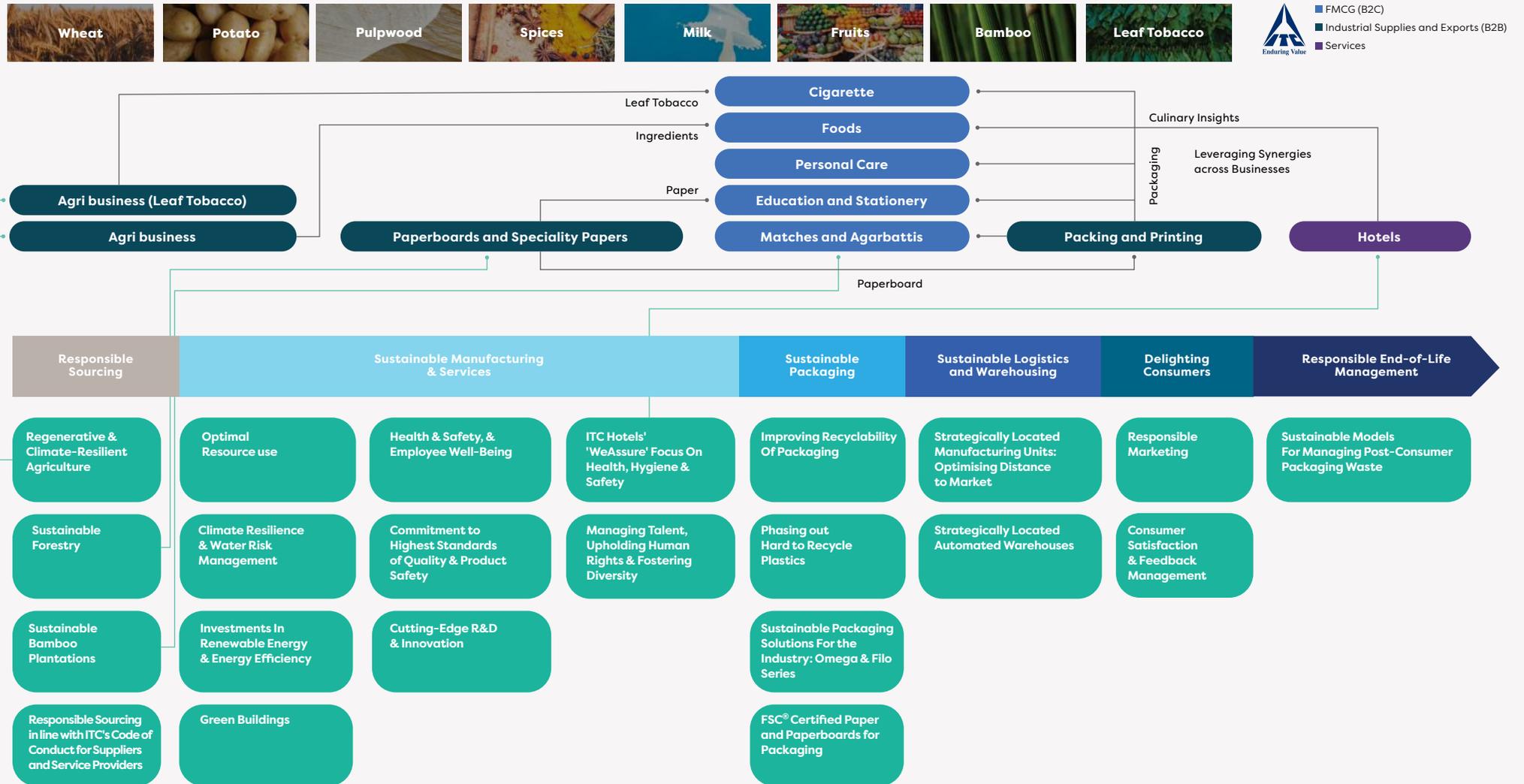
ITC's Sustainability 2.0 Framework



OUR SUSTAINABILITY STRATEGY

ITC's Vertically Integrated Sustainable Value Chain

ITC Brands
Empowering Indian Farmers and Anchoring Inclusive and Sustainable Value Chains.



Sustainability Ambitions

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

SUSTAINABILITY 2.0 AMBITIONS: 2030 TARGETS

Climate Change

 [page 22](#)

Water Stewardship

 [page 23](#)

Plastic Waste and Circular Economy

 [page 23](#)

Sustainable Agriculture

 [page 24](#)

Biodiversity Conservation

 [page 24](#)

Sustainable Livelihoods

 [page 24](#)



SUSTAINABILITY AMBITIONS

Sustainability 2.0 Ambitions: 2030 Targets

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

↓ Improvement in KPIs ↑ Decline in KPIs

¹ This includes all electricity sources except onsite power from co-generation plant.

² For details, refer to 'Building Climate Resilience' section of this report.

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

⁴ For details, refer to 'Building Climate Resilience' section of this report.

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

SUSTAINABILITY AMBITIONS



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



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

↓ Improvement in KPIs ↑ Decline in KPIs

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

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

SUSTAINABILITY AMBITIONS



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



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



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

STAKEHOLDER ENGAGEMENT

Strengthening Relationships with All Stakeholders

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

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

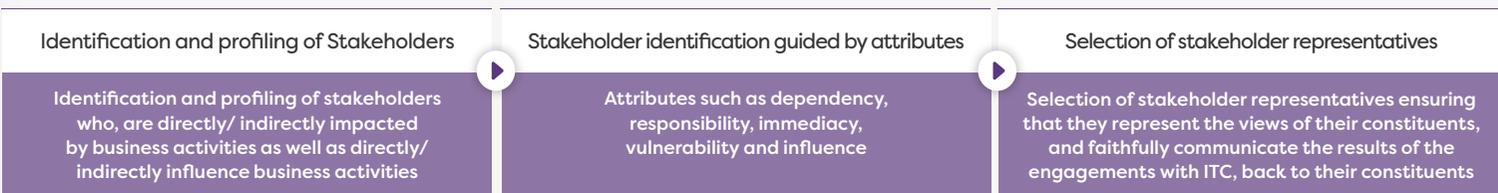
Some of ITC's key stakeholder groups include shareholders, consumers, farmers, employees, local communities, suppliers, Central and State Governments, regulatory bodies and the media.

The engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Company's performance and shape new perspectives.

ITC's Process of Stakeholder Engagement



Identification of Key Stakeholders



STAKEHOLDER ENGAGEMENT

Identification of Key Concerns

Stakeholder	Consultation Mechanism	Key Issues	Stakeholder	Consultation Mechanism	Key Issues
Providers of financial capital 	<ul style="list-style-type: none"> Annual General Meeting Exclusive section in Corporate Website on 'Shareholder Value' which serves to inform and service shareholders Exclusive e-mail id: isc@itc.in for direct interaction with shareholders Regular interaction with institutional investors 	<ul style="list-style-type: none"> Improved profitability and growth of the organisation Transparent and effective communication Investor servicing Sound corporate governance mechanisms 	Supply chain partners 	<ul style="list-style-type: none"> Manufacturers' meets Vendor meets Pre-agreement negotiations Procurement agreements 	<ul style="list-style-type: none"> Knowledge and infrastructure support Resource-use efficiency, including sustainable natural resource management, greenhouse gas reduction and sustainable waste management 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 Assessment of sustainability risks, and building resilience against such risks
Government and regulatory authorities 	<ul style="list-style-type: none"> Representation on policy issues through industry associations and other bodies Participation in policy advocacy discussions at various forums 	<ul style="list-style-type: none"> Regulatory compliance Sound corporate governance mechanisms Tax revenues Improvement in use of natural resources Transparency in disclosures Livelihood generation 	Media 	<ul style="list-style-type: none"> One-on-one media interaction Press conferences/press releases Advertisements/promotions Interviews with senior management 	<ul style="list-style-type: none"> Transparent and accurate disclosure to stakeholders Responsible corporate citizenship Corporate reputation
Customers 	<ul style="list-style-type: none"> Market surveys Direct connect/ visits Personalised lifestyle privilege programme Customer satisfaction surveys Key account management 	<ul style="list-style-type: none"> 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 	Civil society 	<ul style="list-style-type: none"> Partnerships for implementation of CSR programmes under 'Mission Sunehra Kal' Discussions on community issues with civil society organisations 	<ul style="list-style-type: none"> Financial support for community development programmes Managerial support Environmental impacts Safe products and services Responsible corporate citizenship
Employees 	<ul style="list-style-type: none"> Induction programmes/ trainings/ workshops Individual performance appraisal Employee engagement survey Grievance handling processes Trade union meetings 	<ul style="list-style-type: none"> Caring and empowering work environment Personal development and growth Health and safety Grievance resolution Competitive compensation 	Local communities 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
Farmers 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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, fertilisers, pesticides etc. Regeneration and replenishment of common resources like water, village commons, biomass and biodiversity Building resilience against emerging sustainability risks like climate change and water stress 			

STAKEHOLDER ENGAGEMENT

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 engagements stimulate deeper and nuanced understanding of challenges, needs and aspirations and enable development of customised solutions. 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. Several such stakeholder consultations were also held during the year, detailed:

Major External Stakeholder Engagement Workshops organised during 2020-21

Work Shop	Focus	Key Participants
Online workshop on crop residue management, Kapurthala 29th September, 2020	Scientists cleared farmers' perceptions on stubble incorporation into soil instead of burning. Farmers' doubts on water logging, rodent/insect/pest management and mechanisation in paddy harvesting, wheat crop varieties and better management were covered	A total of 187 attendees were present including KVK scientists, Agricultural Department officials, CGIAR technical resource and farmers
Orientation workshop in Jhalawar district on Regeneration of Commons 25th August, 2020	Sensitise district and block level department staff on roles of stakeholders, programme objectives and roll out process and desired outcomes	50 members including District Council CEO, Executive Engineer - MGNREGA and district and block level staff of MGNREGS programme
Orientation on SWM to Guntur Municipal Corporation Officials and Ward Secretaries 21st September, 2020	Workshop to sensitise the officials on the decentralised community led SWM approach and get a buy-in for coverage of 100,000 households	Guntur District Collector, along with Municipal Commissioner and 371 participants including GMC officials
Workshop on "Promotion of Sustainable Sugarcane Initiative" at Shirur 28th October 2020	Promotion of Climate Smart Intervention and Demand Side management practices in Sugarcane	Vignahar Sugarcane Cooperative, Ghodganga Sugarcane Cooperative, Sajan Sugar mill staff, NGO staff. Overall 45 participants
Workshop on "Onion cultivation with improved technologies" at Pune 9th December, 2020	Promotion of Demand side management practices in Onion, Distribution of fertiliser Kit to 50 farmers by DOGR as convergence	Sr. Scientist, ICAR- Directorate of Onion & Garlic & Research- Rajgurunagar, Pune & Scientist, KVK- Narayangaon, Pune. Farmers, NGOs: 70 participants
Zero Budget Natural Farming Training 18th November 2020	Adoption of ZBNF	DAO, Plant Protection officer, Subject Matter Specialist (SMS), other Resource persons and 96 farmers
Mainstreaming of Drop-out students 22nd December 2020	Enabling enrolment of Dropout Students	The District Coordinators of Education Department, Head teachers of 12 schools along with ITC –MSK team members
Workshop to strategise on Climate Smart Village approach adoption in coordination with CGIAR-CCAFS in Maharashtra 23rd March 2021	Discussion on State Adoption Plan for Climate Smart Village approach	Total 100 members participated in this workshop from various organisations/institutes like, DOGR, CCAFS, IWMI, KVKs, Agri. Universities, Agriculture department, WRD, Research stations, MSRLM, Farmers, NGO and ITC team

STAKEHOLDER ENGAGEMENT



Major External Stakeholder Engagement Workshops organised during 2020-21

Work Shop	Focus	Key Participants
Stakeholder Workshop on CSA Technology Prioritisation in Rajasthan, MP, AP 4th March, 23rd March and 24th March, 2021 respectively	Prioritisation of CSA technology to mitigate various climate associated risks, identification of adoption barriers, feasibility, options/schemes for development of State Adaptation Plans	1. Deputy – Director Agriculture, Baran and Kota, 3. Director, Citrus Research Institute, Jhalawar, Senior Scientist, Agriculture university Kota and Maharana Pratap University of Agriculture and Technology. 2. Director IISR-ICAR, Members of Central Institute of Agriculture Engineering, Indian Institute of Forest Management, Indian Institute of Soybean Research, Indian Institute of Science & Environment Research, from MP 3. Representatives from Veterinary, Agriculture and MGNREG depts, Watershed Committee members in AP
Workshop on Round the Year Engagement for Climate Smart Village Practices and Way forward 17th March 2021, Punjab	To Highlight the Climate Smart Agriculture Activities i.e., Seed Smart, Water Smart, Knowledge Smart, Nutrient Smart, Weather Smart	PAU Ludhiana, CCAFS BISA, Agriculture Department, and a total of 148 farmers from four blocks
Workshop on “Decentralised Waste Management as a Tool to improve Swachh Sarvekshan Ranking” 19th March 2021, Kapurthala	Role of the various stakeholders in the Swachh sarvekshan Ranking and appreciation of the Sarvekshan Parameters	Municipal councillors & Executive Officer, Municipal Corporation (Kapurthala)
Stakeholder Workshop on Urban water Management in Bangalore North 24th March 2021	Urban water & options to address, Govt Policies and Programmes on management, Best Practices & Models in urban water management	Representatives from Bangalore Water supply & Sewage Board (BWSSB), Devanahalli Town Panchayat, core area Gram Panchayats, Community Groups and Research Organisations/NGOs
Workshops with teachers and Govt. Stakeholders’ at Mangaldai, Darrang 21st January, 23rd & 24th February, 2021	To reflect on the journey of Teacher Empowerment Programme in the district of Darrang and to enable sustainability of work	BEEO of Darrang District, Principal, DIET, Dalgaon, Darrang and other DIET lecturers, Head teachers, Teachers & CRCC from 20 intervention schools participated in the event
Digital farmer training programme on Chillli Crop Management Region: Guntur, Krishna, Kurnool, Prakasam district of Andhra Pradesh 19th August 2020	Inauguration of Digital Farmer Training Programme. Expert session on training farmers on good agriculture practices covering Chillli Crop.	150 Farmers Horticulture Department Officials Commissioner and Joint Director of Horticulture Scientist from Agri University and ITC ITC Agri Extension Staffs
Accelerating quality production, Post harvesting, Value addition & Export quality of spices, Rajasthan - 25th February 2021	Training Programme covered Seed treatment, Usage of Biological fertilisers and Organic farming	Officials from National Research Centre on Seed Spices, Spices Board, Indian Council of Agricultural Research, Agricultural and Processed Food Products Export Development Authority, 450 farmers, 21 field staffs from ITC
Training program on “Advanced Curing Technology”. Two programs conducted on March 2021 in Prakasam District in Andhra Pradesh	Creating awareness on advanced curing technologies to farmers. Objective to decrease the energy consumption and to mitigate labour scarcity during tobacco curing stage of crop production.	300 Farmers Tobacco Board Officials ITC Managers and Field Staffs Tobacco Trade

Materiality Assessment

ITC's Materiality Analysis

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 analysis is based upon the following three-pronged approach



Identification of Material Aspects

- Relevance of various aspects in terms of boundary of impacts
- Cognition of sector specific issues
- Evaluation of relevance to stakeholders

Prioritisation

- Analysis of importance of a particular aspect (as high, medium or low) based on stakeholder engagement
- Evaluation of stakeholder perception of ITC's impact with respect to material aspects
- Significance of a material aspect to ITC's business based on corporate strategy, policies, risks and opportunities identified
- Corporate level aggregation of material aspects

Validation

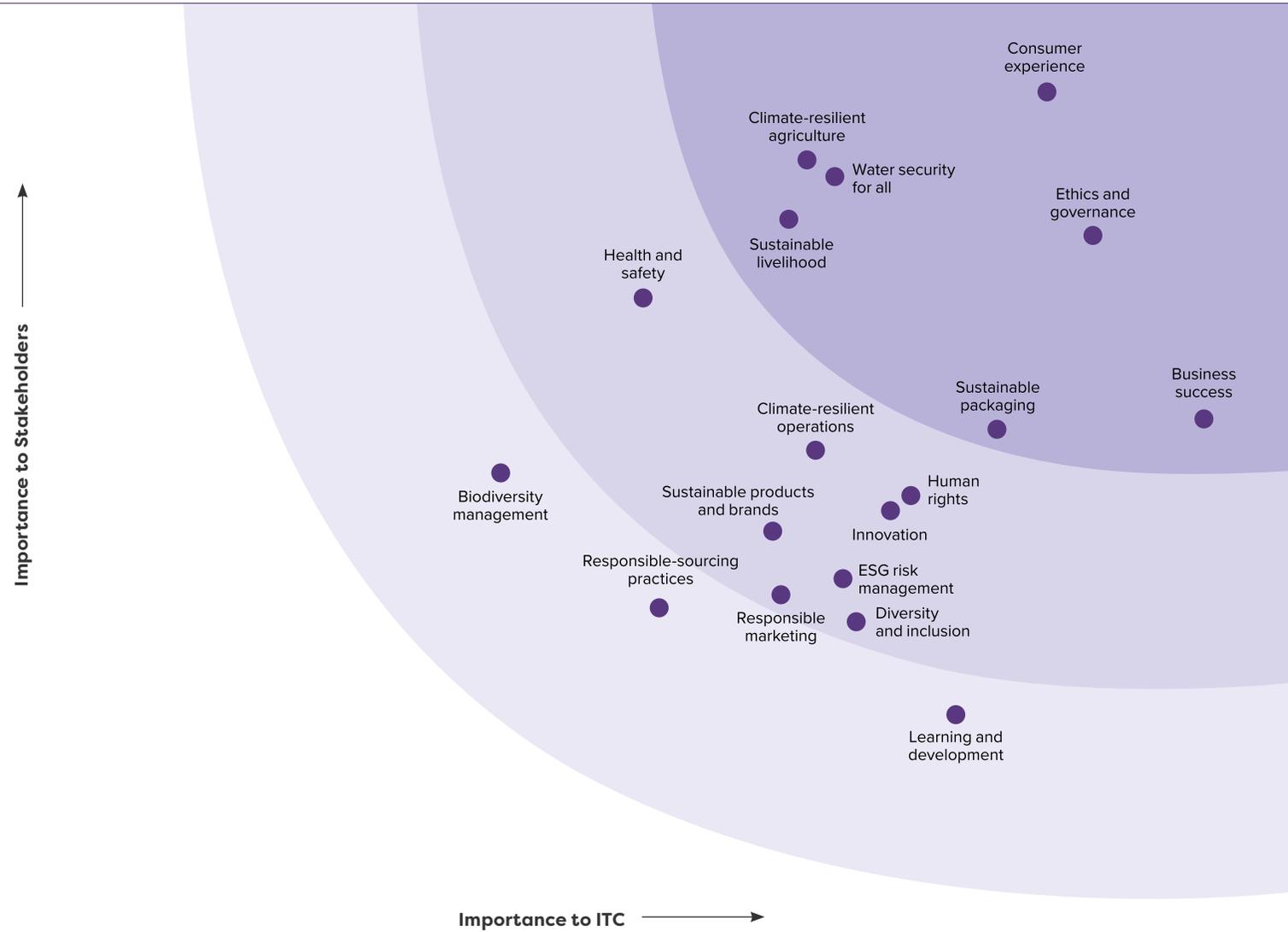
- Review by Management

DELIVERING RESILIENT PERFORMANCE

ITC's Materiality Matrix

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

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.



The identified material topics have been discussed throughout this Report.

Strategic Risk Management

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

Risk Management System

ITC endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of ITC have adopted the ISO 31000 Standard and accordingly, the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management.



During the year, the Businesses transitioned from the erstwhile ISO 31000:2009 Standard to the revised ISO 31000:2018 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in the Company.

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

Risk management framework

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

- **Corporate Governance Policy**
The 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.
- **Risk Management Committee**
The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of ITC as a whole and provides necessary directions on the same.
- **Corporate Risk Management Cell**
The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- **Annual planning exercise**
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.

Cyber Security Committee

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and provide suitable recommendations

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

for enhancing security of the IT systems and infrastructure. The Chief Information Officer, is invited to all the Risk Management Committee meetings and is responsible for ensuring that the Cyber Security systems of ITC remain effective and contemporary.

Key risks identified

1. Increasing complexity of operations in the context of a highly diversified business portfolio.
2. Delivering superior performance amidst heightened competitive intensity.
3. Attracting and retaining the best talent in a competitive market.
4. Employee relations/disputes impacting operations and productivity.
5. Climate Change and Sustainability Risks
 - Direct impact on operations and business on account of critical sustainability risks like climate change, water security, plastic waste, disruption in supply chain and sourcing.
6. Disruption across the value chain arising out of unforeseen events like the COVID-19 pandemic.
7. Impact of high taxation and stringent regulations on legal cigarette industry in India
 1. Sub-optimisation of revenue potential of the tobacco sector due to shift in consumption to lightly taxed/ tax-evaded tobacco products.
 2. Fillip to illegal, contraband cigarette trade in India due to attractive arbitrage opportunities; significant loss of revenue to the exchequer.
 3. Subdued demand for Indian tobacco due to pressure on legal cigarette industry volumes; adverse impact on farmer earnings and livelihoods dependent on the tobacco value chain.
8. 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.
9. Market risks, credit risks and liquidity risks impacting ITC's operations and revenues.
10. Disruption of business operations due to non-availability of critical Information Technology (IT) systems and cyber attacks.

 Read the section on 'Mitigating Risks, Managing Value' for details on ITC's Risk Mitigation Strategy in ITC Integrated Report 2021: Page 36-39

INVESTING IN INDIA'S TOMORROW

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

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



- The Company is creating multiple drivers of growth across its leading businesses that span all three sectors of the Indian economy - agriculture, manufacturing and services. These include Fast Moving Consumer Goods (FMCG), Hotels, Paperboards, Paper and Packaging, and Agri Business.
- ITC derives its strengths from its deep consumer insights, cutting-edge Research & Development, differentiated product development capacity, cuisine expertise, brand-building capability, world-class manufacturing infrastructure, extensive rural linkages, efficient trade marketing and distribution network and dedicated human resources.
- ITC is investing in the future through fortification of its robust product portfolio, seeding of new categories, sharper alignment of R&D and innovation to business outcomes, harnessing the power of digital, and an agile and efficient supply chain.
- The Company's interventions across its operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating largescale employment opportunities and supporting sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India, increasing Indian agri-exports and promoting sustainable business practices.
- ITC's sustainability initiatives seek to serve national priorities through creation of largescale sustainable livelihoods and augmentation of natural resources, reflecting the Company's commitment to its credo of 'Nation First: Sab Saath Badhein'.



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

INVESTING IN INDIA'S TOMORROW

Highlights

FMCG

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

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

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

PAPERBOARDS AND SPECIALTY PAPERS

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

HOTELS

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

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

200+

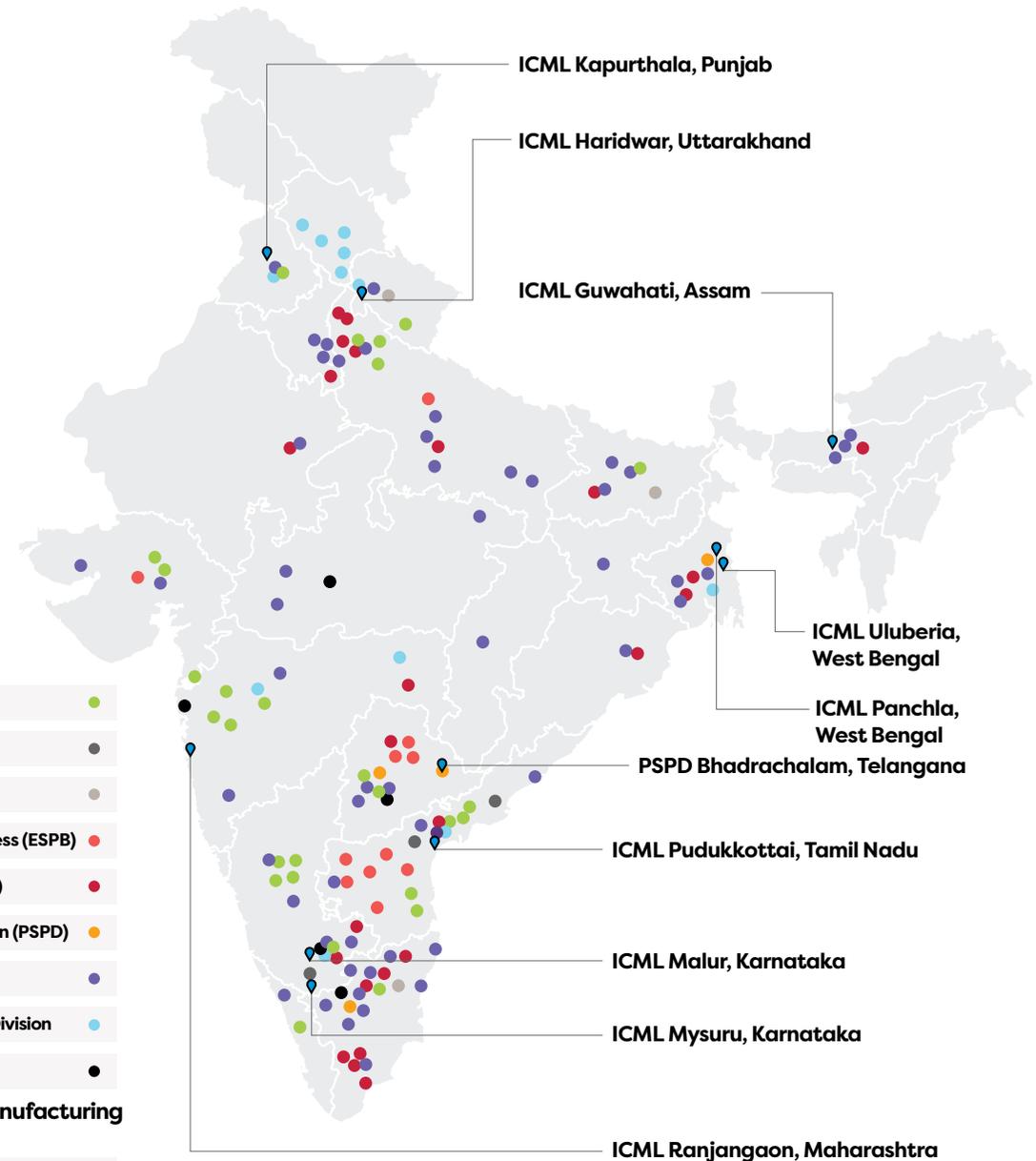
Manufacturing Units

Over 100

Countries where ITC exports

Manufacturing Locations

Agri Business Division (ABD) Agri	●
Agri Business Division (ABD) Tobacco	●
Packaging & Printing Business (PPB)	●
Education & Stationery Products Business (ESPB)	●
Matches and Agarbattis Business (MAB)	●
Paperboards & Specialty Papers Division (PSPD)	●
Foods	●
Personal Care Products Business (PCPB) Division	●
India Tobacco Division	●
Integrated Consumer Goods Manufacturing and Logistics (ICML) Facilities	
Key locations	●



Map not drawn to scale.

INVESTING IN INDIA'S TOMORROW

Highlights

A Global Exemplar in 'Triple Bottom Line' Performance.

Demonstrated track record of creating superior shareholder value.

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

Zero Debt Company.

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

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

Building purpose-led brands anchored on larger consumer needs.

Pursuing value-accretive and synergistic opportunities for inorganic growth.

Deep rural linkages and agri-commodity sourcing expertise.

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

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

Leveraging synergies residing across diverse businesses.

Trailblazer in Green hoteliering.

Building Intellectual Property through Cutting-edge R&D

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

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

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

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

HARNESSING THE POWER OF DIGITAL



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

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

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

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

INVESTING IN INDIA'S TOMORROW

HARNESSING THE POWER OF DIGITAL

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



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

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

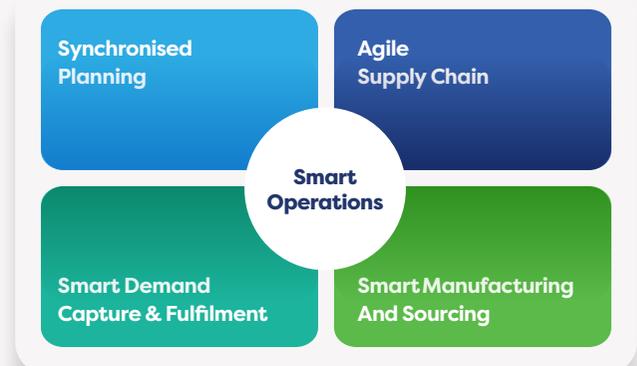
Leveraging Digital for Empowering Retailers

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

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

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

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



DELIVERING RESILIENT PERFORMANCE

Creating Shareholder Value through Responsible Competitiveness

The Company's innovative business models synergise to create significant value for the nation through superior 'Triple Bottom Line' performance. As the world prepares for a post-pandemic future, the Company is working towards *Sustainability 2.0*, an agenda which reimagines sustainability under the pressing challenges of climate change and the pandemic. ITC's *Sustainability 2.0*, remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar.

ITC aims for:

Strengthening its 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

VALUE CREATION TRACK RECORD OF ITC

Grown ~ 25x in last 2 decades (60% of Segment Revenue)

Non – Cigarette Businesses

Annual consumer spend > ₹ 2,200 Billion

25 World Class Indian Brands

CAGR ~ 16% per annum

Shareholder Returns

640 bps over the last four years. At least 150 bps expansion p.a. in last four years

EBITDA margin expansion in FMCG – Others Segment



Key Developments & Outlook

The year 2020 proved to be a tumultuous one for the global economy in the wake of the COVID-19 pandemic. The global economy suffered a massive recessionary shock and contracted by 3.3% in 2020 – the sharpest drop since the Second World War. Emerging Markets and Developing Economies contracted for the first time in 60 years, registering a degrowth of 2.2% in 2020. The Indian economy faced its worst crisis ever, degrowing by 7.3% during the year; the first quarter of the year was particularly impacted with GDP contracting by 23.9%.

Overall, for the year, the Industry and Services sectors declined by 8.2% and 8.1% respectively, while Agriculture remained relatively resilient growing by 3% over the previous year. The MSME and unorganised sectors were severely impacted. Fixed Capital Formation witnessed a steep decline of 12.4% and Private consumption (PFCE) contracted by 9.0%, reflecting dampened business sentiment and consumer confidence. Contraction in economic activity and lower tax collections contributed to a large Fiscal Deficit of 9.5% of GDP for the year.

While sequential pick-up in all operating segments in the second half of the year mitigated the impact; the disruptions in the first half weighed on the overall performance for the year. Relentless focus on cost reduction across Businesses aided in partially mitigating the impact of negative operating leverage.

ITC FINANCIAL PERFORMANCE*

For FY 2020-21, ITC's Gross Revenue stood at ₹ 481.51 billion with an increase of 3.9%, while Profit Before Tax (before exceptional items) at ₹ 171.64 billion degrew by 11.1% over FY 2019-20 and Profit After Tax stood at ₹ 130.32 billion [Previous Year (PY) ₹ 151.36 billion]. Total Comprehensive Income for the year stood at ₹ 132.78 billion (PY ₹ 137.54 billion). Earnings Per Share for the year stood at ₹ 10.59 (PY ₹ 12.33).

*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 the Directors and Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2021 and 'Creating Shareholder Value through Responsible Competitiveness' forming part of ITC's Integrated Report 2021.



DELIVERING RESILIENT PERFORMANCE

Snapshot

Key Economic Indicators (₹ Billion)	2017	2018	2019	2020	2021
Total Income*	574.34	464.60	482.69	498.21	517.76
Profit Before Interest and Taxes (PBIT)	155.26	169.38	184.78	192.23	172.12
Cost of Bought out Goods and Services	204.52	196.20	229.64	232.47	251.02
Employee Benefits Expense	24.44	24.87	27.28	26.58	28.21
Payments to Providers of Capital	90.49	100.18	110.50	151.92	130.79
Dividend to Providers of Capital	57.93	63.72	70.83	123.77	132.78
Retained Profits	32.56	36.46	39.67	28.15	(1.99)
Financial Assistance received from Government due to be paid	0.26	0.18	0.11	0.08	0.06
<small>Outstanding Balance of Deferred Sales Tax for Paperboards and Specialty Papers Division (PSPD), by State of Andhra Pradesh - interest free deferral period of 14 years)</small>					
Financial Assistance received from Government (on Service / Merchandise exports, duty drawback etc.)	1.27	0.87	1.00	1.20	0.43

Read more on itcportal.com/investor/index

Total assets and returns

While the net capital employed has expanded over the previous five years to reach ₹ 607 Billion as at 31st March, 2021, returns on net capital employed (Profit before interest and taxes) have increased to ₹ 172 Billion, albeit impacted due to pandemic in 2021.

ITC's diversified portfolio of businesses, position it to contribute meaningfully to the growth and development of the country, spanning across all the three sectors of the economy: agriculture, manufacturing and services. ITC's interventions are aligned to the national priorities: enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and sustainable livelihoods, driving import substitution, creating brands to maximise value capture in India. Investments made are spread across building contemporary assets, process efficiencies through smart manufacturing interventions leveraging automation and new-age tools such as Industry 4.0, creating intellectual property through research and development and harnessing the power of 'digital' through cutting - edge digital technologies and platforms.

Shareholder returns & earnings Per Share

In the last two decades, ITC's non-cigarettes businesses have grown over 25-fold and presently constitute over 60% of net Segment Revenue. 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 5 years, ITC's value addition aggregated approximately ₹ 2390 billion of which over ₹ 1670 billion accrued to the Exchequer. Including the share of dividends paid and retained earnings attributable to Government owned institutions, ITC's contribution to the Central and State Governments represented over 75% of its Value-Added during the year. ITC remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

Dividend

In line with the Company's track record of consistent increase in annual dividend payouts, a final dividend of ₹ 5.75 per ordinary share of Re. 1 each for the financial year ended 31st March, 2021 has been recommended by the Board of Directors. Together with the interim dividend of ₹ 5.00 per share paid on 10th March, 2021, the total dividend for the financial year ended 31st March, 2021, amounts to ₹ 10.75 per share (previous year: ₹ 10.15 per share). Total cash outflow on account of dividends (including interim dividend of ₹ 61.53 billion paid in March 2021) will be ₹ 132.30 billion. In terms of the Dividend Distribution Policy of the Company, Dividend pay-out ratio in the medium term is expected to be around 80% to 85% of the Profit After Tax.

Employee benefits

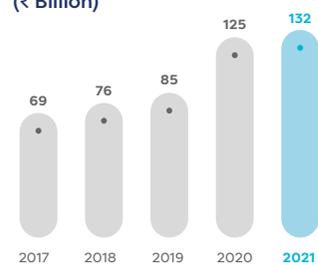
The employees are entitled to retirement benefit schemes which include employee pension, provident fund and gratuity. All statutory payments, as applicable, e.g., Provident Fund and Family Pension contributions, are deposited with the Government in a timely manner. The pension plans and other applicable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

Refer to 'Workforce for Tomorrow' section on page 104 of this Report.

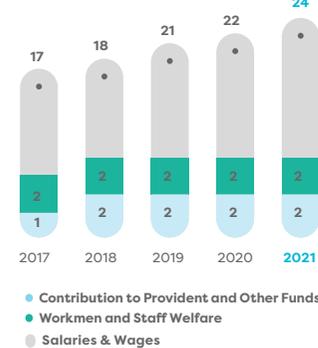
NET CAPITAL EMPLOYED AND PBIT (₹ Billion)



PROPOSED DIVIDEND (INCL. DIVIDEND DISTRIBUTION TAX) (₹ Billion)



HUMAN CAPITAL INVESTMENT (₹ Billion)



CONTRIBUTION TO PROVIDENT AND OTHER FUNDS (₹ Billion)



*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 FY 2016-17.

Preserving and Nurturing the Environment

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Building Climate Resilience	40
Towards Water Security for All	47
Making Agriculture Future-ready	55
Managing Waste	66
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ENVIRONMENT OVERVIEW

Preserving and Nurturing the Environment

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

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

STRATEGIES TO ADAPT TO NEWER ENVIRONMENTAL REALITIES

Building Climate Resilience



Towards Water Security for All



Making Agriculture Future-ready



Waste minimisation and contribution to circular economy



Biodiversity Management



Air Emissions Management



Chemical Safety Management



Environmental Management

ITC's Approach

ITC nurtures a culture of conservation that emphasises meticulous monitoring of resource usage and encourages innovation that reduces dependence on natural resources. It believes in bringing together like-minded stakeholders to tackle 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 is guided by a comprehensive set of Board-approved Policies. The Policies outline the Company's commitment to high standards on environment and 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. The Policies are being progressively implemented across the organisation.

Practices

In line with ITC's sustainability roadmap, businesses are moving ahead in a phased manner to implement the above Policies. The overall responsibility for ensuring the implementation

of Policies and Standards on environmental performance resides with the Divisional/Strategic Business Unit (SBU) Chief Executives who work with their respective management teams. Various committees designated with specific responsibilities have also been constituted for operationalising the Sustainability Policies.

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).

In line with the Sustainability 2.0 ambitions, ITC's businesses have targets for key performance indicators like specific energy consumption, specific greenhouse gas emissions, specific water intake, specific waste generation, etc. In order to achieve these targets, all ITC Units have established management systems which entail regular monitoring of environmental KPIs, development of an environmental management plan, and reviewing progress on a regular basis to ensure that businesses are on track with respect to the agreed roadmap.

 For details on certifications like ISO 14001: Environment Management System, refer to the 'Certifications' annexure of this report.

Building Climate Resilience

ITC's Approach

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

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

ITC'S FOCUS AREAS



Pursuing Low-Carbon Pathways

 page 41



Sustaining and Enhancing ITC's Carbon Sequestration

 page 45



Building Climate Resilient Operations and Agri Value

 page 46



Climate Action Highlights of 2020-21

41.3%

of ITC's energy is from renewable sources

12 ITC Units

met more than 90% of their electrical energy requirements from renewable sources

33 Buildings

of the Company have achieved Platinum certification by USGBC/IGBC (as on 31st March, 2021)

More than

876,000 Acres

of land greened by ITC's Social and Farm Forestry programme (as on 31st March, 2021)

5,826,636 Tonnes

CO₂ sequestered during 2020-21

66,820 Acres

of plantation added under Social and Farm Forestry initiatives

BUILDING CLIMATE RESILIENCE



Pursuing Low-Carbon Pathways

As part of ITC's commitment to steering its course towards a low-carbon pathway, the Company has undertaken several initiatives:

- Energy audits, benchmarking and target setting for progressively reducing specific energy consumption (energy per unit of product/service).
- Investments in renewable energy assets based on techno-commercial feasibility. The Company has set a target of achieving a 50% share of renewable energy in its total energy mix, and meeting 100% of purchased grid electricity requirements from renewable sources.
- Enhance efficiency by monitoring the carbon footprint of operations, optimise distribution networks and work towards building resilience against the impacts of climate change. ITC is targeting a reduction of 50% in specific GHG emissions and a 30% reduction in specific energy consumption by 2030 across businesses (2018-19 baseline).

Addressing climate change impacts in the value chain:

- Life Cycle Assessment (LCA) studies are carried out for key products/services.

- ITC also engages with its major supply chain partners for monitoring and improving their energy performance and progressively including them within the sustainability reporting boundary.
- To further mitigate value chain impact, steps are being taken for reducing energy consumption in the transportation of raw materials, finished goods and waste. ITC has strategically located its Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities for the FMCG businesses closer to the market. This allows ITC to make direct shipments to customers, thereby avoiding intermediate movements and optimising distribution logistics.
- 'ITC One Supply Chain' initiative covering ITC's total network in India has resulted in the optimisation of all routes, including both supply and demand-side thereby lowering total kilometres traversed by ITC's raw materials and products. Shipments through rail and sea routes have also helped reduce GHG emissions.
- ITC's Trade Marketing & Distribution vertical has started using electric vehicles. The initiative covers 5 metros, and based on the encouraging initial results, is proposed to be scaled up.



SPEARHEADING THE GREEN BUILDINGS MOVEMENT IN INDIA

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

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

In order to continuously reduce its environmental footprint, ITC integrates green attributes in all new constructions as well as into existing hotels, manufacturing units, warehouses and office complexes during retrofits.

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

BUILDING CLIMATE RESILIENCE

Low-Carbon Performance 2020-21

Total Energy Consumption

In 2020-21, ITC units consumed 22,369 Terra Joules (TJ) of energy, lower by about 6.2% due to the ongoing pandemic. Of the total energy requirement, 41.3% was met from renewable sources – biomass, wind and solar.

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 import substitution of softwood pulp with hardwood pulp manufactured in-house. Despite this reduction in share of renewables, ITC remains committed to achieving a 50% share of renewables in the overall energy mix.

Energy Conservation Measures

All ITC units focus on improving energy use efficiency through process improvements and investing in new technologies. In 2020-21, the investments in energy conservation equipment has resulted in saving of 190 TJ which is equivalent to 21,468 tonnes of GHG emissions (Scopes 1 & 2).

Highlights of measures adopted across ITC units:

- Installation of new energy-efficient electric boilers
- Installation of Vapour Absorption Machine (VAM)
- Optimisation of compressed air through measures such as intelligent flow controller and additional compressor to manage low-pressure load etc.
- Installation of zero air-loss moisture removal traps for compressed air system.
- Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) chillers resulting in higher efficiency.
- Advanced dirt separator system in chilled water line of HVAC.
- Replacement of cooling tower, AHUs, chillers, compressors, motors, fans, pumps and agitators with higher efficiency ones.

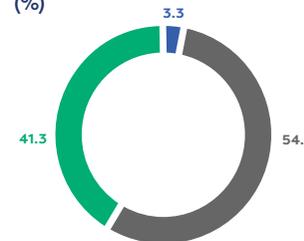
- Replacement of steam heated equipment such as pressing machine, laundry driers, dishwashing machine etc. with energy efficient electrically heated ones.
- Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- Process improvements to enhance productivity and reduce specific energy consumption across Businesses.



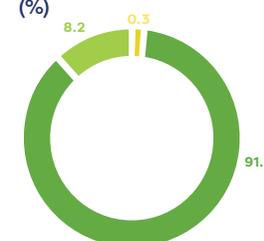
In 2020-21, ITC embarked upon a pioneering initiative that seeks to replace conventional soda recovery boilers with a state-of-the-art and future-ready High Pressure Soda Recovery Boiler at the Bhadrachalam mill of the Paper Business. This boiler will improve utilisation of black liquor, a renewable source, as fuel. Steam generated by this boiler will partially replace that generated from coal-fired boilers.



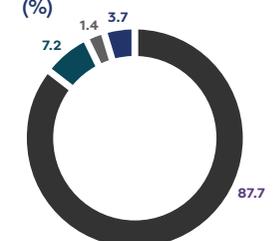
ENERGY MIX (%)



RENEWABLE ENERGY MIX (%)



FOSSIL FUEL MIX (%)

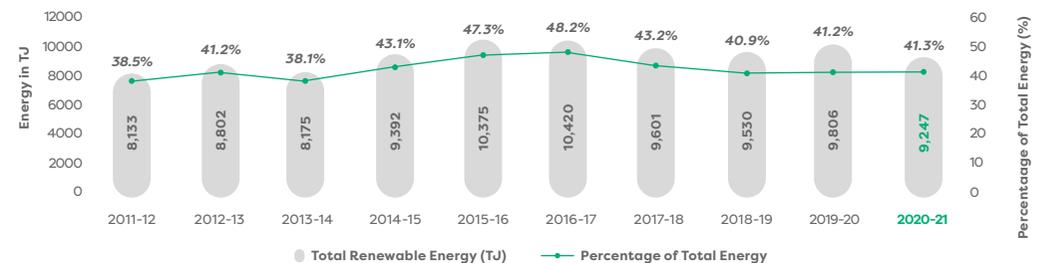


- Energy purchased as electricity from utilities
- Energy directly from fossil fuels
- Energy from renewable sources

- Biomass
- Wind
- Solar

- Coal
- FO
- HSD
- Others

RENEWABLE ENERGY UTILISATION AT ITC



BUILDING CLIMATE RESILIENCE

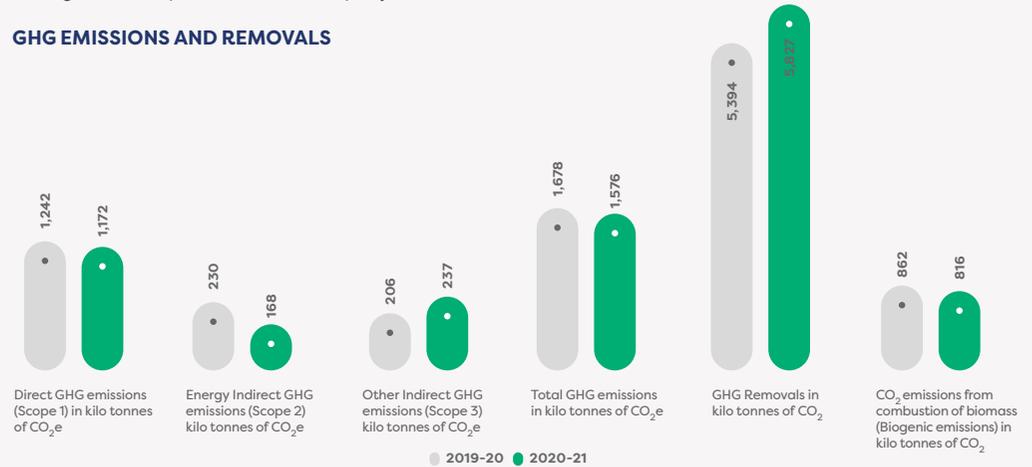


Greenhouse Gas (GHG) Emissions

In 2020-21, ITC's overall GHG emissions (Scope 1, 2 and 3) declined by 6%, primarily on account of the ongoing pandemic¹. However, during the same period, Scope 3 GHG emissions increased by 15% during the same period, as the Company undertook

emergency measures to ensure production and availability of its essential products across the country amid the pandemic-induced disruptions in supply chains and logistics.

GHG EMISSIONS AND REMOVALS



Beyond Boundary

ITC remains focussed on measuring and managing its environmental footprint across the value chain. In 2020-21, 3,106 TJ of energy was consumed outside the organisation. Further, Scope 3 GHG emissions stood at 237,238 tCO₂e which includes emissions from the energy sources listed below as well as emissions arising from fertiliser application in the farm forestry programmes.

- Inbound transportation of raw materials
- Outbound transportation of products and wastes
- Employee commute
- Employee business travel by air
- Pick-up and drop of guests in ITC Hotels

- Exclusive third party manufacturers (TPMs) catering to the notebooks segment of the Education and Stationery Products Business and the Cigarette Business
- ATC Limited – an associate company

The standards, methodologies, tools and assumptions used for quantification of the GHG emissions and removals by various sources are explained in detail in the annexure Quantification Methodologies.

¹The grid emission factor was updated from combined margin emission factor to weighted average emission factor which also lowered Scope 2 GHG emissions in 2020-21. For details on GHG emission factors used, refer to the annexure on 'Quantification Methodologies'.

BUILDING CLIMATE RESILIENCE

Targets and Performance

To pursue continuous improvement in energy and emissions related performance, ITC businesses have taken up specific energy consumption as well as specific GHG emission reduction targets.

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

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

↓ Improvement in KPIs ↑ Decline in KPIs

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

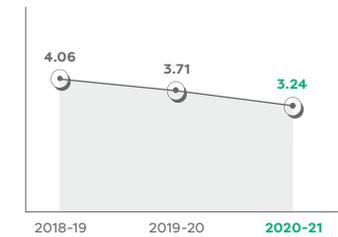
For the Hotels Business, specific metrics went up because of low occupancy during the pandemic, though absolute GHG emissions and energy consumption have reduced.

For Packaging & Printing Business, improvement in specific energy performance was driven by investments in energy conservation measures like energy efficient water-cooled chiller. Specific GHG emission performance further improved on account of increase in the share of renewable energy consumption.

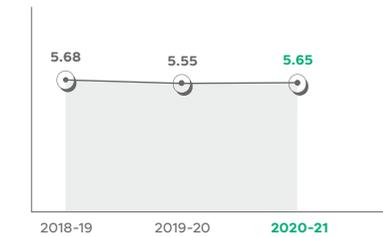
PAPER BUSINESS | SPECIFIC ENERGY (GJ/Tonne)



FOODS BUSINESS | SPECIFIC ENERGY (GJ/Tonne)



TOBACCO BUSINESS | SPECIFIC ENERGY (GJ/MNC)



PAPER BUSINESS | SPECIFIC GHG EMISSIONS (tCO₂e/Tonne)



FOODS BUSINESS | SPECIFIC GHG EMISSIONS (tCO₂e/Tonne)



TOBACCO BUSINESS | SPECIFIC GHG EMISSIONS (tCO₂e/MNC)



MNC : Million Cigarettes

Performance of Paper and Tobacco businesses was impacted by the pandemic-related restrictions imposed during the year.

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 80% of Scope 1 and 2 GHG emissions, the Company has greater focus accorded towards improving the energy performance of these units.

BUILDING CLIMATE RESILIENCE



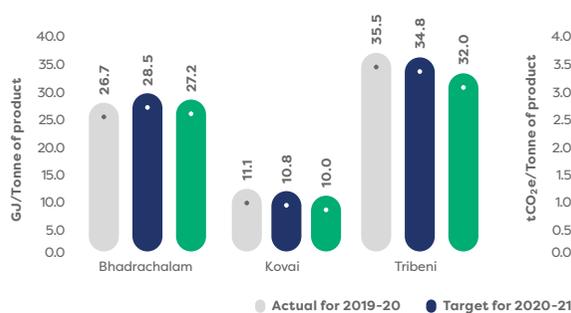
Specific Energy and GHG Emissions – Paperboards and Specialty Papers Division (PSPD)

In 2020-21, at PSPD Bhadrachalam, specific energy consumption and specific GHG emissions increased by 1.9% and 3%, respectively, primarily driven by the impact of the pandemic on production, despite the Unit's investments in energy conservation projects.

However, specific energy performance at both PSPD Kovai and PSPD Tribeni improved by 10% over last year. The specific GHG emissions (Scope 1 and Scope 2) at the two units also mirrored the trend.

At Kovai, the improved performance was due to the increased usage of wind electricity, electricity from the newly commissioned solar power plant and energy conservation measures including the boiler efficiency improvement. At Tribeni, the performance was driven by the stabilisation of energy efficient paper machine installed in 2019-20, electricity from the newly commissioned solar power plant and various energy conservation measures taken during the year.

SPECIFIC ENERGY CONSUMPTION



SPECIFIC GHG EMISSIONS



Sustaining and Enhancing ITC's Carbon Sequestration

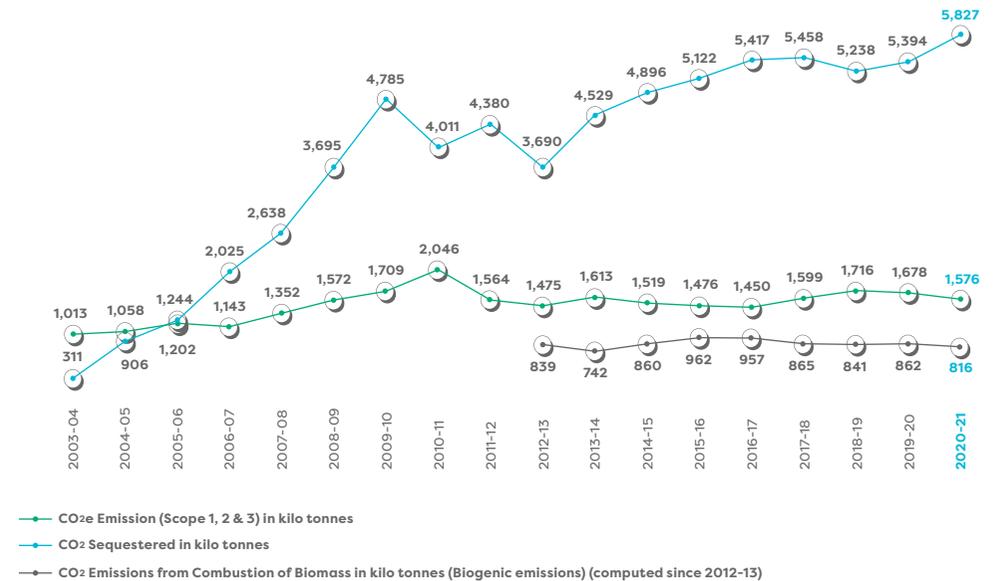
While working towards reducing its emissions and greening its energy portfolio, ITC seeks to increase carbon sequestration by expanding forestry projects on wastelands.

farm portfolios through the promotion of tree-based farming.

For more information on ITC's Social and Farm Forestry initiatives, refer to the **Supporting Sustainable Livelihoods and Making Agriculture Future Ready** sections on pages 85 and 55 of this report, and visit ITC's Forestry section in the Portal.

The Social and Farm Forestry initiatives also help in de-risking poor rural households by diversifying

GHG EMISSIONS AND CO₂ SEQUESTRATION



BUILDING CLIMATE RESILIENCE

Building Climate Resilient Operations and Agri Value Chains

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

Additionally, in order to identify long-term risks, ITC worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across its operating locations (factories, hotels, warehouses etc.). The assessment considered

the impact of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events over long-term time frames (2040-2060 and 2060-2080) under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5. In line with the findings of the assessment, appropriate site-specific risk mitigation and adaptation measures are being evaluated.

Detailed studies are also being conducted to understand the potential adverse impact of climate change on the Company's value chain covering both physical assets as well as key agri value chains. These risk assessments will help fine tune the climate resilience measures that are being implemented across the Company's value chain.

Aligning ITC's Climate Strategy with TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for companies to provide information to stakeholders. ITC's approach to climate change is duly aligned by TCFD recommendations and the Company is committed to providing stakeholders with relevant information on climate-related issues.

The disclosures pertaining to TCFD recommendations are provided in this report. ITC also discloses its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform.

Governance

For information on sustainability-related governance, please refer to the 'ESG and Sustainability governance at ITC' 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 the 'Building Climate Resilience' and 'Making Agriculture Future-ready' sections of this report.

Risk Management

Refer to the 'Building Climate Resilience' and 'Risk and Opportunities' sections of this report.

Metrics and Targets

Refer to the 'Sustainability Ambitions' section of this Report.



SUSTAINABLE FUEL MANAGEMENT IN LEAF TOBACCO VALUE CHAIN

ITC's Leaf Tobacco business has adopted 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 and Turbo Ventilators proven to reduce about 30% of energy requirement during curing are being deployed on a large scale covering about 37,000 barns in the states of Andhra Pradesh and Karnataka.
- In order to move towards a self-sustaining model for sourcing fuel, ITC encouraged planting of trees that cover over 150,000 acres till 31st March, 2021. 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.

Modern Curing Technology for Helping Indian Farmers

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

 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.

Towards Water Security for All

Water is a fundamental human need and essential for maintaining ecological balance. The NITI Aayog in its report, 'Composite Water Management Index'¹ warns that India is experiencing a very significant water challenge with approximately 820 million people facing water scarcity. 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. Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change.

Recognising the criticality of water as a resource and water security increasingly becoming an area of serious concern, ITC focuses on an integrated water management approach that includes water conservation and harvesting initiatives at its units. – while at the same time working towards meeting the water security needs of all stakeholders.

While ITC has achieved a unique position in water resource management through well-crafted strategies, its 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.

¹ Composite Water Management Index, Second Edition, NITI Aayog, 2019

ITC'S FOCUS AREAS



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

 page 48



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

 page 51



Strengthening Water Governance to ensure Equitable Resource Use

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ITC's Approach

ITC's has adopted a collaborative water-stewardship approach to achieve long term water security, as it offers a comprehensive solution to the challenges that India faces as a water-stressed country. While using water responsibly at its operations, the Company encourages and enables other stakeholders in the catchment areas to manage their water consumption prudently.

This approach requires an in-depth understanding of the environmental and social aspects of water resources, which are done through hydro-geological studies and stakeholder engagement processes, respectively.

A thorough understanding of water use in the catchment areas, and collaborative efforts with major stakeholders (farmers, local communities, industries and local Governments) helps improve water balance and quality. A combination of demand-side and supply-side interventions has proven to be the most effective towards this objective.

TOWARDS WATER SECURITY FOR ALL

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

The first step is optimising use to minimise withdrawal, at the operating plant level as well as the sub-catchment or micro-watershed level where the plant is located. To this end, ITC continues to focus on:

- Improving water-use efficiencies by adopting the latest technologies and increasing reuse and recycling practices in its operations.
- ITC has made water security assessment an integral part of greenfield / brownfield project design and development.
- Implementing recommendations emerging from water security studies.
- Working with farmers and other community members towards improving their water-use efficiencies.

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

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



ITC'S WATER STEWARDSHIP GOALS UNDER ITS SUSTAINABILITY 2.0 AMBITIONS

40% reduction

in specific water consumption from 2018-19 baseline

Creation of rainwater harvesting potential equivalent to **over 5 times the net water consumption by 2030**

Certification of all sites

in high water stressed areas as per the International Water Stewardship Standard by the Alliance for Water Stewardship (AWS)

- 8 sites in high water stressed areas by 2023
- All sites in high water stressed areas by 2035

Ensure water security for all stakeholders

through watershed development and managed aquifer recharge

- Watershed area of 2,200,000 acres
- 50,000 water harvesting structures
- 60 million kilolitres of water storage potential

Improve crop water-use efficiency

in agri value chains through demand-side measures and enable savings of 2,000 million kilolitres of water

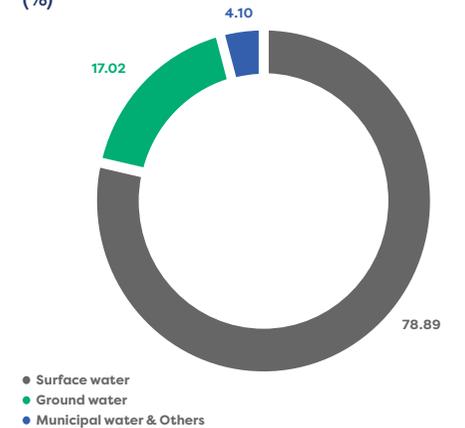
Water Performance 2020-21

In 2020-21, ITC's total water intake was 31.76 million kilolitres (kl), 7% from 2019-20 (34.21 million kl). The decrease was primarily due to the ongoing pandemic impact, which led to lower withdrawals in the Paperboards and Specialty Papers Division and Hotels businesses as compared to the previous year. Ongoing water conservation and efficiency measures across businesses also contributed to the trend.

Total Water Intake by Source

In 2020-21, out of the total 31.76 million kl of water intake, 78.89% was sourced from surface water, 17.02% from ground water sources and the remaining 4.10% from municipal and other water sources. In order to drive continuous improvement, all ITC units have systems to monitor specific water intake (total water intake per unit of product/service).

ITC'S WATER INTAKE BY SOURCE IN 2020-21 (%)



TOWARDS WATER SECURITY FOR ALL

Specific Water Intake

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

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

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

↓ Improvement in KPIs ↑ Decline in KPIs

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

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

Performance trend of Paper and Tobacco businesses was impacted by the pandemic related restrictions imposed during the year.

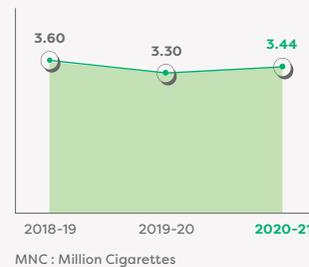
PAPER BUSINESS | SPECIFIC WATER CONSUMPTION (m³/Tonne)



FOODS BUSINESS | SPECIFIC WATER CONSUMPTION (m³/Tonne)



TOBACCO BUSINESS | SPECIFIC WATER CONSUMPTION (m³/MNC)



Water Performance - Paperboards and Specialty Papers Division (PSPD)

In 2020-21, three Units of PSPD (Bhadrachalam, Kovai and Tribeni) accounted for around 89% 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.

These facilities continue to receive industry recognition for their green credentials and safety standards in line with ITC's focus on sustainable business practices. The Bhadrachalam unit is the first pulp & paper plant and the second overall in India to be rated GreenCo Platinum+ by CII, as part of the Green Company rating system, where water performance is one of the aspects.

During 2020-21, PSPD Bhadrachalam's performance was impacted by the ongoing

pandemic, which resulted in an increase in specific water intake of 1.8% over previous year despite various ongoing water conservation and efficiency measures. However, specific water intake at PSPD Kovai and PSPD Tribeni reduced by 0.7% and 2.7% respectively over the previous year. The performance at both the Units was driven by various water conservation measures. Further, at Tribeni, the stabilisation of the water efficient paper machine installed in 2019-20 contributed to the performance.

The Kovai unit is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the Alliance for Water Stewardship Standards.

SPECIFIC WATER INTAKE (KI/tonne)

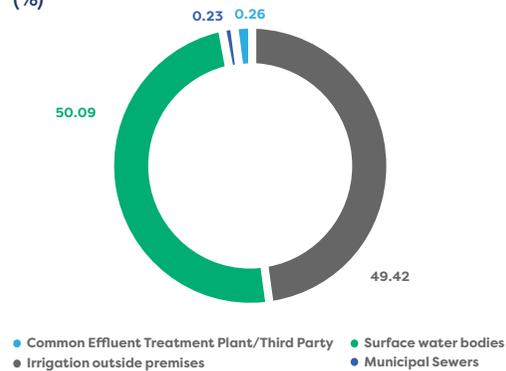


TOWARDS WATER SECURITY FOR ALL

Effluent Discharge

All ITC units met their regulatory requirement related to effluent discharge quality and quantity in 2020-21. In 2020-21, around 21.81 million kl of treated effluent was discharged outside the premises by ITC units.

TREATED EFFLUENT DISCHARGE BY DESTINATION (%)



PSPD Bhadrachalam and PSPD Tribeni accounted for 99.25% of total treated wastewater discharged outside the premises, of which 49.57% 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.

PSPD Tribeni continued to improve its specific treated effluent discharge performance with a 15% reduction in specific treated effluent discharge during the year. At PSPD Bhadrachalam, there was a marginal increase of 1% in specific treated effluent during the same period.

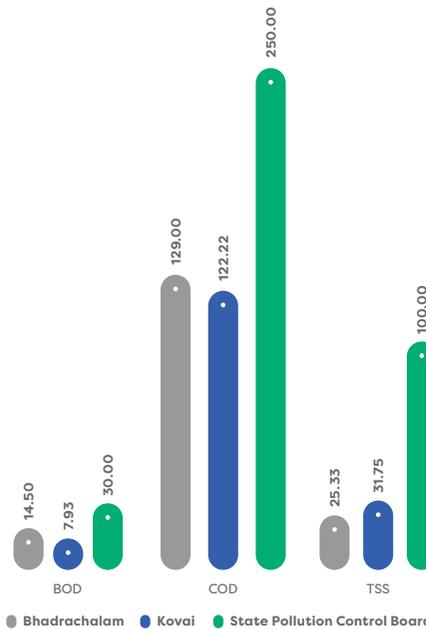
Bhadrachalam unit's specific treated effluent discharge stands at 34.72 kl/BDMT which is well within the European pulp and paper industry's benchmark figure of 47 kl/BDMT (Bone Dry Metric Tonnes).

The quality of the treated effluent from the PSPD the Paperboards and Specialty Papers units remains well below the norms stipulated by the respective State Pollution Control Boards (SPCBs). 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.

*For 2020-21, Specific AOX Level in Kg/tonne of finished product is 0.01

Treated Effluent Quality of PSPD Units

TREATED EFFLUENT QUALITY : ANNUAL AVERAGE (2020-21) - PSPD UNITS (mg/l)



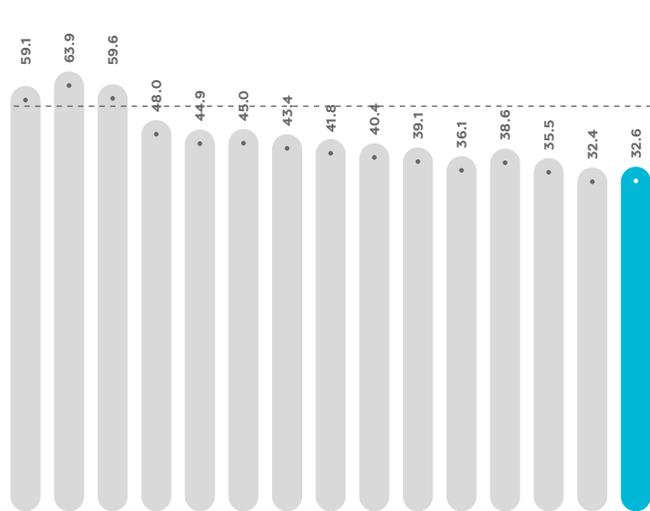
TREATED EFFLUENT QUALITY : ANNUAL AVERAGE (2020-21) - PSPD TRIBENI (mg/l)



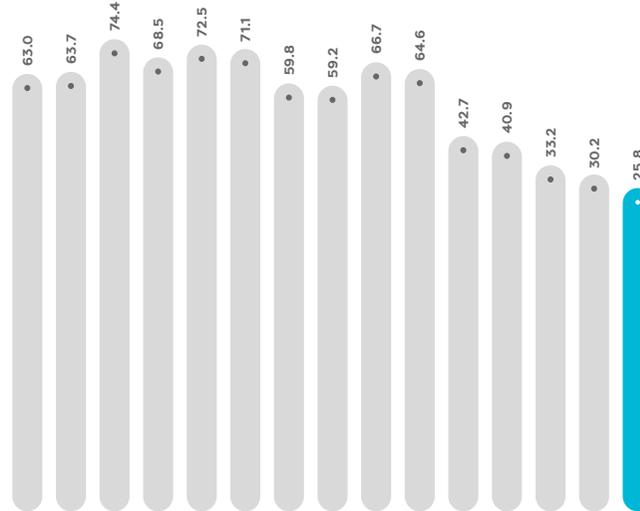
TOWARDS WATER SECURITY FOR ALL

SPECIFIC TREATED EFFLUENT DISCHARGE (kl/tonne)

NPC Benchmark Standard of 50 kl/tonne for Integrated Pulp and Paper Mill



NPC Benchmark Not Available for Specialty Paper Mill



● 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 ● 2020-21



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

The demand-side measures are followed by augmenting supply at the sub-catchment level through various interventions. These interventions are focused on harvesting rainwater and maximising infiltration through Managed Aquifer Recharge, based on the recommendations of water security and hydrogeological studies conducted for operating units located in high water stressed areas. Stakeholder engagement is integral to any water harvesting stewardship initiative.

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

ITC is targeting the creation of rainwater harvesting potential equivalent to over 5 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.

Water Performance of Select Supply Chain Members

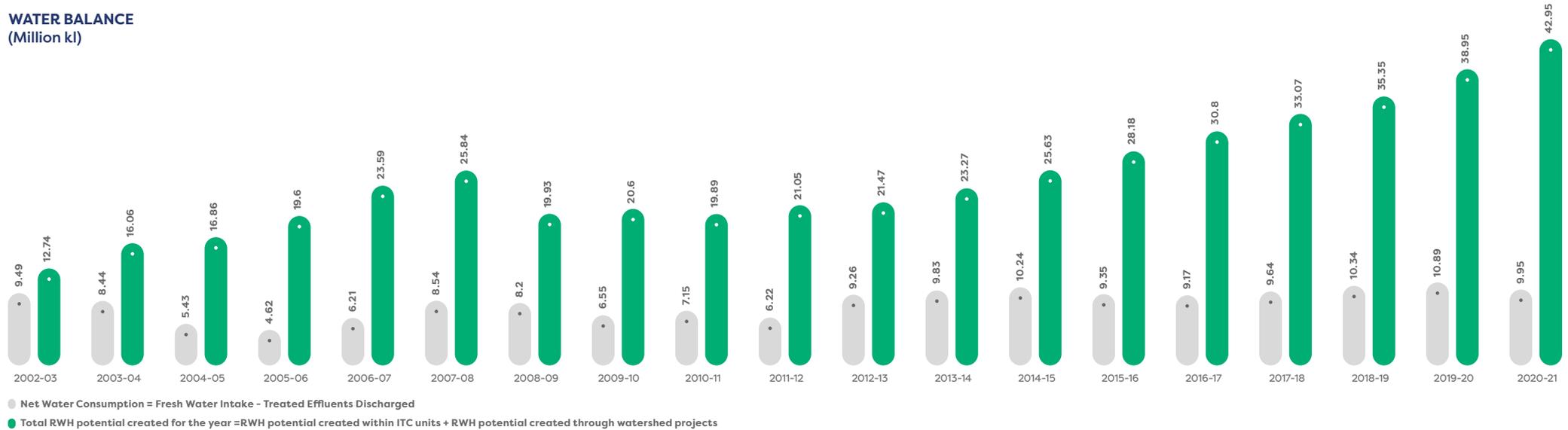
In 2014-15, ITC had initiated the process of accounting for water intake of supply chain members. In 2020-21, total water intake for ATC Limited (an associate company) and two third-party manufacturers for the Cigarettes Business was

18,659 Kl, a decrease of 7% over the previous year (19,969 kl in 2019-20) on account of the pandemic. ITC intends to progressively include more supply chain members in the reporting boundary.

TOWARDS WATER SECURITY FOR ALL



WATER BALANCE (Million kl)



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.

TOWARDS WATER SECURITY FOR ALL



Strengthening Water Governance to Ensure Equitable Resource Use

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

Progress so far

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

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



GLOBALLY RECOGNISED WATER STEWARDSHIP EFFORTS IN KOVAI, TAMIL NADU

ITC's paper mill 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 these issues, ITC through its Mission Sunehra Kal programme started working towards a watershed management strategy in the catchment, adopting 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 conducted.

Additionally, on the supply side, water harvesting potential of 1.00 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.

On the demand, the benefits have reached over 15,000 farmers, resulting in a saving of 5.16 million kl of water. These savings are around 5 times compared to the average annual water withdrawal at the Kovai unit (1.00 million kl). 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.

TOWARDS WATER SECURITY FOR ALL

WATER STEWARDSHIP MODEL IN MALUR, KARNATAKA

ITC has a food production unit and warehouse in the Malur block in the Kolar district of Karnataka, with a water requirement of approximately 68,000 kl per annum.

The uncertainty and heterogeneity of hard rock aquifer system of the area combined with anthropogenic factors such as rapid urbanisation, change of agricultural patterns, and breakdown of traditional cascading tank system, led to the failure of bore wells in the region, including those within the unit premises, creating external dependency on tanker water.

Understanding the criticality of the situation within the factory as well as the surrounding area, ITC has been working on water stewardship outcomes in the catchment, based on the recommendations from the groundwater assessment study by Urdhvam and the detailed hydrogeological study by Geovale at the regional level (100 sq. km around factory). Interventions have been initiated within the unit premises as well as in 4 watersheds surrounding the unit (covering 5,000 hectares).

Within the unit, several measures have been taken to ensure maximum water use efficiency as well as reduction in freshwater consumption, such as modification of seasoning showers, reuse of fryer vapour exhaust, reuse of RO reject water at several domestic consumption points, additional condensate recovery system, and reuse of ETP treated water for gardening and toilet flushing.

At the catchment level several measures have been taken, for better water governance and improved water balance & WASH (Water

Sanitation and Hygiene) outcomes for the relevant stakeholders.

Considering that the majority of the land within the watersheds is used for agriculture, with 57% of the farmland being rain fed, ITC has initiated capacity building activities such as creation of village level institutions to govern water use (12 Water User Groups (WUG) have been created in the catchment so far), trainings on water saving practices, awareness campaigns about the ground water scenario in the area, farmer field schools for promoting farmer interaction with experts and demonstration of better agricultural practices, on the demand side.

These interventions are being carried out in convergence with various Government schemes as well as through collaboration with research institutes, various public sector agencies etc. On the supply side, further interventions such as building of water harvesting and recharge structures, revival of deep farm ponds and open wells (kalyanis), as well as rejuvenation of traditional cascading tank system and their feeder channels have also been initiated to improve overall water security. Cumulatively, 399 water harvesting structures (including 171 farm ponds and 45 check dams) have been renovated/constructed in the catchment area, creating a water harvesting potential of 2.88 lakh cubic metres. Additionally, improved irrigation practices via ITC's demand-side management have been adopted by farmers in around 2186 Ha, resulting in water savings of nearly 9.04 lakh cubic metres.

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 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 around improving farmer livelihoods, increasing agricultural productivity, strengthening regional water security and addressing the challenge of climate change and enhancing agri-resilience.

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

ITC's 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.

ITC'S FOCUS AREAS

Multiplying Farmer Incomes

 [page 56](#)

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

 [page 56](#)

Promoting Climate Smart Agriculture

 [page 57](#)

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

 [page 58](#)

Securing Agri Value Chains for ITC's Major Crops

 [page 59](#)



MAKING AGRICULTURE FUTURE-READY

Multiplying Farmer Incomes

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



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

ITC's Baareh Mahine Hariyaali, a pioneering intervention aligned to Government's Doubling Farmers' Income programme, facilitates farmers to enhance their incomes. This programme follows a 360°, multipronged approach with interventions ranging from increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, prices and weightment. In some regions, taking a holistic approach to income diversification as an adjacency, livestock development, women empowerment and agro forestry are also included.

Over 2,00,000 farmers have already benefited from the interventions under the 'Baareh Mahine Hariyali' programme, out of which over 35,000 farmers who have adopted the package of practices have reported doubling of their incomes while others who have implemented the programme partially reported increase in their incomes by 30% to 75%. The programme, which aims to multiply incomes of farmers through a wide spectrum of interventions in climate-smart and sustainable agriculture, is planned to be rolled out to 1 million farmers progressively.

2,00,000

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

35,000

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



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

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

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

In agricultural catchments, ITC continues to work for biodiversity conservation along with soil and water as these three are essential natural capitals vital for sustainable agriculture.

As a part of its biodiversity conservation efforts, ITC has focused on:

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

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

MAKING AGRICULTURE FUTURE-READY

Promoting Climate Smart Agriculture

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

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

● ●
As part of its Sustainability 2.0 vision, ITC is targeting to promote Climate Smart Village approach in core agri-business catchments covering 3 million acres by 2030.

PROGRAMME HIGHLIGHTS

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

21,991 water harvesting structures constructed till date.

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

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

For more information on ITC's work on water stewardship, please refer to the [Towards Water Security for All](#) section on page 47 of this report.



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

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

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

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

MAKING AGRICULTURE FUTURE-READY

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

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

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

4 Million

Farmers served through e-Choupal

35,000+

Villages served through internet-based interventions in rural India

6,100

e-Choupal kiosks spanning 10 states

e-Choupal 4.0 - TOWARDS NEXT-GEN AGRICULTURE

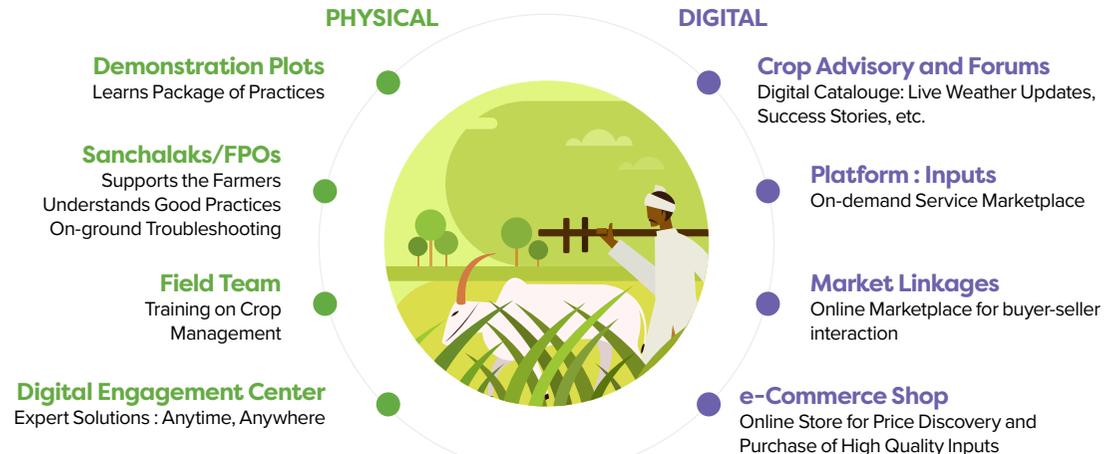
Towards enhancing the competitiveness of domestic agri value chains, foster new business models and value creation opportunities, ITC is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform.

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

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



e-Choupal 4.0 - A PHY-GITAL MODEL



Physical Transactions Complimented by Digital Interventions
Lower Transaction Costs | Customised Solutions at Scale

For more information on the above initiatives and the work being done with grassroots institutions like Water User Groups (WUGs), Agri Business Centres (ABCs) and creation of rural infrastructure for improving adaptive capacity, refer to [Supporting Sustainable Livelihoods](#) section on page 85 of this Report and ITC's [Sab Saath Badhein](#), ITC e-Choupal and ITC Watershed microsites.

MAKING AGRICULTURE FUTURE-READY

Securing Agri Value Chains for ITC's Major Crops

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

Variety Security

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

Climate Smart Farming Practices

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

Agri Extension Network

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

Integrated Pest Management

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

Natural Resource Management

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

Precision Farming

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

Organic Farming

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

Crop Diversification

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

Better labour Practices

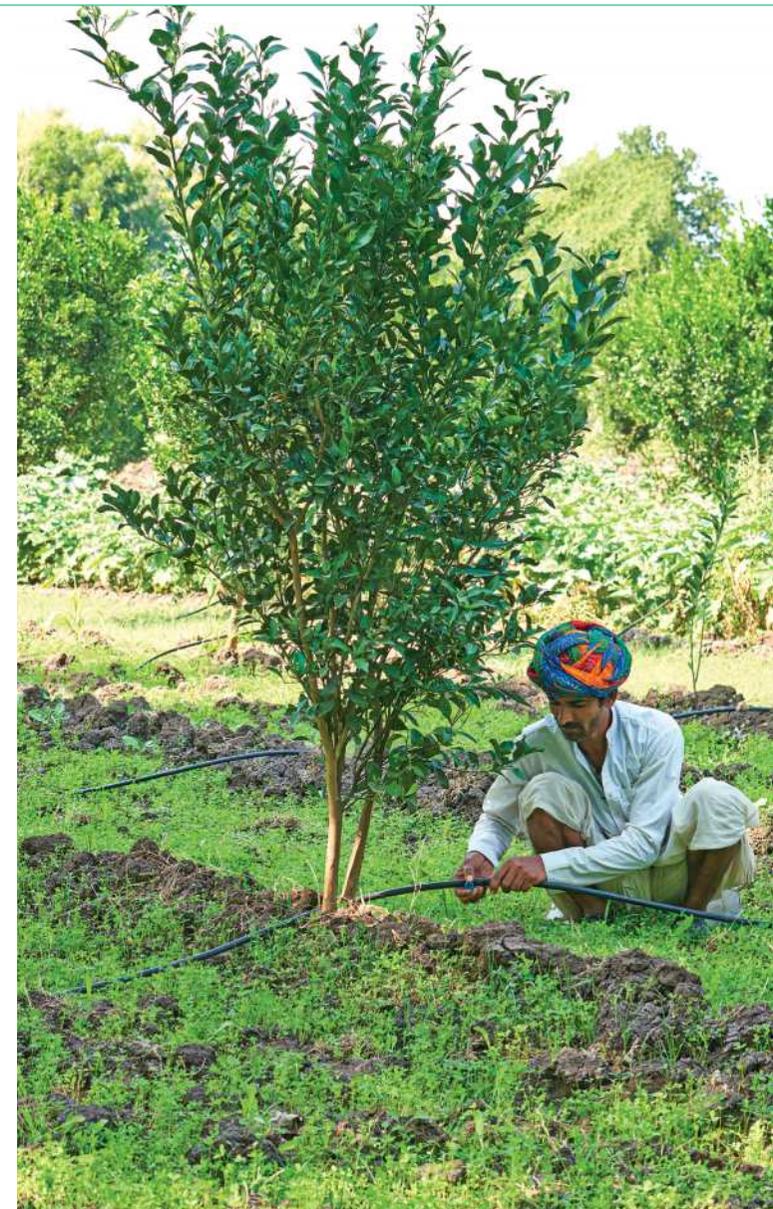
Guiding and encouraging farmers and labours in the agri value chain on right labour and human rights practices.

Village Infra Up gradation

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

Market Linkage

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



MAKING AGRICULTURE FUTURE-READY



Wheat Value Chain – Aashirvaad Atta

ABD 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. To ensure quality and blend consistency for Aashirvaad atta, ITC sources its wheat from 460+ mandis spread across 95 districts in 16 states in India.

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. Majority of wheat procured by ITC's Foods Business is sourced through the e-Choupal eco-system of ITC's Agri Business Division, thereby ensuring availability of identity preserved, traceable, consistent and adequate quantities. These include:

- Development and promotion of improved / nutritionally enhanced bio-fortified and climate resilient varieties that can withstand terminal heat stress in collaboration with premier national and international research institutes like ICAR - Indian Agricultural Research Institute (IARI), International Maize and Wheat Improvement Center (CIMMYT), Consortium of International Agricultural Research Centers (CGIAR).
- Promotion of climate-resilient soil and water management practices such as zero-tillage, practices to improve soil health like green manuring and management of water resources on the basis of climate risk assessments.
- During 2020-21, the above work covered over 1.91 lakh acres across ~1,660 villages in 7 prominent wheat producing states
- Enabling market linkages through agri business centres (ABCs) and ITC's e-Choupal 4.0 digital platform

MAKING AGRICULTURE FUTURE-READY



Pulpwood Value Chain – Paper Business, Classmate, Paperkraft

Focus Areas

Sustainable forest management

Ensuring consistent quality of pulpwood

Building climate resilience

Supporting sustainable livelihoods



Key interventions

- Around 59 million high-yielding, site specific, and disease-resistant eucalyptus, subabul, casuarina and poplar saplings were made available to farmers in 2020-21.
- 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 landholder farmers through tree-based farming to diversify income from land while fostering food, fodder and fuelwood security.
- Till date, ITC’s Social and Farm Forestry programme has together greened over 8.76 lakh acres, generating about 160 million-person days of employment.
- Integral to the Social Forestry programme is the Agro-Forestry initiative, which cumulatively extends to over 1.23 lakh acres and ensures food, fodder and wood security.
- Agro Forestry continued to be given emphasis, accounting for 7,094 acres of area under eucalyptus. 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 and Andhra Pradesh.
- Till date, ITC has received Forest Stewardship Council® - Forest Management (FSC®-FM) certification (FSC®-C102390) for close to 100,000 acres of plantations involving over 23,500 farmers.
- During 2020-21, over 195,000 tonnes of FSC® certified wood were procured from these certified plantations.
- All four manufacturing units of the PSPD have obtained the FSC® Chain of Custody certification (FSC®-C064218) and have complied with all the requirements during the year, thereby sustaining ITC’s position as the leading supplier of FSC®-certified paper and paperboards in India.
- Scientific platforms in Agroforestry have led to pioneering work on new clones in tandem with PSPD to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

For more information, refer to the [Supporting Sustainable Livelihoods](#) section on page 85 of this report.

MAKING AGRICULTURE FUTURE-READY

Leaf Tobacco Value Chain - Cigarette Business

Leaf tobacco is another key agri raw material sourced by ITC and the Company ensures that the highest standards of product integrity, sustainability, quality and hygiene 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



With over
100 years
 of experience of working with Indian tobacco farmers, ITC has built value chains capable of servicing the major categories of new generation products

Key interventions

- Agri Business Division – Leaf Tobacco continues to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability.
- For leaf tobacco, ITC consistently transfers technology for appropriate crop solutions, promoting the introduction of climate tolerant hybrids and high yielding varieties in the country while simultaneously working towards building resilience across its value chain.
- Digitally trained village level agri technicians are deployed across villages for crop monitoring using tablets. The information collected is used to provide customised crop advisory to farmers besides meeting the traceability and compliance requirements of customers.
- 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. Synergistic R&D initiatives with focus on varietal development and climate smart farming techniques are being scaled up towards improving productivity, product quality and reduction in cultivation costs. The interventions implemented are aimed at achieving higher farmer income, reducing cost of production for farmers, improved crop saleability and ensuring optimum resource utilisation.
- Various initiatives pertaining to soil conservation like promoting use of organic amendments and soil fertility management techniques for reducing chemical fertiliser use, adoption of drip irrigation technique and fertigation to improve farm yields are being implemented.
- 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.
- The tobacco farmers and labourers are constantly educated on deployment of sustainable agrochemical management programs that address the importance of safe and environmentally responsible agrochemical storage, handling and disposal.



For more details, refer to the 'Building Climate Resilience' and 'Collaborating with Suppliers and Partners' sections of this report.

MAKING AGRICULTURE FUTURE-READY



Potato Value Chain – Bingo! Snacks

Potato is another critical crop for the Company. Technico Agri Sciences Limited, a wholly owned subsidiary of the Company, and ITC's Life Sciences & Technology Centre (LSTC) are at the forefront of evaluating and advancing suitable varieties of potatoes for specific regions in India.

Focus Areas

Ensuring quality raw material (chip stocks) from localised catchments

Enhancing farm profitability

Promoting sustainable production practices

Developing superior, climate tolerant varieties



Key interventions

- The focus has been to evaluate, identify and advance geography-specific 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 (CPRI) and with breeders across the globe for accessing germplasm.
- 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. Technico has successfully kick-started commercial production of crisping varieties to support ITC's Bingo! range of potato chips.
- Crop advisory support for efficient irrigation practices and integrated pest management practices are provided in the growing areas to improve productivity.

MAKING AGRICULTURE FUTURE-READY



Spices Value Chain: Aashirvaad

ITC is a leading player in whole spices such as chilli, turmeric, coriander and cumin.

Focus Areas

Improving crop productivity

Minimising pesticide use, organic farming

Sustainable agriculture and labour standards in line with global standards

Building Climate resilience



Key interventions

- ITC has adopted a holistic approach of “Integrated Crop Engagement” covering aspects on pest management and crop management practices to ensure that the product meets stringent global food safety standards. The Agri Business also scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner.
- In 2020, the “Integrated Agri-Extension Platform – Chilli Farm Value Chain Development” under a Public Private Producer Partnership programme covered over 10,000 farmers and 26,800 acres covering 77 villages. Farmers covered under the project were able to generate 27% additional income per acre due to improved quality, farm productivity and higher share of farm gate sales. The project leveraged both digital (e-Choupal 4.0 app) and physical capability (trained agri extension staff) in disseminating Good Agriculture Practices among the farming community.
- The Agri Business Division leveraged its strong backward integration linkages to foray into the organic spices segment, with the entire value chain certified by Control Union, Switzerland, providing assurance on product authenticity and compliance with stringent norms in the USA, EU and Indian markets.
- ITC, with its commitment to providing sustainable raw materials, has increased the scale and scope of the Rainforest Alliance (RFA) certification covering crops such as chilli, cumin, turmeric, celery and coffee. The Agri Business Division continues to pursue sustainable farm management practices anchored on the Rainforest Alliance and Global GAP accreditation.
 - In 2020-21, ITC produced around 4,332 tonnes of Rainforest Alliance certified raw material covering crops such as chilli, cumin, turmeric, celery and coffee.
 - In 2020-21, close to 1,236 acres of chilli farm area was certified for Global G.A.P. Global G.A.P is a trademark and a set of standards for Good Agriculture Practices (GAP) which addresses environmental, economic and social sustainability for on-farm processes, resulting in safe and quality farm produce.

MAKING AGRICULTURE FUTURE-READY

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 to facilitate higher milk production.

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



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 as women.
- The Agarbatti Business has been working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies of state Governments for cultivating bamboo plantations.
- In the states of Tripura, Assam, Maharashtra, Uttarakhand and Karnataka, ITC's Social and Farm Forestry initiative is also creating bamboo wood source that is suitable for agarbatti manufacturing.
- The Business generates superior incomes for bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.



Fruit Value Chain - B Natural juices

The Business leverages its extensive sourcing network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages to source high quality fruit pulp for ITC's 'B Natural' juices brand.

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 Behavioural Change Programmes for Citizens to Ensure Source Segregation

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Creating Replicable, Scalable & Sustainable Models of Solid Waste Management

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

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

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Running Behavioural Change Programmes for Citizens to Ensure Source Segregation

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

ITC's programmes have reached out to more than 4.5 million households till date. Additionally, ITC also leverages its brands to raise consumers awareness on responsible waste management.

4.5 Million

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

MANAGING WASTE

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

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

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

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

WOW's outreach spans over 3.8 million households, 5.2 million school children and around 2,040 Corporates since its inception.

The programme has supported sustainable livelihoods for over 16,900 waste collectors and has also created 140 social entrepreneurs. In Pune, ITC is spearheading a circular economy based first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

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

 For more details, refer to **Solid Waste Management** in the **Supporting Sustainable Livelihoods** section on page 85 of this Report.



ITC is collaborating with several local bodies and NGOs for solid waste management including collection, segregation and recycling of plastic waste.

In 2020-21, ITC programmes sustainably managed 78,000+ tonnes of dry waste. During the year, the Company also managed more than 31,000 tonnes of post-consumer plastic waste, which is more than double of last year's collections despite the pandemic challenges. This is equivalent to more than 80% of plastic packaging films utilised by ITC during the year. In the ensuing fiscal, the endeavour would be to collect in excess of 100% of plastic packaging introduced in the market.

Sustaining & 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 2020-21

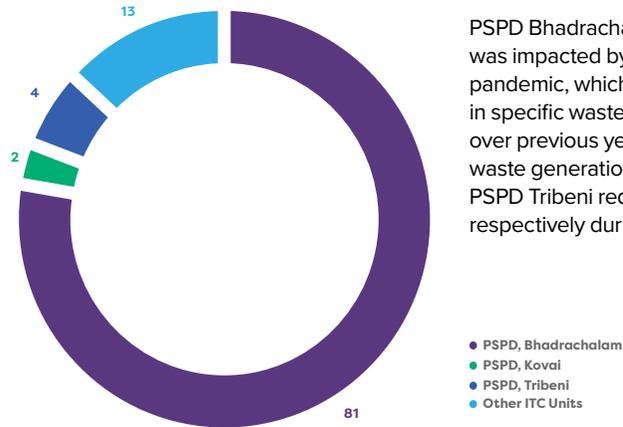
In 2020-21, ITC units generated 684,325 tonnes of waste as compared to 711,116 tonnes in previous year, a reduction of around 4%. This decrease in waste generation was primarily due to the impact of the ongoing pandemic on production and hotel occupancy.

Specific Waste Generation - Paperboards and Specialty Papers Division (PSPD)

In 2020-21, three Units of PSPD (Bhadrachalam, Kovai and Tribeni) accounted for around 87% of ITC's total waste generation. The Company, therefore, continues to pay greater attention to waste reduction at these units.

MANAGING WASTE

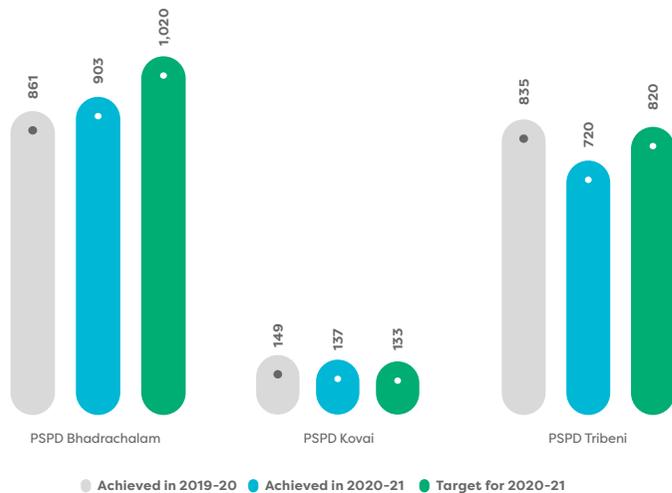
CONTRIBUTION OF PSPD UNITS IN ITC'S TOTAL WASTE GENERATION (%)



PSPD Bhadrachalam's performance was impacted by the ongoing pandemic, which resulted in increase in specific waste generation by 5% over previous year. However, specific waste generation at PSPD Kovai and PSPD Tribeni reduced by 8% and 14% respectively during the same period.



SPECIFIC WASTE GENERATION KG OF WASTE/TONNE OF PRODUCTION



Hazardous Waste

For 2020-21, 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. During 2020-21, apart from hazardous waste transported to authorised external treatment sites by authorised transport agencies, no other hazardous waste was shipped out of ITC locations.

For information on chemical safety management, please refer to **Environmental Management** section of this report.

Total hazardous waste and its destination (Tonnes) - 2020-21

Total hazardous waste generated	18,569
Hazardous waste carried over from previous year and disposed in 2020-21	31
Recycled	18,013
Incineration and landfill	526
On-site storage	60

MANAGING WASTE



ITC units that recycled more than 99% of generated waste

Agri Business units (Leaf Tobacco)

Anaparti, Chirala and Mysuru, Research Centre at Rajahmundry

ITC Hotels

ITC Gardenia, ITC Grand Bharat, ITC Grand Chola, ITC Grand Goa Resort & Spa, ITC Maratha, ITC Maurya, ITC Mughal, ITC Rajputana, ITC Sonar, ITC Windsor, Welcomhotel Chennai, Welcomhotel Coimbatore, Welcomhotel Bay Island in Port Blair

Cigarette factories

Munger, Saharanpur, Pune and Pokhra & Simara (Nepal)

Paperboards and Specialty Papers units

Bhadrachalam, Tribeni, Kovai and Bollaram

Personal Care Business Units

Haridwar and Guwahati

Foods units

Haridwar, Uluberia, Guwahati, Kapurthala, Mysuru, Pudukottai, Pune, Munger and NENPL-Mangaldai

Offices and Others

Classic Golf & Country Club
ITC Infotech India Limited, Bengaluru
ITC Green Centre, Gurugram
ITC Green Centre, Manesar

Non-hazardous Waste

During 2020-21, 99.87% 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 (85%) of non-hazardous waste generated in 2020-21.

Non-hazardous waste category	Source of generation	Quantity generated (Tonnes)	Waste application
Fly ash from boilers	Units of PSPD and Agri Business (Leaf Tobacco)	3,06,167 (including Bhadrachalam - 2,72,487, Tribeni - 24,006, Kovai - 7,269)	Used by cement, brick manufacturers and in road construction
Lime sludge	Bhadrachalam and Tribeni Units of PSPD	2,07,625	Utilised in in-house lime kiln as well as by cement and brick manufacturers
Bottom ash from boilers	Units of PSPD, Agri Business (Leaf Tobacco) and a unit of Tobacco Division	36,994 (including Bhadrachalam -31,584, Tribeni - 1,855, Kovai - 732)	Used for brick manufacturing, filling of low-lying areas and in road construction
Wood waste from chipping operation	Bhadrachalam unit of PSPD	15,678	Used as a fuel in in-house boiler

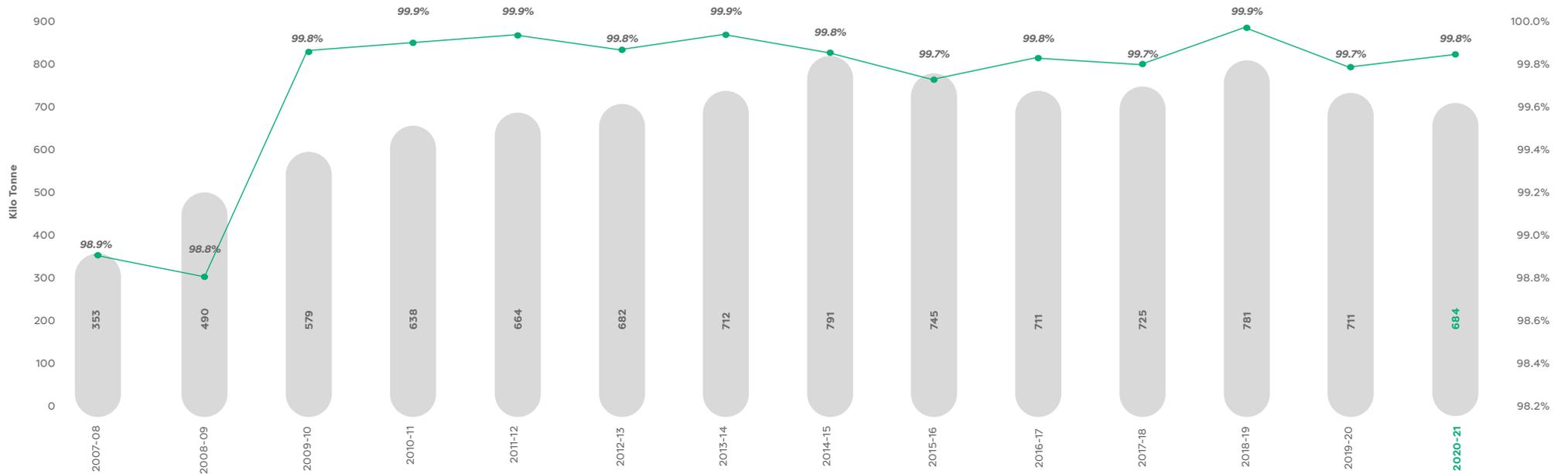
MANAGING WASTE

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

'Segregation at source' along with focused attention on identifying and tracking of all waste streams all the way till their final disposal, helped the Company in recycling over 99% of the 684,000 tonnes of total waste generated within ITC units during 2020-21.



PROGRESS ON WASTE RECYCLING



MANAGING WASTE



Recycling Post-Consumer Waste

The Kovai and Bhadrachalam units utilised over 79,000 tonnes of post-consumer paper waste as raw material in 2020-21.

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

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.

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.

	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
2019-20	7,11,116	7,09,244	99.7%	2,341	85,021	112
2020-21	6,84,325	6,82,902	99.8%	1,952	79,390	111

*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

Supply Chain Members	Total Waste Generated (in tonnes)	% Recycled
TPM units for ESPB	797	97.13
TPMs for Cigarette Business	1,169	100
ATC Limited	1,432	99.70

MANAGING WASTE

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

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

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

ITC approach to sustainable packaging involves:

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

ITC's Packaging Footprint

ITC's annual packaging footprint, from its FMCG businesses, across primary, secondary and tertiary packaging formats is around 170,000 MT and is primarily composed of paper/paperboard based packaging (72%), followed by plastic packaging (28%). Glass and metal form a small portion of the overall packaging footprint, contributing to less than 1%. Over 28% of paper packaging is FSC® certified and another 63%, in the form of Corrugated Fibre-board Cartons (CFCs), is made from recycled material. In terms of plastic packaging, around 75% is in the form of multi-layered/mono-plastic film packaging and the rest is composed of PET and other rigid plastics. In India, the collection and recycling for multi-layered/thin film plastic packaging have always been challenging. 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.

Sustainability meets innovation: ITC's Paperboards, Paper and Packaging Business

In line with its pursuit of providing sustainable packaging solutions to consumers, ITC's Paperboards & Specialty Papers Business launched antifungal soap packaging paper designed to replace single use plastics. The Business also scaled up its new product launches in the previous year comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications.

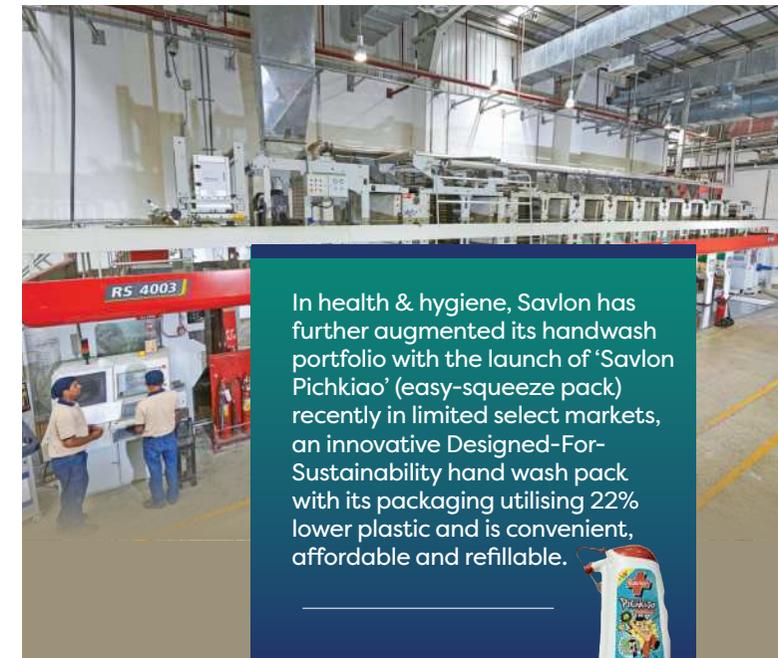
ITC is also actively engaged in developing suitable paper/ paperboard as well as barrier-coated substrates that can replace single-use plastics. Further, the Business has also developed antiviral paper for applications in pharma and education & stationery businesses which is in the process of commercialisation.

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

ITC'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.



During 2021-22, ITC is targeting sustainable management of post-consumer packaging waste in excess of the annual amount of packaging introduced in the market.



Biodiversity Management

ITC's Approach

Biodiversity provides varied ecosystem services including recycling of nutrients, control of local micro-climate, regulation of local hydrological processes and regulation of the quantum of undesirable organisms. Given the essential ecosystem services that nature provides, ITC recognises that the preservation and nurture of biodiversity is crucial for long-term sustainability.

ITC has a Board-approved Policy on Biodiversity Conservation and is committed to conducting its operations in a manner that protects, conserves and enriches biodiversity. The long-term sustainability of several of ITC's businesses depend on natural capital, which includes soil, underground and surface water, biodiversity and ecosystem services like carbon dioxide absorption capacity, temperature regulation and waste assimilation. Accordingly, ITC's operations, business models and sustainable agriculture interventions incorporate ecological and biodiversity concerns, and also support livelihood improvements. ITC's biodiversity conservation work is also aligned with the strategic goals of Aichi Biodiversity Targets.

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 catchment of the Company's Agri business.



Biodiversity Conservation – Progress

As part of its Natural Resources Management programme, ITC focuses 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
 - Revival of ecosystem services provided to agriculture by nature, which has witnessed considerable erosion in recent decades
- Biodiversity risk and impact assessments are also carried out for projects near eco-sensitive zones.

BIODIVERSITY MANAGEMENT



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.

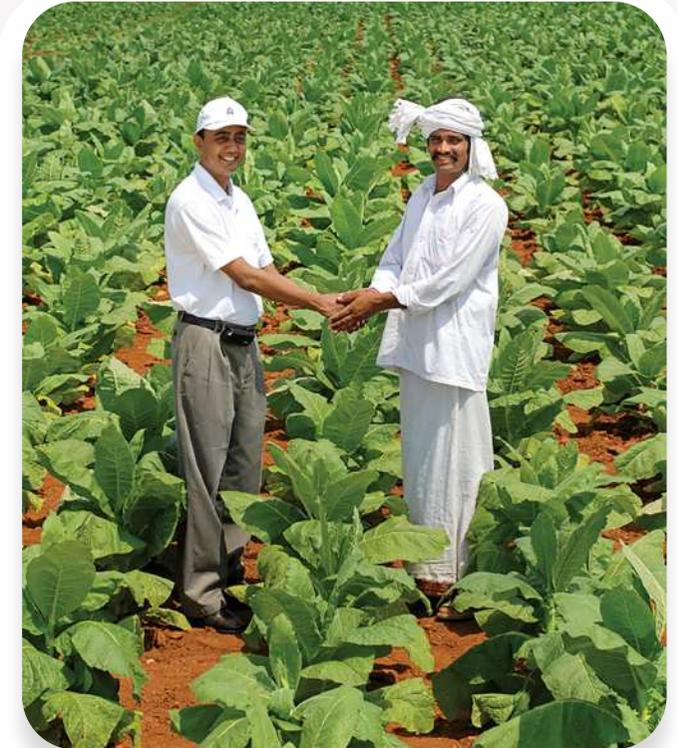
Based on the risk assessment, ITC has specifically promoted initiatives such as micro-irrigation, farmer education and awareness programmes on pesticide waste management, energy conservation measures, soil protection and conservation, and Integrated Pest Management in crops, covering around 65,000 farmers in Andhra Pradesh and Karnataka.

In 2020-21, ITC's Agri Business Division increased the scale and scope of crops covered under various sustainability certifications. Crops such as chilli, cumin, turmeric, celery, coffee and mangoes were covered under Rain Forest Alliance (RFA), UTZ, Global GAP and Fairtrade certifications. Several of these crops are also certified as organic under Indian and US standards. Under these certifications, 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 and principles of sustainable farming, which include biodiversity conservation, improved livelihood 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 is committed to Forest Stewardship Council® (FSC®) principles, and farms in the pulpwood supply chain have been FSC® certified. Close to 100,000 acres belonging to over 23,500 farmers were certified under FSC®, 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, and agro-chemical management etc., are being practiced.



ZERO DEFORESTATION IN TOBACCO VALUE CHAIN

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

- ITC has encouraged the planting of trees that cover 155,866 acres till date, and
- Promoted the use of alternate fuels for curing like coffee husk, coffee stems, coconut fronds and biomass briquettes.

BIODIVERSITY MANAGEMENT

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 1,230 biodiversity plots involving farmers and community members covering a total area of 44,044 acres in 33 districts of 8 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 in 2020-21, 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 state 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 the forest. These two partnerships aim to cover around 79,000 acres of area in a 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.

● ●

During 2020-21, in Maharashtra, ITC has prepared soil and moisture conservation plan for 8,800 acres of forest land and 25,600 acres of fringe areas, spread over 21 villages. In Rajasthan, ITC has trained 122 block level officers of the Panchayati Raj & Rural Development Department as Master Trainers to train villagers in technical and social aspects to take up commons restoration and biodiversity conservation.



REVIVAL OF ECOSYSTEM SERVICES: SUSTAINABLE AGRISCAPES FOR THE FUTURE

ITC has collaborated with the International Union for Conservation of Nature (IUCN) to develop 'Sustainable Agriscape for Future' in Munger district (Bihar). The IUCN had taken up studies and surveys to identify key issues that are, and will in future, affect the ecosystem service potential of the agriscapes 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, the IUCN has suggested three varied landscape profiles for demonstrating the revival of ecosystem 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 recommendations, during 2020-21, 3.26 lakh plants belonging to different native and commercial species suitable for soil binding, fuel and fodder purposes were planted in the fields of 851 farmers and conservation tillage was promoted in 94,720 acres which are on the Ganga river banks.

These initiatives aim to a) Reduce fuel and fodder pressures on forests; b) Protect the traditional Ahar and Pyne irrigation system of the area from erosion; and c) Minimise flood damage in fields along Ganga river banks, apart from farmers using the silt deposited during floods to minimise application of chemical fertilisers.

Based on the learnings from Munger, the 'Sustainable Agriscapes' template was replicated in other catchments of ITC. During 2020-21, the IUCN trained 15 ITC personnel on assessment of baselines and planning for 'Sustainable Agriscapes' and post the training, ITC personnel, with the guidance of IUCN, initiated baseline assessments for 40,000 acres of 10 villages in two states.

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, and air pollution continues to remain a challenge in India. Addressing the challenge of air pollution will require concerted efforts by multiple stakeholders.

For ITC Units, relevant air emissions include Particulate Matter (PM), Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Ozone Depleting Substances (ODS). PM, NO_x and SO_x emissions are generated from combustion of fuel, and ODS are used as refrigerant gas in chillers and air conditioners.

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. For ODS management, ITC is working towards phasing out the use of ODS.



Performance

All ITC units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO_x) and Sulphur Oxides (SO_x) on a regular basis to ensure compliance with applicable Standards as well as continuous improvement. In 2020-21, ITC's total PM emissions were marginally lower, whereas NO_x and SO_x emissions increased over the previous year. NO_x and SO_x emissions increased due to higher sulphur content in coal used in ITC's paper mills.

AIR EMISSIONS (Tonnes)



AIR EMISSIONS MANAGEMENT



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

63%

Specific PM emissions

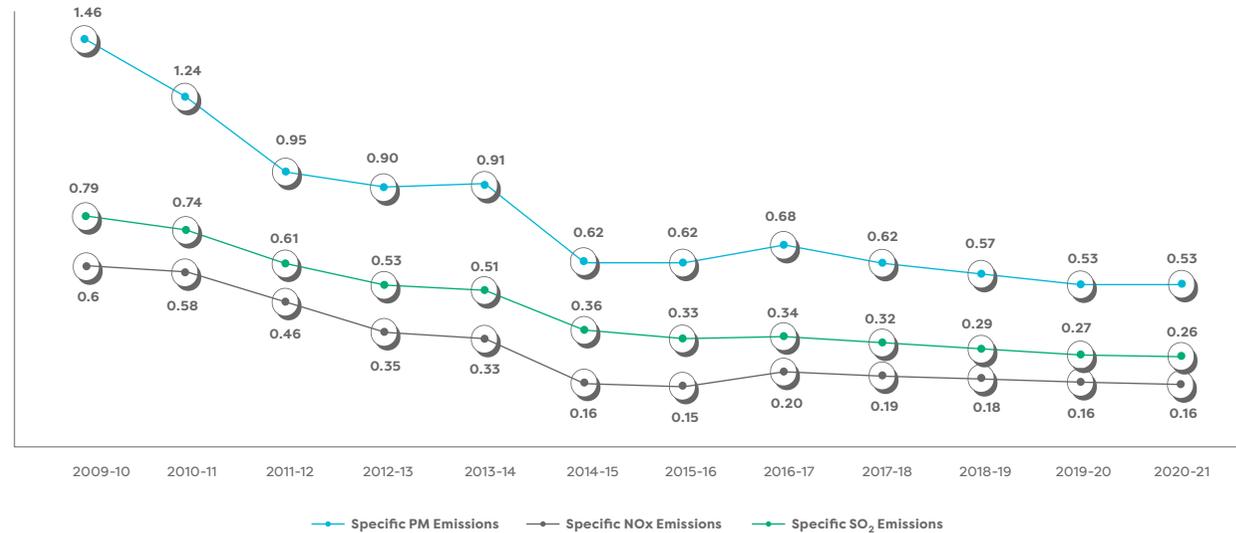
74%

Specific SO₂ emissions

67%

Specific NO_x emissions

SPECIFIC EMISSIONS - PSPD BHADRACHALAM (Kg/Tonne)



Hydrogen Sulphide (H₂S) Emissions

At Bhadrachalam, the primary source of H₂S emissions is the soda recovery boilers in which black liquor is used to produce steam and recover chemicals. In 2020-21, similar to previous years, H₂S emissions remained well below the regulatory limit.

H₂S EMISSIONS - PSPD BHADRACHALAM (mg/Nm³)



Ozone Depleting Substances (ODS)

In 2020-21, the total consumption of ODS across units stood at 88 kg of CFC-11 equivalent. ITC is working on 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.

Chemical safety management

ITC follows a proactive approach to managing hazardous chemicals by actively looking for alternatives, which not only helps keep its operations safe but also ensures safest products for customers. This approach is demonstrated in pioneering practices implemented by ITC like elemental chlorine free (ECF) bleaching, and ozone bleaching technology in India as part of its Paper business, and switching from solvent-based inks to water-based ones in its Packaging and Printing business.

 For more details, refer to the 'Making Agriculture Future Ready' section on page 55 of this Report.



ITC's approach is demonstrated in pioneering practices in the implementation of elemental chlorine free (ECF) bleaching, and ozone bleaching technology in India as part of its Paper business, and switching from solvent-based inks to water-based ones in its Packaging and Printing business.

Environment friendly and safer alternatives are continuously sought by ITC for improving existing processes and chemicals safety. In addition to substitution to less hazardous chemicals, ITC has deeply entrenched Process Safety systems to ensure the correct handling, usage, storage and disposal of such chemicals across its businesses. For the PSPD business as well as the Packaging and Printing business, such systems are particularly important.

Managing hazardous chemicals is not only important within ITC factories but also in

the supply chain. Within the supply chain, farmers working with hazardous pesticides is an area of special attention. ITC's approach is firstly to eliminate or reduce the use of hazardous pesticides. Intensive training is conducted on Integrated Pest Management (IPM), which helps advocate a holistic approach in reducing pesticide usage as well as substituting such pesticides with nature-based solutions. The training programmes also cover the safe handling of pesticides used and the responsible management of wastes generated.

Progress Dashboard

Energy & Greenhouse Gas (GHG) Emissions

Performance Indicator	2018-19	2019-20	2020-21
Total Energy Consumption (Terra Joules)	23,326	23,834	22,369
Renewable Energy Consumption	40.90%	41.2%	41.3%
Total GHG Emissions - excluding Biogenic Emissions (Kilo Tonnes of CO ₂ e) ¹	1,716	1,678	1,576
Scope 1 - Direct GHG Emissions (Kilo Tonnes of CO ₂ e)	1,236	1,242	1,172
Scope 2 - Indirect GHG Emissions (Kilo Tonnes of CO ₂ e)	199	230	168
Scope 3 - Other Indirect GHG Emissions (Kilo Tonnes of CO ₂ e)	281	206	237
Biogenic Emissions - CO ₂ Emissions from Combustion of Biomass (Kilo Tonnes of CO ₂ e)	841	862	816
GHG Removals (Kilo Tonnes of CO ₂)	5,238	5,394	5,827
Specific Energy - Scope 1,2 - Paper Business (Giga Joules per tonne of product)	25.95	24.26	24.51
Specific Energy - Scope 1,2 - Foods Business (Giga Joules per tonne of product)	4.06	3.71	3.24
Specific Energy - Scope 1,2 - Tobacco Business (Giga Joules per MNC)	5.68	5.55	5.65
Specific GHG Emissions - Paper Business (Tonnes of CO ₂ e per tonne of product)	1.45	1.34	1.35
Specific GHG Emissions - Foods Business (Tonnes of CO ₂ e per tonne of product)	0.36	0.35	0.28
Specific GHG Emissions - Tobacco Business (Tonnes of CO ₂ e per MNC)	0.38	0.35	0.37

¹Total GHG Emissions (excluding Biogenic Emissions)=Scope 1+Scope 2+Scope 3

Waste Management

Performance Indicator	2018-19	2019-20	2020-21
Total Waste Generated (Tonnes)	7,81,229	7,11,116	6,84,325
Waste Recycled (Percentage)	99.90%	99.70%	99.80%
Waste Recycling Footprint (Percentage) ⁴	111%	112%	111%
Total Dry Waste Collected for Sustainable Management	54,000+	78,800+	78,000+
Low Value Plastic/Multi-layered Plastic Waste Sustainably Managed	7,400+	12,500+	31,000+

⁴Waste Recycling Footprint (%) = (Waste recycled + external waste used as raw material) *100/ Total waste generated in ITC

Water

Performance Indicator	2018-19	2019-20	2020-21
Water Intake (Million Kilolitre (kl))	33.46	34.21	31.76
Treated Effluent Discharge (Million Kilolitre (kl))	23.12	23.32	21.81
Net Water Intake (Million Kilolitre (kl))	10.34	10.89	9.95
Total Rainwater Harvesting Potential (Million Kilolitre (kl)) ²	35.35	38.95	42.95 ³
Specific Water Intake - Paper Business (Kilolitre (kl) per tonne of product)	33.86	32.03	32.7
Specific Water Intake - Foods Business (Kilolitre (kl) per tonne of product)	3.04	2.48	2.03
Specific Water Intake - Tobacco Business (Kilolitre (kl) per MNC)	3.60	3.30	3.44

²Total Rainwater Harvesting Potential (RWH) created for the year=RWH potential created within ITC units+RWH potential created through watershed projects

³This includes 41.95 Million kl RWH potential (after siltation adjustment) created by ITC Mission Sunehra Kal and 1 Million kl RWH potential created within ITC units

Raw Materials

Performance Indicator	2018-19	2019-20	2020-21
Raw Materials Processed (Kilo Tonnes)	2,344	2,578	2,454
Agro/Forestry-based Renewable Sources (Kilo Tonnes)	2,267	2,498	2,373
% Materials from Agro/Forestry-based Renewable Sources	95	97	97
FSC® Certified Wood procured (Tonnes)	97,000+	86,000+	195,000+

Transforming Lives and Landscapes



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COMMUNITY DEVELOPMENT OVERVIEW

A Quest for Sustainable and Inclusive Growth

ITC's Corporate Social Responsibility programmes date back to the times when no Government regulation mandated such activities by companies. Ever since then the Company's CSR has been referred to as the 'Social Investment Programme', which uses the brand name of 'Mission Sunehra Kal' for implementation of the activities.

Mission Sunehra Kal (MSK) is ITC's flagship program to transform the lives of poor and the most marginalised people of our society, to lead a life of dignity. ITC's way of empowerment is based on knowledge and technology transfer with a holistic approach that focusses on improving today's livelihoods and to create healthy, educated, skilled and engaged communities for a better tomorrow.

ITC's CSR Policy, approved by the Board of Directors, guides the activities it undertakes 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 MSK stakeholders include rural communities with whom ITC's agri businesses have forged enduring engagements and the communities residing in close proximity to its manufacturing units.

Need based community development

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, 6 more clusters were added to the original 113, taking the total number to 119 clusters comprising 1,924 villages/wards (previously 1,086). This forms the core operational geographies of the Company's Social Investments Programme.

Key assessment results showing changing expectations



Poverty

It is a challenge in the core areas requiring focus on the poor, the marginalised and women-headed households



Water Stress

Like the rest of India, more than half of agriculture in our core area is rain-fed, calling for the development of water resources as a key priority area



HDI Improvement

While people aspire for improvements in the quality of their lives, the more urgent concern is for their children to grow into a healthy, educated and skilled resource to enable participation in the employment markets of tomorrow



Future Readiness

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



Climate Change Impact on Farming

Farming is the mainstay of rural households, which, being dominated by small holder agriculture, necessitates building their resilience to extreme weather events through adoption of sustainable nature-based solutions

ITC Social Investment Targets 2030: Mission Sunehra Kal



Horizon 1 Strengthen today's dominant source(s) of livelihoods

Objective

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

Initiatives and Interventions

On farm | Sustainable management of natural capital and farms to strengthen agriculture

Off-farm | Create non-farm livelihood opportunities, especially for women



Horizon 2 Create capabilities for tomorrow

Objectives

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

Initiatives and Interventions

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

ITC Mission Sunehra Kal approach fosters

Participatory development

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

Public Private Partnerships

With Governments to enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations

Inclusive growth

that benefits the poor and marginalised communities, especially Scheduled Caste/ Tribes and women, thereby promoting affirmative action in our project locations

Knowledge Partnerships

With national and international organisations and agencies in order to remain contemporary and access the latest knowledge / technical know-how to continuously improve the quality of programmes

Behaviour change

Through focus on demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community

Implementation Partnerships

With reputed and expert NGOs for implementation of programmes

COMMUNITY DEVELOPMENT OVERVIEW

Assistance During the COVID-19 Pandemic



ITC responded within days of the lockdown announcement to contain the spread of COVID-19. The assistance comprised both financial and in-kind support to the Government and NGOs. A donation of ₹ 100 Cr was made to the PM Cares Fund and ₹ 28 Cr was donated to 17 state Governments that had witnessed the worst outbreak of the virus. In addition, cash donations totalling ₹ 103 lakhs were distributed to various NGOs engaged in direct relief work with migrant labourers.

ITC also launched direct action by providing:

- Food and personal hygiene products to district authorities and other Government bodies of 25 states, whose eco-system reaches out to the weakest sections of society. These comprised 28 lakh pieces of soaps, 17 lakh packets of noodles, 39 lakh packets of biscuits, over 31 lakh packs of fruit juices, 8 lakh kgs of atta, 53 lakh packets of snacks, over 13 lakh packs of milk shakes and 6 lakh pieces of chocolates. The total value of in-kind donations amounted to ₹ 25 cr by end-March 2021.

An additional ₹ 0.90 cr worth of in-kind donations was made through NGOs working with migrants and those suffering loss of employment, especially those falling in the Company's catchments.

- Dry ration kits or cooked food were supplied to migrant labour camps and for doctors in Government hospitals across states. This comprised an estimated 5.45 lakh plates of cooked food worth ₹ 118 lakhs, 21,710 packets of ration kits worth ₹ 125 lakhs, and 1.04 lakh hampers to frontline staff engaged in providing essential services despite the pandemic.

- PPE, comprising medically certified gowns, pyjamas, gloves, masks, caps, protective suits, sanitisers and soaps to district hospitals and to the frontline staff of the health department of various states. In a few cities/towns, ITC also helped in the assembly and construction of disinfectant tunnels and self-check kiosks. The total value of assistance under this head amounted to ₹ 154 lakhs.

In addition to the Covid-19 pandemic, the Company also provided relief to victims of the Amphan cyclone comprising ₹ 1.50 cr of cash donation to the WB State Disaster Management Authority and in-kind donations worth ₹ 1 cr.

In total, the Company had spent ₹ 132 cr on these initiatives directly by the end of March, 2021 and ₹ 50 cr through the ITC Rural Development Trust and the ITC Education Trust leading to a grand total of ₹ 182 cr.

SUPPORTING LIVELIHOOD OPPORTUNITIES TO COUNTER THE ECONOMIC DISTRESS CAUSED BY THE PANDEMIC

During the year, ITC gave special focus and emphasis to employment generation to respond to the adverse impact on livelihoods due to the pandemic and the restrictions imposed by leveraging the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

As soon as restrictions on agricultural activities were eased, ITC initiated discussions with the Government and people on the ground and motivated its NGO partners to mobilise farmers and landless workers to help them access work opportunities under MGNREGS.

Key steps taken

- Families in distress, including migrant workers who had come back, were identified and helped to get job cards from MGNREGS;
- A robust safety protocol was put in place for workers at work sites;
- ITC also provided technical support for planning and execution of work with focus on creation of long-term assets for the people, especially water harvesting structures.

The scale of the programme has been significant. Starting from mid-April, 55 lakh person days of work, valued at ₹ 90.5 crores was completed in 2,448 villages spread over 64 districts of 16 states.

These works also led to the construction of long-term productive assets for the community in the form of 5,631 water harvesting structures that provide life-saving irrigation to agriculture.

The concerted effort with Government impacted other developmental aspects also.

As per sample studies conducted in Andhra Pradesh, the project villages performed better on several other parameters as compared to other villages in the district: a) average earnings/day was 38% higher; b) 89% of families completed 100 days of work as compared to 41% in non-intervention villages; and c) participation of women and SC and ST community members was 27% higher.



ITC SOCIAL INVESTMENTS' TARGETS AND PROGRESS DASHBOARD

ITC Mission Sunehra Kal

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

Horizon 1 | Sustainable Livelihoods Today



Social Forestry

Objective

De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming

Initiatives

Social Forestry

Government Schemes

National Agro-forestry Policy, 2014

UN SDG Linkages



Social Forestry

6,30,000 Acres

Target 2030

3,94,678 Acres

Achieved till 20-21

2,35,322 Acres

Balance to achieve



Climate Smart Agriculture

Objective

Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach

Initiatives

Sustainable Agriculture²

Government Schemes

National Mission for Sustainable Agriculture (NMSA)

UN SDG Linkages



Sustainable Agriculture

30,00,000 Acres

Target 2030

7,71,119 Acres

Achieved till 20-21

22,28,881 Acres

Balance to achieve



Water Stewardship

Objective

Ensure water security for all stakeholders through watershed development & managed aquifer recharge

Initiatives

- Watershed Development
- Water harvesting structures
- Storage Potential
- Bio-Diversity Conservation

Government Schemes

Jal Shakti Abhiyan
Pradhan Mantri Krishi Sinchai Yojana

UN SDG Linkages



Watershed Development

22,00,000 Acres

Target 2030

12,31,251 Acres

Achieved till 20-21

9,68,749 Acres

Balance to achieve

Water Harvesting Structures

50,000

Target 2030

21,199

Achieved till 20-21

28,009

Balance to achieve

Storage Potential

60.00 Mn KL

Target 2030

41.95 Mn KL

Achieved till 20-21

18.05 Mn KL

Balance to achieve

Bio-Diversity Conservation

2,50,000 Acres

Target 2030

44,044 Acres

Achieved till 20-21

205,956 Acres

Balance to achieve



Women Empowerment

Objective

Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households

Initiatives

Women Economic Empowerment

Government Schemes

Support to Training and Employment Programme for Women (STEP)

UN SDG Linkages



Women Empowered

1,50,000

Target 2030

77,851

Achieved till 20-21

72,149

Balance to achieve

Note:

1 hectare = 2.47105 acres

1. Figures on Sustainable agriculture area and SWM - households covered, pertains to FY 2020-21

2. In view of 100% of project areas being declared ODF by the Government, the Target has been revised



ITC SOCIAL INVESTMENTS' TARGETS AND PROGRESS DASHBOARD

ITC Mission Sunehra Kal

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

Horizon 2 | Creating Capabilities for Tomorrow



Primary Education

Objective

Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment

Initiatives

- Improvement in learning outcomes
- Infrastructure support to Government Schools

Government Schemes

Sarva Shiksha Abhiyan

UN SDG Linkages



Improvement in Learning Outcomes | Children Impacted

13,00,000

Target 2030

8,08,462 **4,91,538**
Achieved till 20-21 Balance to achieve

Infrastructure Support to Government Schools | No. of Schools

4,000

Target 2030

2,105 **1,895**
Achieved till 20-21 Balance to achieve



Vocational Training

Objective

Align skills training to market demand to maximise employment of youth from our core areas

Initiatives

Vocational Training

Government Schemes

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

UN SDG Linkages



Vocational Training | No. of Youths

2,82,000

Target 2030

93,980 **1,88,020**
Achieved till 20-21 Balance to achieve



Public Health

Objective

Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment

Initiatives

Toilets constructed³

Government Schemes

Integrated Child Development Services (ICDS), Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA)

UN SDG Linkages



Toilets Constructed

40,000

Target 2030

38,153 **1,847**
Achieved till 20-21 Balance to achieve



Solid Waste Management

Objective

Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment

Initiatives

Solid Waste Management (SWM)

Government Schemes

Swachh Bharat Mission (SBM)

UN SDG Linkages



Solid Waste Management (SWM) | No. of Households²

6,00,000

Target 2030

7,31,272 **Achieved**
Achieved till 20-21

Note:

1 hectare = 2.47105 acres

1. Figures on Sustainable agriculture area and SWM - households covered, pertains to FY 2020-21

2. In view of 100% of project areas being declared ODF by the Government, the Target has been revised

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Building Resilient Livelihoods

Under this Horizon, ITC aims to create better livelihood opportunities for communities around its operations.

It supports sustainable livelihoods and resilience building through knowledge & capacity enhancement, strengthening community based organisations and forging long term strategic partnerships with Government and other knowledge partners. These efforts help in long term sustenance of the programme interventions and outcomes.

KEY INITIATIVES



Social Forestry



Climate Smart Agriculture



Water Stewardship



Animal Husbandry Programme



Women Empowerment



Biodiversity Conservation



HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Social Forestry

ITC's Social Forestry 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 Agro-forestry Policy, 2014', which emphasises improvement in productivity; employment, income and livelihood opportunities, especially for the smallholder farmers, through agroforestry.



3.9 lakh acres

Multi-purpose plantations created for the benefit of farmers, since its launch in 2001-02. Till date, the Farm and Social Forestry have greened over 8.76 lakh acres, generating about 160 million person-days

With this programme, ITC assists farmers to have profitable plantations, assisting them with high-yielding saplings specially developed by ITC R&D to grow in harsh conditions. Forestry Groups are formed through which they get loans, subsidised clonal stock, as well as technical support and training. There is a particular focus on Scheduled Tribe and Scheduled Caste households - who are generally among India's most economically and socially marginalised groups.

During the year, over 1.39 lakh MT of wood harvested by farmers was documented, of which 28% (39,773 MT) was Forest Stewardship Certified (FSC®) wood, which benefited farmers through premium payment.

Based on the average earnings of farmers, the total wealth generation due to wood harvest in the year is to the tune of ₹ 34 crores for poor and marginal farmers.

In Social Forestry, 100% of eucalyptus area is under agro-forestry and bund plantation (Grow Own Fuel). Agro Forestry continued to be given emphasis, accounting for 7,094 acres of area under eucalyptus. Given the sizeable area under agro-forestry, and to drive improvement in farm economics from intercrops, ITC continued its efforts to improve productivity of intercrops cultivated along with trees. It also contributes to ITC's carbon sequestration efforts.

Social Forestry coverage and beneficiaries

Activity	2019-20	2020-21	Cum till 2020-21
Coverage			
New villages (Nos.)	205	402	5,694
New beneficiaries (Nos.)	14,632	16,371	1,52,560
Plantation Area (Acres)	35,193	30,439	3,94,678
Saplings Planted (Lakhs)	813	406	7,985
Agro Forestry Eucalyptus Area (Acres)	4,359	7,094	1,23,771

Wood Harvesting coverage and earnings

	2019-20	2020-21
Description		
Area (Acres)	1,922	8,102
Farmers	417	2,038
Volume harvested (MT)	43,427	1,39,905
Total Income (₹ Lakhs)	919	3,399
Earnings/Household (₹)	93,336	1,66,771
Earnings/Acre(₹)	20,246	1,03,656

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Climate Smart Agriculture

ITC's Sustainable Agriculture programme aims to de-risk farming operations from erratic weather events to improve profitability and reliability of agriculture by offering support services, in line with the 'National Mission for Sustainable Agriculture (NMSA)'.

3.8 lakh farmers

Brought onto digital training platforms during the year in 27 Aspirational Districts covered under ITC's partnership programme with NITI Aayog for improving agriculture and allied sectors, through formation of 4,836 WhatsApp groups in around 5,000 villages. The total number of farmers trained to date in five seasons is 25 lakhs



Interventions

5,969 Farmer Field Schools (FFS) and 19,291 demonstration plots disseminated scientific and technological best practices to over 2.23 lakh farmers during the year.

401 Agri Business Centres (ABCs) providing extension services, promoted advanced agri- practices, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire. Towards ITC's long-term objective of improving Soil Organic Carbon, 2,801 compost units were constructed during the year, taking the cumulative total to 48,767. ITC's all agricultural improvement activities together impacted over 2.54 lakh farmers and 8.81 lakh acres directly in the year.

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

The partnership with NITI Aayog initiated in April, 2018 to improve agriculture and other allied services in 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh), continued to cascade package of practices to farmers. In addition, major agriculture practices have been institutionalised in several states with the aim of reducing water use and cultivation costs, and improving productivity to make agriculture more sustainable and climate resilient.

Sustainable Agriculture

Activity	2019-20	2020-21	Till 2020-21
Minor Irrigation			
Group Irrigation (Nos.)	127	371	1,608
Sprinklers (Nos.)	3,306	2,533	11,693
Sustainable Agriculture			
Demonstration Plots (Nos.)	8,338	19,921	76,738
Compost Units (Nos.)	5,572	2,801	48,767
Farmer Field Schools (Nos.)	4,786	5,969	5,969
Agri Business Centres (Nos.)	353	401	401

ITC e-Choupals

ITC e-Choupals are designed to deliver enhanced value to all participants in the value chain by leveraging the power of Information Technology. Village internet-kiosks managed by lead farmers, called "sanchalaks", facilitate information access to other farmers, in their local language. This enables farmers to take informed decisions, align their farm output with market demand and ensure higher quality and productivity. The aggregation of demand for farm inputs from individual farmers gives them access to high quality inputs from established manufacturers at fair prices.

Launched in June 2000, ITC e-Choupal is among the largest initiatives among internet-based interventions in rural India. Its services reach out to more than 4 million farmers in over 35,000 villages through 6,100 kiosks spread across 12 states. 2,253 Choupal Pradarshan Khets (CPK) complemented the e-Choupals to disseminate appropriate agri-practices to 90,000 farmers covering 1.90 lakh acres.



Major Practices Promoted under Mission Sunehra Kal

Crops	Practices Promoted	States	Total Area (Acres)
Wheat	Zero tillage method of sowing, location specific varietal introduction	Madhya Pradesh, Bihar, Himachal Pradesh, Uttar Pradesh, Rajasthan, Maharashtra, Punjab, Uttarakhand and Jharkhand	2,67,497
Rice	Direct Seeding of Rice, Mechanised Transplanting/harvesting of Rice	Assam, Bihar, Uttar Pradesh, Rajasthan, Punjab, Odisha, Jharkhand, Tamil Nadu and Uttarakhand	77,130
Soya	Broad Bed Furrow method of sowing	Madhya Pradesh, Rajasthan and Maharashtra	1,79,045
Cash Crops (Banana, Coconut, Onion, Sugarcane, Cotton, Mango, Pink Guava)	High density planting, water use efficient practices and sustainable agricultural practices	Assam, Uttar Pradesh, Himachal Pradesh, Andhra Pradesh, Karnataka, Maharashtra, Tamil Nadu, Telangana and Uttarakhand	1,01,481
Other Crops Vegetables, Sorghum, Maize, Bajra, Pulses	Sustainable agricultural practices like seed treatment, raised bed, etc.	Bihar, Rajasthan, Haryana, Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Punjab, Assam, Odisha and Jharkhand	1,45,963
Total Sustainable Agriculture Area (Acres)			7,71,119

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY



Chilli Farm Value Chain Development

With the objective of improving the quality of chilli production to meet global standards, ITC has promoted an integrated agri-extension platform – “Chilli Farm Value Chain Development” - under a Public Private Producer Partnership to cover villages in Prakasam, Krishna, Kurnool and Guntur districts, Andhra Pradesh. The project leveraged both digital (echoupal 4.0 app) and physical capability (trained agri extension staffs) in disseminating good agriculture practices among farming community.

10,000+

Were covered with Chilli Farm Value Chain Development program in 2020, with 26,800+ acres land covering 77 chilli growing villages

STUBBLE BURNING REDUCTION

Paddy stubble burning is practiced across the rice-wheat crop belt of Punjab, Haryana, Uttarakhand, and Western UP. The smoke causes extensive air pollution in the region and is a cause of concern.

Over three consecutive years i.e. in 2018, 2019 & 2020, in Kapurthala District, Punjab, ITC implemented solutions that have effectively substituted the burning of paddy stubble by farmers. Participatory Rural Appraisals (PRAs) and other discussions with farmer communities revealed that though air quality was a concern, it was far outweighed by the effectiveness of burning as a time and cost cutting measure.

Extensive consultations were held with farmers, the Government and Punjab Agricultural University towards evolving a residue management solution superior to the deemed advantages of burning stubble.

The adopted solution promoted by ITC encompasses:

Addition of Super SMS equipment and Happy seeder

The Super SMS equipment cuts and spreads stubble over the field, and Happy Seeder equipment is used to sow wheat through the stubble carpet

Promote Direct Seeding in Rice (DSR)

DSR increases the time window between paddy harvest and wheat sowing operations

Behavioural change trainings

Mobilisation of all stakeholders – farmers, the agriculture department, Krishi Vigyan Kendras, and machine owners, and facilitating behaviour change of farmers in favour of in-situ stubble management

Access to machinery

Ensuring infrastructure sufficiency to enable on-time farmer access to machinery during harvesting



Extensive consultations were held with farmers, the Government and Punjab Agricultural University towards evolving a residue management solution superior to the deemed advantages of burning stubble.

87%

In the targeted area stubble burning was totally stopped on 95,000 acres (87% area), thus avoiding 75,000 tons of carbon release

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Water Stewardship

ITC's Water Stewardship programme aims towards water security for all its stakeholders through community-based participation in planning and execution of interventions based on scientific water- balance assessments. The programme is closely aligned to the 'Pradhan Mantri Krishi Sinchai Yojana'.

41.95 Million KL

Fresh water-harvesting potential created cumulatively through constructing 21,991 water harvesting structures

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

ITC collaborated with thematic expert organisations like IWMI, WWF India, ACWADAM, CII, GEOVALE to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation.

As part of demand management, ITC extensively promotes agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns. These practices have been adopted by farmers in 3.02 lakh acres till date for various crops such as paddy, wheat, sugarcane, onion, banana and coconut crops. These practices have potentially saved around 208 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 total watershed projects implemented by ITC.



In 2020-21, four new MoUs were signed: i) two with the Government of Rajasthan under the Rajeev Gandhi Jal Sanchay Yojana (RGJSY) to promote sustainable livelihoods based on watershed development in two blocks (Aklera & Jhalarapatan) of Jhalawar district and Hindoli block of Bundi district covering 48,000 acres; ii) with District Rural Development Agency, Bihar for revival of Ahar & Pyne systems in Munger district covering 73 Gram Panchayats benefitting 1.07 lakh acres; iii) with Watershed Development Department, Government of Karnataka for drought proofing of 100 watersheds across 29 districts of the state covering 1.12 million acres.

With this, the total target area under such PPP projects in Andhra Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Karnataka and Bihar stands at 17.43 lakh acres. Of the total, work on 17% of the area has been completed so far.

Water Harvesting Structures and Storage Capacity Created

Activity	2019-20	2020-21	Cum till 2020-21
Water Harvesting Structures (No.)	2,370	3,006	21,991

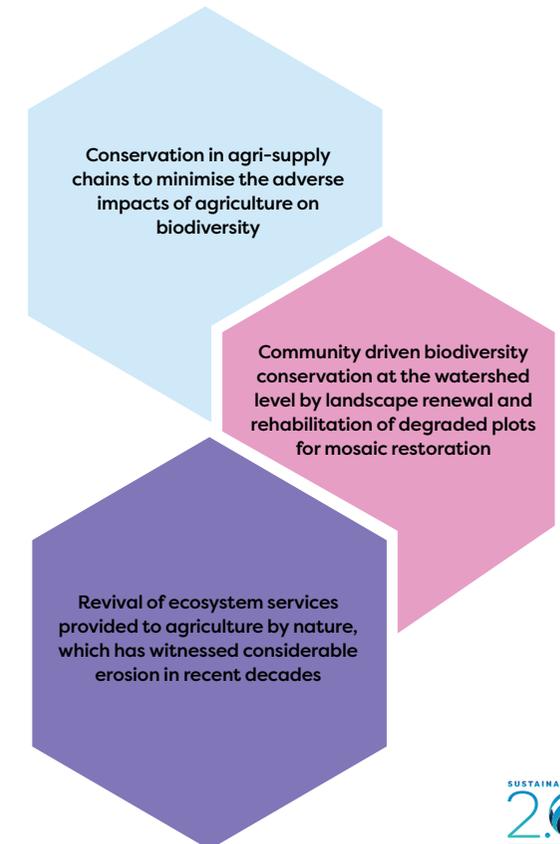
Activity	2019-20	2020-21	Cum till 2020-21
Watershed Area (Acres)			
Area Treated	37,407	36,951	4,03,820
Critical Irrigation Area	84,705	60,598	8,27,431
Total Watershed Area	1,22,112	97,549	12,31,251

Activity	2019-20	2020-21	Cum till 2020-21
Water Storage Capacity (Mn KL)	3.68	3.95	41.95
Employee person days (lakhs)	1.23	13.58	73.42

Biodiversity conservation

In agricultural catchments, ITC works for biodiversity conservation along with soil and water as these three are essential natural capitals vital for sustainability of agriculture. During the year, ITC's community driven biodiversity efforts have conserved 13,124 acres of area taking the total till date to 44,044 acres.

Three-pronged approach to biodiversity conservation



HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Integrated Animal Husbandry Programme

The animal husbandry programme provides an opportunity for farmers to diversify their livelihood portfolio from 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.

44,000 dairy farmers

From 501 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services



The programme provides extension services, including breed improvement through door-step artificial insemination (AI), fodder propagation and training of farmers to increase their incomes by enhancing milk yield of cattle in 16 districts of 4 states. During the year, 1.08 lakh AIs were carried out leading to the birth of 0.41 lakh high yielding progenies.

Indigenous breed promotion is given special focus in all project areas in order to build resilience in livestock-based livelihoods. This matches the national priorities articulated in the National Project for Cattle and Buffalo Breeding (NPCBB). 63% (68,455) of AI's were done with native breed semen for both cows and buffalos in 2020-21.

In addition, 74,851 cattle of over 44,000 dairy farmers of 501 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

Animal Husbandry Services

Activity	2019-20	2020-21	Cum till 2020-21
CDC Centres (Nos.)	151	126	126
Breed Improvement			
Ais (Lakhs)	1.38	1.08	26.13
Pregnancies (Lakhs)	0.67	0.51	12.73
Calfings (Lakhs)	0.56	0.41	9.10
Vaccination & Health (Lakhs)	0.69	0.72	11.43

HORIZON I: SUSTAINABLE LIVELIHOODS TODAY

Women's Economic Empowerment

This initiative is designed to provide entrepreneurial opportunities to women from economically weaker sections of the society. They are also supported with financial assistance by way of loans and grants. ITC helps create strong market linkages to ensure long term sustainability. This initiative is closely aligned to the Government's 'Support to Training and Employment Programme for Women (STEP)'.

29,184

Women in extreme poverty, supported in 8 states of MP, Bihar, Telangana, Rajasthan, WB, UP, Uttarakhand and Assam



Self-Help Groups (SHGs)

Out of a total of 4,192 operational SHGs, 302 SHGs were newly formed in 2020-21. The SHGs together leveraged ₹ 60 lakhs from banks and other formal financial sources.

Financial Inclusion

Post the signing of the MoU with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) in 2017-18 for financial literacy and inclusion of SHG women members, the programme has reached out to over 74,000 SHGs and more than 7.60 lakh women members in 26 districts till date. Over 4.18 lakh women of those trained have been linked to Government social security schemes.

EMPOWERING WOMEN THROUGH FINANCIAL LITERACY AND INCLUSION

ITC's women empowerment interventions prioritise financial and social inclusion of poor and marginalised women and enable creation of livelihood opportunities for them through sustainable micro-enterprises.

Thirty-seven year old Madina is from Bhaukhedi Nikas, a small village in Madhya Pradesh with no access to banking services within 20 kms distance and almost no understanding of digital methods, especially banking. Madina and her community were unable to reap the benefits of many Government schemes. She was enrolled under financial literacy training for rural women as a part of ITC Mission Sunehra Kal programme in partnership with Madhya Pradesh State Rural Livelihood Mission. With this program she understood the various aspects of banking and welfare schemes. She then went on to undertake another training to become a Yojna Sakhi, where she managed accounts for Self Help Groups and encouraged women to open their own bank accounts.

This inclusion started transforming her life slowly. She gained credibility with the nearby bank by virtue of her commitment and resourcefulness and was later appointed as a Bank Sakhi. She made efforts to bring digital banking to her village. She also established a Common Service Centre, with a loan of ₹ 2.5 lacs from the bank. Her CSC centre helps people to get the benefits of LPG subsidy, pension, insurance and several other Government schemes.

Today, people from 10 panchayats rely on her for a variety of online banking activities. Earning between ₹ 12,000 -15000 per month while helping so many around her, Madina feels more confident than ever before.

HORIZON II: CREATING CAPABILITIES FOR TOMORROW

Support for holistic growth

Within this Horizon ITC focuses on education, skill building, healthcare, sanitation and waste management enabling communities towards sustainable growth and a brighter future. These programmes focus on enhancing employability of youth, and ensuring adoption of good health & hygiene practices as well as access to healthcare & improved nutrition.

KEY INITIATIVES



Primary Education



Vocational Training



Public Health



Solid Waste Management



HORIZON II: CREATING CAPABILITIES FOR TOMORROW

Primary Education

Under this programme, interventions are designed to provide children from weaker sections access to education with focus on learning outcomes and retention. It also helps bridging of gender and social category gaps in elementary education and improving the quality of learning. The intervention is closely aligned to 'Sarva Shiksha Abhiyan'.

8 Lakh+ children

Covered under Primary Education Programme till 2020-21



ITC's Read India Plus programme covered 18,808 children and continued to bring about significant improvements in the learning levels of children in reading, number recognition and basic maths operations. 1,364 Government school teachers were trained in child-friendly pedagogy in the states of Assam, Punjab, Bihar, Uttarakhand and West Bengal during the year. The Primary Education programme covered over 0.33 lakh children in 26 districts across 13 states of India in 2020-21.

Primary Education

Activity	2019-20	2020-21	Cum till 2020-21
Govt Schools Infra support (Nos.)	273	263	2,105
Children covered Lakhs)	0.84	0.33	8.08

Building teacher capabilities

During the year ITC signed two PPPs for transferring the pedagogy to Government school teachers. One was with Samagra Shiksha, Kamrup district, Assam with the objective to build their capacity on leadership, pedagogy and conduct academic monitoring of teachers. The second was with the Women Development and Child Welfare Department of Andhra Pradesh to strengthen the early childhood education component in over 28,000 anganwadis across 6 districts of AP.

It includes building capacity of Child Development Project Officers and Supervisors of Integrated Child Development Services (ICDS) department and further cascade of the pedagogy to the anganwadi workers of the 6 districts

Infrastructure Support and Maintenance

Improvement in infrastructure at identified Government primary schools/ anganwadis is an important feature of the programme with the aim of creating an attractive and enabling learning environment through 'child friendly schools'. The programme strengthened 684 School Management Committees (SMCs) to enable participation, ownership and involvement in the maintenance of the school infrastructure. 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 been initiated. In addition, 330 child cabinets and WATSAN committees were formed and strengthened in all project locations to drive cleanliness and hygienic practices in the schools.

263

Primary schools and anganwadis were provided with infrastructure support in 2020-21, taking the cumulative number till date to 2,105 schools

HORIZON II: CREATING CAPABILITIES FOR TOMORROW

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 enable Indian youth to take up industry-relevant skill training to help secure better livelihoods.

93,980 Youth

Enrolled cumulatively, around ITC's factories and agribusiness catchments in 32 districts of 17 states. 32% of the youth were from the SC/ST communities



ITC's programme offered courses in 8 skills with the most sought-after being hospitality, electrical, computer skills and bedside assistance. 68% of the students trained in 2020-21 have been placed so far with salaries ranging from ₹ 6,000/- to ₹ 18,000/- per month. 40% were female students in FY 2020-21

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 in the hospitality industry.

In addition, since the inception of the ITC Culinary Skills Training Centre, Chhindwara in 2014, 11 batches have successfully completed the 6-months programme wherein cooking skills are imparted to youth from the lower economic strata.

Vocational Training

Activity	2019-20	2020-21	Cum till 2020-21
Students Enrolled (in lakhs)	0.14	0.12	0.93
Students Trained (in lakhs)	0.12	0.09	0.74
Students Placed (in lakhs)	0.08	0.06	0.49

HORIZON II: CREATING CAPABILITIES FOR TOMORROW

Public Health

The objective of the programme is to promote a hygienic environment through preventing open defecation and efficient management of waste. In line with 'Swachh Bharat Mission (SBM)', a holistic approach to sanitation is followed, including construction of toilets, waste minimising, providing potable water and behavioural change.



Individual Household Toilets

ITC has promoted construction of toilets on a cost sharing basis, along with high impact awareness campaigns, to ensure enhanced levels of ownership and behavioural change. During the year, 640 Individual Household Toilets were constructed. As a result of these efforts, by March 2021, all the project villages/ wards had been declared ODF by the Government.

Activity	2019-20	2020-21	Cum till 2020-21
Individual Household Toilets (IHHT) (Including Convergence)	1,597	640	38,153
Community toilet	19	23	104



To cover poor households without land for toilets, 23 community toilets were constructed in 2020-21 in West Bengal and Tamil Nadu with Operations & Management being managed sustainably through funds generated by the community.



Cumulatively, 104 community toilets have been constructed till March, 2021 benefitting over 85,000 people

HORIZON II: CREATING CAPABILITIES FOR TOMORROW

Potable water

To make hygienic and healthy water available to local communities in 2 districts of Andhra Pradesh, 6 new RO plants were established in 2020-21, taking the total to 148 plants providing safe drinking water to over 1.8 lakh rural people. The beneficiaries pay for the water, thereby making it a financially viable model which provides the revenues for the running and maintenance of the plant.

1.8 Lakh

Rural people benefitted from 148
RO plants established by ITC

Women & Child Health

The Company continued to enhance awareness and access to various health information and products through Swasthya Choupal. 430 rural women micro-health entrepreneurs, called Village Health Champions (VHC), reached out to 1.2 lakh women, adolescent girls and school children during the year. This programme is operational in 7 districts of Uttar Pradesh and 3 districts of Madhya Pradesh.

Over 2.2 lakh beneficiaries were covered under Mother and Child Health initiative, through 2,924 awareness camps aimed to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing Government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

SWASTH INDIA MISSION

Swasth India Mission drove a range of initiatives to aid and enable the war against COVID-19:



Foot pedal operated hand sanitiser dispensers

Established in over 850 schools and 1,200 other places of public congregation; along with providing sanitiser liquid



Health & hygiene products distribution

Hand sanitisers and disinfectants distributed to over 1.65 lakh doctors in over 3,600 hospitals across the country



"Mask hai Mazaak Nahin" campaign

To encourage and instill mask etiquette and compliance, had a cumulative digital reach of 60 million



"No hand unwashed" campaign

To stress on the importance of continued hand washing as a means to stay safe, the campaign was developed in partnership with the "Mouth & Foot Painters Association (MFPA)". The campaign had a cumulative digital reach of 370 million



HORIZON II: CREATING CAPABILITIES FOR TOMORROW

Solid Waste Management in Communities

This intervention focusses on waste recycling and better waste management within the communities.



Waste Recycling Programme

'WOW – Well Being Out of Waste' programme promotes a clean and green environment through source segregation and recycling of dry waste. During the year, it was executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Tirupur, Cochin, Muzaffarpur, Delhi, major towns of Telangana, and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 70,900 MT from 1,067 wards. The programme has covered over 38 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It also creates livelihood opportunities for over 16,900 waste collectors in collaboration with municipal corporations. The intervention has also created over 140 social entrepreneurs who are involved in maximising value capture from dry waste collected.

Community waste management programme

The focus remains on source segregation and minimising waste to landfills. It aids to create decentralised community owned waste management centres. The programme continued with the formation of household clusters and home composting to push waste management closer to the generator so as to minimise environmental impact and associated costs. The Mohalla Committees paying to the waste collectors has remained static since, in several locations, the local Government is paying the waste collectors directly. The projects are operational in 17 districts of 11 states - Andhra Pradesh, Bihar, Maharashtra, Punjab, Tamil Nadu, Karnataka, Uttar Pradesh, Uttarakhand, Telangana, Rajasthan and West Bengal. During the year, focus was on ensuring high class execution of the amplification partnerships in towns, villages and temples.

During 2020-21, over 95,000 households are engaged in home composting and 76% of the total households of over 7.31 lakh households are practicing source segregation. Only 18% of the total waste, which is non-recyclable, was deposited in designated landfills.

COMMUNITY OWNERSHIP (Unit)



0.41 Lakh MT

Waste handled from over 7.31 lakh households during the year

The Green Temple initiative is a closed loop waste management model involving processing of waste generated in temples to provide biogas to the kitchen and compost for its gardens. During the year, the Green Temple intervention expanded to 188 temples in Chennai, Madurai, Trichy (Tamil Nadu), 2 in Haridwar (Uttarakhand) and 20 in Saharanpur (Uttar Pradesh).

188 Temples

Are managing their waste under this programme

PARTNERSHIPS AND COLLABORATIONS

Enduring Partnerships for Development

At the core of Mission Sunehra Kal programme, is the commitment to create enduring partnerships with relevant stakeholders in order 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) specially formed for the purpose of the project and supported with training and capacity building. 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 ultimate aim is to form empowered CBOs which can function autonomously, enabling communities to independently shape their own destiny.

Grass-roots Institutions

Intervention	Institution	Nos.	Members	Corpus Fund (₹ lakhs)
Watershed	Water User Groups (WUGs)	3,457	57,171	136
Social Forestry	Vanikaran Sanghas (VSs)	1,790	43,830	183
Agriculture	Agri-business Centres (ABCs)	401	10,283	378
Women	Self-Help Groups (SHGs)	4,192	48,667	1,526
Education	School Management Committees (SMC)	684	4,104	-
		10,524	1,64,055	2,222

* Number of ABCs, SHGs and SMCs active/functional in 2020-21 are taken as cumulative

PARTNERSHIPS AND COLLABORATIONS

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 83 MoUs with several state Governments and NABARD. Of these, six partnership agreements were signed with various state Governments during 2020-21.

As a result of these partnerships, the Social Investments Programme was able to raise an additional sum of ₹ 81.76 crore as external funds and local contributions to almost all the important interventions across all projects.

External Funds Raised, 2020-21

₹ 8,176 Lakhs

Total Funds Raised

₹ 2,460 Lakhs

Community Contribution

₹ 5,716 Lakhs

External Sources

Government Partnerships to Date			
Theme	State	Department / Programme	No of MoUs
Horizon-I			
 Agriculture	Karnataka, Rajasthan, Maharashtra, Bihar, MP, Assam, Jharkhand, UP, Odisha	NABARD Tribal Development Fund (TDF), MGNREGS, NITI Aayog	3
 Water Stewardship	MP, AP, Maharashtra, Rajasthan, Bihar, Telangana, Karnataka	Mukhyamantri Jal Swabhalamban Abhiyan (MJSA), MGNREGA, IWMP, NABARD, Water Resources Department (WRD), Government of Maharashtra, WDD Karnataka	46
 Biodiversity	Maharashtra, Rajasthan, Telangana	Forest Department, Govt. of Maharashtra and Telangana; Wasteland & Pastureland Development Board (WPDB), Govt. of Rajasthan	3
 Livestock	Andhra Pradesh, Madhya Pradesh	Livestock Development Agency (APLDA), NABARD Farmer's Technology Transfer Fund (FTTF)	2
 Women Empowerment	MP, Maharashtra, Bihar, Rajasthan	State Rural Livelihood Mission & Crisil Foundation	4
Horizon-II			
 Education	Karnataka, Assam, West Bengal, AP	Department of State Education Research and Training, District elementary education/ Samagra Shiksha, WD & CW Department AP, District Education Department Kamrup	6
 Vocational Training	Madhya Pradesh, Andhra Pradesh	NABARD	2
 Sanitation	Rajasthan, Punjab, UP, Uttarakhand	District drinking Water and Sanitation departments	4
 Solid Waste	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
Total			83

PARTNERSHIPS AND COLLABORATIONS

Knowledge Partnerships



CGIAR – ‘Climate Smart Villages’ (CSV)

The partnership aims to improve the resilience of MSK project villages by preparing farmers to confront climate change related challenges. During FY 2020-21, farmers from 1,618 villages of 14 states were covered under the CSV initiative and climate risk assessment has been initiated.

International Union for Conservation of Nature - Sustainable Agriscapes

This partnership aims to identify and revive key eco-system services provided by nature through biodiversity conservation measures.

Three different landscapes (‘Agriscapes’) were identified in Phase-1 and pilots have been successfully completed, based on the action plan developed by IUCN. Interventions included creation of fuelwood and fodder sources within forest fringe area villages 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.

In Phase-2 initiated in 2020-21, training of ITC team members was done on the methodology for carrying out ‘Sustainable Agriscape’ based assessment. These assessments were initiated in 39,845 acres of 10 villages in two states.

International Water Management Institute (IWMI)

This partnership, initiated in the current year, aims to develop templates for: a) drought proofing agricultural catchments; and b) achieving unit water security in factory catchments. During the year, IWMI developed draft versions of both template tools, and the drought proofing template was pilot tested in six locations spread over six states.

Collaborations with Agricultural Institutes

Collaborations with the Tamil Nadu Agricultural University (TNAU) and Vasant Dada Sugarcane Institute (VSI) for water use efficiency in banana and sugarcane crops were completed this year. These studies have documented 37%, 27% and 50% of water use savings due to the practices promoted in coconut, banana and sugarcane respectively.

PARTNERSHIPS AND COLLABORATIONS

Implementation Partnerships

MSK has forged strong partnerships with 83 NGOs for execution of its 139 projects Pan-India, which include both thematic experts and grass-root NGOs. 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, thus leading to effective delivery of desired outcomes. ITC invests in their financial and project management skills to ensure robust outcomes and also enables capacity building through exposure to ITC projects across geographies to cross-fertilise learnings. 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 that there is no risk to the project in case of any untimely closure of the partnership.

83 NGOs

Partnered with MSK for execution of its 139 projects pan-India



ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, is an embodiment of ITC's sustained commitment to a priceless national heritage.

The Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The Academy through its eminent gurus imparts intensive training and quality education in Hindustani classical music to its Scholars.

Padma Bhusan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar are the present Gurus of the Academy.

The Academy continues to focus on nurturing exceptionally gifted students selected from across the country through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians.

The Academy's objective continues to be the creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy.

PARTNERSHIPS AND COLLABORATIONS

Creating Enduring Institutions

CII-ITC Centre of Excellence for Sustainable Development

The 'CII-ITC Centre of Excellence for Sustainable Development', established in collaboration with the Confederation of Indian Industry (CII), continued to focus on promoting sustainable business practices amongst Indian enterprises.

- The 15th Sustainability Summit - Action Agenda for the Next Decade - held virtually between 8th-10th September, 2020 was attended by 700 participants. Eminent national and international speakers included Shri Piyush Goyal, Union Minister of Railways & Commerce and Industry, Shri Prakash Javadekar, then Union Minister of Environment, Forest, Climate Change, Shri Suresh Prabhu, India's Sherpa to the G20, and Mr Sanjiv Puri, CMD, ITC Limited.
- The 15th CII-ITC **Sustainability Awards** were presented to 22 companies who demonstrated Excellence in Sustainable Business by Shri Anurag Thakur, then Minister of State for Corporate Affairs and Finance in a virtual ceremony on 18th December 2020.
- The CSR Compendium on '**Industry Action towards COVID-19**' was launched on 29th September 2020 by Shri Gyaneshwar Kumar Singh, Joint Secretary, Ministry of Corporate Affairs. Eminent speakers gave insights on initiatives taken by Indian industry to provide relief and rehabilitation to communities pan-India.
- The India Plastics Pact is a collaborative business-led initiative to transform the plastics packaging value chain from linear to circular. The Centre and WWF-India, supported by WRAP, UK have initiated work in this area, including stakeholder mapping, content creation and documentation, etc.
- The MoEFCC, Govt released the guideline document on the **unified framework for EPR** (under the Plastic Waste Management Rules 2016), which was broadly based on the Draft National Framework on EPR developed by the Centre. Highlights include:
 - a) three different models – fee based, PRO based and plastic credit model;
 - b) uniform EPR scheme across the country; and
 - c) brand and geography neutral EPR framework.
- **India Business and Biodiversity Initiative (IBBI)** organised a session on "Working in Harmony with Nature" on 22nd May, 2020, the international day for biological diversity to showcase different measures taken by IBBI members to adopt nature based solutions. An Indian Business Position paper was prepared by IBBI, based on a roadmap for biodiversity conservation, and recommendations were made for inclusion of specific biodiversity quantifying metrics for monitoring and measuring performance.



- **The India CEO Forum for Clean Air** organised a stakeholder dialogue series for scaling of ex-situ solutions for rice straw management in the states of Punjab and Haryana. Three dialogues that were held focused on collection and logistics, processing and conversion of rice straw and processing and conversion for energy use.
- **Climate Change**
The first Climate Change Council meeting for the FY 20-21 was held on 30th July 2020. Two new working groups were set up: (a) To undertake an analytical study on the impact of carbon border tax on different industry sectors as a result of the Carbon Border Tax proposed in the EU new green deal; and (b) an Alliance for Climate Smart Agriculture, to undertake a study to understand key challenges and barriers for making Indian agriculture "Climate Smart".
Edition 2 of the Climate Action Programme (CAP 2.0^o) started with the self-assessment stage of 36 large companies and 154 MSMEs who had enrolled. The winners were recognised at "CAP2.0 Degrees Recognition" on 17th March 2021.
- **Circular Economy and Resource Efficiency**
Sessions and webinars were organised on topics such as Circular Plastics Economy strategy for India, An Un-Plastic World and Inclusive and Green Transformation of Manufacturing Sector in India.

Workforce for Tomorrow

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WORKFORCE FOR TOMORROW

ITC's Approach

ITC believes that sustained long-term value is created through organisational vitality manifested through the power of innovation, connectedness with consumers and customers and execution excellence. Such vitality is best nurtured in an enabling environment of empowerment and accountability to harness the full potential of ITC's human capital.

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

ITC'S FOCUS AREAS

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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 and deliver the unique talent promise of 'Building Winning Businesses, Building Business Leaders and Creating Value for India'.

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 2020-21, ITC employed 35947 full-time employees, of which 2109 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 24326 service provider employees were also engaged with ITC.

35,947

Full-time employees at ITC in FY 2020-21

Nurturing Leaders of Tomorrow



ITC's vision of building winning businesses and nurturing business leaders, reflects its commitment to creating new engines of growth while strengthening existing businesses, building a deep talent bench of high-quality leaders and remaining rooted in creating value for all stakeholders. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic impact, operational efficiency and capital productivity.

Talent that is sourced from premier Institutes across India are positioned in high-impact roles which offer opportunities to deploy functional mastery and team management capabilities to problem solve, deliver operational excellence and contribute to strategy development.

Such roles facilitate deep functional expertise early in one's career through immersion in complex problem-solving assignments requiring the application of domain expertise.

Such talent is provided the opportunity to work closely with, and be mentored by, senior leadership on strategic projects and assignments through fora such as 'Launch Pad' and the 'Young Manager Committee'. The remuneration strategy of being performance led, market competitive, and long-term oriented, reinforces exemplary contributions, promotes retention and fosters enduring performance

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 2020-21, the overall attrition (voluntary separation, retirement, termination and abandonment of services) across management and non-management employees was 16%.

Attrition, which includes employees who superannuate from the Company or conclude their fixed term contract, was 14% for management and 17% for non-management employees. Gender-wise attrition stood at 14% for male employees and 27% for female.

In 2020-21, 147 women employees availed of maternity leave. 110 of them re-joined work within the year, a return to work rate of 75%. Creche and child care facilities are available for employees across various locations.

EMPLOYEE ENGAGEMENT: THE ITC WAY

Learning and Development

ITC has assiduously built a culture of continuous learning, innovation and collaboration by providing leading-edge learning and development support to managers which is vital to strengthening competitive advantage and helping employees realise their full potential. The emphasis is on providing experiential learning through on-the-job assignments, an enabling & supportive environment and promoting learning agility. 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.

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. Some key capability development programs undertaken during the year include Business Leadership Program (BLP), ITC Marketing Compass, Business Planning etc. (refer Annexure 1 for more details). Various online programs on functional skills were targeted to promote remote learning given the current context of the pandemic. This approach ensures the assimilation as well as application of learning for superior business results.

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 2020-21, there were 753604 person-days of formal training provided to employees across the Company.

In pursuit of strengthening its competitive vitality, the Company has made significant investments in recent years in building digital capacity, recognising its transformative potential across the value chains of its Businesses. The utility of all these investments was amplified during the pandemic, enabling superior responsiveness and agility in our engagement with consumers, various stakeholders, and managing our supply chains. With the intent of embedding digital adoption and recognising its potential as a foundational capability, the 'Young Digital Innovators Lab' was constituted of select managers drawn from the Businesses.

The Young Digital Innovators act as mentors to the Digital Council, who will ideate, seed, sponsor high-impact digital interventions and harness the power of synergy for cross-fertilisation of ideas. Both these forums, in combination, are expected to serve as



fertile ground for ideation, exploration, and harvesting of the full potential of digital.

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, employee assistance programmes 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.

As part of the response to the pandemic the Company ensured regular employee advisories on Covid-19 guidelines and precautionary measures were shared with employees and setting up of standard operating procedures.

Medical services through various healthcare providers, establishment of Covid Care Centres, provision of medical equipment and facilitation of testing and intensive medical care, re-organisation of transport and cafeteria facilities where required, to ensure social distancing, counselling and advisory services of medical practitioners were undertaken.

To enable employees' transition to work from home all requisite measures including sharing of Work from Home Guidelines titled "**We Fly High - The ITC Work from Home Playbook**", a Wi-Fi reimbursement policy and IT Infrastructure support were established. "**Wellbeing on the Web**", an online Employee Assistance Programme to promote holistic wellbeing of employees and their families has been offered as a part of the employee wellness initiative.

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 ENGAGEMENT: THE ITC WAY

Employee Voice and Engagement

In 2020, ITC completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions and views on various workplace dimensions through a set of 54 questions including 2 open ended ones, the responses were captured on a 5-point response scale.

In this survey, 95% of survey respondents said that they were proud to work at ITC, a score that is amongst the highest globally. The results of the 2020 survey, which witnessed even higher scores over the previous survey on the dimensions of Employee Engagement, Performance Enablement and Managerial Effectiveness are a testimony to the efforts devoted to enhancing the culture of high performance and employee care.

Through a process of focus group discussions, action plans in the areas of Communication, Recognition, Team Work & Collaboration, Career Management and Employee Wellbeing, have been implemented during the year.

Employee recognition through introduction of recognition platforms across businesses, communication through Town Halls, skip level meetings and direct interaction of identified managers with the senior leadership, reinforcement of career dialogues and improving goal clarity through the performance management system have all contributed to improving the levels of engagement across the Company.

Employee recognition was strengthened through platforms across businesses such as 'GEMS', 'IGNITE', 'Excellence in Marketing Awards', Achievers' Award 'Momentous' and 'TM&D Unbeatables'.

Intensive employee communication, explaining ITC's strategies and approach on key issues, was carried out through various employee outreach programmes such as 'Town Halls' by the Chairman, CMC Members and by Chief Executives within Businesses, skip-level meetings and interactions in small groups. **'Studio One Xchange'**, a more personalised platform for interactions commenced in 2020-21, providing an avenue for employees to engage with leadership in the Company. Career Conversations are now an integral part of the performance management system and provide clarity and help employees shape their careers.

The year also witnessed, ITC Hotels being certified as a **'Great Place to Work'** by the Great Place to Work Institute, a global authority on building, sustaining, and recognising high-trust and high-performance culture at workplaces. This is an important milestone in the Business' engagement journey and a recognition of its workplace culture.

ITC believes that the achievement of ITC's growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value.

This has been made possible by nurturing a culture of continuous learning, innovation and collaboration across the organisation. In keeping with this spirit of innovation and experimentation, the year also saw the launch of the 'RelImagine Next' ideation contest, inviting suggestions from teams of employees about new business models and products.

The most promising of these ideas were selected and identified teams were commissioned resources to execute pilots.

 Refer **Annexure II** on page 119 for more details on the survey.



ITC Hotels being certified as a 'Great Place to Work' by the Great Place to Work Institute, a global authority on building, sustaining, and recognising high-trust and high-performance culture at workplaces.



EMPLOYEE ENGAGEMENT: THE ITC WAY

What some of ITC's trailblazers have to say about their experience

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.

Benita Sharma
Area Manager North - Luxury Hotels & General Manager - ITC Maurya, ITC Hotels Division

Whether by focussing on serving larger national priorities, driving customer focus, through cutting edge innovation or by providing its employees ample opportunities and support. ITC truly takes action to manifest its ethos of 'Sab Saath Badhein'.

Nandini Ramasubramaniam
Assistant Human Resources Manager, ITC Life Sciences & Technology Centre

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.

Debolina Bhaumick
Marketing Manager - Personal Wash, ITC Personal Care Products Business Division

ITC, which is half of a start-up 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.

Karuna Sri Divi
Factory Head & Regional Manager South, ITC Foods Business Division

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.

Delna Rose
Assistant Manager-Procurement, ITC Foods Business Division

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.

Nandini Basu
General Manager - Corporate Communications

ITC puts you in a position where there are lots of challenges. For me, ITC is a practical teacher.

Yansing Luikham
Associate Manager Projects, ITC Agri Business Division



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.

The Company has policies on human rights which are applicable to its employees, suppliers and service providers. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO).

The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's policies on human rights and decent work place. 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 2020-21, ITC engaged with 1454 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, 11000+ employees were covered under the collective bargaining process 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](#)

[Policy on Diversity & Equal Opportunity](#)

Diversity & 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.

The Company's 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.

 Refer **Annexure** on page 119 for more details.

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 2020-21, 2 cases were reported, of which 1 was under process of resolution as on 31st March 2021 and has been subsequently resolved. A total of 4 cases were resolved during the financial year 2020-21, of which 3 pertained to the previous year.

Inclusion of the Specially-abled

ITC's workplaces and policies are designed to empower differently abled employees. ITC now employs 47 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. 265 grievances were received from employees on matters relating to policy, welfare and administration in FY 2020-21. Of these, 229 have since been resolved.



WOMEN IN FACTORIES

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

As part of the induction and assimilation process, on the day of joining, women employees as well as their family members are

provided with an orientation to the work environment. They interact with the factory leadership team and are briefed about safety practices, product quality and hygiene, and systems relating to the wellbeing of employees.

Institutional support, in the form of facilities like creche, round the clock access to the health centre and safe transportation with vehicles equipped with CCTV cameras, GPS and panic button, have been provided. Several communication and participation fora such as Committees, Town Hall meetings, and a grievance management process are in place. The factories have also been organising well-being initiatives and occupational awareness sessions regarding women health issues and gender sensitisation.

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 endeavours that Environment, Health & Safety (EHS) standards at all its units are ahead of legislation, regulations and codes of practice 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 on enhancing EHS performance by setting objectives and targets and continually monitoring key performance indicators. Further, it promotes a culture of safety through behaviour change programmes and by providing appropriate training to employees as well as service providers' employees, while continually investing in state-of-the-art technology and in developing human capital.

ITC has identified the EHS risk management framework as one of the integral steps towards building a robust safety management system. This framework depends on a process of continual risk identification, assessment and mitigation with active participation of the workforce. Several national awards and certifications acknowledge ITC's commitment and efforts towards providing a safe and healthy workplace to all.

To incorporate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, the Company's EHS strategy rests on two pillars: **'Safety by Design'** and **'Safety by Culture'**.

Safety by Design: From 'Drawing Board' to 'Operations'

ITC follows 'Safety by Design' by integrating best-in-class engineering standards in the design and project execution stage of all investments in the built environment. This helps in reducing potential hazards as well as optimise operational costs.

Aspects such as fire safety, electrical safety, material handling, machine safety, people and material flows, etc. are all evaluated in detail at the design stage and the necessary requirements as per best in class Standards and practices incorporated. Compliance with these Standards are then verified during the project implementation and before the project is formally commissioned.

Safety by Culture: From 'Compliance Focus' to 'Behaviour Centric' safety culture

ITC's journey in safety has evolved from 'compliance driven by standards and guidelines' to a '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. To drive the safety culture, ITC is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' acts, supplemented by adoption of keystone behaviours by individual units to demonstrate collective commitment and create a shared vision of safety and discipline, within the Unit. Design thinking methodologies have also been used to reinforce behavioural based safety initiatives which has resulted in significant positive changes. In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the business level as well as Corporate, to verify compliance with standards.

PROMOTING A CULTURE OF SAFETY



DESIGN THINKING MEETS BEHAVIOURAL SAFETY AT ITC'S BHADRACHALAM UNIT

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

What is Design Thinking?

Design Thinking is a proven problem-solving framework and is deeply rooted in understanding human behaviour and empathy.

Applying Design Thinking Principles to Safety Management on the Shop-floor

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 new approach kicked off by trying to understand why people do what they do i.e. understanding mindsets. This involved an initial assessment of 500 employees through a survey, 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.

As a result of this, a series of innovative shop floor measures, action plans and SOPs were co-created. These measures focused on building two-way accountability and recognition by self and others for safe behaviour, and have resulted in significant positive changes.

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.

COVID-19 Response: Health & Safety

The COVID-19 pandemic necessitated immediate action to safeguard people and maintain continuity of operations, to which, ITC promptly responded by establishing comprehensive safety protocols tailored to each Business' requirements. The quick implementation of these protocols helped ensure business continuity, without causing major disruptions across operating locations. Further, to ensure resilience and safety across the value chain, several businesses also supported their respective supply chain partners in implementing these protocols.

At the onset of the pandemic, ITC Crisis/Contingency Management Teams, both at the Business as well as at the Corporate levels ensured the quick roll out of comprehensive COVID-19 safety advisories that were issued to safeguard employees, their colleagues and associates. Advisories and guidelines are continuously updated in line with the evolving

situation incorporating the latest inputs from internal expert groups. Various risk mitigation measures such as zoning in factories, safe transportation arrangement for employees, revamping of air conditioning & ventilation systems, 24x7 medical assistance, setting up COVID care centres, organising Company-wide vaccination drives; conducting wellness/mental health programmes etc. were put in place.

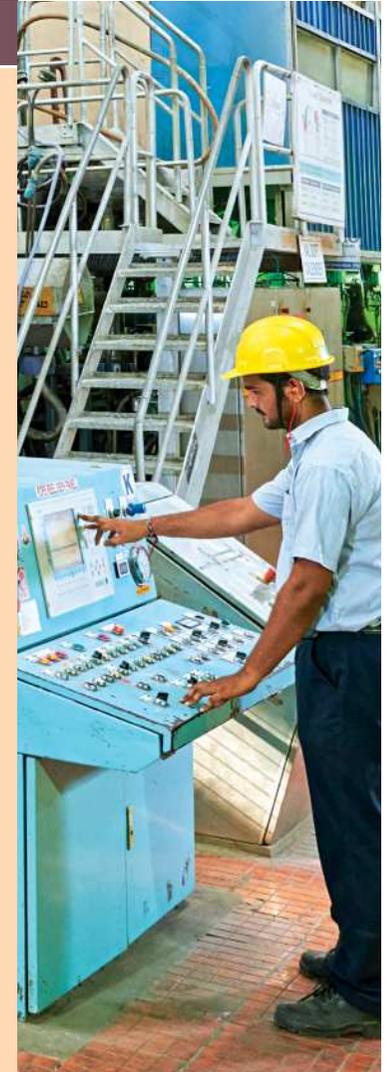
Standard Operating Procedures (SOPs) were developed to ensure compliance with these protocols and businesses provide systemic report back on compliance, using business specific check lists.

 For more details, refer to the 'COVID-19 Response' section of ITC's Integrated Report 2021, and the 'Covid Response: Health & Safety' section of ITC's Report and Accounts 2021.

PROMOTING A CULTURE OF SAFETY

Organisational EHS Framework

The key activities carried out to ensure integration of robust EHS standards across the project life-cycle are depicted below





PROMOTING A CULTURE OF SAFETY

Safety Performance 2020-21

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

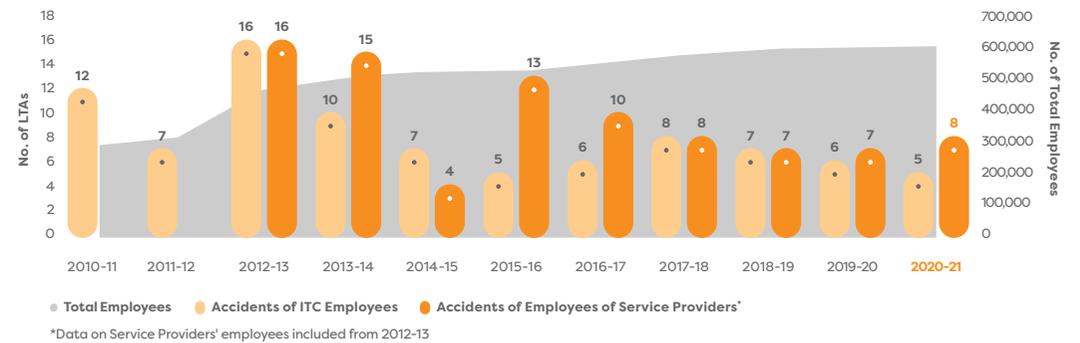
In 2020-21, the total on-site Lost Time Accidents (LTA) remained unchanged at 13 compared to 2019-20. Out of these 13 accidents, 5 pertain to ITC employees, and the balance 8 relate to service providers’ employees. These accidents involved 12 male employees and 1 female employee. During the year, an unfortunate fatality involving a service provider employee (male) was also reported. The incident involved a truck driver who fell from top of the truck where he had climbed up. This was away from the loading/unloading docks in a deserted stretch of internal roads.

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

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) remained unchanged despite the expanding footprint of operations across the country.

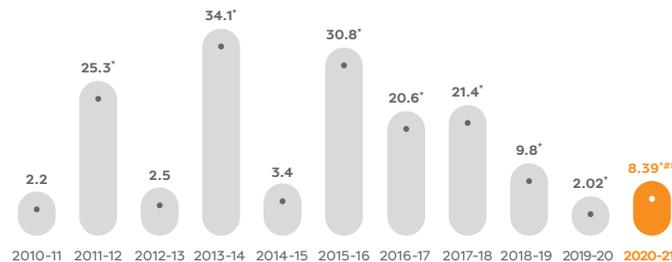
LOST TIME ACCIDENTS (Nos.)



Lost Day Rate

Lost Day Rate (LDR) is a 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. During the year, LDR increased due to reduction in man-hours worked on site as a result of pandemic related restrictions.

LOST DAY RATE

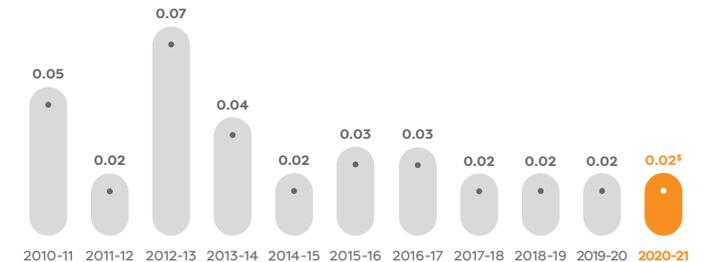


The period till 2011-12 shows Lost Day Rate for ITC employees only. From 2012-13 onwards, the graph shows Lost Day Rate for the combined workforce i.e. ITC employees and service providers’ employees.
 * Loss of person-days accounted for as per IS 3786:1983 due to fatalities/ amputation.
 * # In 2020-21, there was one on-site fatality.
 § The spike in Lost Day Rate is attributable to dip in manhours worked on site to facilitate work from home from April 2020 onwards.

Injury Rate

Injury rate (IR) is defined as the frequency of LTAs, for every 2,00,000 man-hours worked. During the year, there was a marginal increase in the IR.

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.
 § The marginal increase in Injury Rate is attributable to dip in manhours worked on site due to work from home from April 2020 onwards.

The absolute safety statistics as well as Lost Day rate and Injury rate reflect a downward trend despite an expanding footprint of operations across the country.

PROMOTING A CULTURE OF SAFETY



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, risk assessments, audits and accident investigations
- Training and education
- Safety Culture

During 2020-21, 4 long term agreements with Trade Unions were signed.

Zero Accident Units

Over the years, the number of units delivering “Zero On-site Lost Time Accident” performance has progressively increased. Moreover, 39 units have held on to it since 2016-17. The following units achieved ‘Zero On-site Lost Time Accident’ status in 2020-21.

Manufacturing Units



- Cigarette Units at Kidderpore, Munger, Saharanpur and Pune, Simara and Seratar (both in Nepal)
- Foods Units at Haridwar, Uluberia, Guwahati, Kapurthala, Mysuru, Panchla and Munger
- Agri Business Units (Leaf Tobacco) at Anaparti, Chirala and Mysuru
- Packaging and Printing Units at Haridwar and Munger
- Paperboards and Specialty Papers Unit at Bollaram
- Personal Care Products Units at Guwahati and Manpura

Hotels



- ITC Gardenia
- ITC Grand Bharat
- ITC Grand Central
- ITC Grand Chola
- ITC Grand Goa Resort and Spa
- ITC Kakatiya
- ITC Kohenur
- ITC Maratha
- ITC Maurya
- ITC Mughal
- ITC Rajputana
- ITC Royal Bengal
- ITC Sonar
- ITC Windsor
- Sheraton New Delhi
- WelcomHotel Amritsar
- WelcomHotel Bengaluru
- WelcomHotel Chennai
- Welcomhotel Bay Island in Port Blair
- Classic Golf & Country Club, Gurugram

Offices and Others



- ITC Registered Office, Kolkata
- ITC Green Centre, Gurugram
- ITC Green Centre, Manesar
- ITC Infotech, Bengaluru and Pune
- Divisional Head Quarters of Agri Business, Cigarettes, Education and Stationery Products, Foods, Matches & Agarbattis, Packaging & Printing Business, Paperboards & Specialty Papers and Personal Care Products
- Research Centre at Rajahmundry
- ITC Life Sciences & Technology Centre, Bengaluru
- Central Projects Organisation
- Technico, Manpura

PROMOTING A CULTURE OF SAFETY

Off-Site Safety

In 2020-21, the total number of off-site LTAs was 14 compared to 17 in 2019-20 and all of these were road accidents. During the year, two unfortunate fatal road accidents were also reported.

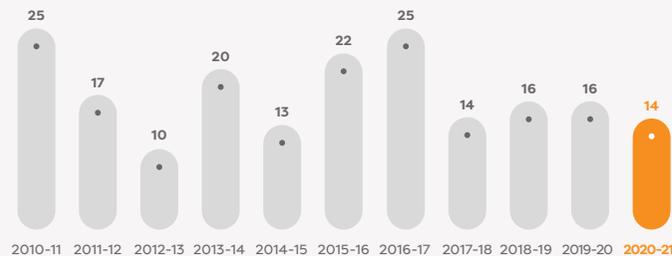
As a standard practice, off-site accidents are duly investigated and learnings from these accidents are disseminated across the organisation. The units are advised to sensitise employees on the perils of unsafe road conditions and there is constant reinforcement of the message to exercise extreme care 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 accordingly 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 ACCIDENTS TREND (Nos.)



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 2020-21, 5,114 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 2020-21, 384 awareness camps/programmes were conducted and 11,286 employees attended them. 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.

ITC has put in place comprehensive health and safety protocols for the safety and well-being of its stakeholders.

ITC continues to strengthen its safety processes, adopting globally recognised best practices, ensuring that facilities are designed, constructed, operated and maintained in an inherently safe manner.

ITC will continue to undertake efforts for creating a safe working environment and a strong safety culture by:

- integrating safety at the design stage itself and ensuring it through design reviews, stage inspections and pre-commissioning audits, thereby strengthening of 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 behaviours by individual units to demonstrate collective commitment and create a shared vision of safety and discipline.
- embracing and leveraging the digital landscape for safety management system.

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.

Annexure

1. Learning and Development

- The table below elucidates some key capability development initiatives conducted during FY 2020-21:

Programme name and Details	Programme Objectives	Impact of business benefits	Participation
Business Leadership Programme, (BLP), is a flagship leadership development intervention aimed at enhancing the leadership quotient of the middle level managers of the Company.	BLP aims at strengthening the 4 capability clusters, such as developing and influencing strategy, financial acumen, prouneurship and orchestrating superior performance in teams. Through classroom sessions undertaken by renowned experts and application learning projects, BLP enhances leadership temperament of ITC in an application focused manner.	BLP plays a critical role in deepening the leadership pipeline of the company. Almost 100% of the high potential talent, identified to be positioned in pillar roles, have been equipped with the relevant leadership skills through BLP.	32 employees (32% of target group)
ITC Marketing Compass strengthen the core marketing skills by delivering a learning curriculum which integrates ITC's organisationally embedded tacit knowledge of marketing with the contemporary external best practices.	The curriculum consists of five foundations of marketing such as Consumer Insight, Brand Architecture, Consumer Communication, New Product Development and Innovation and Marketing Execution.	Participants of Marketing Compass are taking up application projects where they apply the learning from the program and enhance the identified performance metrics of their respective brands.	90 employees (64% of target group)

* This data pertains only to management employees of ITC Limited.

2. Employee Engagement Survey

Methodology: The Engagement Survey is conducted on a Biannual basis for ITC's Management Employees. Engagement Surveys for other employees' is conducted locally at varying frequencies. The engagement survey for managers had a total of 54 questions with a 5 point response scale. Scores are reported in level of agreement "% agree and strongly agree".

97% of target group (8518 management employees of ITC Limited) participated in the survey across the Company which was a 1% increase in respondents over the last survey. Approximately 60% of the respondents were above the age of 30 years. The survey responses comprised of 65% from Junior Management and 31% from Middle Management and a total of 11% female respondents.

Within this index 95% of respondents were proud to be associated with ITC which has an increase of 3% over last survey scores.

3. Remuneration Philosophy

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with ITC's Triple Bottom Line approach to Business, to attract and retain high quality talent and is anchored on ITC's values, all of which are integral in pursuit of ITC's vision and mission of enhancing the wealth generating capability of the enterprise in a globalising environment while delivering superior and sustainable stakeholder value.

Remuneration is therefore a function of performance, potential, market conditions and the employee's grade. Performance includes Business and Company performance, at middle and senior responsibility levels, apart from individual performance. Pay differentials, consequently are a function of the employee's track record, potential and business performance. ITC operates across sectors and pay is specific to sectors for a vast majority of employees.

4. People Analytics in Human Capital management

The Annual Business Plan serves as the foundation for Human Resource Plans, which are aligned to deliver strategic value and enable the execution of such Plans. The planning & execution of HR processes, including key decisions involving Human Capital, entails extensive analysis of data, both quantitative and qualitative. To illustrate, the performance management process is anchored on measurable outcomes on key business dimensions, positioning and progression decisions based on analysis of the employee's track record, the design of organisation and sizing of roles, based on a standard framework of assessment and manpower cost planning and staffing assessed in relation to metrics of productivity and efficiency.

5. Performance Indicators

Performance Indicator	2018-19	2019-20	2020-21
Labour and Employment			
Total Workforce (Number)	35,519	36,572	35,947
Total Female Employees(Number)	4,272	4,672	4,457
Total New Hires (Number)*	7,712	8,045	4,592
Total Attrition Percentage (Including Retirals)	19%	18%	16%
Total Training (Person-days)	112,600	100,003	753,604
Safety - On-Site			
Lost Time Accidents (Own Employees, Service Providers Employees)	14	13	13
Lost Day Rate (Number of man-days lost for every 200,000 man-hours worked.)	9.8	2.02	8.39
Injury Rate (Frequency of LTAs, for every 200,000 man-hours worked)	0.02	0.02	0.02
Safety - Off-Site			
Lost Time Accidents (Own Employees)	16	17	14
*Gender-wise Hiring Data			2020-21
New Male Hires			3,682
New Female Hires			910

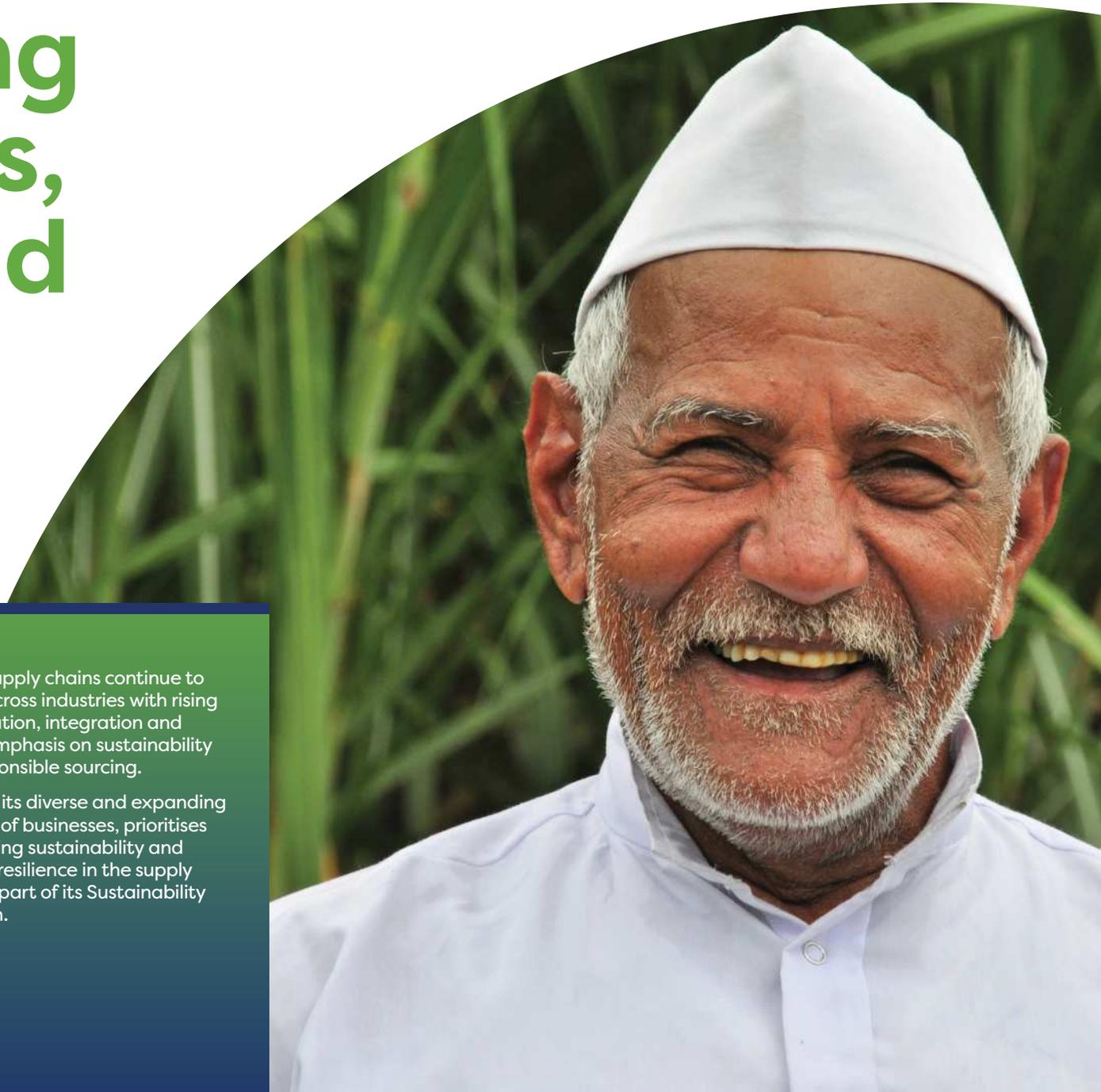
Collaborating with Farmers, Suppliers and Value Chain Partners

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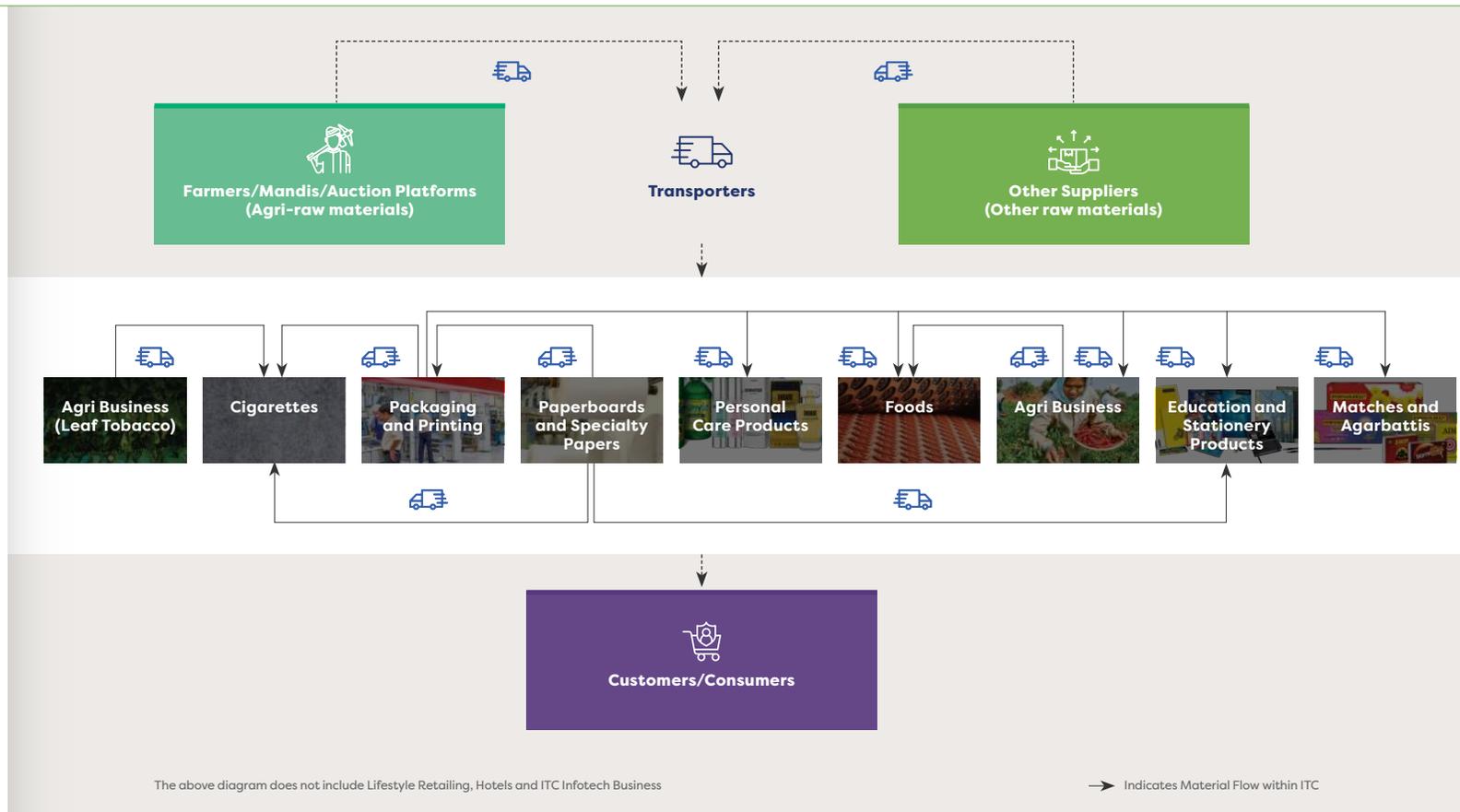
Global supply chains continue to evolve across industries with rising digitalisation, integration and strong emphasis on sustainability and responsible sourcing.

ITC, with its diverse and expanding portfolio of businesses, prioritises embedding sustainability and building resilience in the supply chain as part of its Sustainability 2.0 vision.



ITC's Supply Chain

ITC's supply chain includes farmers, third party manufacturers, service providers, transporters, suppliers of agriculture / non-agriculture materials and capital goods, franchisees, dealers and distributors.



From the depiction of material flow within ITC, it is evident that:

1. The 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, and
2. 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.

Most of ITC's businesses largely also depend on agri-based raw materials. Below is a snapshot of the materials used in 2020-21:

ITC processed 2,454 Kilo Tonnes of raw materials, out of which around 97% (2,373 kilo tonnes) were from agro/forestry based renewable sources.

Refer to the 'Our Sustainability Strategy' section on page 19 of this report for more information on ITC's vertically integrated sustainable value chains.

ITC's Approach

ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing'. The policy lays down the foundation for ITC's engagement with its suppliers. In line with this policy, ITC engages with its supply chain members to assess their sustainability risks, and supports them in building resilience against such risks. The policy also encourages suppliers to work towards resource-use efficiency, including sustainable natural resource management, greenhouse gas reduction and sustainable waste management.

To enable the above, ITC continuously works towards raising awareness of its supply chain members.

In addition to the Policy on 'Sustainable Supply Chain and Responsible Sourcing', ITC also has a 'Code of Conduct for Suppliers and Service Providers'. This requires suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. All Suppliers are expected to meet the requirements of this Code. ITC also expects its Suppliers to hold their business associates to the same standards as enshrined in this Code.

The code addresses key supply chain sustainability issues like:

Labour Practices

Child Labour, Anti-Discrimination and Fair Treatment, Forced Labour, Safe and Healthy Working Conditions

Environment

Human Rights

Business Integrity

Conflict of Interest, Anti-Bribery and Corruption, Hospitality and Gifts

The code also reflects ITC's commitment to respect human rights across the supply chain. It upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations Guiding Principles on Business and Human Rights.

ITC has facilitated capacity building workshops for more than 150 critical supply chain partners till date to educate, and create shared awareness on key areas like human rights, decent labour practices and sustainability.



Agri-Sourcing Practices

Agri Business Division (ABD) primarily engages in sourcing of agri-commodities like Wheat, Coffee, Spices, Soybean, Mustard, Rice, Maida, Fruits & Vegetables and Prawns. The scope and scale of operations of ABD have grown manifold over the years and currently encompass over 3 million tonnes of agri produce in 22 states and over 20 agri-value chain clusters. The strategic focus of the Business in recent years has been to accelerate growth and enhance value capture by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The Business continues to leverage its deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri-commodities.

During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta with a view to providing consumers best-in-class product quality and experience, use of multi-modal

transportation comprising rail, road & coastal routes and blend/cost optimisation through geographical and varietal arbitrage.

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

For more information, refer to the 'Agri Business' section of 'Report of the Board of the Directors and Management Discussion and Analysis' forming part of ITC's Report and Accounts 2021, and 'Making Agriculture Future Ready' section on page 55 of this Report.



ITC continues to focus on developing NextGen Indian agriculture anchored on digitally enabled and climate smart agri value chains with strong market linkages. The focus of these interventions is to reduce vulnerability and increase the resilience of farmers, while lowering greenhouse gas emissions and promoting food security by facilitating development of climate-smart villages and enabling the adoption of sustainable agri practices.

ITC'S APPROACH



SUSTAINABLE TOBACCO PROGRAMME (STP 2.0)

STP 2.0 is a diligence platform set up by leading global Tobacco players to support a sustainable leaf tobacco supply chain. The programme evaluates the sustainability performance of Leaf Tobacco suppliers' operations on eight sustainability themes of agricultural supply chain - Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance.

The STP 2.0 themes are aligned with appropriate and internationally recognised frameworks like – ILO/FAO/WHO guidance on Highly Hazardous Pesticides, UN Guiding Principles on Business & Human Rights.

Since 2020, ITC's approach to sustainability in the tobacco value chain is being comprehensively reviewed by the Sustainable Tobacco Programme (STP) 2.0.



ITC has successfully implemented the tobacco customers' requirement in the farm supply chain in line with STP 2.0.



HUMAN RIGHTS IMPACT ASSESSMENT IN LEAF TOBACCO SUPPLY CHAIN

The Business also underwent a Human Right Impact Assessment covering tobacco farm supply chain in 2020. The assessment was undertaken by a third party in alignment with the UN Guiding Principles of Business and Human Rights to comply with customer requirements. Based on the outcomes of the study, focussed interventions related to farm safety and water access to community are being implemented at scale, in addition to the ongoing sustainable development projects.

Farm Safety

Responsible Management of Agrochemicals - Storage, Handling and Disposal

The Business is implementing a holistic approach to address farm safety in tobacco growing regions. The focus is on sensitising and raising awareness of the farmers on the importance of safe and environmentally responsible storage, handling and disposal of agrochemicals.

In 2020, the Business collected around 1.5 tonnes of waste pesticide bottles from farms and safely incinerated them in a State Pollution Control Board approved facility. This intervention avoided unsafe disposal of pesticide bottles/wrappers in water bodies and farms.

Drone Spraying

In 2020, given the advantages of aerial spraying on account of maximised precision, faster operation, flexibility and lower exposure of labour to pesticides, the Business propagated large scale demonstration of drone spraying for small farmers in collaboration with technology partners. The intervention was highly appreciated by farmers as it resulted in 90% water savings and faster application of spray. The technology has been successfully demonstrated in Tobacco & Chilli farms.

ITC'S APPROACH

Responsible Sourcing of Fibre by Paperboards and Specialty Papers Division

The Paperboards and Specialty Papers Division (PSPD) processed 1,799,834 tonnes of raw materials (about 73% of the total raw material procured by ITC), out of which 99.7% were from renewable sources.

Approximately 66% of the total fibre requirements of ITC's PSPD is met by pulp, manufactured at the Bhadrachalam unit. Another 11% comes from recycled fibre processed at the units in Kovai and Bhadrachalam. The balance 23% is imported pulp used at Bhadrachalam and Tribeni units.

In terms of traceability:

- Approximately 87% 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.

Engaging with Third Party Manufacturers

Vendors and service providers including outsourced manufacturing establishments are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

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



88%+
Raw materials and stores & spares have been locally procured over the years, consistently.

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

More than 93% of the manufacturing locations (including outsourced manufacturing units) which accounted for more than 97% of ITC Foods Division's total production volume in 2020-21, are certified as per recognised standards like FSSC 22000/ ISO 22000/ Hazard Analysis and Critical Control Point (HACCP).

Certification of the remaining six newly commissioned units is planned in 2021-22.

ITC encourages competency development among local vendors and its vendor base includes medium and small-scale enterprises that are proximate to its manufacturing locations. These initiatives are aligned to national priorities of 'Make in India', 'Atmanirbhar Bharat' as well.

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

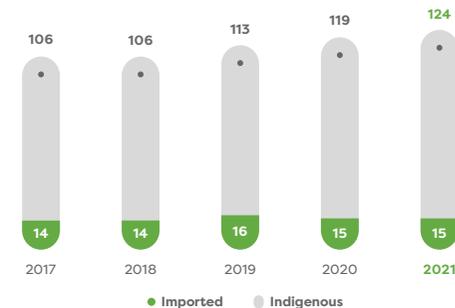
Managing Logistics-related Impacts

To further mitigate value chain impact, steps are being taken for reducing energy consumed in transportation of raw materials, finished goods and waste. ITC has strategically located its Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities for FMCG businesses closer to the market. This allows for making direct shipments to customers, thereby avoiding intermediate movements and optimising distribution logistics.

'ITC One Supply Chain' initiative covering ITC's total network in India has resulted in optimisation of all routes including both supply and demand-side thereby lowering total kilometres traversed by ITC's raw materials and products. Shipment through rail and sea routes have also helped reduce GHG emissions.

A beginning has also been made towards usage of electric vehicles by ITC Trade Marketing & Distribution vertical. The initiative covers 5 metros and based on the encouraging initial results, the efforts are proposed to be scaled up.

RAW MATERIALS, STORES & SPARES CONSUMED (₹ Billion)



Leveraging Life Cycle Assessments

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.



Delighting Our Consumers

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The pandemic has significantly changed consumer lifestyles, with the demand for health, hygiene and wellness products rising exponentially.

These drivers spur the need for consumer companies to adapt quickly, innovate smartly and deliver with a solution-centric mindset. ITC continues to leverage LSTC's strong innovation engine to build a robust portfolio of value-added products that address emerging consumption trends.



Helping Consumers Make Sustainable Choices

Developing New and Differentiated Value Propositions for Customers

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

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

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

EMERGING CUSTOMER TRENDS



Need for Immunity-enhancing products



Prioritising hygiene and sanitation



Due to increased at-home consumption, consumers are seeking products that help reduce cooking time and effort



Consumers are also seeking to re-create dining-out experience at home



Product Launches-FMCG



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



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



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



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



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



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



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



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



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



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

HELPING CONSUMERS MAKE SUSTAINABLE CHOICES



Consistent Innovation Provides the Winning Edge

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

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

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

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



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

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

Developing a Healthier Product Portfolio

SDGs impacted



Community Health Initiatives

SDGs impacted



Sustainable Food Ecosystem

SDGs impacted



Consumer & Employee Awareness Initiatives

SDGs impacted



DEVELOPING A HEALTHIER PRODUCT PORTFOLIO- FEW HIGHLIGHTS

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

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

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

Products with a special focus on goodness of Protein & Fibre

85% of biscuits & cakes portfolio has goodness of protein

88% of Sunfeast Farmlite range is rich in fibre

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

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

HELPING CONSUMERS MAKE SUSTAINABLE CHOICES

Developing a Healthier Product Portfolio

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

The key highlights of the product portfolio include:

Enhancing the Fortified/Value-added Portfolio

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

Reductions

Salt Reduction

ITC committed in 2018 to reduce salt by 5% from the current levels in 75% of its snack and instant noodles portfolio by 2020. Against this commitment, approximately 97% of instant noodles has been already reformulated with 5% lesser sodium and 75% of the snack portfolio has been reformulated in line with the commitment. By 2023, ITC has further committed to reduce the sodium by 5%, targeting a total reduction of 10%.

Sugar Reduction

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

Trans Fat Free

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

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

DEVELOPING A HEALTHIER PRODUCT PORTFOLIO- FEW HIGHLIGHTS

Products with a special focus on value-added ingredients

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

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

100% of Sunfeast Farmlite active range has goodness of oats

75% Sunfeast Farmlite range has goodness of Atta

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

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

Specially formulated products



Sunfeast Biscuits Range

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

Aashirvaad Salt Proactive

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

Aashirvaad Sugar Release Control Atta

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

Portion control

Portion guidance is one of the most effective tools to educate and empower the consumers for them to manage their overall consumption of any food product, as a part of their diversified balanced diet.

It is essential for any foods company to responsibly communicate the appropriate serve size to their consumers and enable a more balanced consumption behaviour.

B- Natural Beverages - Plus range

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

Immunoz Jellies

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

Aashirvaad Superfoods Range

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

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

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

HELPING CONSUMERS MAKE SUSTAINABLE CHOICES



Sustainable Food Ecosystem

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

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



Community Health Initiatives

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

The Company's intervention on Mother and Child Health will also be stepped up. It is aligned to the Integrated Child Development Services and Poshan Abhiyan and aims to reduce infant/ maternal mortality and child malnutrition. Over 2.2 lakh beneficiaries were covered under the initiative, through 2,924 awareness camps aimed to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing Government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

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

2.2 lakh+

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



Consumer & Employee Awareness Initiatives

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

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

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

Delivering Future-ready Products Aimed at Health & Hygiene

ITC's LSTC is at the forefront in leveraging science platforms to execute robust R&D strategies that embed sustainability and digitalisation, in order to secure long-term competitiveness for each business. Innovations and collaborations aligned with business strategies are key drivers of impactful growth.



ITC's Hygiene Portfolio

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

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

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

During the year, Nimyle witnessed strong growth in the operating markets of the East, achieving leadership position in West Bengal and Odisha in the Floor Cleaner category. The range was augmented with the launch of a lemongrass fragrance variant.



'WeAssure' Grows from Strength to Strength

The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to reassure guests and to provide best-in-class experience in hygiene and safety at ITC's iconic Hotels.

Under this initiative, stringent protocols and visible markers of safety across all guest touch points have been implemented demonstrating ITC Hotels' commitment to well-being and safety of all its stakeholders.

Further, investments in digital assets and contactless technologies were made to significantly reduce touchpoints during check-in, check-out, stay as well as usage of F&B facilities. State-of-the-art technology has been deployed to provide a pathogen free environment in each property, thereby re-assuring guests and associates of the highest standards of safety.



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

ITC's Competitively Superior Products and Services

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

ITC's manufacturing units and hotels have state-of-the-art facilities with internationally benchmarked quality management systems. The systems and practices are subject to periodic reviews to ensure that they remain contemporary in line with national and international developments. The quality performance of third-party manufacturing facilities is also monitored regularly.

Best practices across ITC's businesses



Agri Business

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



Branded Packaged Foods

- More than 93% of the manufacturing locations (including outsourced manufacturing units) which accounted for more than 97% of ITC Foods Division's total production volume in 2020-21, are certified as per recognised standards like FSSC 22000/ ISO 22000/ Hazard Analysis and Critical Control Point (HACCP). Certification of the remaining six newly commissioned units is planned in FY 2021-22.
- The ICMLs are state-of-the-art, world-class manufacturing hubs with extensive focus on hygiene, automation and productivity.

ITC'S COMPETITIVELY SUPERIOR PRODUCTS AND SERVICES

Best practices across ITC's businesses



Personal Care Products

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



Hotels

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



Paperboards & Specialty Papers

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

ITC'S COMPETITIVELY SUPERIOR PRODUCTS AND SERVICES

Best practices across ITC's businesses



Packaging and Printing

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



Education and Stationery Products

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



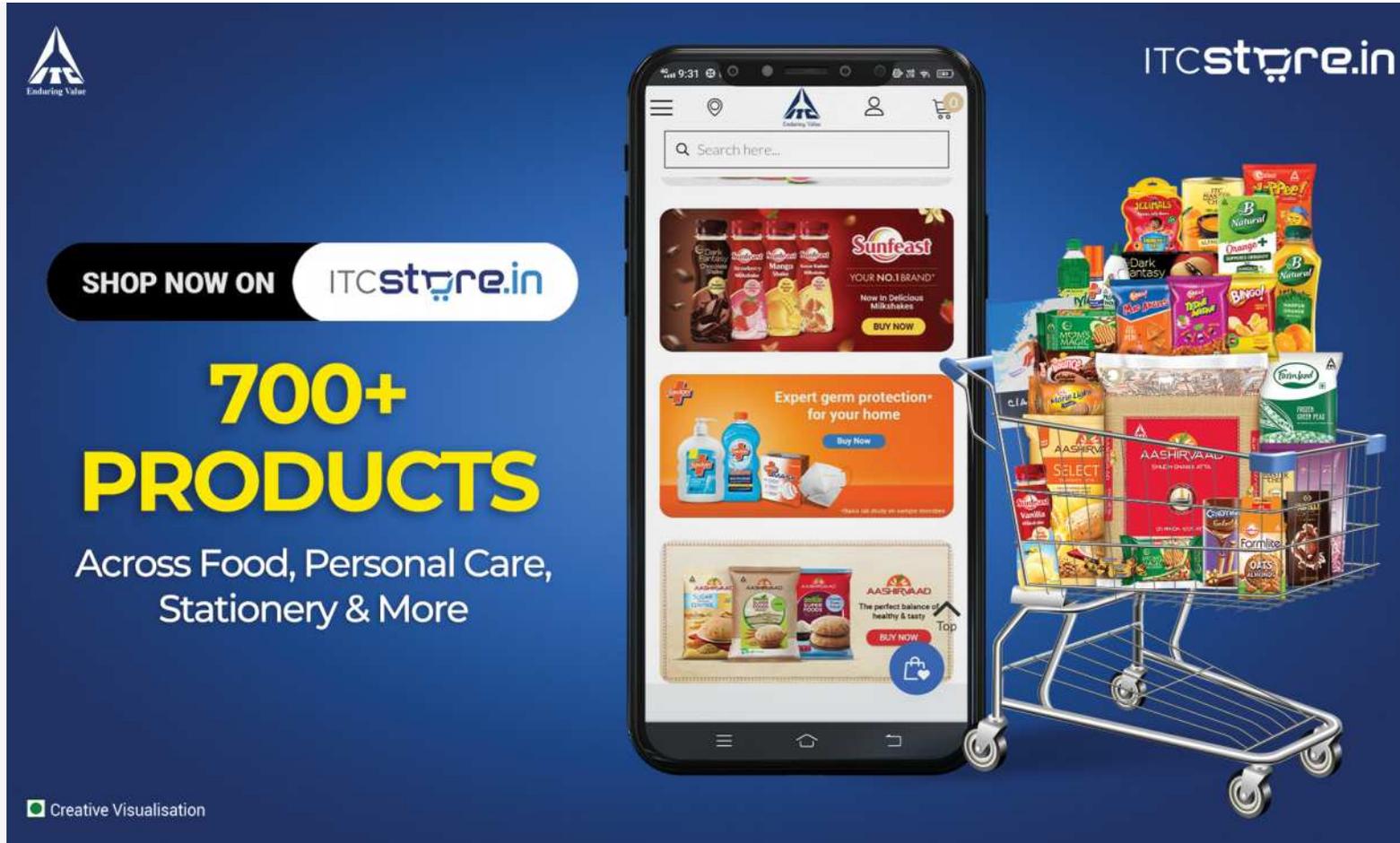
Incense Sticks (Agarbattis) and Safety Matches

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

Responsible Marketing

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

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



The image shows a creative visualisation of the ITCstore.in mobile application. On the left, a smartphone displays the app's interface, which includes a search bar, a 'SHOP NOW ON ITCstore.in' banner, and three product categories: Sunfeast (labeled 'YOUR NO.1 BRAND'), an 'Expert germ protection for your home' section, and Aashirvaad products. To the right of the phone is a shopping cart overflowing with various ITC products, including Sunfeast cereals, Aashirvaad rice, and other packaged goods. The ITC logo and 'Enduring Value' tagline are visible in the top left corner of the app interface. The text 'ITCstore.in' is displayed in the top right corner of the overall image.

SHOP NOW ON ITCstore.in

700+
PRODUCTS

Across Food, Personal Care,
Stationery & More

ITCstore.in

Creative Visualisation

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

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

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



RESPONSIBLE MARKETING

Product Information, Labelling and Consumer Feedback Management

As an integral part of ITC's customer satisfaction focus, lot of attention is paid to product information and labelling, and customer engagement. Some of the best practices followed at ITC are mentioned below:



FMCG

Consumers are provided with multiple communication channels like email, telephone number, website, social media and feedback forms to help them connect with the relevant businesses. Processes are laid down to ensure that consumers are responded to promptly on their feedback.

For food products, all relevant information regarding ingredients and nutrition is published on product packaging in line with relevant statutory requirements. Further, implementation of Recommended Daily Amount (RDAs) labelling on front of pack has been initiated for enabling the consumers to know the nutritional attributes of the product based on appropriate serve sizes and enabling them to make more meaningful choices. Also, claims which highlight the product's ingredient and nutritional attributes are being made on pack, in line with the applicable regulatory & legal guardrails.



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 of client firms, 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. The Divisional Management Committees also directly engages with major customers.

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 report as well as Chamber of Commerce certificates etc., as necessary.

In the Leaf Tobacco Strategic Business Unit, the products are labelled in accordance with customer specifications. Every package has a unique identity (label with a bar code) right from the time of purchase of raw material till it is packed and shipped out. 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 addressed in a systematic and satisfactory manner.

Report 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

As per the Customer Feedback System, guest satisfaction level/Index, also known as WoW Ratio for 2020-21 was 93.24%.

From 2020-21, the guest satisfaction scores for Managed Properties are also included in the WOW Ratio.

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.

No Complaint

Related to breach of data privacy or loss of data was received, during the year 2020-21

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 functions periodically submit 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 concerning product and service information and labelling was reported in 2020-21.

No incident of non-compliance concerning marketing communications was reported in 2020-21.



Awards and Ratings

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

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

Major Awards 2020-21

Mr. Sanjiv Puri, Chairman & Managing Director, was ranked 2nd nationally in the Impact Digital Power 100: Business Leaders List published by Exchange4Media, a leading online news platform

ITC won 2 'Gold Awards' at the Fulcrum Awards 2020 under the Best Manufacturing Sector Campaign category and under the Best Regional Campaign category

The 'Savlon Healthy Hands Chalk Sticks' campaign by ITC's Personal Care Products Business Division (PCPBD) was featured in the Cannes Lions 'Iconic Work of the Decade'

ITC was conferred the 'Best Governed Company' Award in the Listed Segment: Large category by the ICSI at the 20th ICSI National Awards for Excellence in Corporate Governance 2020

ITC's Foods Division received Two Effie Awards in the 'Integrated Marketing Campaign' and 'Foods' Categories (Silver Awards - highest honours) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign

ITC's Hotel Division won the First prize at the Travel + Leisure India's Best Awards 2020

ITC won the First prize in seven categories at the Public Relations Society of India (PRSI) National Awards 2020

ITC's Foods Division received Four Gold Awards for Excellence in Digital Marketing at the CMO Asia National Awards 2020

ITC's Hotel Division received Six Awards at the Conde Nast Traveller Readers' Travel Awards 2020

ITC's Paperboards & Specialty Papers Division (PSPD) was awarded the 'Most Innovative Environmental Project' Award at the 7th CII Environmental Best Practices Award 2020 organised by CII - Green Business Centre

The virtual summit on 'Digital Enablement for Kirana Outlets' organised by ITC's Foods Division and Trade Marketing and Distribution (TM&D) was registered by the Guinness World Records for the 'Most Viewers for a Retail Management Livestream on a Bespoke Platform'

ITC's PSPD Bhadrachalam unit received "GreenCo Platinum+" rating by the Confederation of Indian Industry (CII) - Green Business Centre for its Environmental Stewardship

ITC's Communications campaign on 'Well-being out of Waste (WOW)' was adjudged as one of the best global Communication campaigns at the Global SABRE Awards 2020. It also won 'Diamond Award' in the 'Superior Achievement in Reputation Management' category and two 'Gold Awards' in the 'Corporate image' and 'Corporate Social Responsibility' categories at the SABRE South Asian Awards 2020

ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, an internationally acknowledged farm assurance programme, for its efforts in implementing sustainable agricultural practices with chilli farmers in the states of Andhra Pradesh, Karnataka and Telangana

ITC's Units at Munger and Bengaluru received 'IGBC Performance Challenge 2020' for Green Built Environment - Excellence Award' at the Green Building Congress 2020

ITC received the 'Gold Award' for the sustainable paper value chain and CSR initiatives in Bhadrachalam in the 'Media PR engagements' category at the SABRE South Asian Awards 2020

ITC's India Tobacco Division received CII National HR Excellence Award for 'Significant Achievement in HR Excellence'

ITC's Unit in Bengaluru was presented the 'Sustainable Factory of the Year Award' from Frost & Sullivan and The Energy and Resources Institute (TERI) at the Sustainability 4.0 Awards and 'Environmental Best Practices Award 2020' by CII

ITD Kidderpore unit received 'IGBC Platinum' Rating 2020 from the Indian Green Building Council

ITC's Units in Kidderpore and Saharanpur, Bhadrachalam and Nanjangud received 'Energy Efficient Unit Awards' from CII at the 21st National Awards for Excellence in Energy Management 2020

ITC's PSPD Bhadrachalam unit received 'Excellent Energy Efficient Unit' and 'Best Innovative Project' Awards at the 21st National Awards for Excellence in Energy Management 2020 organised by CII

AWARDS AND RATINGS

Major Awards Over the Years

Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of the India's Most Valuable CEOs by BW Businessworld (2019)

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 was ranked 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014)

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 Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016

ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012)

ITC's Kovai unit received the Platinum-level certification, the highest recognition for water stewardship in the world, based on international benchmarks, from the Alliance for Water Stewardship, Scotland (2019)

ITC'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 was conferred the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007)

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's Paperboards & Specialty Papers units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC® Chain of Custody certified (2015)

ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trailblazing e-Choupal initiative (2005)



AWARDS AND RATINGS | CERTIFICATIONS

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

ISO 14001: Environment Management System

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

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

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

SA 8000: Social Accountability

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

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

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

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

Hotels

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

Offices

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

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

Hotels

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

Offices

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

Data centre

ITC Sankhya Data Centre

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

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

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

- ITC Windsor.

Forest Stewardship Council®

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

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

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

Alliance for Water Stewardship (AWS) Platinum-level certification

- Paperboards & Speciality Papers unit at Kovai.

AWARDS AND RATINGS | CERTIFICATIONS

Sustainable Farming Certifications

Rainforest Alliance Certification (RFA)

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

Global G.A.P Certification

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

UTZ Certification

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

Fairtrade Certification

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

Certified Organic Production

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

USDA Organic and India Organic Certifications

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

Bio Suisse Certification

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

NPOP, NOP and EU certification standards

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

Report Boundary

ITC's Business

Social Investments Programme: The footprint of projects promoted under the Social Investments Programme is spread over 25 States/Union Territories covering 216 districts.

ITC Registered Office

Kolkata (West Bengal)

ITC'S Businesses

FMCG

INDIA TOBACCO DIVISION (ITD)

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 Business Division (FBD)

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 Business Division (PCPBD)

Divisional Headquarters: Kolkata (West Bengal)

Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)

Education and Stationery Products Business (ESPB)

Divisional Headquarters: Chennai (Tamil Nadu)

Third Party Manufacturers (TPMs) of Notebooks: 8 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), Malur (Karnataka) and Chennai (Tamil Nadu)

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 Kohenu (Hyderabad), Sheraton New Delhi (New Delhi), Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore and Welcomhotel Amritsar

Agri Business Division (ABD)

Divisional Headquarters: Guntur (Andhra Pradesh)

Agri Business (Leaf Tobacco)

Units: Anaparti, Chirala and Research Centre, Rajahmundry (Andhra Pradesh), and Mysuru (Karnataka)

Paperboards and Specialty Papers Division (PSPD)

Divisional Headquarters: Hyderabad (Telangana)

Units: Tribeni (West Bengal), Bhadrachalam (Telangana), Bollaram (Telangana) and Kovai (Tamil Nadu)

Packaging and Printing Business (PPB)

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: Welcomhotel Bay Island in Port Blair

Landbase India Limited

Classic Golf & Country Club, Gurugram (Haryana)

North East Nutrients Private Limited

Unit: Mangaldoi (Assam)

Surya Nepal Private Limited

Units: Simara and Seratar (Nepal)

Associates

ATC LIMITED

Unit: Hosur (Tamil Nadu)



REPORTING BOUNDARY

Reporting Scope Exclusions

The following subsidiaries included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2021.

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)	@
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 IndiVision Limited	-
Sunrise Sheetgrah Private Limited	**
Hobbits International Foods Private Limited	**

The following jointly controlled entities (incorporated Joint Ventures) included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2021:

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 2021:

Names of Associates	Remarks
International Travel House Limited	#
Gujarat Hotels Limited	#
Divya Management Limited	@
Antrang Finance Limited	@
Russell Investments Limited	@
Delectable Technologies Private 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.

** Necessary petition for amalgamation of these subsidiaries with the Company is pending before the National Company Law Tribunal, Allahabad Bench.

#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

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: 2018 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 energy 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

2. Purchased Energy

The quantification of indirect GHG emission due to purchased electricity is based on activity data (electricity consumption in kWh) multiplied by weighted average emission factors specified in the 'CO₂ Baseline Database for the Indian Power Sector User Guide', (version 15.0, December 2019) 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. The emission factor is sourced from the IPCC Guideline for National Greenhouse Gas Inventories of 2006 for the corresponding fuel.

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 Programme¹.

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 CO₂ 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. SF₆ release from power distribution system
4. CO₂ 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 by 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.'

¹ India GHG Programme is led by World Resources Institute (WRI India), CII and TERI.

ITC Policies and Guidelines

As a responsible corporate citizen, we pay utmost attention to issues such as corporate ethics, transparency and sustainability. We believe in setting exemplary standards of ethical behaviour, both internally within the organisation, as well as in external relationships. All ITC policies are based on the abiding principles of trusteeship, transparency, empowerment and accountability, control and ethical corporate citizenship.

1. Code of Conduct
2. CSR Policy
3. IT E-Waste Policy
4. Food Products Policy
5. Policy for determination of materiality of events and information for disclosure to the stock exchanges
6. Policy on Related Party Transactions
7. Policy for determination of a material subsidiary
8. Privacy Policy
9. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
10. Dividend Distribution Policies
11. Remuneration Policy
12. Policy on Board Diversity

ITC Sustainability Policies

1. Policy on Stakeholder Engagement
2. Policy on Responsible Advocacy
3. Policy on Product Responsibility
4. Policy on Sustainable Supply Chain and Responsible Sourcing
5. Policy on Freedom of Association
6. Policy on Diversity and Equal Opportunity
7. Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace
8. Policy on Environment, Health and Safety
9. Code of Conduct for Suppliers and Service Providers
10. Policy on Biodiversity Conservation
11. Policy on Deforestation
12. Policy on Resource Efficiency
13. Policy on Tax

 For more details on Corporate Governance at ITC and other ITC Policies, refer to the Company's corporate website

GRI Context Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section
Disclosure	Disclosure Title			
Organisational Profile				
102-1	Name of the organisation	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 2021	-	Yes/ Independent Assurance Statement
102-6	Markets served	Report and Accounts 2021	-	Yes/ Independent Assurance Statement
102-7	Scale of the organisation	About ITC Investing in India's Tomorrow	-	Yes/ Independent Assurance Statement
102-8	Information on employees and other workers	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
102-9	Supply chain	Collaborating with Suppliers and Partners	-	Yes/ Independent Assurance Statement
102-10	Significant changes to the organisation and its supply chain	Collaborating with Suppliers and Partners	-	Yes/ Independent Assurance Statement
102-11	Precautionary Principle or approach	ITC Governance	-	Yes/ Independent Assurance Statement
102-12	External initiatives	Partnerships and Collaborations	-	-
102-13	Membership of associations	Creating Enduring Institutions	-	-
Strategy				
102-14	Statement from senior decision-maker	Chairman's Message	-	-
102-15	Key impacts, risks, and opportunities	Risks and Opportunities	-	-
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> ITC Governance Annexures- ITC Policies, Guidelines 	-	Yes/ Independent Assurance Statement
102-17	Mechanisms for advice and concerns about ethics	ITC Governance	-	Yes/ Independent Assurance Statement

GRI Context Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section
Disclosure	Disclosure Title			
Governance				
102-18	Governance structure	ITC Governance	-	Yes/ Independent Assurance Statement
102-19	Delegating employees	ITC Governance	-	Yes/ Independent Assurance Statement
102-20	Executive-level responsibility for economic, environmental, and social topics	ITC Governance	-	Yes/ Independent Assurance Statement
102-21	Consulting stakeholders on economic, environmental, and social topics	ITC Governance Stakeholder Engagement	-	Yes/ Independent Assurance Statement
102-22	Composition of the highest governance body and its committees	ITC Governance Report and Accounts 2021: Board of Directors and Committees: Page 01	-	Yes/ Independent Assurance Statement
102-23	Chair of the highest governance body	ITC Governance	-	Yes/ Independent Assurance Statement
102-24	Nominating and selecting the highest governance body	ITC Governance	-	Yes/ Independent Assurance Statement
102-25	Conflicts of interest	ITC Governance	-	Yes/ Independent Assurance Statement
102-26	Role of highest governance body in setting purpose, values, and strategy	ITC Governance	-	Yes/ Independent Assurance Statement
102-27	Collective knowledge of highest governance body	ITC Governance	-	Yes/ Independent Assurance Statement
102-28	Evaluating the highest governance body's performance	ITC Governance	-	Yes/ Independent Assurance Statement
102-29	Identifying and managing economic, environmental, and social impacts	ITC Governance Stakeholder Engagement	-	Yes/ Independent Assurance Statement
102-30	Effectiveness of risk management processes	ITC Governance	-	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 Governance	-	Yes/ Independent Assurance Statement
102-33	Communicating critical concerns	ITC Governance	-	Yes/ Independent Assurance Statement
102-34	Nature and total number of critical concerns	Stakeholder Engagement	-	-
102-35	Remuneration Policies	ITC Governance https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf	-	-
102-36	Process for determining remuneration	ITC Governance	-	-
102-37	Stakeholders' involvement in remuneration	ITC Governance	-	-
102-38	Annual total compensation ratio	ITC Governance	-	-

GRI Context Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section
Disclosure	Disclosure Title			
102-39	Percentage increase in annual total compensation ratio	ITC Governance	-	-
Stakeholder engagement				
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	-	Yes/ Independent Assurance Statement
102-44	Key topics and concerns raised	Stakeholder Engagement	-	Yes/ Independent Assurance Statement
Reporting practice				
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> Approach to Reporting Report Boundary 	-	Yes/ Independent Assurance Statement
102-46	Defining report content and topic Boundaries	Stakeholder Engagement	-	Yes/ Independent Assurance Statement
102-47	List of material topics	Material Topics	-	Yes/ Independent Assurance Statement
102-48	Restatements of information	Building Climate Resilience	-	Yes/ Independent Assurance Statement
102-49	Changes in reporting	Report Boundary	-	Yes/ Independent Assurance Statement
102-50	Reporting period	<ul style="list-style-type: none"> Approach to Reporting Report Boundary 	-	-
102-51	Date of most recent previous report	<ul style="list-style-type: none"> Approach to Reporting Report Boundary 	-	-
102-52	Reporting cycle	<ul style="list-style-type: none"> Approach to Reporting Report Boundary 	-	-
102-53	Contact point for questions regarding the report	Report Boundary	-	-
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> Approach to Reporting Report Boundary 	-	-
102-55	GRI content index	-	-	-
102-56	External assurance	<ul style="list-style-type: none"> Approach to Reporting Report Boundary Independent External Assurance 	-	-

GRI Context Index

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	-	-
201-2	Financial implications and other risks and opportunities due to climate change	Building Climate Resilience Evaluation of financial implications of the risk and opportunities due to climate change is reported as part of 2021 Climate Change Questionnaire of CDP, which will be duly available on their website.	-	-
201-3	Defined benefit plan obligations and other retirement plans	Delivering Resilient Performance	-	-
201-4	Financial assistance received from Government	Delivering Resilient Performance	-	-
Indirect economic impacts				
103	Management Approach	Delivering Resilient Performance	-	-
203-1	Infrastructure investments and services supported	Delivering Resilient Performance	-	-
203-2	Significant indirect economic impacts	Transforming Lives and Landscapes	-	-
Procurement Practices				
103	Management Approach	Collaborating with Suppliers and Partners	-	-
204-1	Proportion of spending on local suppliers	Collaborating with Suppliers and Partners	-	-
Anti-Corruption				
103	Management Approach	ITC Governance	-	-
205-1	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> ITC Governance ITC Integrated Report 2021: Strategic Risk Management Page 35 	-	-
205-2	Communication and training about anti-corruption policies and procedures	ITC Governance	-	-
205-3	Confirmed incidents of corruption and actions taken	ITC Governance	-	-
Tax				
207-1	Approach to tax	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-2	Tax governance, control, and risk management	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-

GRI Context Index

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
Environment				
Environment				
103	Management Approach	Environment Overview	-	-
Raw Materials				
301-1	Materials used by weight or volume	Collaborating with Suppliers and Partners	-	Yes/ Independent Assurance Statement
301-2	Recycled input materials used	Collaborating with Suppliers and Partners	-	-
301-3	Reclaimed products and their packaging materials	Managing Waste	-	-
Energy				
103	Management Approach	Building Climate Resilience	-	-
302-1	Energy consumption within the organisation	Building Climate Resilience	-	Yes/ Independent Assurance Statement
302-2	Energy consumption outside of the organisation	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	-	-
Water and Effluents				
303-1	Interactions with water as a shared resource	Towards Water Security for All	-	
303-2	Management of water discharge-related impacts	Towards Water Security for All Chemical Management		
303-3	Water withdrawal	Towards Water Security for All	-	Yes/ Independent Assurance Statement
303-4	Water discharge	Towards Water Security for All	-	Yes/ Independent Assurance Statement
303-5	Water consumption	Towards Water Security for All	-	Yes/ Independent Assurance Statement
Biodiversity				
103	Management Approach	Biodiversity	-	
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

GRI Context Index

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
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 _x), sulfur oxides (SO _x), and other significant air emissions	Air Emissions Management	-	Yes/ Independent Assurance Statement
Waste				
103	Management Approach	Managing Waste	-	-
306-1	Waste generation and significant waste-related impacts	Managing Waste	-	-
306-2	Management of significant waste-related impacts	Managing Waste	-	-
306-3	Waste generated	Managing Waste	-	Yes/ Independent Assurance Statement
306-4	Waste diverted from disposal	Managing Waste	-	Yes/ Independent Assurance Statement
306-5	Waste directed to disposal	Managing Waste	-	Yes/ Independent Assurance Statement
Social				
Employment				
103	Management Approach	Workforce of Tomorrow	-	-
401-1	New employee hires and employee turnover	Workforce of Tomorrow Annexure	-	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
Labour management relations				
103	Management Approach	Workforce of Tomorrow	-	-
402-1	Minimum notice periods regarding operational changes	Workforce of Tomorrow	-	-
403-1	Occupational health and safety management system	Occupational Health and Safety	-	-
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	-	-
403-3	Occupational health services	Occupational Health and Safety	-	-
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	-	-

GRI Context Index

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
403-5	Worker training on occupational health and safety	Occupational Health and Safety	-	-
403-6	Promotion of worker health	Occupational Health and Safety	-	-
403-7	Prevention and mitigation of occupational health and safety	Occupational Health and Safety	-	-
403-8	Workers covered by an occupational health and safety	Occupational Health and Safety	-	-
403-9	Work-related injuries	Occupational Health and Safety	-	Yes/ Independent Assurance Statement
Training and education				
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	-	-
Diversity and Equal Opportunity				
103	Management Approach	Workforce of Tomorrow	-	-
405-1	Diversity of governance bodies and employees	ITC Governance Workforce of Tomorrow	-	-
Non - Discrimination				
103	Management Approach	Workforce of Tomorrow	-	-
406-1	Incidents of discrimination and corrective actions taken	Workforce of Tomorrow	-	-
Freedom of Association and Collective Bargaining				
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	-	-
Child Labour				
103	Management Approach	Workforce of Tomorrow	-	-
408-1	Operations and suppliers at significant risk for incidents of child labour	Workforce of Tomorrow	-	-
Forced or Compulsory Labour				
103	Management Approach	Workforce of Tomorrow	-	-
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Workforce of Tomorrow	-	-

GRI Context Index

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
Human Rights Assessment				
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	-	-
Local Communities				
103	Management Approach	Transforming Lives and Landscapes	-	-
413-1	Operations with local community engagement, impact assessments, and development programs	Transforming Lives and Landscapes	-	Yes/ Independent Assurance Statement
413-2	Operations with significant actual and potential negative impacts on local communities	Transforming Lives and Landscapes	-	-
Public Policy				
415-1	Political contributions	Report and Accounts 2021: Page 193	-	-
Customer Health and Society				
103	Management Approach	Helping Consumers Make Sustainable Choices	-	-
416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> Helping Consumers Make Sustainable Choices Delivering Future-ready Products Aimed at Health & Hygiene ITC's Competitively Superior Products and Services 	-	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> Helping Consumers Make Sustainable Choices Delivering Future-ready Products Aimed at Health & Hygiene ITC's Competitively Superior Products and Services 	-	-
Customer Health and Society				
103	Management Approach	Responsible Marketing	-	-
417-1	Requirements for product and service information and labeling	Responsible Marketing	-	Yes/ Independent Assurance Statement
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing	-	Yes/ Independent Assurance Statement
417-3	Incidents of non-compliance concerning marketing communications	Responsible Marketing	-	Yes/ Independent Assurance Statement
Customer Privacy				
103	Management Approach	Customer Privacy	-	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy	-	-

GRI G4 Food Processing Sector Supplement (FPSS)

Material Aspects - DMAs and Indicators	Description	Explanation/ Page number	Reasons for Omissions	External Assurance
Aspect: Procurement / Sourcing Practices - Disclosure on Management Approach (DMA)				
DMA	Protecting Natural Resources	Preserving and nurturing the environment and respective chapters	-	-
DMA	Minimising Toxicity	Helping Consumers Make Sustainable Choices	-	-
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	-	-
Aspect: Procurement / Sourcing Practices - Disclosure on Management Approach (DMA)				
DMA	Genetically Modified Organisms (GMOs)	ITC Foods Business does not use any GMOs in manufacturing its products.	-	-
DMA	Biofuels	Building Climate Resilience	-	-
Aspect: Procurement / Sourcing Practices - Indicators				
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	All its suppliers comply with the Company's defined sourcing processes	-	-
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised 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.	-	-
Aspect: Labor / Management Relations				
DMA				
FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs by country	Nil	-	-
Aspect: Healthy and Affordable Food				
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	-	-
Aspect: Customer Health and Safety				
DMA				
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	- Helping Consumers Make Sustainable Choices - Certifications	-	-
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 - Certifications	-	-
FP7	Percentage of total sales volume of consumer products, by product category sold, that contain increased fibre, vitamins, minerals, phytochemicals or functional food additives	- Helping Consumers Make Sustainable Choices - Certifications	-	-
Aspect: Product and Service Labelling				
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				
ITC respects and recognises the importance of ensuring "Animal Welfare and Prevention of Cruelty to Animals". Accordingly, adherence with best practices are ensured, wherever relevant.				

Independent External Assurance

Deloitte Haskins & Sells LLP

Chartered Accountants

One International Centre
Tower 3, 27th - 32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

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Independent Assurance Report on Annual Greenhouse Gas inventory presented in the Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2021

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, 2021 (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 14064-1:2018, Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018 Standard') 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. INDIA TOBACCO DIVISION (ITD)

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 (FBD)

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 BUSINESS DIVISION (PCPBD)

Divisional Headquarters: Kolkata (West Bengal)

Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)



Regd. Office: One International Center, Tower 3, 27th - 32nd 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 (ESPB)

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers of Notebooks: 8 nos.

4. LIFESTYLE RETAILING BUSINESS DIVISION (LRBD)

Divisional Headquarters: ITC Green Centre, Manesar (Haryana)

5. MATCHES AND AGARBATTI BUSINESS

Headquarters: Chennai (Tamil Nadu)

6. TRADE MARKETING & DISTRIBUTION (TM&D)

TM&D Headquarters: Kolkata (West Bengal)
District Offices: Kolkata (West Bengal) and Mumbai (Maharashtra)
Warehouses: Ambarnath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka) and Chennai (Tamil Nadu)

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 Kohenu (Hyderabad), Sheraton New Delhi (New Delhi), Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore and Welcomhotel Amritsar

D. AGRI BUSINESS DIVISION

Headquarters: Guntur (Andhra Pradesh)

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 (PSPD)

Divisional Headquarters: Hyderabad (Telangana)
Units: Tribeni (West Bengal), Bhadrachalam (Telangana), Bollaram (Telangana) and Kovai (Tamil Nadu)

G. PACKAGING AND PRINTING BUSINESS (PPB)

Divisional Headquarters: Chennai (Tamil Nadu)
Units: Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)

H. OTHERS

1. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)
2. Central Projects Organisation, Bengaluru (Karnataka)



**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: Welcomhotel 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 14064-1:2018 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 14064-1:2018 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	FBD Haridwar	10	Welcomhotel, Coimbatore
2	ICML Mysuru	11	ITC Rajputana
3	ICML Pudukkottai	12	ITC Grand Chola
4	GLT Anaparti	13	ITC Mughal
5	ITD Kidderpore	14	PCPBD Haridwar
6	ITD Pune	15	PSPD Bhadrachalam
7	ITD Munger	16	PSPD Kovai
8	PPB Munger	17	PSPD Tribeni
9	PPB Haridwar	18	PSPD Bollaram

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



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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 principles of ISO 14064-3:2019, Greenhouse Gases –Part 3: Specification with guidance for the validation and verification of greenhouse gas statements 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 14064-1:2018 Standard. 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

6. Limitation of our Audit

The assurance scope excludes:

- Locations/ operations of the Company other than those mentioned in the subject matter above;
- Data and information outside the defined reporting period i.e. April 1, 2020 to March 31, 2021; and
- Forward looking statements which describe belief, opinion, intentions or aspirations provided by the Company.



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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 14064-1:2018 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, 2021 are:

	GHG emissions (in tonnes of CO ₂ e)	Biogenic emissions (in tonnes of CO ₂)
➤ Scope 1	1,171,553	797,294
➤ Scope 2	167,661	18,202
➤ Scope 3	237,238	7

- GHG removals: 5,826,636 tonnes of CO₂ (from social and farm forestry initiative)

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W / W-100018)

Pratig Shah
Partner
Membership No. 111850
UDIN: 21111850AAAAAB2898

Place: Mumbai
Date: June 30, 2021

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Centre,
Tower 3, 27th-32nd Floor,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India
Phone: +91 22 6185 4000
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Independent Assurance Report on Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2021

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, 2021 as detailed in paragraph 3 -Subject Matter. The Report is based on GRI Standards 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 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 covers the following Divisional Headquarters (DHQs) and location of operations:

A. FMCG

1. INDIA TOBACCO DIVISION (ITD)

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 (FBD)

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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2. PERSONAL CARE PRODUCTS BUSINESS DIVISION (PCPBD)

Divisional Headquarters: Kolkata (West Bengal)
Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)

3. EDUCATION AND STATIONERY PRODUCTS BUSINESS (ESPB)

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers of Notebooks: 8 nos.

4. LIFESTYLE RETAILING BUSINESS DIVISION (LRBD)

Divisional Headquarters: ITC Green Centre, Manesar (Haryana)

5. MATCHES AND AGARBATTI BUSINESS

Headquarters: Chennai (Tamil Nadu)

6. TRADE MARKETING & DISTRIBUTION (TM&D)

TM&D Headquarters: Kolkata (West Bengal)
District Offices: Kolkata (West Bengal) and Mumbai (Maharashtra)
Warehouses: Ambarnath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka) and Chennai (Tamil Nadu)

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 Kohener (Hyderabad), Sheraton New Delhi (New Delhi), Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore and Welcomhotel Amritsar

D. AGRI BUSINESS DIVISION

Headquarters: Guntur (Andhra Pradesh)

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 (PSPD)

Divisional Headquarters: Hyderabad (Telangana)
Units: Tribeni (West Bengal), Bhadrachalam (Telangana), Bollaram (Telangana) and Kovai (Tamil Nadu)

G. PACKAGING AND PRINTING BUSINESS (PPB)

Divisional Headquarters: Chennai (Tamil Nadu)
Units: Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)



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H. OTHERS

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2. Central Projects Organisation, Bengaluru (Karnataka)

I. SUBSIDIARIES

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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, 2020 to March 31, 2021 in accordance with management's basis of preparation, GRI Standards and Food sector supplement (applicable only for Food Division). The terms of management's basis of preparation, GRI Standards 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
GRI 102	102-2 to 102-11; 102-16 to 102-17; 102-18 to 102-33; 102-40 to 102-49
Environmental topic- specific Standards: GRI 300	
Materials	301-1
Energy	302-1, 302-3, 302-4
Water and Effluent	303-3, 303-4, 303-5
Emissions	305-1, 305-2, 305-3, 305-6, 305-7
Waste	306-3, 306-4, 306-5



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Social topic- specific Standards: GRI 400

Employment	401-1, 401-2, 401-3
Occupational Health and Safety	403-9
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	ICML* Haridwar	10	Welcome hotel Coimbatore
2	ICML Mysuru	11	ITC Rajputana
3	ICML Pudukkottai	12	ITC Grand Chola
4	ABD Anaparti	13	ITC Mughal
5	ITD Kidderpore	14	PCPBD Haridwar
6	ITD Pune	15	PSPD Bhadrachalam
7	ITD Munger	16	PSPD Kovai
8	PPB Munger	17	PSPD Tribeni
9	PPB Haridwar	18	PSPD Bollaram

* ICML – Integrated Consumer Goods Manufacturing and Logistics facilities, unit of FBD.

For information related to Corporate Social Responsibility, the scope covers review and verification of information for the following locations:

SL #	Locations	SL #	Locations
1	Karnataka - Mysuru district	4	Rajasthan – Jhalawar district
2	Punjab – Kapurthala district	5	Andhra Pradesh – Guntur district
3	Madhya Pradesh – Sehore district	6	Assam – Darrang district

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.

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Deloitte Haskins & Sells LLP

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.

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
- 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

6. Limitation of our Audit

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;



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- 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 Conclusions

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 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.

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, investments in renewable energy 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: 21111850AAAAAF2874

Place: Mumbai
Date: August 24, 2021

Regd. Office: One International Center, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India. (LLP Identification No. AAB-8737)





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