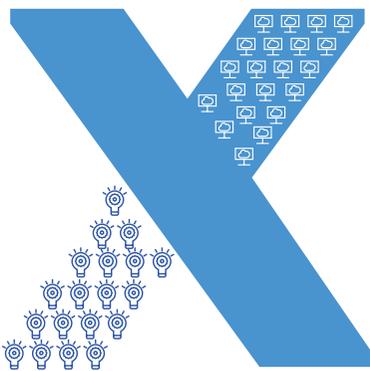


Reimagining the future

Towards the

NE**X****T****Horizon**

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Chairman's Message



Sanjiv Puri
Chairman & Managing Director

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

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

Reimagining the Future

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

We are running out of time to protect the planet from the disastrous effects of climate change. The past one year has witnessed unprecedented extreme weather events, which have not spared even the most developed of nations like the devastating floods in Germany, Switzerland and the Netherlands, forest fires in California and so on. India too has witnessed one of the warmest years on record. The recent IPCC report has rightly pointed out that climate change is now an existential threat for the planet and in the next decade alone it will drive close to 132 million more people into extreme poverty. Even in the most optimistic scenario, where all countries deliver on their commitments, the world is still likely to experience a 2°C rise

by the middle of this century, which will be catastrophic for the world's living systems. The magnitude of the challenges can be well gauged by the fact that to avoid a 2°C rise, use of coal must decline by 95%, oil by 60% and gas by 45% by 2050, relative to 2019. To achieve this, it would be imperative for the world to develop technology solutions like carbon capture utilisation and storage, especially for the hard to abate sectors.

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

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

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

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

CHAIRMAN'S MESSAGE

ITC's Sustainability Vision and Strategy

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

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

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

Key Sustainability Interventions

Building Climate Resilience

Moving towards a net-zero economy, ITC has been pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', and promoting regenerative agriculture practices in agri value chains.

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

Agriculture and farmers are the most vulnerable to climate change. We are undertaking significant work to develop climate-tolerant varieties of major crops like wheat, pulp-wood and leaf tobacco, as well as disseminate climate-resilient and regenerative agronomic practices. Detailed farm-level studies are also being conducted to understand the potential adverse impact of climate change on ITC's key agri value chains.

Decarbonisation

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

ITC is a pioneer in the Green Building movement, **with 38 buildings having received Platinum certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council).** Over the last two years, the best practices on carbon management in hotels resulted in ITC Windsor in Bengaluru becoming the first hotel in the world to be LEED® Zero Carbon certified. ITC Grand Chola and ITC Gardenia were also later certified as LEED® Zero Carbon with ITC Grand Chola being amongst the largest and ITC Gardenia being the third hotel with



LEED® Zero Carbon certification in the world. ITC's hotel properties Welcomhotel Guntur, Welcomhotel Bhubaneswar and Welcomhotel Chennai also received the prestigious LEED® Platinum Certification this year. Over the years, several of the Company's factories and office complexes have also received the Green Building certification from IGBC, the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE).

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

Water Security for All



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

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

CHAIRMAN'S MESSAGE

Towards a Circular Economy



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

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

Two-Horizon Approach



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

Climate Smart Agriculture



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

Biodiversity



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

Next Generation Agriculture



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

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

Empowering Rural Communities



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

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

Towards the Next Horizon

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

Sanjiv Puri,

Chairman & Managing Director
ITC Limited



About this Report

Reporting Framework

ITC's Sustainability & Integrated Report 2022 covers the sustainability performance for the period 1st April, 2021 to 31st March, 2022. ITC has been annually reporting its sustainability performance for the last 19 years, and Sustainability Report 2021 was published in September 2021.

ITC's Sustainability & Integrated Report 2022 has been prepared on the basis of the latest Global Reporting Initiative (GRI) Standards at the highest '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 considered while preparing the Report. Additionally, the Report has also been prepared in line with the requirements of the International <IR> Framework published by the Value Reporting Foundation. It presents a range of financial and non-financial disclosures to inform its stakeholders about how different 'capitals' are being deployed to enable the creation of enduring value.

The Report contains disclosures pertaining to Task Force on Climate-related Financial Disclosures (TCFD) recommendations as well. ITC also discloses its climate change and water security related approach and performance through CDP, a global non-profit that runs the world's leading environmental disclosure platform.

Independent Audit and Assurance

The financial data included in the report is excerpted from the Company's Report & Accounts 2022, audited by independent External Auditors – Messrs. S R B C & Co LLP.

ITC has obtained independent third-party assurance for its Sustainability Reports since it started reporting in 2004. In the

reporting year, authenticity of the data and systems disclosed in the Sustainability Report 2022 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 their conclusions on the Report.

ITC has computed its greenhouse gas (GHG) inventory, including GHG emissions, biogenic emissions and GHG removals, in accordance with ISO 14064:2018. The GHG inventory of FY2021-22 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) and CO₂ Sequestration.

Contact Point

For any clarifications and requesting additional copies of this Report, contact at below mentioned address:

Corporate Sustainability & Corporate Communications Departments
ITC Limited, 37 J. L. Nehru Road, Kolkata - 700 071
e-mail: enduringvalue@itc.in

Reporting Boundary

ITC has deployed an Integrated Sustainability Data Management System to collect, collate and analyse environmental and social data. The system is equipped with strong internal controls to support the underlying integrity and credibility of disclosures made in the Report.

The data related to environment and social performance unless otherwise specified in the respective sections is based on the actual performance of various businesses of the Company (including units, hotels and office complexes), Subsidiaries, Associate Companies and Third-Party Manufacturers (TPMs) included in the reporting boundary.

The newly commissioned hotels, Welcomhotel Bhubaneswar and Welcomhotel Guntur are included in this year's reporting boundary.

In line with ITC's Policy on Sustainable Supply Chain and Responsible Sourcing, the Company continues its efforts to encourage best-in-class sustainability practices along the value chain. For the reporting year, based on identified material aspects, the reporting boundary for supply chain partners has been further expanded to incorporate the performance of additional two TPMs of Cigarette Business and Welcomhotel Vadodara - Gujarat Hotels Limited, an Associate Company of ITC. ITC continues to incorporate the performance of eight TPMs of the Notebooks segment of Education and Stationery Products Business and two Associate Companies. ITC intends to progressively include more supply chain members in the reporting boundary, and will continue to build capacity of its key supply chain partners and regularly review their sustainability performance.

Social Investments Programme

The footprint of projects promoted under the Social Investments Programme is spread over 25 States/Union Territories covering more than 200 districts.

ITC Registered Office

Kolkata (West Bengal)

The 19th Sustainability Report of the Company
covers the sustainability performance
for the period April 1, 2021 to March 31, 2022.



ABOUT THIS REPORT

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): Four nos.

FMCG-Others

Branded Packaged Foods Businesses



Divisional Headquarters: Bengaluru (Karnataka)

Units: Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla, Uluberia and Sankraii[§] (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu) and Malur & Mysuru (Karnataka), Bikaner[§], Reengus[§] & Jaitpura[§] (Rajasthan) and Agra[§] (Uttar Pradesh)

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)



Headquarters: Chennai (Tamil Nadu)

Third Party Manufacturers (TPMs) of Notebooks: 8 nos.

Lifestyle Retailing Business Division



Registered Office: ITC Green Centre, Manesar (Haryana)

Incense Sticks (Agarbattis) and Safety Matches



Headquarters: 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 and 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, Welcomhotel Amritsar, Welcomhotel Bhubaneswar, Welcomhotel Guntur

Agri Business Division (ABD)



Divisional Headquarters: Guntur (Andhra Pradesh)

Units: Anaparti, Chirala, Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh)

Paperboards and Specialty Papers Business



Divisional Headquarters: Secunderabad (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



Trade Marketing and Distribution (TM&D)

TM&D Headquarters: Kolkata (West Bengal)

District Offices: Kolkata (West Bengal), Mumbai (Maharashtra), Gurugram (Haryana), Bengaluru (Karnataka)

Owned Warehouses: Ambernath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka) and Chennai (Tamil Nadu)

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)

Gujarat Hotels Limited

Hotel: Welcomhotel Vadodara (Gujarat)

[§] These are newly inducted factories from the recent acquisition of Sunrise Foods and its subsidiaries. Currently, for these factories, data related to materials, energy and social indicators has been included in the report. Other parameters will be included in subsequent years.



ABOUT THIS REPORT

Reporting Scope Exclusions

The following subsidiaries included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2022.

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	-

The following jointly controlled entities (incorporated Joint Ventures) included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2022:

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 2022:

Name	Remarks
International Travel House 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.

* 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.



About ITC

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

Driven by the 'Nation First: Sab Saath Badhein' philosophy and the abiding strategy of 'Responsible Capitalism', ITC has brought about transformational change in society by pursuing innovative business models that synergise creation of shareholder value with social and natural capital. Today, this strategy has not only contributed to building strong businesses of the future as well as a portfolio of winning world-class brands, but also in making ITC a global exemplar in 'Triple Bottom Line' performance.



Fast Moving Consumer Goods 	Hotels 	Paperboards and Packaging 	Agri Business 	Information Technology 
<p>With 25 mother brands, ITC's FMCG businesses are present in:</p> <ul style="list-style-type: none"> - Branded Packaged Foods - Education and Stationery Products - Personal Care Products - Cigarettes - Incense Sticks (Agarbattis) and Safety Matches - India's leading FMCG Marketer - ITC's FMCG products reach over 200 million households in India 	<p>ITC's Hotels Business is a trailblazer in 'Responsible Luxury'. It is one of India's pre-eminent and fastest growing hospitality chains with 113 hotel properties and over 10,700 rooms under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.</p>	<p>ITC's Paperboards and Specialty Papers Business is a leader in the Value-Added Paperboards (VAP) segment.</p> <p>The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.</p> <p>ITC's Packaging & Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines.</p>	<p>A pioneer in rural transformation, ITC is one of India's largest exporters of agri commodities.</p> <p>Sourcing over 4 million tonnes of agri produce from 22 states</p> <p>ITC's e-Choupal initiative empowers over 4 million farmers.</p> <p>The Business is powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture.</p> <p>The Business aims to scale up its value-added portfolio across categories like organic, food safe, attribute specific, as well as medicinal & aromatic plants. ITC Metamarket for Advanced Agriculture and Rural Services (MAARS)- a super app will bring the power of digital technologies to farmers.</p>	<p>ITC Infotech – a wholly-owned subsidiary of ITC</p> <p>Leading global technology services and solutions provider with presence in 29 countries</p> <p>Partner of choice for customers in their Digital Transformation and Software as a Service (SaaS) adoption journey</p>



ABOUT ITC

A Bouquet of Leading FMCG Brands



Aashirvaad
No. 1 in Branded Atta



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



Sunfeast
No. 1 in Cream Biscuits



Classmate
No. 1 in Notebooks



Engage
No. 1 in women's Deo



Savlon
No. 1 in Surface Disinfectant spray



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



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



YiPpee!
No. 2 in Noodles

Source: Nielsen, Kantar Household Panel

Highlights 2022

Financial Capital



Creating shareholder value through 'Responsible Capitalism', an abiding strategy that focuses on building extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

₹ 59,101.09 crores
Gross Revenue

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

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

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

Manufactured Capital



Manufacturing facilities modernised using Industry 4.0 technologies, securing higher levels of productivity and product excellence, and investing in renewable energy and green infrastructure.

200+
Manufacturing Units

113
Hotels

Over 10 million sq. ft.
Warehousing Space

Pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry

Intellectual Capital



Leveraging the robust innovation platforms of the Life Sciences and Technology Centre, new and innovative products are launched with compelling value propositions in record time, demonstrating agility and execution excellence.

110+
New Products Launched

25+
World-class Indian Brands

900+
Patents Application filed

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



HIGHLIGHTS 2022

Human Capital



The talent development practices at ITC 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.

94%

Employees are proud to work at ITC, as per iEngage Survey

100%

Managerial staff find ITC's Training Programmes exceeding their expectations

37 units with 'Zero On-site Lost Time Accident' performance, since FY2017-18

0.022 Injury Rate Globally Benchmarked Safety Performance

Natural Capital



ITC's Businesses are closely dependent on natural resources, hence conservation and restoration of natural resources, while pursuing low-carbon pathways across value-chain, is critical for sustainability of the business.

Achieved 'Plastic Neutrality' in FY2021-22

~42%

Total Energy from Renewable sources

38

Total USGBC/IGBC Certified Platinum Buildings

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

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

Social and Relationship Capital



An extensive engagement with stakeholder groups plays an important role in ensuring that ITC continues to create larger societal value.

6 million

Sustainable Livelihoods supported

4 million

Farmers Empowered by ITC e-Choupal till date

173+ million

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

5+ million

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

ITC's Approach to Value-creation

Strategic Framework

Driven by the vision of being an Agile, Future ready and Consumer Centric enterprise, ITC's Corporate Strategy is anchored around six key pillars of creating Multiple Drivers of Growth, focusing on Purposeful Innovation and R&D, bringing in structural interventions across each element of the value chain for Cost Agility, Productivity and Profitability, nurturing world-class talent, and crafting new business models at the intersection of Digital and Sustainability, leveraging institutional strengths. ITC's vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy – agriculture, manufacturing and services, ensures seamless access to institutional strengths resident across various businesses of the Company to drive synergistic growth and enhance the competitive power of the portfolio.

ITC is actively working towards **Sustainability 2.0, an agenda which reimagines sustainability** under the pressing challenges of climate change and social inequity. Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity and ecosystem services through the adoption of nature-based solutions.

ITC's Corporate Strategy leverages the competitive advantages based on strong foundation of institutional strengths. The Company 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, this paradigm is called '**Responsible Capitalism**' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and creates sustainable livelihoods. The Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate 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 also in making ITC a global exemplar in '**Triple Bottom Line**' performance.

ITC's governance, strategy and business actions are guided by its Vision, Mission and Values.



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



Multiple Drivers of Growth



Cost Agility, Productivity, Profitability



Innovation and R&D



Digital

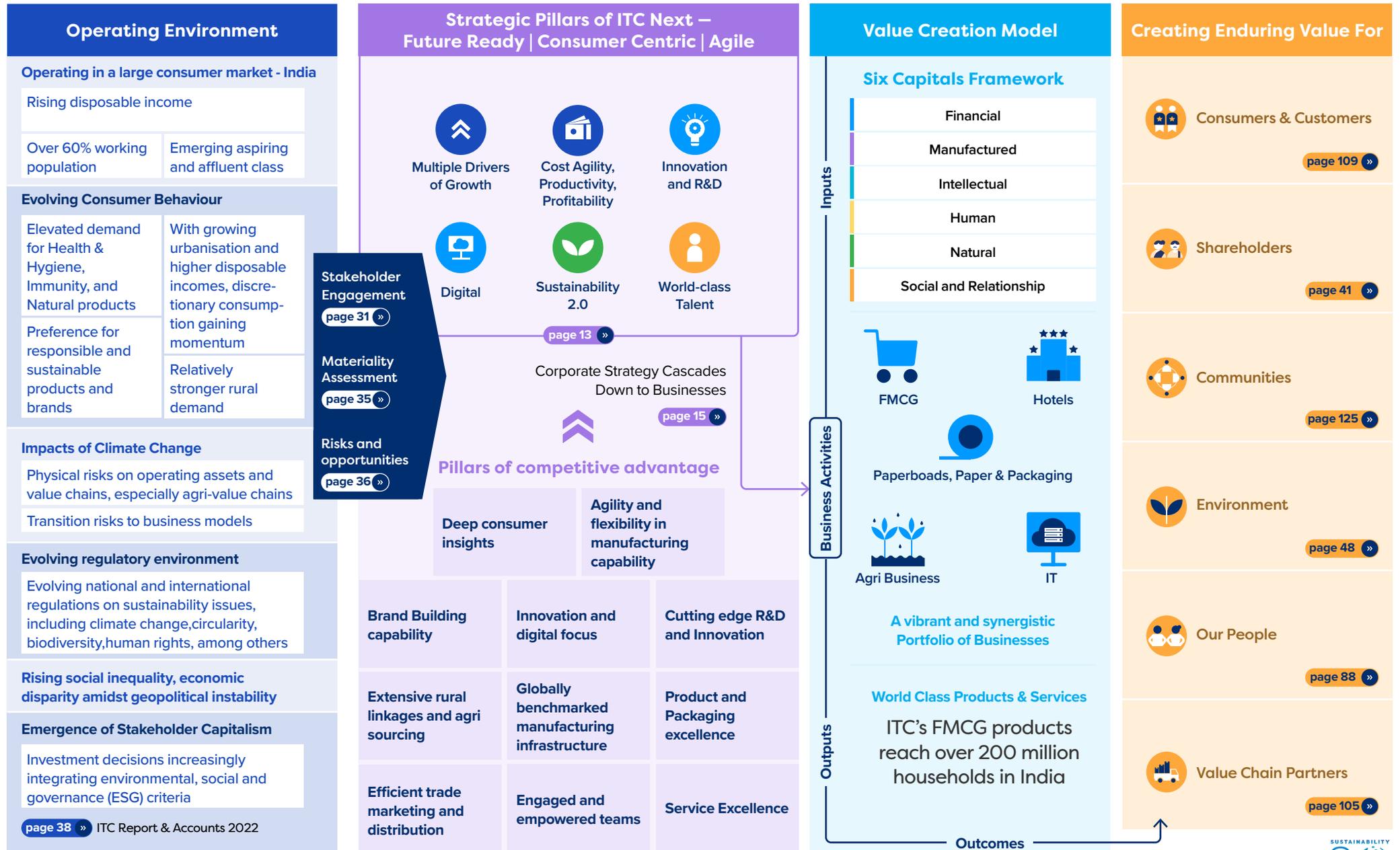


Sustainability 2.0



World-class Talent

ITC'S APPROACH TO VALUE-CREATION



Strategic Pillars

ITC's Corporate Strategy is crafted in response to its unique operating context, material issues and stakeholder expectations, embedding the key tenets of ITC's corporate philosophy.



ITC's robust R&D infrastructure

Multiple Drivers of Growth



- » Create multiple drivers of growth by developing a portfolio of world-class businesses that best matches organisational capability with market opportunities.
- » Enhance the competitive power of the portfolio by blending diverse skills and capabilities residing across businesses.
- » Craft disruptive business models and value propositions anchored at the intersection of Digital and Sustainability leveraging the Company's institutional strengths.
 - Develop NextGen business models across chosen portfolio.
- » Proactively pursue acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.
- » Map risks and opportunities arising out of climate crisis and other external shocks; build adaptive capacity and invest in mitigative measures to strengthen resilience across the value chain, identify global hot spots that could potentially provide new vectors of growth.
- » Strengthen and expand the Company's portfolio of brands and multichannel distribution network to serve consumers across market segments.
- » Build a future-ready product portfolio in each business to cater to relevant and emerging segments through continuous innovation.

Market Standing

- » Build, scale and develop economic moats in each business to drive sustainable competitive advantage and profitable growth.

Material Issues Addressed

Business Success
ESG Risk Management
Innovation

Innovation and R&D



- » Leverage future-ready LSTC Science Platforms to fuel innovation and secure long-term competitiveness.
- » Focus on agile and purposeful inventions, innovations and collaborations, sharply aligned with business strategy.
- » Translate the 'proofs of concept' already established to product opportunities and drive commercial outcomes expeditiously to be a key driver of impactful growth.

Material Issues Addressed

Innovation
Sustainable Products and Brands

Cost Agility, Productivity and Profitability



- » Fuel growth and enhance profitability through structural interventions across each element of the value chain with a view to eliminate waste and drive down costs on a sustained basis.
 - Drive cost agility by adopting a multi-pronged approach centred around '3Rs': Remove, Reduce, Re-engineer.
- » Continuously focus on enhancing supply chain agility, responsiveness and market servicing by leveraging digital technologies and best-in-class planning, manufacturing, logistics and distribution processes.
- » Establish appropriate shared service models powered by contemporary digital technologies to support scalability across businesses, enhance productivity and operational efficiency.

Material Issues Addressed

Responsible Sourcing
Business Success

STRATEGIC PILLARS



ITC Paperboards & Specialty Papers Unit in Bhadrachalam

Sustainability 2.0



- » Sustain ITC's status as a global exemplar in sustainable business practices.
- » Work towards achieving the ambitious and bold 2030 Sustainability 2.0 (S2.0) targets that are aligned with stakeholder expectations.
 - Develop inclusive value chains that support 10 million livelihoods, pursue newer pathways to fight climate change across the value chain and enable transition to a net zero economy, and also create an effective circular economy for post-consumer packaging waste.
- » Build Green Infrastructure contributing
 - proactively towards de-carbonisation and develop 'nature-based' solutions for sequestration & climate resilience.
 - » Enhance ITC's renewable energy footprint in line with 2030 S2.0 targets of achieving 50% of total energy and 100% of grid purchased electricity requirements from renewable sources.
 - » Enhance the Company's resilience against climate change; climate proof agri-value chains and physical assets based on detailed risk assessments through climate modelling.
 - » Spearhead water stewardship to address water security risks of units located in high water stress areas.
- » Build on Company's existing solid waste recycling initiatives and sustain the 'plastic neutrality' status achieved by ITC in FY2021-22

Material Issues Addressed

- Climate Resilient Operations
- Biodiversity Management
- Climate Resilient
- Agriculture
- Sustainable Livelihoods
- Water Security for All

Digital



- » Institutionalise a data driven and Digital-First Culture across the organisation through structural interventions such as Digital Council and Young Digital Leaders Forum (YDLF).
- » Build a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain.
- » Build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies, 'human-centred design' & visualisation tools.
- » Reimagine consumer engagement using digital technologies to deliver delightful brand experiences.
- » Transform supply chain, logistics, manufacturing and warehousing systems into a resilient and agile, next-generation connected platform.
- » Build a robust, secure and scalable digital infrastructure by leveraging new age technologies.

Material Issues Addressed

- Innovation
- Consumer Experience

People



- » Create a shared mind-set across the organisation where people are inspired, engaged and aligned to the Company's Mission, Vision, Values and Strategic Agenda.
- » Reinforce the Company's standing as a top employer through the value proposition of building diverse businesses and embedding sustainability in value chains.
- » Champion the Diversity & Inclusion agenda through various enabling measures and focused actions.
 - As a merit-based, equal-opportunity employer, offering a workplace free from any discrimination, encourage and enhance the participation of women and differently abled people in the workforce through concerted and focused actions.
- » Build a high performance, nimble and customer-centric organisation while nurturing a culture of creativity and innovation that enables the organisation to respond proactively and with agility.
- » Develop capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow.
- » Build a pipeline of highly engaged and aligned talent pool across responsibility levels in an extremely competitive talent market.

Material Issues Addressed

- Diversity and Inclusion
- Learning and Development

ITC Businesses

ITC ensures that its Corporate Strategy and Sustainability 2.0 goals are cascaded down to each of its businesses, while leveraging the institutional strengths of each business.



Integrated Consumer Goods Manufacturing and Logistics, Pudukkottai

Fast Moving Consumer Goods

Multiple Drivers of Growth

- » Build a robust FMCG Business anchored on strong growth platforms and a future-ready portfolio, focused on categories with significant addressable market expansion potential.
 - Fortify the Core: Scale-up and strengthen market standing in existing categories and expand to newer regions/channels.
- » Address adjacent opportunities by leveraging powerful ITC mother brands.
- » Incubate/validate business models and establish 'right to win' in newer categories; build categories of the future by progressively scaling up select nascent businesses.
- » Accelerate growth and profitability through value accretive M&A and exports; explore proximal market opportunities.

Innovation and R&D

- » Build purpose-led brands powered by agile innovation.
- » Leverage deep consumer insights and cutting-edge R&D.
- » Anchor innovation on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc.

Sustainability 2.0

Approaching the Sustainability 2.0 targets, by sourcing responsibly, focusing on sustainable agriculture, optimising operational efficiency, integrating principles of circularity in packaging and progressively reducing agriculture related carbon emissions, among others.

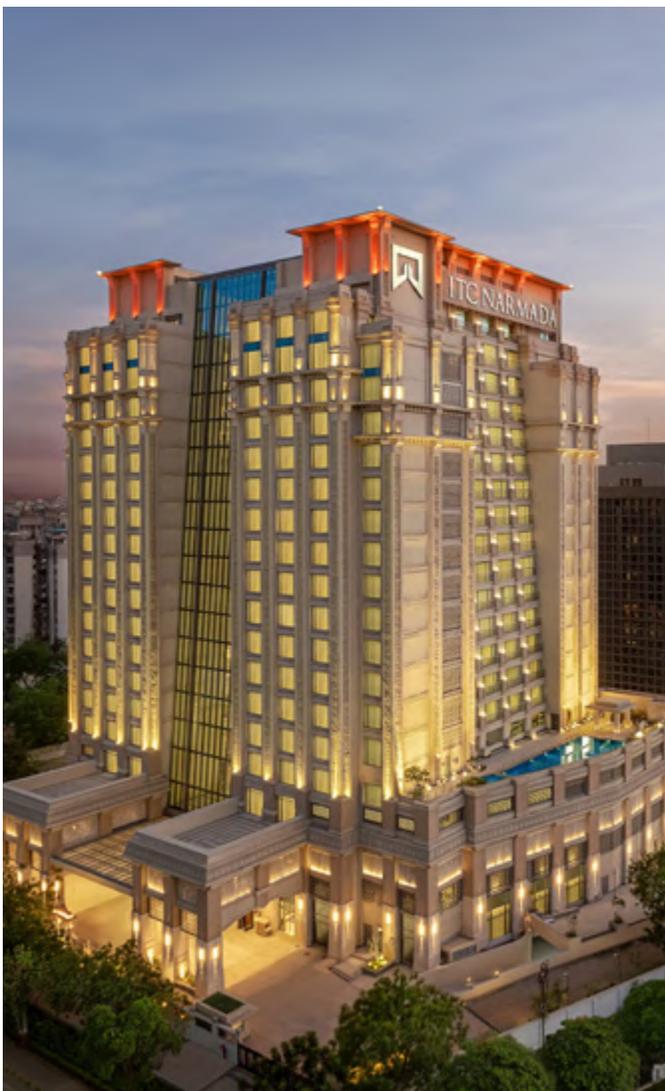
Cost Agility, Productivity and Profitability

- » Leverage multi-channel Go-to-market capability to drive penetration and accessibility by strengthening core channels, winning in emerging channels and pioneering new routes to market.
- » Sustain improvement in profitability through multiple levers of margin expansion – purposeful innovation, portfolio premiumisation, supply chain efficiencies and power of digital.

Harnessing Power of Digital

- » Leverage the power of digital and cut-through communication to drive superior consumer insights & innovation, deeper consumer engagement and enhanced brand loyalty.
- » Drive structural competitive advantage by leveraging world-class distributed infrastructure, multi-channel distribution network, delayering operations, smart buying & value engineering and smart manufacturing.
- » Invest in smart and agile value chains anchored on best-in-class digital technologies to drive operational efficiencies in planning, manufacturing, distribution and delivery.

ITC BUSINESSES



ITC Narmada, Ahmedabad, Gujarat

Hotels



Multiple Drivers of Growth



- » Offer a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. These include, introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE (Meeting, Incentives, Conferencing, Exhibition) & wedding segments, extension of additional benefits to members of the Club ITC Loyalty programme and catering to the growing need of food delivery and takeaway, with 'Gourmet Couch' by ITC Hotels, offering signature cuisines & specially designed menus based on occasions and festivities.
- » Strengthen the positioning of 'ITC Hotels' and 'Welcomhotel' brands in their respective market segments.

Innovation and R&D



- » Continue to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts, to reassure guests and to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels.

Sustainability 2.0



- » Leverage Green credentials of ITC hotels.
- » Continue being a leader in 'Responsible Luxury' with a focus on green buildings, achieving zero carbon certifications for hotels, and sustained efforts on waste management and water security.

Cost Agility, Productivity and Profitability



- » Adopt an 'asset-right' strategy to accelerate growth while reducing the capital intensity of the business.
 - Drive growth through management contracts.
 - Leverage recently launched brands, 'Storii' and 'Mementos'.
- » Focus on sweating existing assets, create additional revenue streams and pursue alternate structures in line with industry recovery dynamics to enhance capital productivity and profit pool.

Harnessing power of Digital



Leverage state-of-the-art digital infrastructure and capability with a view to enhancing guest experience and servicing, increasing brand awareness, deployment of loyalty programmes, augmenting distribution and enabling agile revenue management.

ITC BUSINESSES



ITC Paperboards & Specialty Papers Unit in Bhadrachalam

Paperboards and Packaging Business

Multiple Drivers of Growth

- » Sustain market leadership and competitive advantage by augmenting the value-added portfolio.
- » Focus on growing exports leveraging value-added portfolio, sustainability credentials and strong relationships.
- » Augment and grow share in Décor Papers Business to strengthen specialty papers business.

Innovation and R&D

- » Drive cutting-edge innovation towards developing sustainable paperboards and packaging solutions for specific end-user segments by leveraging LSTC capability and external collaborations.
- » Bio-degradable and recyclable paperboards; Bio-compostable packaging and recyclable coating solution; plastic substitution.

Sustainability 2.0

Decarbonising operations by enhancing renewable energy usage, leveraging investments in wind and solar power, green boiler, and soda recovery boiler. Other focus areas include sustainable sourcing of raw materials and being a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.

Cost Agility, Productivity and Profitability

- » Build sustainable competitive advantage through structural interventions.
- » Develop and introduce high yielding, pest and disease resistant clones, adaptable to various agro-climatic conditions.
- » Build a secure, sustainable and cost-competitive fibre base.
- » Augment value-added paperboard and in-house pulp manufacturing capacity.

Harnessing power of Digital

Leverage digital and emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

ITC BUSINESSES



ITC's e-Choupal initiative, empowering over 4 million farmers across India

Agri Business



Multiple Drivers of Growth



- » Develop a future-ready portfolio of value-added agri products to accelerate growth and enhance value capture.
- » Strengthen and customise supply chains for traceable and identity preserved sourcing of agri-commodities.
- » Harness export opportunities by extending to new markets, garner higher wallet share from existing customers, develop new markets/ customers.
- » Deliver sustainable competitive advantage to ITC's FMCG Businesses, straddling multiple agri value chains – high quality and cost competitive agri-sourcing.

Innovation and R&D



- » Leveraging ITC LSTC's expertise in the agri-sciences domain to address future demand of food security, improving yields & quality, and developing new varieties.
- » Integrate contemporary science across the value chain, from farm to fork.

Sustainability 2.0



Strengthen rural engagement and farmer linkages to enhance societal value and build a competitive & sustainable platform.

Cost Agility, Productivity and Profitability



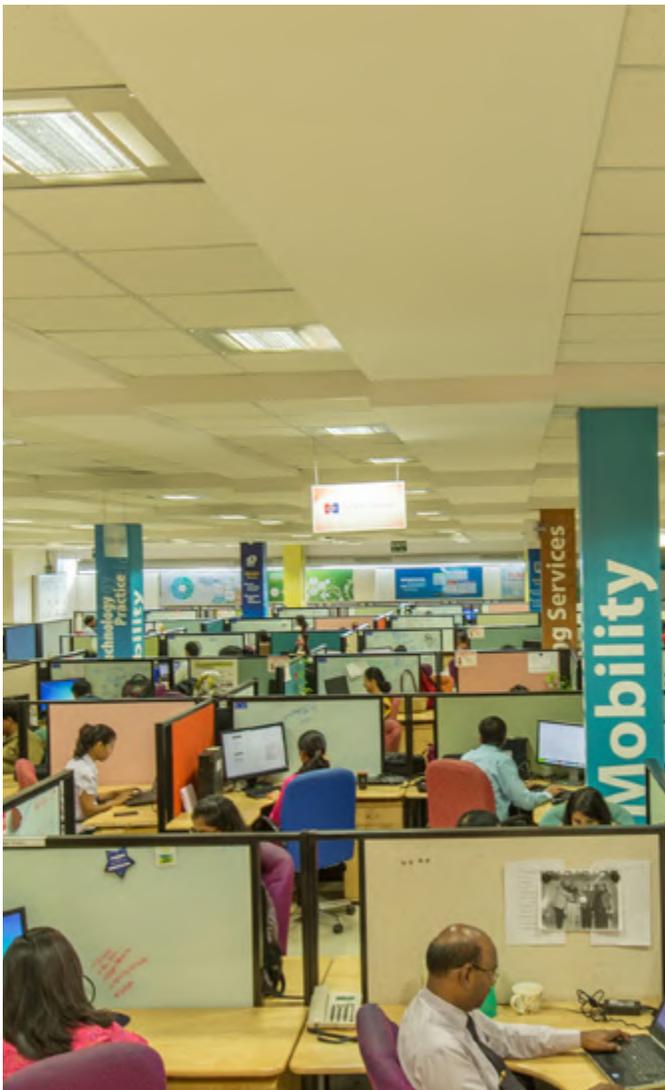
Leverage deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri-commodities.

Harnessing power of Digital



- » ITCMAARS creates a robust 'phygital' eco-system to deliver seamless customised solutions to farmers, anchored by a robust network of Farmer Producer Organisations (FPOs), while creating new revenue streams, strengthening sourcing efficiencies and powering the Company's world-class Indian brands.
- » Develop NextGen Indian agriculture anchored on digitally powered and climate smart agri value chains along with market linkages.

ITC BUSINESSES



ITC Infotech, Bengaluru

Information Technology*



Multiple Drivers of Growth



- » Creating and winning large transformation opportunities, expanding presence in strategic accounts, building and sharpening domain-specific digital solutions, and strengthening distributed delivery framework.
- » Value accretive inorganic opportunities in identified priority areas including Digital Experience – Data Analytics and AI, Salesforce and BPM Tools; Infrastructure Services – Service Management and Cloud Service Providers and Product 4.0 – Digital Factory and Digital Thread.

Cost Agility, Productivity and Profitability



Industry-defining 'ITC Infotech Work From Anywhere' (IWFA) productivity framework.

Harnessing power of Digital



- » Forging new alliances and strengthening existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics.
- » Taking a leadership role in enabling the Digital Transformation and Software as a Service (SaaS) adoption of its clients.

Innovation and R&D

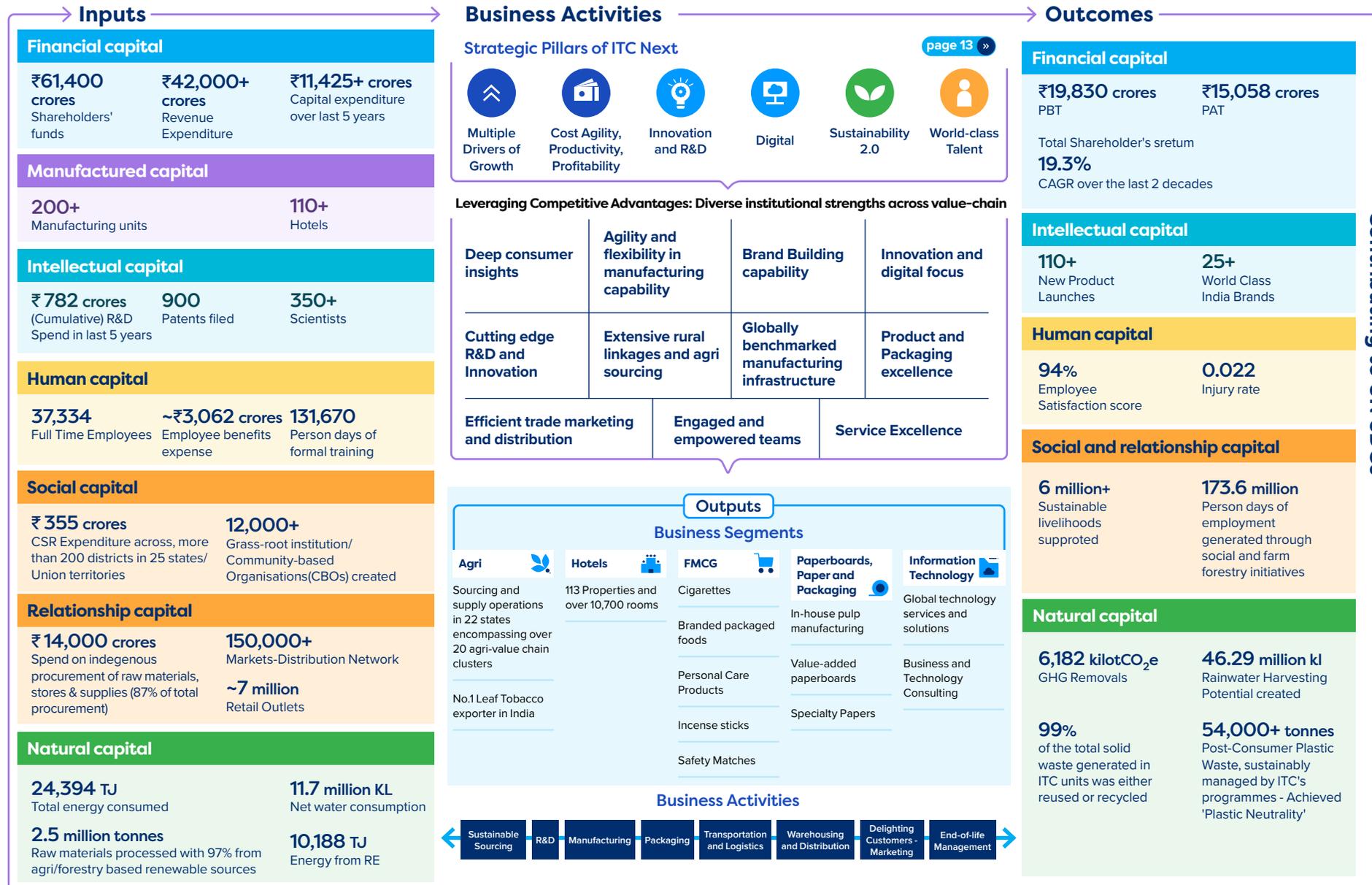


Business-friendly solutions and new-age capabilities especially in the areas of Automation, Digital Workplace and Digital Manufacturing.

*Sustainability at IT Business: ITC Infotech provides business-friendly solutions to help clients succeed and be future-ready and sustainable, by bringing together digital expertise, strong industry specific alliances and the unique ability to leverage deep domain expertise from ITC Group businesses

Strategic Pillar on 'World-class Talent' is implemented and driven through corporate policies and each business has a plan to nurture talent and provide platforms for the right skill sets as per the sectoral requirements.

Value creation model



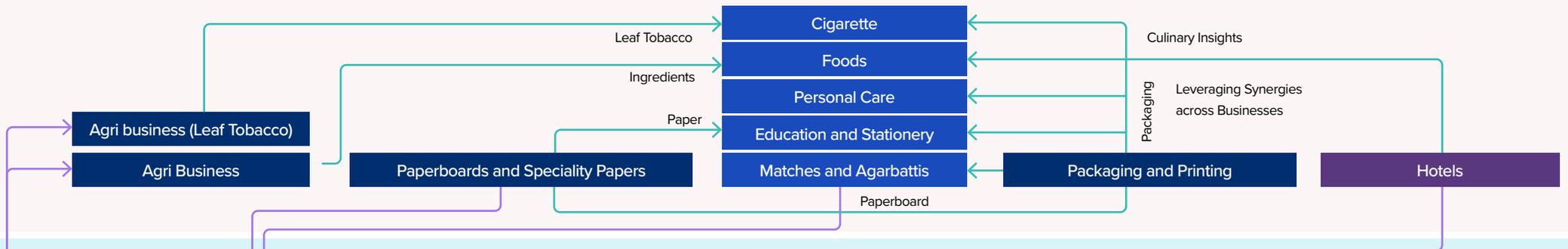
ITC's Vertically Integrated Sustainable Value Chain

ITC Brands

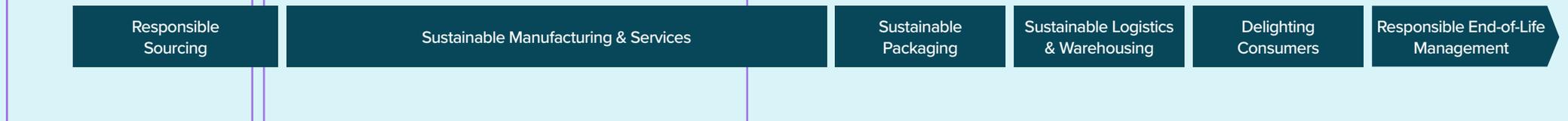
Empowering Indian Farmers and Anchoring Inclusive and Sustainable Value Chain



ITC Businesses



Value Chain



Sustainability Interventions



Governance

ITC's Corporate Governance Philosophy

Anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control.

ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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

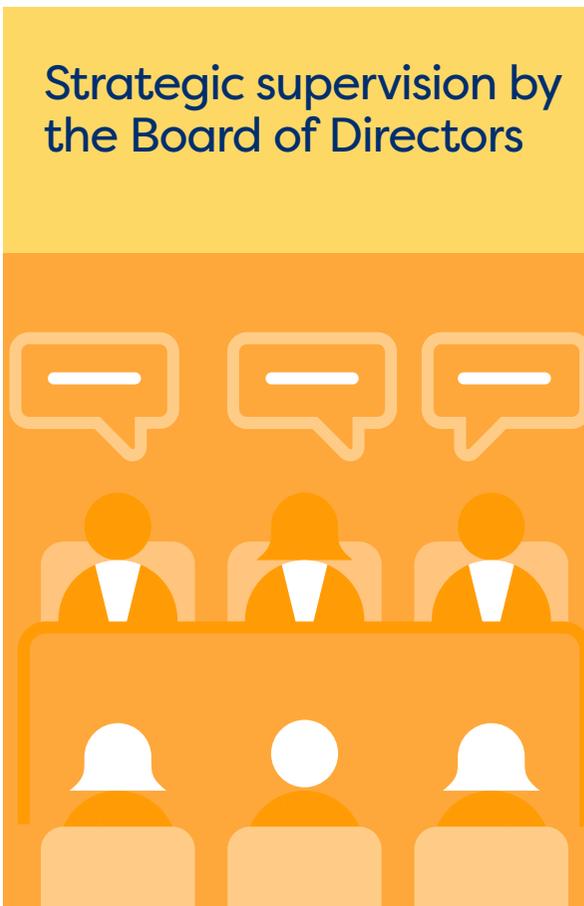
- (1) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (2) This freedom of management should be exercised within a framework of effective accountability.

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



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 2022 and the Company's corporate website.



Name	Designation
Mr. Sanjiv Puri	Chairman & Managing Director
Mr. Nakul Anand	Executive Director
Mr. Sumant Bhargavan	Executive Director
Mr. Rajiv Tandon	Executive Director
Mr. Shilabhadra Banerjee	Independent Director
Mr. Hemant Bhargava	Independent Director
Mr. Navneet Doda	Non-Executive Director
Mr. Arun Duggal	Independent Director
Mr. Mukesh Gupta	Non-Executive Director
Mr. Shyamal Mukherjee	Independent Director
Mr. Anand Nayak	Independent Director
Mr. Sunil Panray	Non-Executive Director
Ms. Nirupama Rao	Independent Director
Mr. Ajit Kumar Seth	Independent Director
Ms. Meera Shankar	Independent Director
Mr. David Robert Simpson	Non-Executive Director

Data as on 31.03.2022



GOVERNANCE

Strategic management

by the Corporate Management Committee Members

Executive management

by the Chief Executives/Chief Operating Officers of Divisions, Strategic Business Units, Business Verticals and Shared Services, assisted by their respective Management/Executive Committees

Name	Designation/Responsibility
Mr. Sanjiv Puri	Chairman & Managing Director
Mr. Nakul Anand	Executive Director
Mr. Sumant Bhargavan	Executive Director
Mr. Rajiv Tandon	Executive Director
Mr. Supratim Dutta	Chief Financial Officer
Mr. Hemant Malik	Divisional Chief Executive of Foods Business Division
Mr. Anil Rajput	Senior Vice President, Corporate Affairs
Mr. Sanjiv Rangrass	Group Head - Quality Assurance, LS&T, CPO & EHS
Mr. Sanjay Singh	Group Head - Paper and Packaging Businesses
Mr. S. Sivakumar	Group Head – Agri & IT Businesses and Chairman of the Management Committee of the Social Investments Programme
Mr. R. K. Singhi	Secretary to the Corporate Management Committee

Data as on 31.03.2022

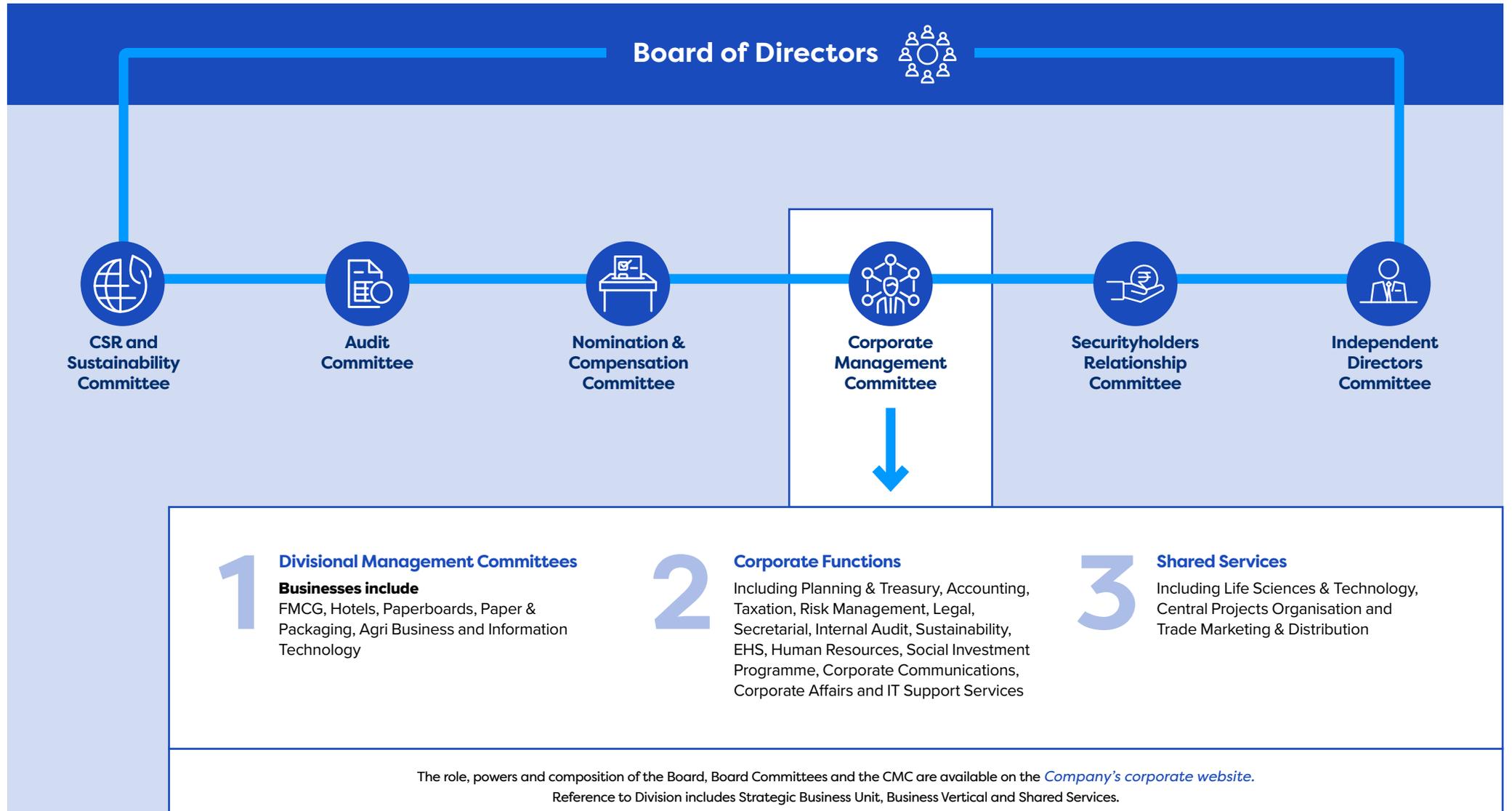
Division/ SBU	Name	Designation
India Tobacco Division	Mr. Sandeep Kaul	Divisional Chief Executive
	Mr. Devraj Lahiri	Chief Operating Officer
Foods Division	Mr. Hemant Malik	Divisional Chief Executive
	Mr. S Ganesh Kumar	Chief Operating Officer - Staples, Snacks & Meals
	Mr. Sanjay Singal	Chief Operating Officer - Dairy & Beverages
	Mr. Ali Harris Shere	Chief Operating Officer - Biscuits & Cakes
	Ms. Kavita Chaturvedi	Chief Operating Officer - Snacks
Personal Care Products Division	Mr. Anuj Kumar Rustagi	Chief Operating Officer - Chocolates, Coffee, Confectionery and New Category Development
	Mr. Sameer Satpathy	Divisional Chief Executive
Education and Stationery Business	Mr. Vikas Gupta	Divisional Chief Executive
Lifestyle Retailing Business	Mr. Vikas Gupta	Divisional Chief Executive
Matches and Agarbatti Business	Mr. Gaurav Tayal	SBU Chief Executive
Trade Marketing & Distribution (TM&D) of ITC FMCG	Mr. Sandeep Sule	Chief Executive
Hotels Division	Mr. Anil Chadha	Divisional Chief Executive
Packaging and Printing Business	Mr. Dhananjay Salunkhe	Divisional Chief Executive
Agri Business	Mr. Rajnikant Rai	Divisional Chief Executive
Agri Business -Tobacco SBU	Mr. H N Ramaprasad	SBU Chief Executive
Paperboards and Speciality Papers Division	Mr. Vadiraj Kulkarni	Divisional Chief Executive

Data as on 31.03.2022

Read more about our Divisional Management Committees [here](#).

GOVERNANCE

Governance Structure



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.

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.

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).

The Board Diversity Policy of the Company requires the Board to have 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 2022. The said skills, expertise and competencies include the ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's Triple Bottom Line philosophy of building synergy between serving the society and creating economic value for the Company.

In terms of the applicable regulatory requirements read with the Articles of Association of your Company, the strength of the Board shall not be fewer than six 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.

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.

The Independent Directors of the Company have also confirmed that:

- they meet the criteria of independence prescribed under the statute,
- they are independent from the management of the Company, and
- 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.



GOVERNANCE

Composition of the Board

The strength of the Board as on 31st March, 2022 was sixteen, comprising the Chairman & three other Executive Directors, eight Non-Executive Independent Directors, of which two are Women Directors, and four other Non-Executive Directors.

The composition of the Board, including other Directorship(s)/Committee Membership(s) and tenure of the Directors as on 31st March, 2022, was as follows:

Director	Category	No. of other Directorship(s)	Tenure on the Board (years) *	No. of Membership(s)/Chairmanship(s) of Audit Committee/Stakeholders Relationship Committee of other Indian public limited companies
S. Puri	Chairman & Managing Director	5	6	Nil
N. Anand	Executive Director	8	11	1
B. Sumant	Executive Director	2	3	Nil
R. Tandon	Executive Director	9	6	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	8	Nil
H. Bhargava	Independent Director	3	...	2
A. Duggal	Independent Director	3	8	2
S. Mukherjee	Independent Director	1	1	Nil
A. Nayak	Independent Director	Nil	3	Nil
N. Rao (Ms.)	Independent Director	3	6	2
A. K. Seth	Independent Director	Nil	3	Nil
M. Shankar (Ms.)	Independent Director	3	8	1
N. Doda	Non-Executive Director Representative of the General Insurers' (Public Sector) Association of India as Investor	Nil	...	Nil
M. Gupta	Non-Executive Director Representative of the Life Insurance Corporation of India as Investor	1	...	1
S. Panray	Non-Executive Director Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor	Nil	...	Nil
D. R. Simpson	Non-Executive Director Representative of TMI as Investor	4	5	Nil

*Tenure of the Directors has been computed on the basis of period served on the Board since their appointment. In case of Independent Directors, such period has been reckoned from the date from which their initial appointment was approved by the shareholders of the Company under the statute. Fractions, if any, have been rounded off.

6 Meetings of the Board were held during the year ended 31st March, 2022.

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 the 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 2022](#).

The ITC Code of Conduct is derived from three interlinked fundamental principles:

- good corporate governance**
- good corporate citizenship**
- exemplary personal conduct**

in relation to the Company's business and reputation

Ethics and Integrity

The ITC Code of Conduct, as adopted by the Board, is applicable to the 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, avoidance of conflict of interest and the philosophy of leading by personal example. The Code is shared with all new employees at the time of joining the Company and a copy thereof is signed by them affirming compliance with the Code. In addition, all Directors and senior management affirm compliance with the Code on an annual basis. Further, the Code is also shared with the existing employees periodically and their affirmation is taken to reinforce the Code and ensure its Company-wide implementation.

The Head of Human Resources (HR) of the respective Business/Head of Corporate HR, as applicable, has been empowered to address any queries from employees pertaining to the ITC Code of Conduct. Any violation of the Code 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.

The Company has a diversified business portfolio, which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders' aspirations and societal expectations. The Chief Executive is therefore generally chosen from amongst the executive management of the Company.



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 also kept abreast on all business-related matters, risk assessment & minimisation procedures, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time.

The Nomination & Compensation Committee has 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. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia,

against the role and responsibilities of the Board as provided in the statute and 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. These parameters include securing alignment of the Company's goals with the nation's economic, ecological and social priorities, ensuring that the Company has a clearly defined strategic direction for realisation of its vision, and supporting the Company's management to meet challenges arising from the operating & policy environment in the country.

Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen 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 peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of the Company.

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. The Code, inter alia, clarifies that conflict of interest may arise when (a) an employee or a family member (family member includes spouse, children, siblings and parents) has a material interest in an entity that has a business relationship with the Company or is being evaluated for a commercial transaction, or (b) an employee is in a position to benefit someone with whom he/she has a close relationship, in relation to the Company's business. However, this is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or any potential conflict must be disclosed to higher management for guidance and action as appropriate.

Further, where situations of conflict of interest arise, the same is required to be immediately brought to the notice of the Head of Finance and Head of Human Resources (HR) of the respective Business/ Chief Financial Officer and Head of Corporate HR, as applicable. In such scenarios, apart from informing the relevant managers, the ITC Code of Conduct requires the concerned employee to maintain objectivity in his/her decision making, carry out rigorous due diligence, and always maintain the primacy of the Company's interests.

The Company also has a Whistleblower Policy which encourages Directors and employees to bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected

instances of leak of unpublished price sensitive information that could adversely impact the Company's operations, business performance and/or reputation.

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 also 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 disclosures and confirmations are placed before the Board annually.

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 2022](#), and also to the regulatory authorities, as necessary.

The Company also 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.

GOVERNANCE

Remuneration Policy

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with the Company'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 globalised environment, while delivering superior and sustainable stakeholder value.

It is the Company's Policy to encourage collective ownership and drive achievement of the Sustainability goals, which have been included as a factor in assessing Business performance, which, in turn, contributes in determining remuneration of the employees of the Company.

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. The Board determines the remuneration of the Chairman, other Executive Directors, Key Managerial Personnel and Senior Management (i.e. CMC Members), on the recommendation of the Nomination & Compensation Committee; further, the remuneration of the Chairman and other Executive Directors is 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. Apart from fixed elements of remuneration and benefits/perquisites, the Chairman, other Executive Directors, Key Managerial Personnel and Senior Management are also eligible for Long Term Incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee or the Board;

such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals.

The aforesaid elements of compensation design facilitate alignment of the priorities of the Chairman, other Executive Directors, Key Managerial Personnel and Senior Management with the long-term interests of stakeholders.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of the Chairman and other Executive Directors who have all been drawn from the management cadre. The statutory provisions will however apply.

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.

The ratio of remuneration of the highest paid employee to the median remuneration for the year 2021-22 was 224:1. The total remuneration of the highest paid employee has increased by 5% and the median remuneration of employees has increased by 4% in the financial year 2021-22.

The Company believes in conducting business in a transparent manner and does not indulge in bribery or corruption.

Anti-Competitive Behaviour

The Company does not engage in any anti-competitive behaviour.

The Company expects the highest standards of ethical conduct in all its endeavours. In terms of the ITC Code of Conduct, the Company believes in conducting business in a transparent manner and does not indulge in bribery or corruption.

Further, in terms of the Company's Code of Conduct for Suppliers and Service Providers, all Suppliers and Service Providers of the Company are required to avoid any actual or potential conflicts of interest in their business dealings with the Company that could create a perception of unfairness or lead to uncompetitive favours, and are also required to disclose any such situation of conflict of interest, including involvement or interest of any employee of the Company or his/her immediate family members in their business.

Two legal proceedings under the Competition Act, 2002 are pending:

- » The Competition Commission of India (CCI) approved the transaction of acquisition of brands 'Savlon' and 'Shower to Shower' by the Company on merits, but imposed a penalty of ₹ 5 lakhs on the Company on the ground that the Company had not notified the transaction to the CCI. The Company believes that the transaction was not notifiable. The Company has accordingly filed an appeal and obtained an interim stay on the order passed by the CCI.
- » The CCI has registered two cases against 22 paper mills/ paper manufacturing companies including the Company, on the allegation of simultaneous increase in prices of few varieties of paper. The increase in price was market led and mainly related to increased cost of wood pulp, the primary raw material. The Company is contesting the matter.

Basis legal advice, the Company believes that both the aforesaid proceedings are without substance.



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

Board of Directors

Headed by Chairman & Managing Director

Board Committee on CSR and Sustainability

Headed by Chairman & Managing Director

Corporate Management Committee

Headed by Chairman & Managing Director

Sustainability Compliance Review Committee

Chaired by Group Head-Sustainability, and CMC Member

Divisional CEO & Divisional Management Committees

Unit Level Responsibility

Sustainability Coordinators across Divisions

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. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board forms part of the role of the Committee. The Committee also reviews the Business Responsibility and Sustainability Report of the Company and recommends the same to the Board for adoption, and approves the Sustainability & Integrated Report of the Company.

The CSR and Sustainability Committee comprises the Chairman of the Company and seven 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. During the year, four meetings of the Committee were held, inter alia, to review the CSR and sustainability initiatives of the Company.

The names of the members of the Committee and the details of meetings held during the year are provided in the [Company's Report & Accounts 2022](#)

Sustainability Compliance Review Committee (SCRC)

The Corporate Management Committee (CMC) has 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, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.

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

Chief Sustainability Officer

The Company has appointed a Chief Sustainability Officer (CSO) who is, inter alia, responsible for periodic review of material issues, scanning the external environment for evolving sustainability trends and regulations, monitor the progress on sustainability targets and facilitate the Businesses & Corporate Functions in implementing sustainability initiatives. The CSO reports to the Group Head of Sustainability who is also a CMC Member and the Chairman of the SCRC. The CSO provides progress reportbacks on the Company's sustainability initiatives to the senior leadership at ITC.

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 Policy on Stakeholder Engagement, Policy on Responsible Advocacy, Policy on Product Responsibility, Policy on Sustainable Supply Chain and Responsible Sourcing, Policy on Freedom of Association, Policy on Diversity, Equity and Inclusion, Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, Policy on Environment, Health and Safety, Code of Conduct for Suppliers and Service Providers, Policy on Biodiversity Conservation, Policy on Deforestation, Policy on Resource Efficiency, Policy on Tax, and Policy on Animal Testing.

The aforesaid 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. Most of these Policies were comprehensively reviewed and updated during the year to reflect the current practices followed by the Company and also taking into account the evolving industry practices & standards.

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

Implementation

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

Stakeholder engagement

Strengthening Relationships with All Stakeholders

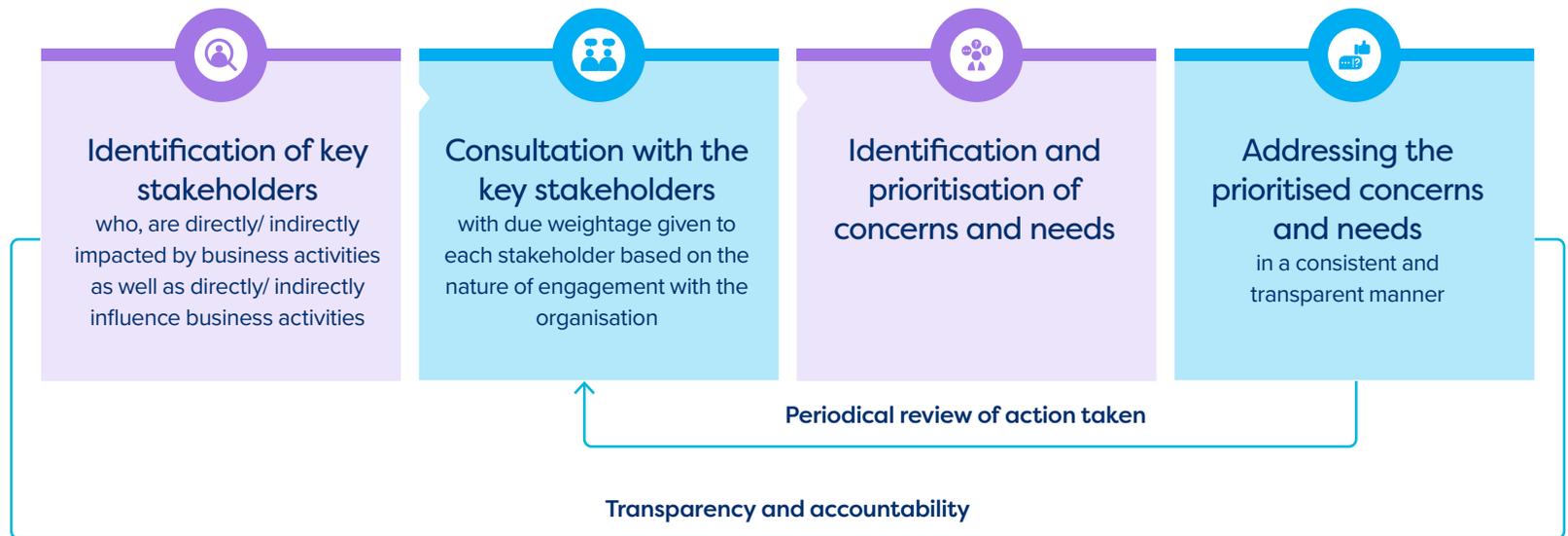
As an Enterprise of Tomorrow, ITC acknowledges its responsibility in meeting stakeholder expectations in today's fast-changing consumer, political and business landscape. An effective engagement with stakeholder groups plays an important role in ensuring that ITC continues to create larger societal value.

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



STAKEHOLDER ENGAGEMENT

Consultation with Key Stakeholders for Sustainable Solutions

Creating enduring value for the stakeholders in accordance with the triple bottom line approach has been ITC's core strategy. To understand the stakeholder needs and evolving expectations of stakeholder, ITC engages in regular interactions with various stakeholders including Governments, development agencies, research organisations and communities. Such multi-disciplinary engagement processes stimulate deeper and nuanced understanding of challenges and enable the emergence of customised solutions which help in creating enduring value.

Providers of financial capital



Consultation mechanism

- » 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 and for receiving investor complaints
- » Regular interaction with institutional investors

Key issues

- » Improved profitability and growth of the organisation
- » Transparent and effective communication
- » Investor servicing
- » Sound corporate governance mechanisms
- » Providing deeper insights into the Company's Corporate Strategy and operating segments

Select stakeholder engagements conducted during FY2021-22

- » Annual General Meeting of the Company held on 11th August, 2021 through virtual mode
- » Addressing to various queries of shareholders from time to time
- » E-mailing of financial results, along with Media Statements and presentations on such results, on a quarterly basis
- » Participation by the Company's representatives in Investor Conferences
- » Holding of 'Institutional Investors and Financial Analysts Day'

Government and regulatory authorities



Consultation mechanism

- » Representation on policy issues through industry associations and other bodies
- » Participation in policy advocacy discussions at various forums

Key issues

- » Regulatory compliance
- » Sound corporate governance mechanisms
- » Tax revenues
- » Improvement in use of natural resources
- » Transparency in disclosures
- » Livelihood generation

Select stakeholder engagements conducted during FY2021-22

- » Representations on policy issues submitted to regulatory authorities through industry associations and other bodies



Customers



Consultation mechanism

- » Market surveys
- » Direct connect/ visits
- » Personalised lifestyle privilege programme
- » Customer satisfaction surveys
- » Key account management

Key issues

- » 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

Select stakeholder engagements conducted during FY2021-22

- » Sustainable Tobacco Programme (STP 2.0) for MNCs
- » Thrive programme exclusive to BAT
- » Leaf Partnership Programme with Imperial Group
- » Human rights impact assessment programme for JT, BAT and Imperial Brands
- » A Customer Relationship Management (CRM) platform has been implemented for capturing customer complaints, queries, feedback and suggestions received across channels



STAKEHOLDER ENGAGEMENT

Employees



Consultation mechanism

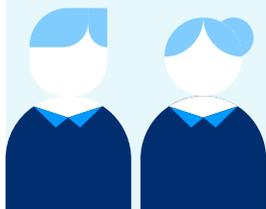
- » Induction programmes/ trainings/ workshops
- » Individual performance appraisal
- » Employee engagement survey
- » Grievance handling processes
- » Trade union meetings

Key issues

- » Caring and empowering work environment
- » Personal development and growth
- » Health and safety
- » Grievance resolution
- » Competitive compensation

Select stakeholder engagements conducted during FY2021-22

- » Studio One Chairman's townhall
- » Studio One Xchange – personalised interactions with CMC members
- » Townhalls with Business Heads and Leadership Teams
- » Grievance redressal platforms
- » Skip level meetings
- » ITC's employee engagement survey, namely iEngage
- » Interactions with Employee Resource Groups, Diversity Councils
- » Trade Union Meetings



Farmers



Consultation mechanism

- » 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

Key issues

- » 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.

Select stakeholder engagements conducted during FY2021-22

- » More than 7,000 Farmer Field Schools and 3,059 Choupal Pradarshan Khets were capacitated to disseminate knowledge to farmers
- » Aimed at boosting agricultural and allied activities in 27 backward districts of 8 states under the Aspirational Districts programme, around 5.9 lakh farmers have been covered leveraging digital modes through over 6,245 WhatsApp groups, in collaboration with NITI Aayog. Over 6 lakh farmers covered through physical trainings



Value chain partners



Consultation mechanism

- » Manufacturers' meets
- » Vendor meets
- » Pre-agreement negotiations
- » Procurement agreements

Key issues

- » 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

Select stakeholder engagements conducted during FY2021-22

- » Various tech-enabled avenues have been constructed to constantly receive feedback and ideas from value chain partners. A portal called Aikyam, captures ideas and feedback provided by ITC's partners, which are evaluated and taken forward by the business. This has enabled both product enhancements and process efficiencies.





STAKEHOLDER ENGAGEMENT

Media



Consultation mechanism

- » One-on-one media interviews with the Senior Management
- » Press conferences by Senior Leadership
- » Press releases
- » Advertisements
- » Media Partnerships & Campaigns

Key issues

- » Transparent and accurate disclosure to stakeholders
- » Awareness on ITC's Businesses, Brands & Sustainability initiatives
- » Enhancing Corporate Reputation

Select stakeholder engagements conducted during FY2021-22

- » Details of latest press releases, media reports and senior management interviews are available on the 'Media Centre' section of ITC portal.

<https://www.itcportal.com/media-centre/index.aspx>

Civil Society



Consultation mechanism

- » Partnerships for implementation of CSR programmes under 'Mission Sunehra Kal'
- » Discussions on community issues with civil society organisations

Key issues

- » Financial support for community development programmes
- » Managerial support
- » Environmental impacts
- » Safe products and services
- » Responsible corporate citizenship

Select stakeholder engagements conducted during FY2021-22

- » ITC's Social Investments Programme has established Implementation Partnerships with 74 NGOs for execution of 122 projects pan-India



Local communities



Consultation mechanism

- » 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

Key issues

- » 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

Select stakeholder engagements conducted during FY2021-22

- » Comprehensive needs assessment exercise undertaken in 2015-16 was revisited across across 3,718 villages in 21 factory and 7 agri catchments. The assessment involved primary and secondary data collection using quantitative and qualitative tools through 6,771 Household surveys, 169 Key Informant Interviews, 656 Focus Group Discussions and 168 Participatory Rural Appraisal exercises.
- » In addition to all the other community interactions and stakeholder engagements, 20 community engagements were held across 6 states to discuss and capture views, issues and complaints, if any, of the community members.



Material Issues

ITC's Materiality Analysis

The process of materiality assessment involves periodic scan of stakeholder expectations across Businesses and validation with senior management in line with business priorities.

ITC's materiality analysis is based on the following three-pronged approach

Identification of Material Aspects

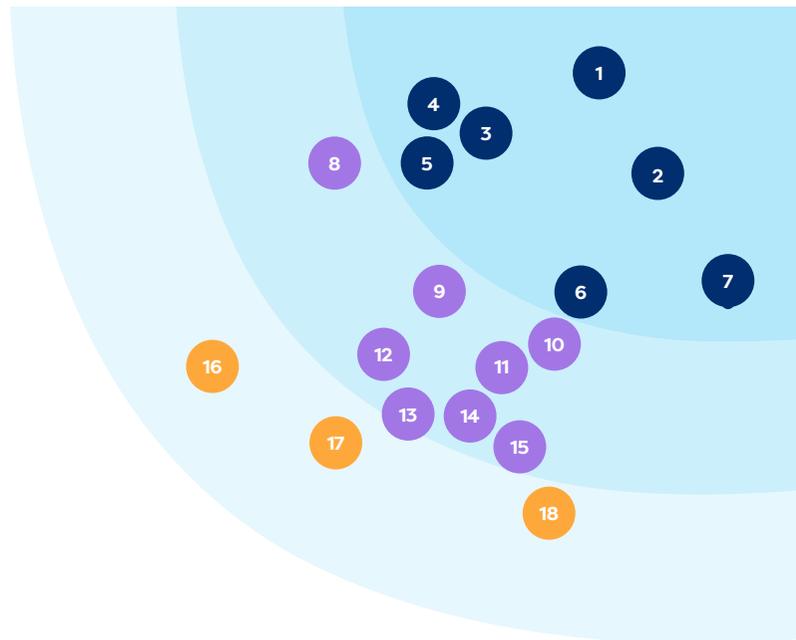
- » Relevance of various aspects in terms of boundary of impacts
- » Cognition of sector specific issues
- » Evaluation of relevance to stakeholders

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

Validation

- » Review by Management



Disclosure on Material Topics

Material issues are one of the inputs for medium and long-term planning. 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 them. ITC's approach towards managing each material issue has been presented throughout this report. A mapping of all the material issues with respective sections of the report is available in the table below:

1 Consumer Experience <i>Product Sustainability</i>	2 Ethics and Governance <i>Governance</i>	3 Water Security for all <i>Towards Water Security for All</i>
4 Climate Resilient Agriculture <i>Next-Generation Agriculture</i>	5 Sustainable Livelihoods <i>Mission Sunehra Kal for Sustainable & Inclusive Growth</i>	6 Sustainable Packaging <i>Sustainably Managing Waste</i>
7 Business Success <i>ITC's Approach to Value-creation</i>	8 Health and Safety <i>Workforce of Tomorrow</i>	9 Climate Resilient Operations <i>Building Climate Resilience</i>
10 Human Rights <i>Workforce of Tomorrow</i>	11 Innovation <i>ITC's Approach to Value-creation, Product Sustainability</i>	12 Sustainable Products & Brands <i>Product Sustainability</i>
13 Responsible Marketing <i>Product Sustainability</i>	14 ESG Risk Management <i>Strategic Risk Management</i>	15 Diversity and Inclusion <i>Workforce of Tomorrow</i>
16 Biodiversity management <i>Biodiversity Management</i>	17 Responsible Sourcing Practices <i>Inclusive Value Chain</i>	18 Learning and Development <i>Workforce of Tomorrow</i>

● High Importance ● Medium Importance ● Low Importance

Strategic Risk Management

Strategic Risk Management

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

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

- » The Corporate Governance Policy approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational.
- » The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of ITC as a whole and provides necessary directions on the same. It also reviews the implementation, effectiveness

and adequacy of the risk management policy, plans and systems of the Company.

- » The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- » The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Risk Management System

ITC endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of ITC have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This year, Agri Business Division – Agri Business SBU, Personal Care Products Business and Life Sciences & Technology Centre have been assessed for compliance for ISO 31000 Risk Management Standard. This is an addition to the 6 Divisions/SBUs which were previously assessed for Compliance to the ISO 31000 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.

Corporate IT Steering Committee

The Corporate IT Steering Committee (CITSC), is the apex committee across the Company for key matters related to Information Management Governance, Risk Management, Compliance and Cyber Security. The Committee is chaired by the Wholetime Director on the Board of ITC and Chief Financial Officer of the Company.

Cyber Security Committee

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

For more information on the Risk Management Framework, please refer to the Risk Management section of the Report of the Board of Directors forming part of ITC's Report and Accounts 2022.

CSR and Sustainability Committee

Refer to ESG and Sustainability Governance in Governance section of this Report

Business Continuity Management (BCM)

Designed to address the threat of disruptions to business activities or processes, Business continuity and resilience planning validates the adequacy of the existing systems and processes to prevent and recover from potential threats. It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident.

Business Continuity Plans have been made comprehensive to include all facets of operations and are being tested at pre-determined intervals. These Plans have been duly approved by the MC of the Businesses.



STRATEGIC RISK MANAGEMENT

Risk 1: Increasing complexity of operations in the context of a highly diversified business portfolio

Material issues linked: Business success, Innovation, Sustainable Products and Brands, Ethics & Governance, ESG Risk Management, Learning and Development

Risk mitigation strategy

- 1 ITC's Strategy of Organisation and three-tier governance structure ensure that:
 - » Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors with objectivity, thereby sharpening accountability of management;
 - » Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
 - » Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.
- 2 ITC believes that the right balance between freedom of management and accountability to shareholders can be achieved by segregating strategic supervision from strategic and executive management.
- 3 The governance framework of the Company enables each business to focus on its operating segments, while harnessing the diversity of the Company's businesses to create unique sources of competitive advantage.
- 4 Drive synergistic growth and enhance the competitive power of the portfolio by blending the diverse skills and capabilities residing in the various Businesses of the Company.

Risk 2: Delivering superior performance amidst heightened competitive intensity

Material issues linked: Business success, Ethics & Governance, Sustainable Products and Brands, Consumer Experience, Innovation, Responsible Sourcing Practices, ESG Risk Management, Innovation

Risk mitigation strategy

- 1 Deep understanding of consumer preferences and customer needs through robust consumer insight discovery processes and close collaboration with key customers.
- 2 Purposeful innovation for impactful business outcomes powered by focused R&D platforms nurtured by LSTC and robust product development processes at the Business level.
- 3 Future-ready portfolio addressing existing and emergent consumer needs anchored on world-class B2C and B2B brands; continual premiumisation of portfolio with enhanced focus on value added products.
- 4 Distributed and state-of-the-art manufacturing facilities and an agile and responsive supply chain.
- 5 Multi-channel go-to-market model; focused investments in augmenting capability in emerging channels such as e-Commerce, Modern Trade, Food Services, On-the-Go etc.
- 6 Integrated business model with strong backward linkages, as applicable
- 7 Seamless access to institutional strengths resident in various businesses of the Company to drive synergistic growth and enhance the competitive power of the portfolio.
- 8 Increasing use of digital technologies spanning the strategic impact areas of Customer Experience, Smart and Agile Manufacturing & Supply Chain Operations, Employee Engagement and Intelligent Insights Platforms.
- 9 Sustainable business practices embedded in business strategy; Sustainability 2.0 agenda set with bolder goals to sustain the Company's status as a global exemplar in Triple Bottom Line performance.
- 10 Relentless focus on strategic cost management and enhancing productivity across the value chain.
- 11 World-class, diverse and highly motivated talent pool of professional entrepreneurs - 'proneurs'

Please refer to write-ups on each operating Segment in the Report of Directors & Management Discussion and Analysis for further details

STRATEGIC RISK MANAGEMENT

Risk 3: Attracting and retaining the best talent in a competitive market

Material issues linked: Learning & Development, Diversity & Inclusion, Health & Safety, Human Rights

Risk mitigation strategy

- 1 Strengthening and communicating ITC's talent proposition about 'Building Winning Businesses. Building Business Leaders. Creating Value for India'.
- 2 Providing meaningful and challenging roles which enrich individual capability and act as a powerful incentive to stay, learn and grow.
- 3 Building a robust talent pipeline across responsibility levels through requisite quality in key roles, depth of bench and reliable succession plans.
- 4 Investments in capability building of managers through access to the best-in-class upskilling programmes and development interventions, hence providing the confidence to talent that ITC offers an enriching learning environment.
- 5 Recognising and nurturing Specialism so that employees who wish to focus on niche, business critical skills can continue to grow in their area of expertise.
- 6 Benchmarking compensation to the relevant market periodically, ensuring strong alignment with short term and long-term performance, particularly at senior levels and ring-fencing top talent.
- 7 Energising and nurturing pride in membership through frequent leadership outreach to managers

Risk 4: Employee relations/ disputes impacting operations and productivity

Material issues linked: Learning & Development, Diversity & Inclusion, Health & Safety, Human Rights

Risk mitigation strategy

- 1 Nurturing a collaborative employee relations culture through participative forums which foster employee involvement in operations and create greater commitment to shared goals.
- 2 Recognition of the collective bargaining process, and engagement with employee representatives in the spirit of finding mutually acceptable solutions.
- 3 Ensuring grievance management systems and compliance with principles of natural justice in dealing with grievances and complaints.
- 4 Wages based on region cum industry benchmarks, competitive context of the Business and a reasonable portion of it aligned to performance.
- 5 Communication of ITC's principle-based employee relations systems to managers and workmen.

STRATEGIC RISK MANAGEMENT

Risk 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.

Vagaries of weather caused by climate change impacting crop cycles, output and productivity.



Material issues linked: Water Security for All, Climate Resilient Agriculture, Climate Resilient Operations, ESG Risk Management, Sustainable Packaging, Biodiversity management, Sustainable Products and Brands, Responsible Sourcing Practices

Risk mitigation strategy

- 1 Continue to focus on energy conservation and enhancing the share of renewables in ITC's total energy requirement.
- 2 Enhance efficiency by monitoring the carbon footprint of operations, optimise distribution networks and work towards building resilience against the impacts of climate change;
- 3 Adoption of water stewardship approach to achieve water security for its stakeholders within the defined catchment areas of units located in high water stress areas
- 4 Design products and packaging in a manner that improves recyclability especially for plastic packaging and create a time bound road map such that 100% of packaging is reusable, recyclable or compostable.
- 5 Comprehensive programmes on social forestry, soil and moisture conservation, biodiversity conservation and sustainable agriculture.
- 6 Enabling sustainable management of waste and operationalise Reduce-Reuse-Recycle waste-management model.
- 7 Securing agri value chains for ITC's major crops and continue to collaborate with supply chain partners for responsible sourcing.
- 8 Contingency planning in supply chain.
- 9 Micro segmentation of growing zones and developing appropriate package of practices and precision farming techniques to mitigate impact of weather.
- 10 Development of drought tolerant and high yielding varieties to improve productivity by adopting micro region-specific agronomic practices.

Risk 6: Disruption across the value chain arising out of unforeseen events like the COVID-19 pandemic

Material issues linked: Business Success, Consumer Experience, Health & Safety, Responsible Sourcing, Sustainable Livelihoods & ESG Risk Management

Risk mitigation strategy

- 1 Learnings from the pandemic have been seamlessly incorporated in the day-to-day procedures as part of the 'new normal'. Processes and protocols have been institutionalised across all nodes of operations to deal with the outbreak of the pandemic situation.
- 2 Cross-functional Crisis/Contingency Management Teams, both at the Business as well as at the Corporate level for continually reviewing strategic, operational, and financial matters.
- 3 Business continuity plans for securing key material supplies including usage of substitute materials, identification of alternate/domestic vendors, identification and activation of potential alternative manufacturing capacities to supplement existing facilities.
- 4 Close monitoring of emergent consumer trends backed by robust innovation and research platforms of ITC's Life Sciences & Technology Centre (LSTC) along with strong product development capabilities at the Business level.
- 5 ITC Agri Business's wide geographical spread, multiple sourcing models, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages.
- 6 "WeAssure" programme, designed to reassure guests of best-in-class hygiene and safety standards, rolled out across all operating hotels.

STRATEGIC RISK MANAGEMENT

Risk 7: Impact of high taxation and stringent regulations on legal cigarette industry in India

Sub-optimisation of revenue potential of the tobacco sector due to shift in consumption to lightly taxed/ tax-evaded tobacco products.

Fillip to contraband cigarette trade in India due to attractive arbitrage opportunities; significant loss of revenue to the exchequer.

Subdued demand for Indian tobacco due to pressure on legal cigarette industry volumes; adverse impact on farmer earnings and livelihoods dependent on tobacco value chain

Material issues linked: Responsible Marketing, Business Success, Ethics & Governance.

Risk mitigation strategy

- 1 Engagement with policy makers for an equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, having regard to the unique tobacco consumption pattern in India; highlighting the growing threat of illegal and smuggled cigarettes.
- 2 Corporate strategy to create multiple growth drivers by developing a portfolio of world-class businesses, matching organisational capabilities with market opportunities

Risk 8: Corporate and Brand Reputation

Risks arising due to inadequate protection against malicious attacks, misinformation, trademark infringement, misrepresentation or fraudulent activity, including those on digital and social media. This can impact ITC's customer loyalty/consumer franchise and reputation.

Material issues linked: Consumer Experience, Business Success, Responsible Marketing, Sustainable products and brands

Risk mitigation strategy

- 1 Structured and targeted media-engagement plan in place.
- 2 Effective engagement and responsible advocacy with stakeholders on issues relating to ITC's products, services, initiatives and business practices.
- 3 Leveraging publicly available web applications and dedicated brand advocacy platforms to disseminate information about ITC and its brands digitally.
- 4 Sustained communication of ITC's commitment to the protection of the environment and well-being of society and stakeholders.
- 5 Mechanisms have been put in in place to respond to any fake or malicious posts, including in social media, that can impact the reputation of ITC, its businesses and brands.

Risk 9: Market risks, credit risks and liquidity risks impacting ITC's operations and revenues

Material issues linked: Ethics & Governance

Risk mitigation strategy

- 1 Robust risk management practices in place, governed by a combination of centrally issued policies and standard operating procedures at the Business level.
- 2 Centralisation of treasury operations for the deployment of surplus liquidity and management of forex exposures within a well-defined risk management framework.
- 3 Independent and regular internal audits, supported by project and IT audits, and Risk Management Cell.
- 4 Comprehensive framework in place to manage risks arising out of commodity sourcing and agri-commodity trading (including effective market monitoring systems, continuous tracking of net open positions and 'value at risk' against approved limits, use of futures contracts, backward integration and in-house manufacturing).
- 5 Large and diverse customer base leading to diversification of risk.
- 6 Zero-debt Balance Sheet with strong cash generation from operations

Risk 10: Disruption of business operations due to non-availability of critical Information Assets, Information Technology (IT) systems and cyber attacks

Material issues linked: Ethics & Governance, ESG Risk Management

Risk mitigation strategy

- 1 Identification of critical IT systems, important information Assets and establishing robust IT Continuity Plans along with periodic review and testing thereof.
- 2 Implementation of contemporary security practices and technologies including access management for critical business applications
- 3 ITC Corporate Data Centres are ISO 27001 certified providing an independent third-party assurance of the effectiveness of the Company's information security management system (ISMS).
- 4 IT Security controls have enabled secure 'Work From Home' regime and facilitated uninterrupted business operations.
- 5 Periodic review of ITC's IT security posture by an independent third-party expert specialising in Information Security along with time bound implementation of recommendations.

Creating Sustained Economic Value

Value Creation Track Record of ITC



The Company’s innovative business models synergise to the building of economic, environmental and social capital for the nation through superior ‘Triple Bottom Line’ performance. With Digital and Sustainability as the bedrock of the Company’s corporate strategy, the superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - ‘Responsible Capitalism’ - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

As the world prepares for a post-pandemic future, the Company is actively working towards Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change. With its bold Sustainability 2.0 ambitions, the Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful contribution to the Nation’s future while retaining its status as a sustainability 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.

Key Developments & Outlook

After a tumultuous 2020, the world economy witnessed a sharp recovery, on the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across economies. As per IMF estimates, global growth in 2021 stood at 6.1% (Vs. 3.1% decline in 2020); Advanced Economies grew by 5.2% (Vs. 4.5% decline in 2020) while Emerging Markets & Developing Economies clocked a faster pace of 6.8% (Vs. 2.0% decline in 2020). The recovery momentum was, however, weakened in course of the year by new strains of the virus and an unprecedented spike in commodity prices due to global supply chain disruptions, container shortages and congestion of ports.

FY2021-22 turned out to be another challenging year for the Indian economy, marked by heightened uncertainty and volatility due to the COVID pandemic. The Indian economy rebounded during the year growing by 8.9%, albeit on a low base. The Government of India continued to make concerted efforts, through several path-breaking initiatives across the areas of healthcare, infrastructure, welfare measures and digital, to support various sections of the economy during these turbulent times. An effective and focused vaccination programme also helped accelerate the pace of resumption of economic activities over the year.

ITC Financial performance*

Overall for FY2021-22, Gross Revenue at ₹ 591.01 billion increased by 22.7%, while EBITDA increased by 22.0% to ₹ 189.34 billion. Profit Before Tax at ₹ 198.30 billion grew by 15.5% over previous year and Profit After Tax stood at ₹ 150.58 billion (previous year ₹ 130.32 billion). Total Comprehensive Income for the year stood at ₹ 156.32 billion (previous year ₹ 132.78 billion). Earnings Per Share for the year stood at ₹ 12.22 (previous year ₹ 10.59).

* A comprehensive discussion on the significant socioeconomic, 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 2022.



CREATING SUSTAINED ECONOMIC VALUE



ITC Paperboards & Specialty Papers Unit in Bhadrachalam

Snapshot

KEY ECONOMIC INDICATORS (₹ BILLION)	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
Total Income	464.60	482.69	498.21	517.76	623.35
Profit Before Interest and Taxes (PBIT)	169.38	184.78	192.23	172.12	198.71
Cost of Bought out Goods and Services	196.20	229.64	232.47	251.02	326.76
Employee Benefits Expense	24.87	27.28	26.58	28.21	30.62
Payments to Providers of Capital	100.18	110.50	151.92	130.79	151.00
- Dividend/ Interest to Providers of Capital	63.72	70.83	125.32	132.78	142.13
- Retained Profits	36.46	39.67	26.59	(1.99)	8.86
Financial Assistance received from Government due to be paid <i>(Outstanding Balance of Deferred Sales Tax for Paperboards and Specialty Papers Business, by State of Andhra Pradesh - interest free deferral period of 14 years)</i>	0.18	0.11	0.08	0.06	0.05
Financial Assistance received from Government <i>(on account of fiscal and export incentives etc.)</i>	0.87	1.00	1.20	0.43	2.59

Read more <https://www.itcportal.com/investor/index.aspx>

Total assets and returns

The net capital employed stood at ₹ 631 Billion as at 31st March, 2022 (previous year ₹ 607 Billion) generating profit before interest and taxes (PBIT) of ₹ 199 Billion (previous year ₹ 172 Billion).

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 across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale 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. Investments made are guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'Atmanirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

Net Capital Employed and PBIT (₹ Billions)



Net Capital Employed PBIT

CREATING SUSTAINED ECONOMIC VALUE

Shareholder returns & earnings Per Share

In the last two decades, ITC's non-cigarettes businesses have grown over 27-fold and presently constitute over two-thirds of Net Segment Revenue. Earnings Per Share stood at ₹ 12.22 for the FY2021-22 (previous year ₹ 10.59). Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 19.3% 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 five years, ITC's value addition aggregated approximately ₹ 2,500 billion of which over ₹ 1720 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.**

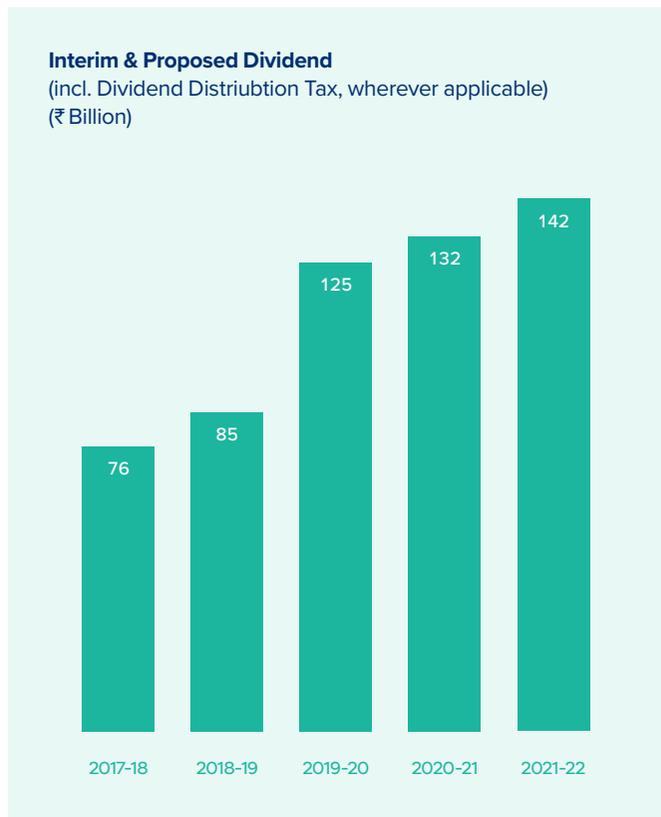
75%

of ITC's Value Added
accrues to the Exchequer

₹1,720 billion

Dividend

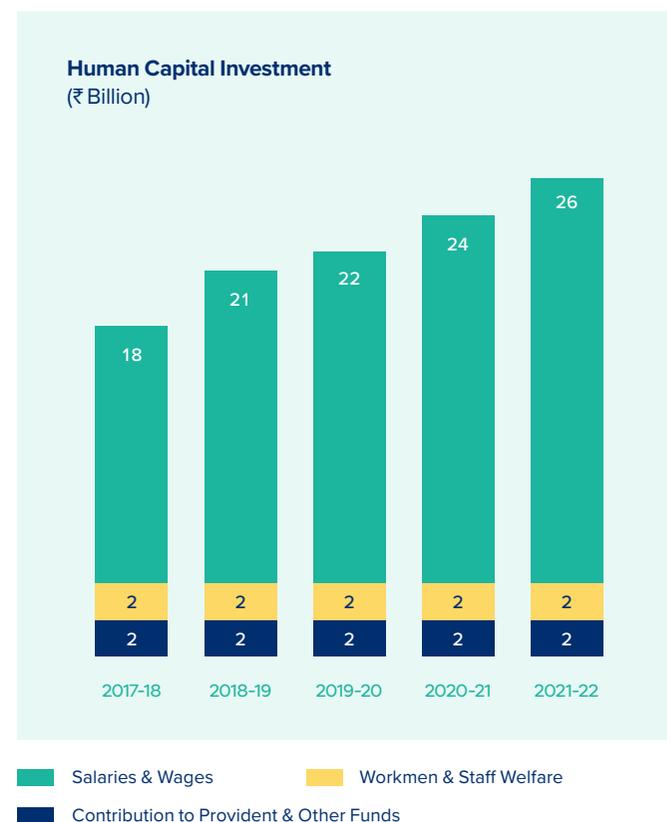
A final dividend of ₹ 6.25 per ordinary share of Re. 1 each for the financial year ended 31st March, 2022 has been recommended by the Board of Directors. Together with the interim dividend of ₹ 5.25 per share paid on 4th March, 2022, the total dividend for the financial year ended 31st March, 2022, amounts to ₹ 11.50 per share (previous year: ₹ 10.75 per share). Total cash outflow on account of dividends (including interim dividend of ₹64.69 billion paid in March 2022) will be ₹ 141.72 billion.



Employee benefits

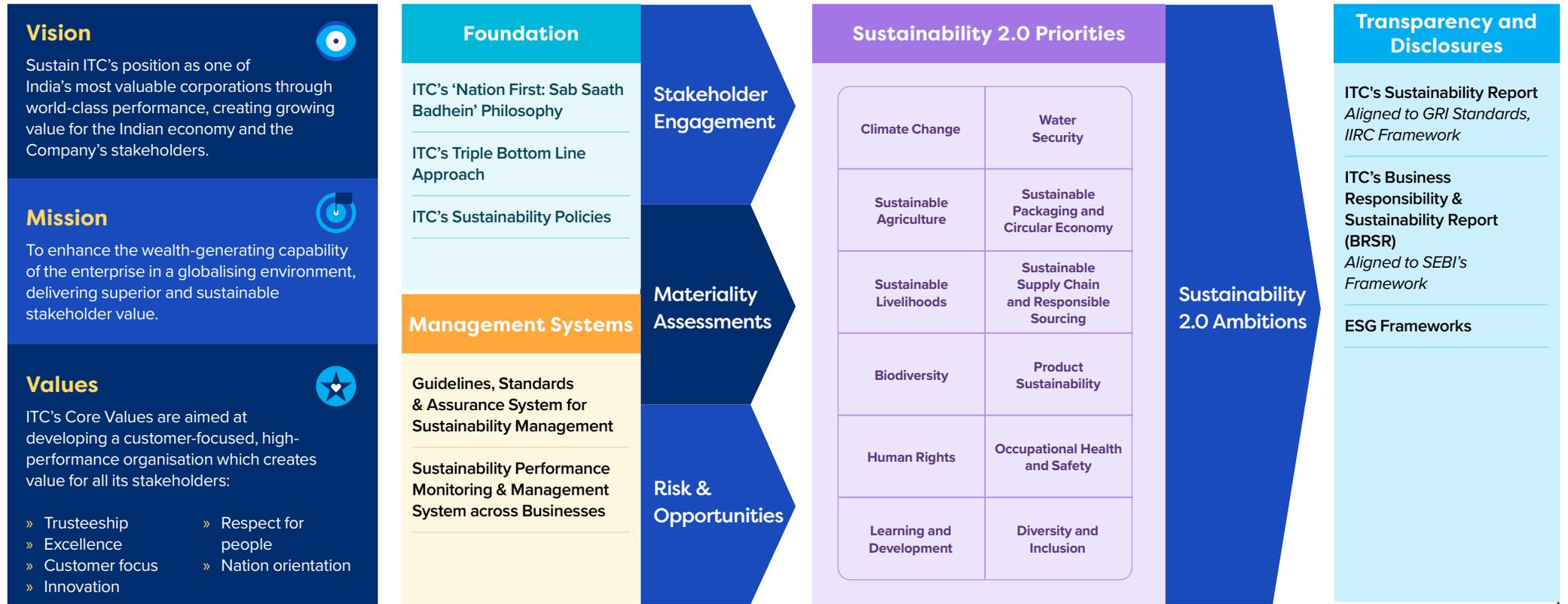
The employees are entitled to retirement benefit schemes which include employee pension, provident fund and gratuity. All statutory payments, as applicable, e.g., Provident Fund and Family Pension contributions, are deposited with the Government in a timely manner. The pension plans and other applicable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

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Sustainability 2.0 Management Framework



Enablers

ESG and Sustainability Governance

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

ITC-wide Sustainability Culture

ITC's long standing focus on 'Triple Bottom Line' and its strategy of 'Responsible Competitiveness' has embedded sustainability deep into the organisation's culture.

ITC's Sustainability Centres of Excellence

Over the last two decades, combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, ITC has created internal centers of excellence across critical areas like renewable energy, water stewardship, sustainable agriculture, inclusive business models and material sciences.

Partnerships and Collaborations

In order to drive systemic change, sustainable processes and create impact at scale, ITC leverages the power of partnerships and collaborations with relevant stakeholders.

Innovation and Digital

ITC's Life Sciences and Technology Centre (LSTC) works continuously to churn out game-changing, science-led innovative products and other business solutions. ITC's businesses are also deploying cutting-edge digital technologies for driving smart and sustainable impact

Sustainability 2.0 Ambitions: 2030 Targets



Climate Change

Goal	KPI	Target	Target Year	Baseline Year	Performance 2021-22	Progress
50% of Total Energy from Renewable Sources	% of Total Energy Consumed from Renewable Sources	50%	2030	-	42%	On Track
100% Purchased Grid Electricity Requirements ² from Renewable Sources	% of Total Electrical Energy (Grid Purchased) from Renewable Sources	100%	2030	-	50%	On Track
50% reduction in Specific GHG Emissions ³	% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production	50%	2030	2018-19	Paperboards & Specialty Papers Business: 18%↓ Branded Packaged Foods Businesses: 32%↓ Agri Business Division: 7%↑ Hotels: 12%↓ Packaging and Printing Business (PPB): 31%↓ FMCG Cigarettes: 9%↑	On Track
30% reduction in Specific Energy Consumption	% Reduction in Energy Consumed per Unit of Production	30%	2030	2018-19	Paperboards & Specialty Papers Business: 16%↓ Branded Packaged Foods Businesses: 31%↓ Agri Business Division: 4%↓ Hotels: 7%↓ Packaging and Printing Business (PPB): 4%↓ FMCG Cigarettes: 3%↓	On Track
Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programmes and other such initiatives	Area under Social and Farm Forestry (Acres)	1,500,000	2030	-	953,000 acres (cumulative)	On Track

²This includes all electricity sources except onsite power from co-generation plant. ³↑ Decline in KPI, ↓ Improvement in KPI



SUSTAINABILITY 2.0 AMBITIONS: 2030 TARGETS



Goal	KPI	Target	Target Year	Baseline Year	Performance 2021-22	Progress
40% reduction in Specific Water Consumption ⁴	% Reduction in Water Consumed per Unit of Production	40%	2030	2018-19	Paperboards & Specialty Papers Business: 16%↓ Branded Packaged Foods Businesses: 40%↓ Hotels: 10%↓ FMCG Cigarettes: 10%↓	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	1,330,000 (cumulative)	On Track
	Water Harvesting Structures (Nos)	50,000	2030	2016-17	25,000+ (cumulative)	On Track
	Storage Potential (Million KL)	60	2030	2016-17	45.27 (cumulative)	On Track
Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions	Million KLs of Potential Water Saved	2000	2030	-	496.5	On Track

⁴↑ Decline in KPI, ↓ Improvement in KPI



SUSTAINABILITY 2.0 AMBITIONS: 2030 TARGETS

	Goal	KPI	Target	Target Year	Baseline Year	Performance 2021-22	Progress
Plastic Waste & Circular Economy	100% of Packaging to be Reusable, Recyclable or Compostable/Bio-Degradable	% of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/Bio-degradable	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	-	>100% Achieved Plastic Neutrality	On Track
Sustainable Agriculture	Promote climate smart village approach in core agri-business catchments	Area Covered (Acres)	3,000,000	2030	2016-17	8,20,000	On Track
Biodiversity Conservation	Revive and Sustain Ecosystem Services Provided by Nature and Provisioning of Products through Adoption of Nature-based Solutions and Biodiversity Conservation.	Area Covered (Acres)	1,000,000	2030		133,000 acres (cumulative)	On Track
Sustainable Livelihoods	Supporting sustainable livelihoods for 10 million people by 2030	Sustainable Livelihoods supported (no.)	10,000,000	2030	-	6,000,000	On Track

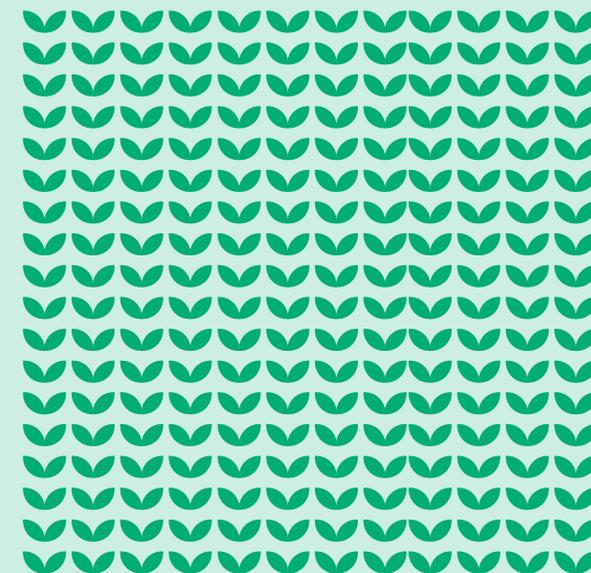


Preserving and Nurturing the Environment



Climate change is a reality, and the world is at the receiving end of its debilitating impacts. In developing and emerging economies such as India, comprising 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, are the mainstays of responsible enterprises, governments, and societies alike. Conscious actions and attention need to be directed towards issues, such as water security, sustainable and regenerative agriculture, and scientific waste management, among others.



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Environmental Management

ITC's Approach

ITC nurtures a culture of conservation that emphasises on prudent resource use, and encourages innovations that aid in reducing the dependence on natural resources. ITC is joining forces with some of the like-minded stakeholders to spearhead large-scale interventions, such as social and farm forestry, integrated watershed development, and sustainable agriculture practices, to name a few.



Policies

ITC is guided by a comprehensive set of policies, approved by its Board. These policies outline the Company's commitment to high standards on environmental stewardship. They also provide the necessary framework to address the direct environmental impacts of the Company's own operations as well as progressively extend the efforts to ITC's supply chain.

Practice

In line with ITC's sustainability roadmap, Businesses are moving ahead in a phase-wise manner to implement the aforementioned policies. The overall responsibility for ensuring implementation of Policies and Standards on

environmental performance rests with the Divisional/ Strategic Business Unit's (SBU) Chief Executives, who work with their respective management teams. Various committees designated with specific responsibilities have also been constituted for operationalising the Sustainability Policies.

The Corporate Sustainability department is responsible for reviewing and updating corporate standards, verifying compliance, and providing guidance and support as required. The progress and compliance of different businesses against the agreed roadmap are reviewed regularly by the Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee (CMC).

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



Building Climate Resilience

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

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

Approach

Decarbonising Operations

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

Building Climate Resilience across the Value Chain

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

Climate Change Highlights for FY2021-22

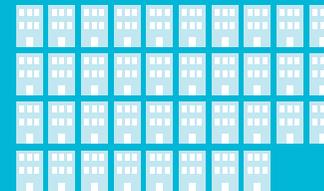
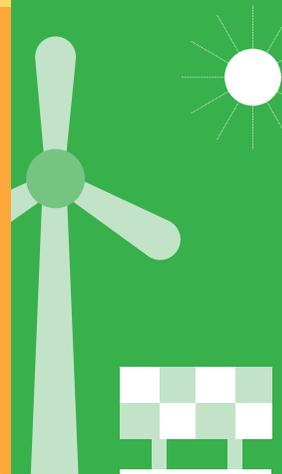


9 ITC units met more than 90% of their electrical energy requirements from renewable sources

in FY2021-22



Around 42% of ITC’s energy is from renewable sources



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

More than 950,000 acres

under forest cover, till date with addition of 76,608 acres of plantation added under social and farm forestry initiatives that resulted in

6,182 kilo tonnes of CO₂ sequestered in FY2021-22

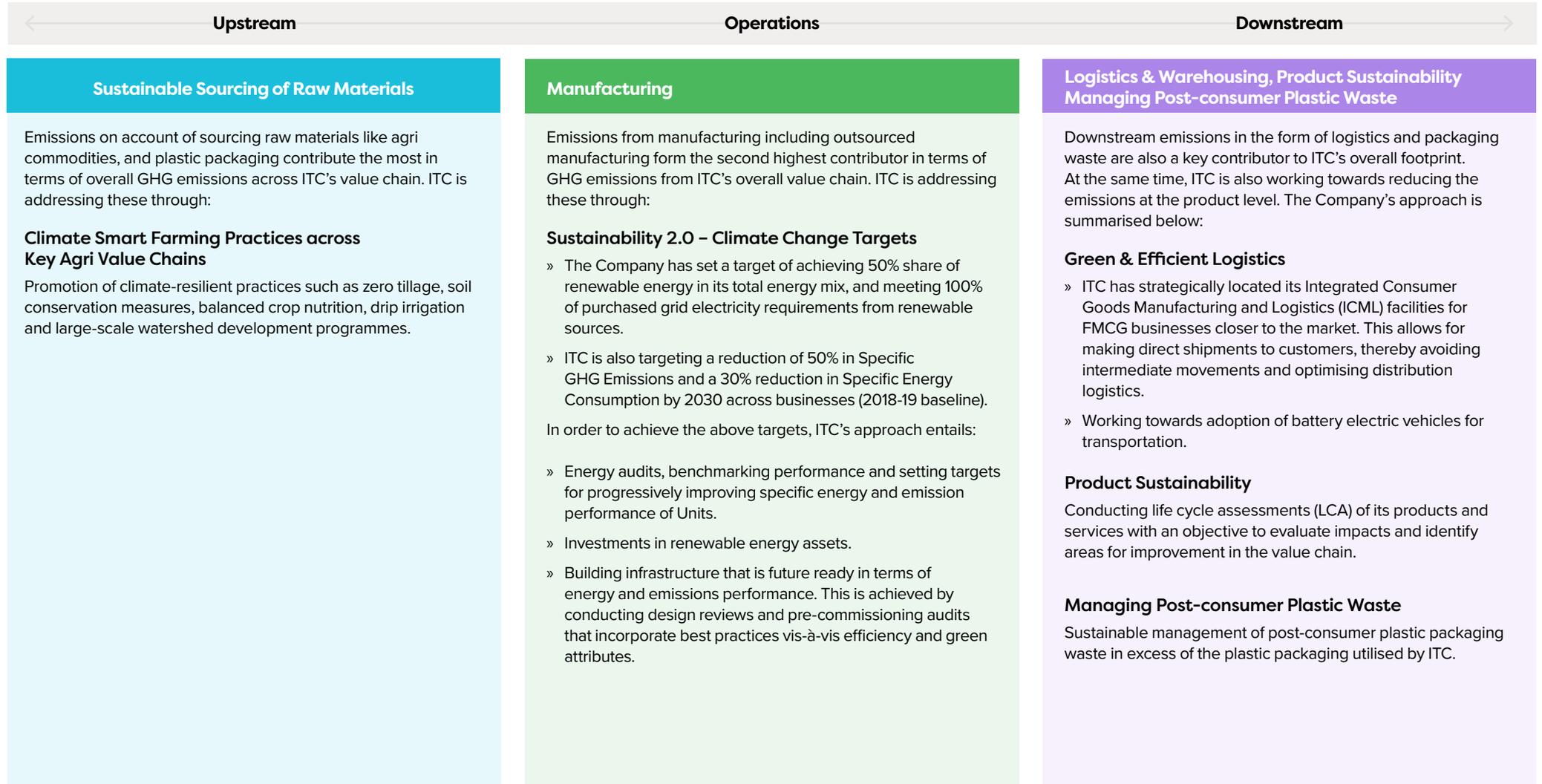




BUILDING CLIMATE RESILIENCE

Decarbonising Operations

ITC remains committed to steering its course towards a low carbon pathway. Towards this, ITC has mapped its greenhouse gas (GHG) emissions (Scope 1, 2 and 3) across the entire value chain. Below is a summary of ITC's existing strategies and major interventions:





BUILDING CLIMATE RESILIENCE



Sustainable Sourcing of Raw Materials

Select Highlights

The Climate-Smart Village initiative, aimed at building climate resilience of farmers, has covered over 8 lakh acres across 2,500 villages. The initiative resulted in reduction of GHG emission by 66% while enhancing net farmer income by 93% for Soybean crop in Madhya Pradesh. The Climate Smart Village initiative will be progressively extended to cover 3 million acre by 2030.

Manufacturing

Select Highlights

- » During FY2021-22, ITC commissioned a 14.9 MW offsite solar project in Tamil Nadu that will cater to the electricity requirements for ITC's Hotels and manufacturing Units of Foods, Paper and Packaging Businesses. This project will supply about 22 million kWh and help ITC Units in Tamil Nadu to reach about 90% of its grid electricity requirements from renewables. Apart from supplying green electricity, it also includes a rainwater harvesting system that recharges about 2 Million litres of water annually.
- » ITC has been the pioneer of green building movement in India with many firsts—ITC Green Centre at Gurugram being the first LEED® Platinum certified building in India, ITC Grand Chola is amongst the largest LEED® Platinum Hotel in the World and ITC Windsor being the first LEED® Zero Carbon Hotel in the World.
- » In the coming year, ITC's Paper Business will commission a state-of-the-art and future-ready High-Pressure Soda Recovery Boiler at the Bhadrachalam mill, in place of the conventional soda recovery boilers. 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.

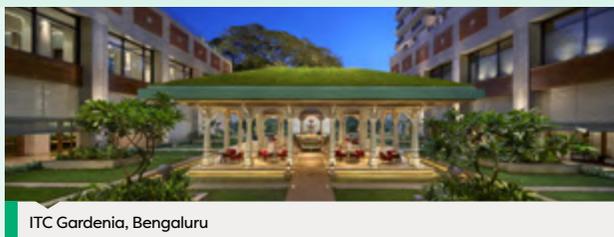
Logistics & Warehousing, Product Sustainability Managing Post-consumer Plastic Waste

Select Highlights

- » At Trichy, the first Ancillary Manufacturing & Logistics facility (AMLF) was commissioned during the year having advanced features like Automated Storage and Retrieval System (ASRS), Rail Guided Vehicles (RGV), conveyors & lifters integrated with multiple layers of optimisation software to minimise the movement of material by trucks between the plants. The site uses solar electricity leading to 86% reduction in GHG emissions. Roof top solar plants commissioned in Hyderabad and Ambarnath Warehouses during the year has helped in reducing the GHG emissions by 72% in these locations.
- » 'ITC One Supply Chain' initiative covering ITC's total network in India has resulted in route optimisation, improving the share of higher capacity vehicles and utilisation thereby lowering total kilometres traversed by ITC's products. This combined with shipments through rail and sea routes have helped to reduce GHG emissions.
- » ITC has deployed Electric Vehicles (currently available are small-sized vehicles) for shipping material to the distributors. These vehicles are running in 7 metros covering ~4,000 trips annually. This initiative will be further scaled up along with the adoption of larger size vehicles.
- » In FY2021-22, ITC turned plastic neutral by sustainably managing more than 54,000 tonnes of plastic waste, which exceeded the amount of packaging utilised by ITC during the year.

BUILDING CLIMATE RESILIENCE

Leading the 'Zero Carbon Buildings' Movement



ITC Gardenia, Bengaluru

With buildings contributing 38% of all energy-related greenhouse gas emissions, developing green buildings is an essential component of the global net zero plan. ITC is taking this forward with its portfolio of world's first 'Zero Carbon' Hotels. Last year, ITC Windsor, Bengaluru, became the first LEED® Zero Carbon Hotel in the world. This was achieved through efficiency improvements like installation of heat pumps, electrification of processes such as electric boilers, and switching to green electricity to achieve near zero emissions level. Remaining unavoidable GHG emissions are neutralised through certified offsets. This year, ITC added two more hotels to its portfolio of LEED® Zero Carbon building, i.e. ITC Grand Chola and ITC Gardenia.

As a testament to its 'Responsible Luxury' mission, ITC Hotels Division has maintained LEED® Platinum certification for all of its premium luxury hotels. ITC Hotels has raised the bar of 'Responsible Luxury' by offering Zero Carbon stay for guests.

ITC Windsor, Bengaluru

240 Keys Hotel with 99% share of electricity from renewable sources – a LEED® Zero Carbon building.

ITC Grand Chola, Chennai

600 Keys Hotel with 94% share of electricity from renewable sources – a LEED® Zero Carbon building.

ITC Gardenia, Bengaluru

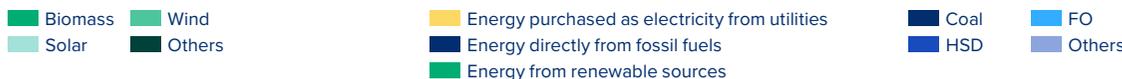
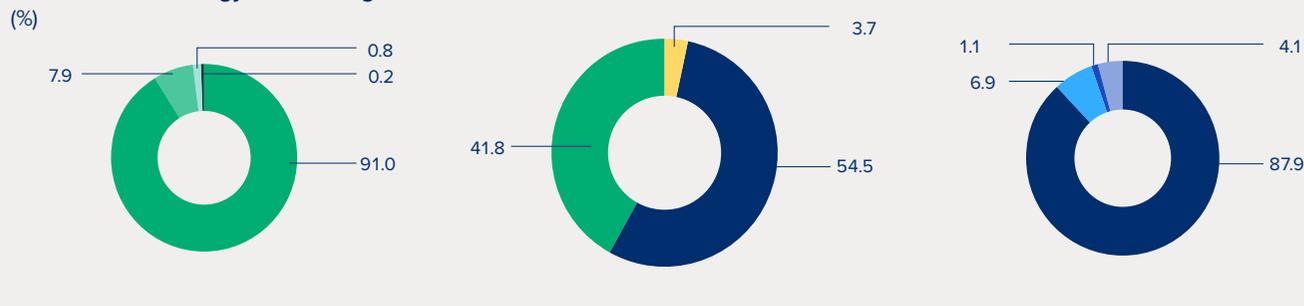
292 Keys Hotel with 99% share of electricity from renewable sources – a LEED® Zero Carbon building.

Climate Change Performance 2021-22

Energy Performance

During the year, total energy consumed by ITC Units was 24,394 Terra Joules (TJ), a marginal increase of 9% from previous year despite a 24% increase in production at ITC's Paperboards & Specialty Papers Business that accounts for around 87% of ITC's total energy consumption.

Sources of Total Energy in ITC during 2021-22 (%)

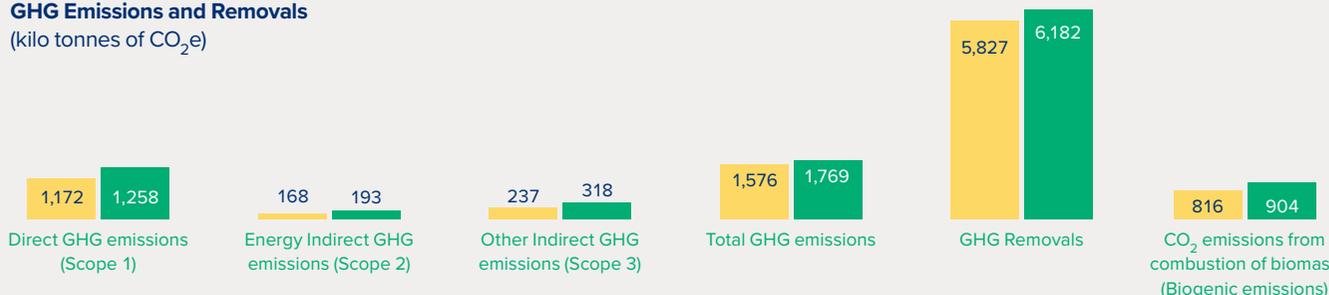


Greenhouse Gas (GHG) Performance

Similar to energy performance, overall GHG emissions (Scopes 1, 2⁵ and 3) increased by 12% during the reporting year. In addition to the reasons stated above for energy, Scope 3 GHG emissions also increased due to increased consumption of imported pulp and coal on account of higher production, and expansion of supply chain reporting boundary.

GHG Emissions and Removals

(kilo tonnes of CO₂e)



2020-21 2021-22

⁵ Scope 2 (market-based) GHG emissions

BUILDING CLIMATE RESILIENCE

Beyond Boundary

ITC remains focused on measuring and managing its environmental footprint across the value chain. In FY2021-22, 4,071 TJ of energy was consumed outside the organisation. Further, Scope 3 GHG emissions stood at 318 kilo tCO₂e which includes emissions from the energy sources listed below as well as emissions arising from fertiliser application in the farm forestry programmes.

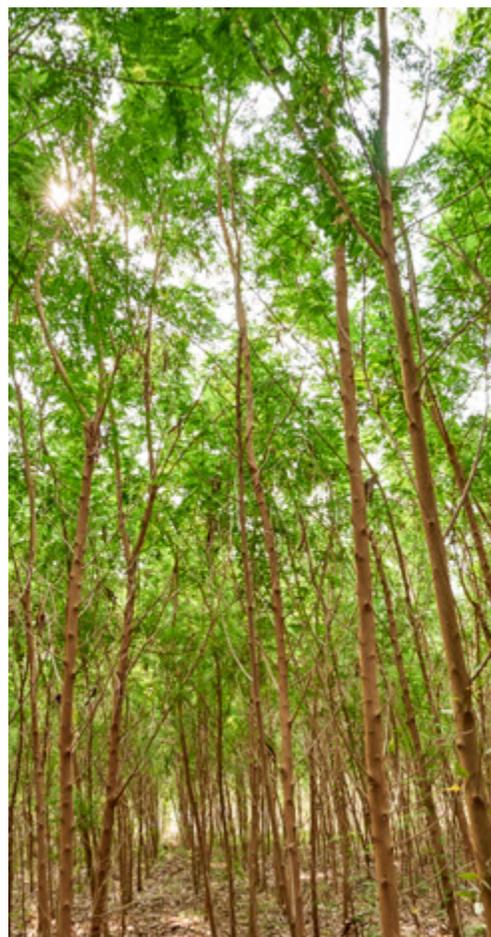
- » Inbound transportation of raw materials
- » Outbound transportation of products and wastes
- » Employee commuting
- » Employee business travel by air
- » Pick-up and drop of guests in ITC Hotels
- » Exclusive third-party manufacturers (TPMs) catering to notebooks segment of the Education and Stationery Products Business and Cigarette Business
- » Associate companies: ATC Limited and Gujarat Hotels Limited

ITC is in the process of estimating its full scope 3 emissions covering the entire value chain.

The standards, methodologies, tools and assumptions used for quantification of the GHG emissions and removals by various sources, have been explained in detail in the annexure [Quantification Methodologies](#).

Sustaining and Enhancing ITC's Carbon Sequestration

The social and farm forestry programme by ITC's Paper Business was started for promoting sustainable forests management with practices in the value chain, and securing the supply of pulpwood for its paper mills.



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

Apart from sequestering carbon, this programme provides significant environmental benefits such as improving productivity of wasteland.

The programme also helps in de-risking poor rural households by diversifying farm portfolios through the promotion of tree-based farming.

GHG Emissions and CO₂ Sequestration

(kilo tonnes)



- CO₂ Emissions from Combustion of Biomass (Biogenic emissions)
- CO₂e Emission (Scope 1, 2 & 3)
- CO₂ Sequestered

For more information on ITC's Social and Farm Forestry initiatives, refer to the 'Mission Sunehra Kal for Sustainable & Inclusive Growth' and 'Next-Generation Agriculture' section of this report, and visit ITC's [Forestry microsite](#).



BUILDING CLIMATE RESILIENCE

Sustainability 2.0 - Climate Change Targets

To pursue continuous improvement in energy and emissions related performance in line with the Sustainability 2.0 ambitions, ITC Businesses are targeting a reduction of 50% in Specific GHG Emissions and 30% reduction in Specific Energy Consumption by 2030 (FY2018-19 baseline).

Paper Business



Specific Energy (GJ/tonne)



Specific GHG Emissions (tCO₂e/tonne)



Foods Business



Specific Energy (GJ/tonne)



Specific GHG Emissions (tCO₂e/tonne)



Tobacco Business



Specific Energy (GJ/MNC)



Specific GHG Emissions (tCO₂e/MNC)



MNC: Million Cigarettes

Specific Energy (%)

ITC's Businesses*	% Reduction compared to 2018-19	Business's Share in ITC's Total Energy Consumption
Paper Business	-16% ↓	87%
Foods Business	-31% ↓	6%
FMCG Cigarettes	-3% ↓	1%
Packaging and Printing	-4% ↓	1%
Hotels	-7% ↓	3%
Agri Business	-4% ↓	1%

Specific GHG (%)

ITC's Businesses*	% Reduction compared to 2018-19	Business's Share in ITC's Total GHG Emissions (Scope 1,2)
Paper Business	-18% ↓	80%
Foods Business	-32% ↓	9%
FMCG Cigarettes	+9% ↑	1.6%
Packaging and Printing	-31% ↓	1.9%
Hotels	-12% ↓	4%
Agri Business	+7% ↑	2%

↑ Decline in KPI ↓ Improvement in KPI

*Personal Care Products, Matches & Agarbatti, Education & Stationery Products Business contribute to less than 2% of total GHG emissions Scope 1, 2 and 2% of total energy consumption.

BUILDING CLIMATE RESILIENCE

For Foods Business, improvement in specific energy is driven by energy conservation measures, productivity enhancement interventions, specific GHG emission further improved on account of increase in renewable energy consumption.

For Hotels Business, specific energy and emissions improved due to electrification of processes and utilisation of renewable electricity.

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

Focus on Paperboards and Specialty Papers Business

Three Units of Paperboards and Specialty Papers Business (PSPD) together account for about 87% of ITC's total energy consumption and 80% of GHG emissions⁶, therefore, greater focus is accorded towards improving their performance.

In FY2021-22, both specific energy and specific GHG performance at all three Units has improved as compared to last year. At PSPD Bhadrachalam, specific energy and specific GHG emissions reduced by 12.5% and 13% respectively, primarily driven by higher capacity utilisation and the Unit's

investments in energy conservation projects. Specific energy at both PSPD Kovai and PSPD Tribeni improved by 4% and 9% respectively over the last year. The specific GHG emissions (Scope 1 and Scope 2) at the two units also mirrored the same trend. At Kovai, the improved performance was on account of increased usage of wind electricity, electricity from newly commissioned solar power plant and energy conservation measures including boiler efficiency improvement. At Tribeni, the performance was driven by the stabilisation of energy efficient paper machine installed last year, electricity from newly commissioned solar power plant and various energy conservation measures taken during the year.

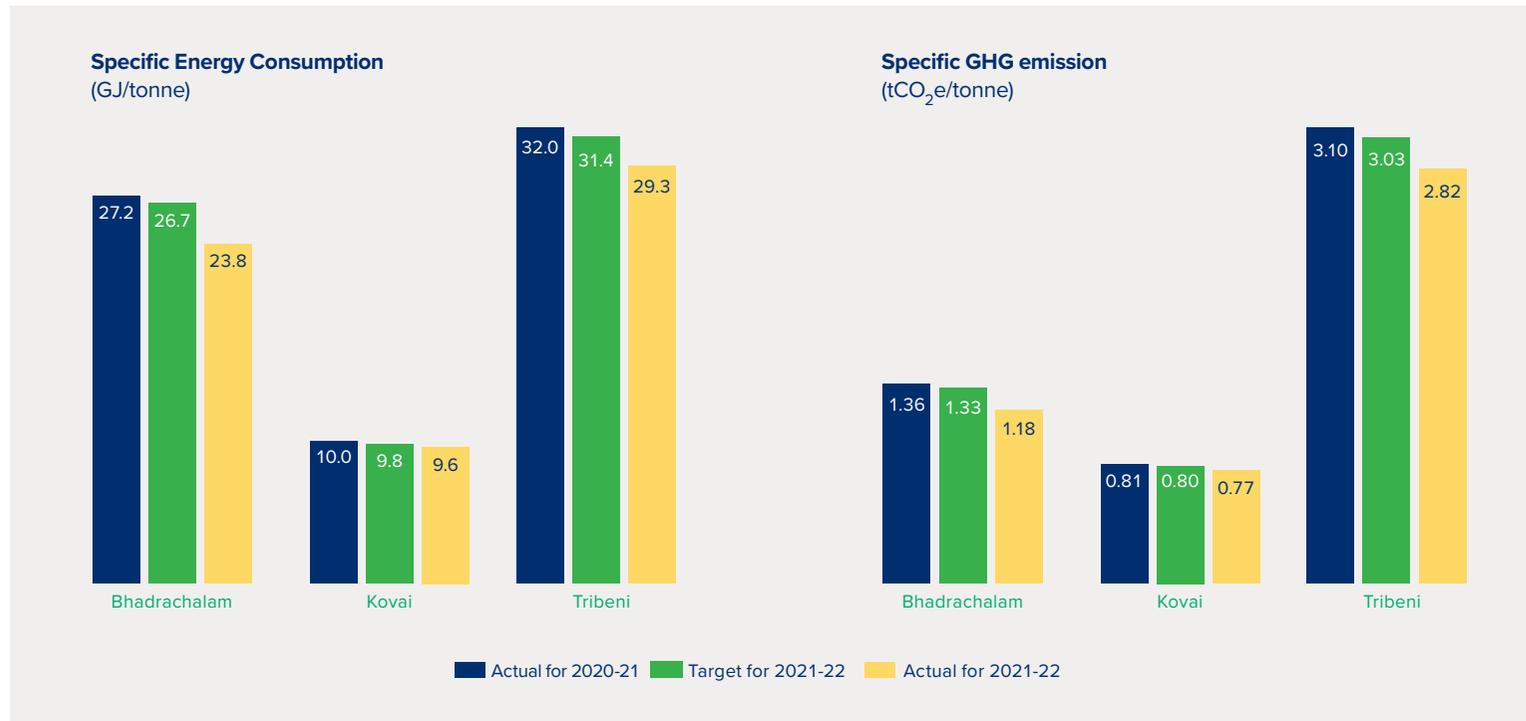
Energy Conservation Measures

ITC Units are focusing on energy efficiency through process improvements and investing in new technologies. Over the years, ITC has taken major measures like installation of Vapour Absorption Machines (VAM), Automation in tube cleaning system of HVAC, installation of energy efficient equipment such as chillers, AHUs, motors, fans, pumps, agitators etc. In FY2021-22, the investments in energy conservation equipment has resulted in savings of 87 TJ which is equivalent to about 10,900 tonnes of GHG emissions (Scopes 1 & 2).

ITC's Paperboards Business adopts Cutting-edge Industry 4.0 Technologies to Drive Sustainability & Competitiveness

In line with ITC's focus on accelerating digitalisation across businesses, ITC PSPD (Paperboards & Specialty Papers Business), the leading manufacturer of Packaging and Graphic Boards in South Asia, is implementing several transformative projects leveraging Industry 4.0 technologies across key business areas, to enhance productivity, reduce carbon footprint, achieve strategic cost efficiencies and superior product performance.

Some of the major projects undertaken by ITC PSPD as part of its Digital Transformation Programme include – process debottlenecking and throughput improvement for productivity and Overall Equipment Effectiveness (OEE) improvement, product quality superiority for process capability improvement and reduction in defects, resource optimisation, and imports substitution for variable cost reduction, and sustainable agricultural practices for improved field productivity and reduced carbon footprint.



⁶Scope 1 and Scope 2 GHG emissions only

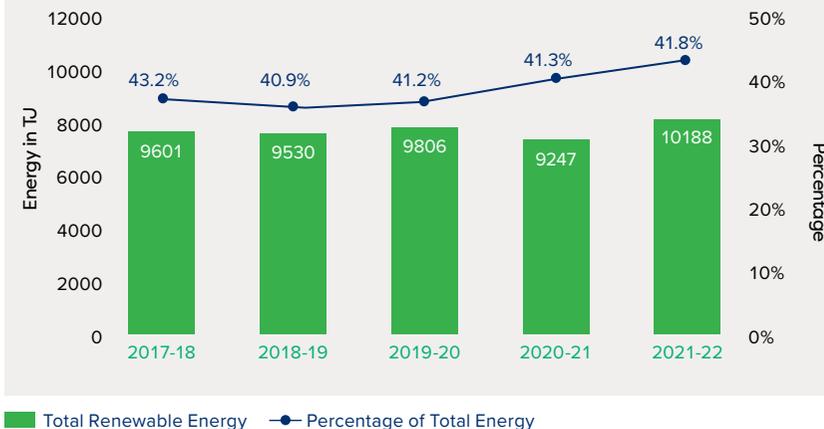
BUILDING CLIMATE RESILIENCE

Renewable Energy Utilisation

ITC has invested in renewable energy projects such as wind power plants, rooftop solar and offsite solar power plant for electricity requirements, and biomass boilers for meeting thermal energy requirements. These investments have helped ITC meet 41.8% of its energy requirements from renewable sources during FY2021-22.



Renewable Energy Utilisation in ITC



Zero Deforestation in Tobacco Value Chain

ITC Agri Business Division is committed to ensuring 'Zero Deforestation' across the leaf tobacco value chain.

The Business has implemented a three-pronged approach to conserve energy and ensure sustainable fuel management in tobacco curing. This entails the introduction of fuel-efficient technologies, promotion of self-sustenance in meeting fuel requirements through energy plantations and the use of alternative fuels.

- » Energy conservation measures (Barn Roof Insulation and turbo ventilators) which can reduce nearly about 27% of energy requirements during curing are being deployed on a large scale, spanning 38,115 barns till date in Andhra Pradesh and Karnataka.

In addition, close to 133 farmers were supported with Venturi Furnace which helps in improving fuel efficiency during FY2021-22.

- » To embrace a self-sustaining model for fuel sourcing, ITC has encouraged the planting of trees that cover 171,649 acres till date. 'Grow your own fuel' models are deployed wherein farmers are encouraged to grow wood in farm bunds and agro forestry models.
- » Encouraging farmers to use alternate fuels for curing like coffee husk, coffee stems, coconut fronds and biomass briquettes.

Modern Curing Technology Helping Indian Farmers

In FY2021-22, the Business has undertaken large scale Pilot deployment of Smart Curing Barns with Indian vendors. Till date, 45 Barns have been deployed and the technology saves around 50% fuel reduction in curing and substantial reduction in labour requirements during tobacco post-harvest management. The technology uses digital sensors and control system along with forced air circulation system to make tobacco curing user-friendly, efficient and environmentally sustainable.



Digitalisation of agriculture offers the potential to increase productivity

BUILDING CLIMATE RESILIENCE



Sustainable farming programme for wheat cultivation under the e-Choupal

Building Climate Resilience across the Value Chain

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

Additionally, in order to identify long term risks, ITC has 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 considers 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, detailed site-specific assessments are now being undertaken for identifying site-specific risk mitigation and adaptation measures.

During FY2021-22, ITC engaged with a team of climate experts and agricultural economists for conducting a comprehensive climate change risk and vulnerability assessment study for leaf tobacco and eucalyptus crop covering the key growing regions of ITC's procurement catchment of these crops.

The assessment covers impact of climate change on crop phenology i.e. across the entire life cycle of the crop from nursery to growth to harvest stage.

The assessment also focused on other climate-linked critical aspects like ground water availability, post-harvest risks, farmer vulnerability and impact on future yields. The study entailed farm-level engagement with over 500 farmers across three States, and other key local stakeholders. The outcomes of the study will help calibrate ITC's existing large-scale sustainable farming programmes for improving the resilience of these agri value chains against climate risk. Going ahead, ITC will undertake similar assessments for other key crops like wheat. Leaf tobacco, eucalyptus and wheat together make up for over 80% of agri raw material (by weight) procured by ITC.

For details on ITC's approach and strategy for building climate resilient agri value chains, refer to the 'Next-Generation Agriculture' section of this report.

Road Ahead

Climate change is undoubtedly the defining issue of the 21st century. ITC is committed to scaling its efforts for combatting climate change and enabling the transition to a Net Zero economy. This will involve:

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

Towards Water Security for All

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

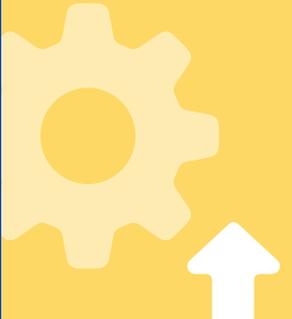
Approach

Demand-Side Management

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

Supply-Side Augmentation

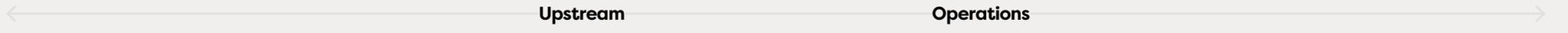
- » Managed Aquifer Recharge, and soil and water conservation measures across sourcing catchments.
- Based on science-based hydro-geological studies and robust stakeholder engagement processes.

<p>Water Security Highlights for FY2021-22</p> 	<p>Over 25,000 water harvesting structures created</p> <p>in over 1.3 million acres of land resulting in a total rainwater harvesting potential (RWH) of over 46 million kl (cumulative), which is nearly 4X the net water consumed by ITC's operations in FY2021-22.</p>	 <p>Efficiency Improvement across Businesses</p>	<p>ITC's PSPD unit at Kovai – Second facility in the world and the first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification in 2019-20.</p>
 <p>Integrated Watershed Development Projects across 40 districts of 16 states in India</p>	<p>Sustainability 2.0 Target 50,000 water harvesting structures over 2.2 million acres, RWH potential of 60 million kl by 2030, equivalent to 5X the Net Water Consumption from Operations.</p>	<p>Sustainability 2.0 Target 40% reduction in Specific Water Intake by 2030.</p>	<p>Sustainability 2.0 Target 8 sites by 2023-24 and all high-risk sites by 2035-36.</p>



TOWARDS WATER SECURITY FOR ALL

ITC's Integrated Water Stewardship Approach in Action



Demand-side measures to improve water-use efficiencies in Agriculture

Working with farmers and other community members towards improving their water-use efficiencies.

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

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

- » ITC has made significant investments in implementing integrated soil and moisture conservation programmes in catchment areas of locations from where it sources agri raw materials to ensure sustained water availability to the farmers.
- » The recommendations emerging from unit level water security studies conducted for sites (Bhadrachalam, Kovai, Trichy, Pune, Haridwar, Malur, Bengaluru, Kapurthala, Saharanpur, and ITC Grand Bharat) are in various stages of implementation by ITC units and ITC's Social Investment Programme.
- » The monitoring frameworks are continually improvised on the back of the studies conducted and revision of water risk identification methodology based on international practices. As part of Sustainability 2.0 goals, identified high-water risk sites will be certified against the Alliance for Water Stewardship Standard.

For information on ITC's efforts on Supply-Side Augmentation through Managed Aquifer Recharge and Soil and Water Conservation Measures, refer to the 'Mission Sunehra Kal for Sustainable & Inclusive Growth' section of this Report.

Maximise water-use efficiency across its operations including key value chain partners (third party manufacturers)

- » The Company has undertaken several water conservations and harvesting initiatives to enhance its positive water footprint.
- » The Units focus on optimising use to minimise withdrawal, at the operating plant level as well as the sub-catchment or micro-watershed level where it is located.
- » Improving water-use efficiencies by adopting the latest technologies and increasing reuse and recycling practices in its operations.
- » Continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting both within the Company's premises and in the catchment areas of its operations.
- » ITC has made water security assessment an integral part of greenfield/brownfield project design and development.
- » The Company encourages resource-use efficiency, including sustainable natural resource management, wherever practicable, through a set of key performance indicators in the supply chain.

For information on KPIs, refer to the 'Water Performance of Select Supply Chain Members' section of this Report.

TOWARDS WATER SECURITY FOR ALL

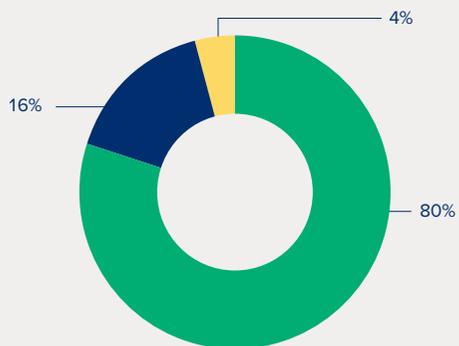
Water Performance FY2021-22

In FY2021-22, ITC's total water intake was 33.7 million kilolitres (kl), a marginal increase of 6% from previous year despite a 24% increase in production at ITC's Paper Business that accounts for around 89% of ITC's total water intake.

Total Water Intake by Source

In FY2021-22, out of the total water intake of 33.7 million kl, around 80% was sourced from surface water, 16% from ground water sources and the remaining 4% 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).

Sources of 33.7 Million KL of Total Water Intake by ITC in FY2021-22



■ Surface Water
■ Ground water
■ Municipal water & Others

Sustainability 2.0 Targets - Specific Water Intake

To pursue continuous improvement in water performance in line with the Sustainability 2.0 ambitions, ITC Businesses are targeting a reduction of 30% in Specific water consumption by 2030 (FY2018-19 baseline).



Specific Water Consumption Performance

ITC's Businesses*	% Reduction compared to 2018-19	Business's Share in ITC's Total Water Consumption (%)
Paper Business	-16% ↓	89%
Foods Business	-40% ↓	3%
Hotels	-10% ↓	5%
FMCG Cigarettes	-10% ↓	1%

↑ Decline in KPI ↓ Improvement in KPI

*Personal Care, Matches & Agarbatti, Education and Stationery, Agri Business, Packaging and Printing businesses contribute to around 2% of total water consumption.

For the Foods Business, improvement in specific water consumption was driven by water conservation measures, productivity enhancement interventions and changes in product mix.

For the Hotels Business, improvement in specific water consumption was primarily driven by water conservation measures.

Paper Business

Specific Water Consumption (m³/tonne)



Foods Business

Specific Water Consumption (m³/tonne)



Tobacco Business

Specific Water Consumption (m³/MNC)



MNC: Million Cigarettes

TOWARDS WATER SECURITY FOR ALL

Focus on Paperboards and Specialty Papers Division (PSPD)

In FY2021-22, 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 and paper mill and the second unit in the country overall, to be rated GreenCo Platinum+ by CII, as part of Green Company rating system.

During FY2021-22, PSPD Bhadrachalam's specific water intake saw a reduction of 14%, and at PSPD Kovai and PSPD Tribeni, it reduced by around 8% each over the previous year. The performance at these three Units was driven by water-use optimisation and various water conservation measures.

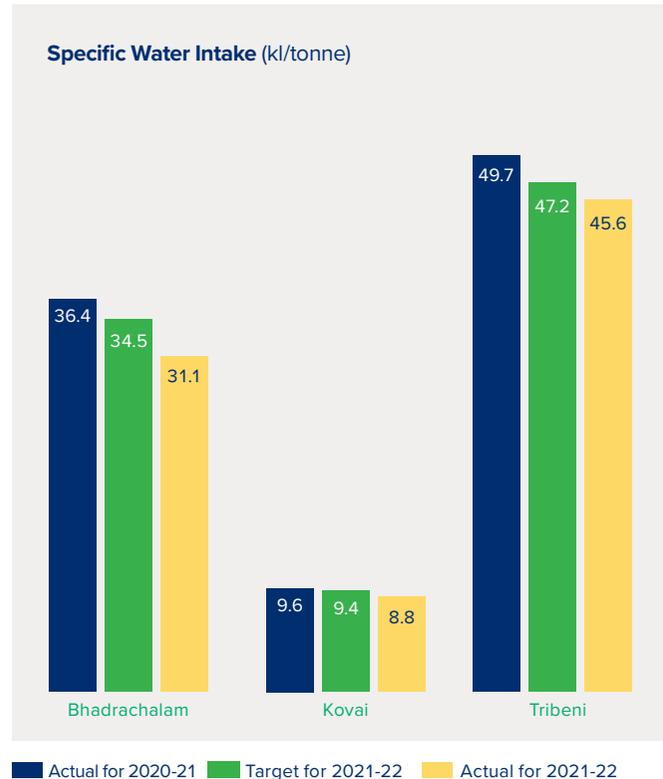
Effluent Discharge

All ITC units met their regulatory requirement related to effluent discharge quality and quantity in FY2021-22. In FY2021-22, around 22 million kl of treated effluent was discharged outside the premises by ITC units.

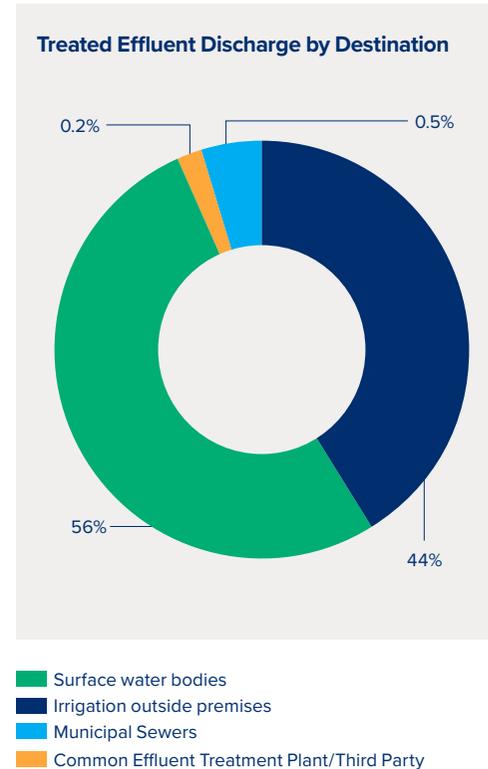
PSPD Tribeni continued to improve its specific treated effluent discharge performance with a 5% reduction in specific treated effluent discharge during the year. At PSPD Bhadrachalam too, specific treated effluent discharge performance improved by around 21% during the same period.

ITC's Paperboards & Specialty Papers Business unit at Kovai was only the second facility in the world and the first in India to be awarded the AWS Platinum level.

Specific Water Intake (kl/tonne)



Treated Effluent Discharge by Destination



Water Performance of Select Supply Chain Members

In FY2014-15, ITC had initiated the process of accounting for water intake of supply chain members. 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 FY2021-22, total water intake by supply chain members is 150,000 kl (vs. 18,659 Kl reported in FY2020-21). The increase is on account of expansion of reporting boundary i.e. addition of two Third Party Manufacturers (TPMs) of Cigarette Business and Welcomhotel Vadodara - Gujarat Hotels Limited, an Associate Company of ITC. ITC intends to progressively include more supply chain members in the reporting boundary. Capacity building and regular review of performance data will be continued with for key supply chain partners in the coming years.

PSPD Bhadrachalam and PSPD Tribeni accounted for 99% of total treated wastewater discharged outside the premises, of which 44% was utilised for irrigation purposes. Since FY2010-11, the waste paper-based pulp and paper mill at Kovai has not discharged any treated effluent outside its premises.

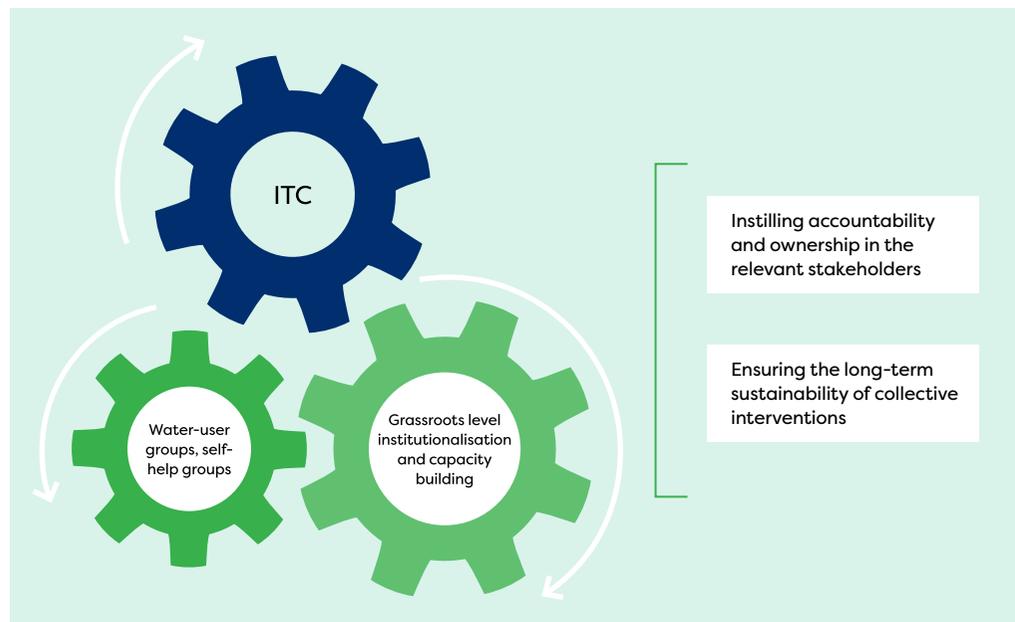
TOWARDS WATER SECURITY FOR ALL

Integrated Watershed Development

Over the years, ITC has created rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures, whilst building, reviving and maintaining water-harvesting structures.

A collaborative model supporting community action to manage local water resources by strengthening water governance

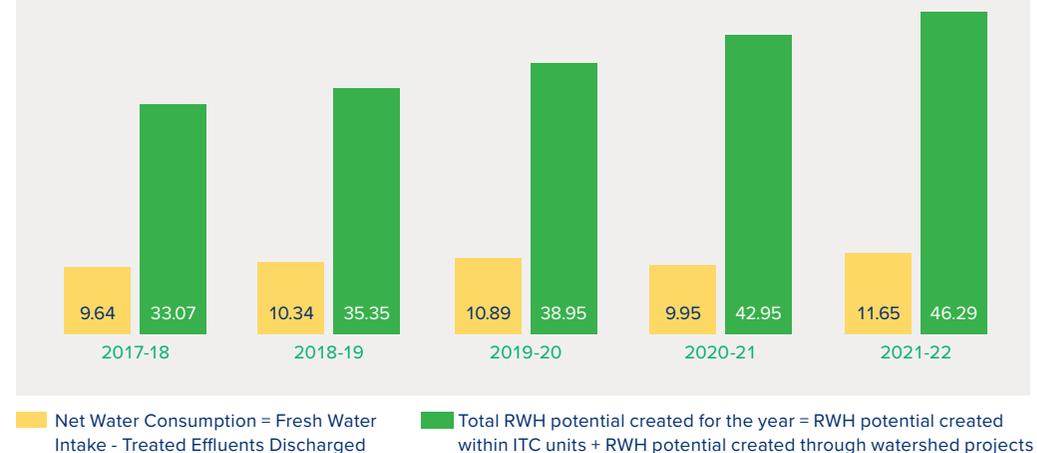
The effectiveness and long-term sustainability of the demand-side and supply-side interventions undertaken is directly dependent on the effectiveness of water governance mechanisms in the catchment.



The coverage of the Integrated Watershed Development projects extends to 40 districts of 16 states in India, covering over 1.3 million acres of land. So far, the Company has created over 25,000 water harvesting structures in agri-catchments. As on 31st March, 2022, a total rainwater harvesting potential (RWH) of over 46 million kl has been created, which is nearly four times the net water consumed by ITC's operations in FY2021-22.

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 Balance (Million kl)



Road Ahead

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

TOWARDS WATER SECURITY FOR ALL

Water Stewardship Efforts in Kovai, Tamil Nadu



ITC Paperboards & Specialty Papers Unit in Kovai

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

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

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

On the supply side, interventions such as creation of water harvesting and recharge structures, deep farm ponds and open wells, as well as rejuvenation of

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

Training workshops on water saving practices, awareness raising campaigns on the state of ground water in the area, farmer field schools and demonstration plots were also implemented. Additionally, on the supply-side efforts, water harvesting potential of 1.01 Million kl has been created so far by the rejuvenation of traditional water harvesting structures and construction of new structures in the catchment area such as village ponds, check dams, etc. From the demand-side efforts, the benefits have reached over 5,000 farmers, resulting in savings of 8.51 Million kl of water.

These savings are around 8 times compared to the average annual water withdrawal at Kovai Unit (1.0 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 Efforts in Malur, Karnataka



Integrated Consumer Goods Manufacturing and Logistics, Malur

ITC has a food production Unit and warehouse in Malur Block in Kolar district of Karnataka, with a water requirement of approximately 55,000 KL per annum. The uncertainty and heterogeneity of hard rock aquifer system of the area combined with the 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 overall situation within the factory as well as the surrounding area, ITC has been working towards 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 four watersheds surrounding the Unit (accounting to 5,000 ha).

Within the Unit, several measures have been taken to ensure maximum water use efficiency as well as reduction of 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, reuse of ETP treated water for gardening and toilet flushing, etc.

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 (16 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. For the supply-side, further interventions such as building of water harvesting & 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, 443 water harvesting structures (including 195 farm ponds and 52 check dams) have been renovated/constructed in the catchment area, creating a water harvesting potential of 3.34 lakh cubic metres. Additionally, improved irrigation practices via ITC's demand-side management have been adopted by farmers in around 2610 Ha, resulting in a water savings of nearly 11.92 lakh cubic metres.

Next-Generation Agriculture

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

communities, ITC has over the years designed and implemented 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.

Multiplying Farmer Incomes

ITC's Agri Business Division and the Social Investments Programme (ITC's Mission Sunehra Kal) work on mechanisms to make dominant sources of income sustainable for farming communities. 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.

page 125 » Mission Sunehra Kal for Sustainable & Inclusive Growth

Approach



'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°, multi-pronged 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.

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.

Over 2,00,000 Farmers benefited till date from the interventions under the 'Baareh Mahine Hariyali' programme

Over 2,00,000 farmers have already benefited from the interventions under the 'Baareh Mahine Hariyali' programme, out of which over

Over 35,000 Farmers who have adopted the package of practices, reported doubling of their incomes

NEXT-GENERATION AGRICULTURE

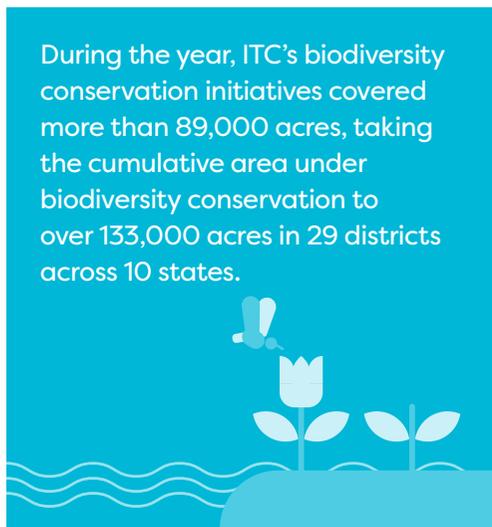
Replenishing Natural Resources Crucial for Agriculture – Water, Soil and Biodiversity

In the agri-catchments, the focus is on drought-proofing agriculture by reducing crop-water demand through agronomic practices for improving soil water-holding capacities and improved irrigation techniques (drip irrigation, augmenting water supply through the rejuvenation and/or creation of water harvesting and recharge structures). ITC's Mission Sunehra Kal has collaborated with reputed institutions and thematic expert organisations (IWMI, WWF India, ACWADAM and CII) to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation.

page 59 » For more details, refer 'Towards Water Security for All' section of this report

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.
- » **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 more than 89,000 acres, taking the cumulative area under biodiversity conservation to over 133,000 acres in 29 districts across 10 states.

Promoting Climate Smart Agriculture

With a largescale prevalence of rain-fed agriculture, factors such as rise in extreme weather events and varying climatic parameters render 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.

page 69 » Securing Agri Value Chains for ITC's Major Crops

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 2,500 villages across 11 states and supported farmers in the management of risks arising from erratic and extreme weather events.

Climate Smart Village intervention in Madhya Pradesh demonstrated an average increase in yield of 38% and 15% in soybean and wheat respectively, over the baseline. Along with reduction in cost of cultivation, this has led to an average increase in net income by 93% in soybean and 46% in wheat over the baseline. According to CGIAR estimates, average Green House Gas emissions reduced by 66% for soybean and 13% for wheat crops as compared to the baseline.



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 1.3 million acres spanning 16 states, with over 100,000 acres covered in FY2021-22.

More than 25,000 water harvesting structures constructed till date in agri catchments, with 45.27 million kl of fresh water harvesting potential

Practices promoted by ITC have been adopted by farmers across around 7.28 lakh acres, creating a potential to save an estimated 496.5 million cubic metres of water in a year

NEXT-GENERATION AGRICULTURE

Niti Aayog and ITC Partnership to Improve Agriculture And Allied Sectors in 27 Aspirational Districts



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 the 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, over 595,000 farmers were brought onto digital training platforms by forming more than 6,200 WhatsApp groups in around 18,900 villages. There have been a total of around 3.4 million farmer interactions cumulatively since 2018-19.



Real-time information and customised knowledge provided by ITC e-Choupal

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

Launched in June 2000, ITC e-Choupal is today India's largest initiative among internet-based interventions in rural India. 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.

4 million

Farmers served through e-Choupal till date

35,000+

Villages served through internet-based interventions in rural India, till date

6,100

e-Choupal kiosks spanning 10 states

ITCMAARS: Meta-market for Advanced Agriculture and Rural Services

Towards enhancing the competitiveness of domestic agri value chains, fostering new business models and value creation opportunities, ITC is scaling up with ITCMAARS – Meta-market for Advanced Agriculture & Rural Services. This will lend new wings to ITC e-Choupal and create a robust 'phygital' ecosystem to deliver seamless customised solutions to farmers, anchored by FPOs (farmer produce organisations), while creating new revenue

streams, strengthening sourcing efficiencies and powering ITC's world-class Indian brands.

It leverages cutting-edge technologies that complement agricultural solutions. Its micro-services structure will enable plug-in by offering a range of 'agtech' solutions. This comprehensive suite encompasses hyperlocal services, AI-based personalised advisories, as well as online marketplaces. The uniqueness of the model

will be in the level of personalisation it will offer across different profiles of farms (for different soil health & nutrition, irrigation & mechanisation, etc), farmers (size, education, progressiveness) and real-time conditions (hyperlocal weather forecasts, pest predictions, crop stage and conditions).

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 'Mission Sunehra Kal for Sustainable & Inclusive Growth' and ITC's Sab Saath Badhein, ITC e-Choupal and ITC Watershed microsites.

NEXT-GENERATION AGRICULTURE

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 the implementation of the best package of practices and addressing specific farmer queries. Also leveraging the Digital Engagement Centre of e-Choupal 4.0 for the same.

Integrated Pest Management

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

Natural Resource Management

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

Precision Farming

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

Organic Farming & Sustainability Certification

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.

Human Rights in Farm Supply Chain

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

Village Infra Upgradation

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

Market Linkage

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



A bouquet of regenerative and sustainable agriculture interventions across crops

NEXT-GENERATION AGRICULTURE



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 Division 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 the 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 collaborations with premier national and international research institutes like ICAR - Indian Agricultural Research Institute (IARI), International Maize and Wheat Improvement Center (CIMMYT) and 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.
- » Enabling market linkages through agri business centres (ABCs) and ITC's e-Choupal 4.0 digital platform.



NEXT-GENERATION AGRICULTURE

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

- » Over 51 million high-yielding, site specific, and disease-resistant eucalyptus, subabul, casuarina and poplar saplings were made available to farmers in FY2021-22.
- » 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 950,000 acres, generating about 173 million-person days of employment.

- » Agro-forestry continued to be given emphasis, accounting for 100% 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 certification for over 1.25 lakh acres of plantations involving over 30,000 farmers.
- » During FY2021-22 over 320,000 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 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.

page 125 » Mission Sunehra Kal for Sustainable & Inclusive Growth

ITC's Forestry microsite ➔



NEXT-GENERATION AGRICULTURE



Leaf Tobacco Value Chain - Cigarette Business

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

FOCUS AREAS

Research & Development to ensure seed security and development of new varieties

Optimum resource utilisation, safe agro chemical management and sustainable fuel management

Crop development to ensure crop security, consistent product quality and integrity

Ensuring traceability and complete Chain of Custody of supplies

Ensuring farmer profitability and better living income

Promoting fair agri labour practices and human rights commitment across the supply chain

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, Sustainability and Human Rights.
- » 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 the crop growing regions for crop monitoring using digital tool. 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, Karnataka and Gujarat. 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.
- » ITC takes a multi-faceted approach towards climate change mitigation in its efforts to ensure crop security. The Research & Development (R&D) wing of the Business together with ITC's Life Sciences and Technology Centre (LSTC), focuses on developing climate resilient varieties

- for addressing weather aberrations. These next generation varieties have an ability to withstand prolonged water stress conditions and yet result in higher productivity levels.
- » Climate smart agronomic production practices (use of intact root seedlings, providing starter nutrition to overcome early drought conditions and foliar application of Potassium fertilisers during critical stages of crop growth period) and water efficient technologies (smart irrigation & drone-based spraying) are being covered on a large scale. Apart from these, ITC is taking up integrated watershed management programme in ensuring availability of water for critical irrigation.

- » Various initiatives pertaining to soil conservation like promoting the 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.
- » Leaf Tobacco SBU 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.

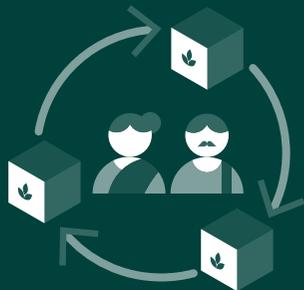
NEXT-GENERATION AGRICULTURE

- » ITC also supports farmers with the deployment of Post-harvest Infrastructure such as Flooring Material, Drying Infrastructure, Grading Table and tools to remove Non-Tobacco Related Material at farms, which ensures the highest level of product integrity.
- » The tobacco farmers and labourers are constantly educated, and created awareness on Human Rights aspects with a specific focus on the deployment of sustainable agrochemical management programmes that address the importance of safe and environmentally responsible agrochemical storage, handling and disposal.
- » Regular village level training programmes are conducted covering areas such as Human Rights in Farm Supply Chain with a specific focus on Living Income, Wages, Child Labour, WASH, Freedom of Association, No Discrimination and Fair Labour Practices.



Transforming Agriculture

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



Building Model Villages (Adarsh Gram) for Enabling a Sustainable Production System in the Leaf Tobacco Value Chain

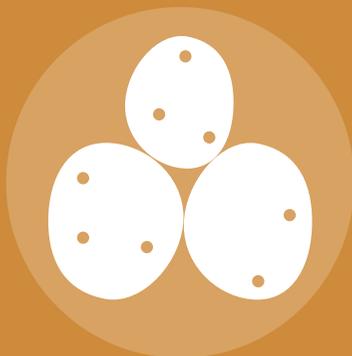
The Model Village (or Adarsh Gram) Programme by ITC's ABD aims to create a sustainable production system and a resilient farmer base for leaf tobacco. This is done through the creation of economically, ecologically and socially sustainable villages in ABD's leaf tobacco operating zone. The bouquet of interventions focusing on sustainable agriculture and agri-tech solutions help in enhancing the crop competitiveness of the farmers, thereby

generating an economic surplus for them. Additionally, for overall community development, ITC acts as a catalyst in the creation as well as implementation of a village development plan covering critical needs like health, education and rural infrastructure. The focus on improving farm profitability coupled with overall development of the village ecosystem helps in building a resilient value chain. As of FY2021-22, the programme has covered 245 Model Villages.



For more details, refer to the 'Building Climate Resilience' on page 50 and 'Inclusive Value Chain' on page 105 of this report.

NEXT-GENERATION AGRICULTURE



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, Telangana 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.



NEXT-GENERATION AGRICULTURE



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

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 2021, the “Integrated Agri-Extension Platform – Chilli Farm Value Chain Development” under a Public Private Producer Partnership programme covered over 16,450 farmers and 52,527 acres covering 107 villages. 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 scale of the programme enlarged in 2021 with multiple

collaboration with International Organisations, Governments, Farmers and Private Players.

- » 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, increased the scope of the certification programme covering crops such as chilli, cumin, turmeric and celery. The Agri Business Division continues to pursue sustainable farm management practices anchored on various sustainable farm certifications like Rainforest Alliance, Global G.A.P Certification, Fairtrade and USDA Organic.

- » In FY2021-22, ITC produced around 4,087 tonnes of certified raw material covering crops such as chilli, cumin, turmeric and celery. The programme ensured farmers implement right practices protecting the environment and human rights besides producing a safe and quality farm produce.

page 158 » For more information on Sustainable Farming Certifications, refer to ‘Certifications’ section of this report



NEXT-GENERATION AGRICULTURE

Other Emerging Value Chains



Dairy Value Chain
– Aashirvaad Svasti,
Sunfeast Wonderz milk



Bamboo Value Chain
– Mangaldeep Agarbatti



Fruit Value Chain
– B Natural juices



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.

- » 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 suitable for agarbatti manufacturing.
- » The Business generates superior incomes for bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.

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.



Road Ahead

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

Biodiversity Management

Biodiversity provides essential ecosystem services for ensuring long-term sustainability of agriculture systems including recycling of nutrients, ensuring soil fertility, control of local micro-climate, regulation of local hydrological processes and organisms in the ecosystem among others.

Given the linkages between agriculture and the essential ecosystem services that nature provides, ITC recognises that the preservation and nurturing of biodiversity is crucial for the long-term sustainability of its business, and is committed to conducting its operations in a manner that protects, conserves and enriches biodiversity, in line with the Board-approved Policy on Biodiversity Conservation.

Managing Biodiversity Impacts across Agri Value Chains

Biodiversity Risk and Opportunity Assessment

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 risks identified, ITC's programmes on micro-irrigation, agro-chemical management, soil protection and conservation, energy conservation etc. were introduced.

Promoting Sustainable Agriculture

During FY2021-22, 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), Global GAP and Fairtrade certifications. Several of these crops are also certified as organic under Indian and the US standards. Under these certifications, the farms are audited regularly to verify that farmers are compliant to the standards' comprehensive requirements, which require continuous improvement on the journey towards sustainable agriculture. The farmers strictly follow the standard principles of sustainable farming, which includes 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. Till date, ITC has received Forest Stewardship Council® - Forest Management (FSC®-FM) certification for close to 1.25 lakh acres of plantations involving over 30,000 farmers, as per which all rare, threatened and endangered species are conserved in the areas 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. During FY2021-22, over 320,000 tonnes of FSC® certified wood were procured from these certified plantations.

Approach

Managing Biodiversity Impacts across Agri Value Chains

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

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

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

Conserving Biodiversity

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

Deforestation-free Wood Value Chain

ITC has implemented social and farm forestry programmes for sustainable cultivation of wood as a fibre source. In this programme, high yielding saplings were provided to farmers along with technical knowledge of tree farming was shared. This helps in risk mitigation to farmers by alternate tree-based revenue. For ITC, it ensures supply of deforestation free wood fibre for Paper Business. The entire value chain is mapped using mobile application to ensure traceability.



BIODIVERSITY MANAGEMENT

Conserving Biodiversity

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 more than 2,600 biodiversity plots involving farmers and community members covering a total area of 1,33,000 acres in 10 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.

To expand the scope of biodiversity conservation work during the year, ITC signed agreements with the Forest Department of Maharashtra and Telangana to improve forest cover and with the Wasteland Development Board of Rajasthan to revive and restore pasture lands. In Maharashtra and Telangana, ITC is working with the Forest Departments in building the capacities of their staff to plan and execute soil and moisture conservation work within the forest and fringe area development



Catchment Treatment - Water Harvesting Structure

outside the forest. These two partnerships aim to cover around 79,000 acres of area in a phased manner and during the year, 4,198 acres has been brought under biodiversity conservation. 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 the year, ITC has prepared a study report for entire 79,000 acres in Telangana and Maharashtra and among this, 4,198 acres has been brought under biodiversity conservation. In Rajasthan, ITC has trained 475 master trainers who have covered 2,800 villages. The work has been initiated in these villages covering 34,000 acres for commons restoration and biodiversity conservation.



BIODIVERSITY MANAGEMENT

Revival of Eco-system Services



Biodiversity Conservation undertaken in Ghod River Basin Project Area

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). IUCN had taken up studies and surveys to identify key issues that are, and will in future, affect the ecosystem service potential of the agriscape and farm profitability.

Pressures on forest for fodder and fuelwood from the communities residing in adjoining areas thus leading to an increased top soil erosion and reduction of flows in water streams, encroachment and invasion of exotic species in community water bodies, excess usage of external input in agriculture located along the river Ganges, and reduction of native trees and shrubs in agriculture fields that sustain birds and insect population, were identified as some of the critical factors that will impact the agriscape ecosystem service potential.

Based on the challenges identified, IUCN has suggested three varied landscape profiles for demonstrating the revival of eco-system services—forest and lake, lacustrine (pond) and riverine (Ganga river bed) landscapes. Nature-based Solutions (NBS) for all three types of landscapes have been developed by IUCN.

As per the recommendations, during the year, 1.64 lakh native and commercial species suitable for soil binding, fuel and fodder purposes were planted in the fields of 336 farmers and conservation tillage was promoted in 5,350 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 the year, 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, have initiated baseline assessments for 40,000 acres in eight States.

Road Ahead

At COP26, nature, biodiversity and deforestation were as centre stage as climate itself. According to IUCN, climate change and biodiversity loss are both a result of anthropogenic activity, and are tied in an interconnected cycle, making coordinated global action necessary. Accordingly, ITC is committed to:

- » Assess biodiversity risks and opportunities across operations including value chains.
- » Meet 2030 Sustainability 2.0 commitments – Biodiversity conservation over 1,000,000 acres, climate smart village approach over 3 million acres, watershed development over 2.2 million acres.
- » Align with the upcoming Task Force on Nature-Related Financial Disclosures (TNFD) framework.



Sustainably Managing Waste

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

Approach

Packaging Waste: Plastic Neutrality & Sustainable Packaging Strategy

Ensuring plastic neutrality by:

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

Sustainable Packaging Strategy:

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

Process Waste – Sustainable Waste Management across Operations

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

ITC goes Beyond Plastic Neutrality

During FY2021-22, ITC collected and sustainably managed more than 54,000 tonnes of plastic waste across 35 states and union territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to achieve the milestone of Plastic Neutrality.

Waste Management Highlights – FY2021-22

5 million+

Households Covered through ITC's Solid Waste Management Programmes.

Well Being Out of Waste' (WOW) programme:

60,000 MT

dry waste collected from 1,096 wards.



Mission Sunehra Kal's Solid Waste Management programme:

Covers 17 districts in 10 states.

1.46 million

households covered

99,000 + MT

waste collected during the year.

ITC-SWaCH Model in Pune

First-of-its-kind Multi-Layer Plastic (MLP) collection, recycling model.

99%

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

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

SUSTAINABLY MANAGING WASTE

Plastic Neutrality & Sustainable Packaging Strategy

ITC's Packaging Footprint

ITC's annual packaging footprint, from its FMCG businesses, across primary, secondary and tertiary packaging formats is around 187 kilo tonnes and is primarily composed of paper/paperboard-based packaging (71%), followed by plastic packaging (27%). Glass and metal form a small portion of the overall packaging footprint, contributing to less than 2%. Around 29% of paper packaging is FSC® certified and another 61%, in the form of Corrugated Fibre-board Cartons (CFCs), is made from recycled material. In terms of plastic packaging, around 90% is in the form of multi-layered/thin film plastic packaging and the rest is composed of PET and other rigid plastics.

ITC's Holistic Approach for Ensuring Plastic Neutrality

The collection and recycling for multi-layered laminates/ plastic packaging has always been a challenge in India due to improper segregation of waste at source. ITC has been actively working on behavioural change programmes to ensure source segregation and the implementation of replicable, scalable and sustainable models of solid waste management. This ensures higher collection and recycling of solid wastes including multi-layered laminates/plastic packaging.

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 the 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 5 million households till date. Additionally, ITC also leverages its brands to raise consumers' awareness on responsible waste management.

Creating Replicable, Scalable and Sustainable Models of Solid Waste Management

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 with Urban Local Bodies (ULBs) and 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.

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 4.6 million households, 5.2 million school children and around 2,040 Corporates since its inception. The programme has supported sustainable livelihoods for over 17,000 waste collectors and has also created over 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 10 states covering 1.46 million households and collected 99,000+ MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at the source. During the year, home composting was practised by 0.33 million households. In the current year, about 63,700 tonnes of wet waste was composted and 19,000 tonnes of dry waste was recycled. As a result of this decentralised model, only 17% of the total waste handled in these projects were sent to landfills.

page 125 » Mission Sunehra Kal for Sustainable & Inclusive Growth



MSK's Solid Waste Management Programme in action

Enabling the Creation of Viable Recycling Options for Post-consumer Multi-layered Plastic Packaging Waste

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.

SUSTAINABLY MANAGING WASTE

Sustainable Packaging Strategy – Ensuring that 100% of Packaging is Reusable, Recyclable or Compostable/Biodegradable

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 Division and FMCG businesses.
- » Consumer insights of FMCG businesses.
- » Sustainable Waste Management experience housed within the Company.

ITC’s approach to sustainable packaging involves:

- » Optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product.
- » Progressive reduction in plastic packaging intensity over time.
- » Improving the recyclability of multi-layer laminate packaging by reducing the complexity of the structure and phasing-out hard to recycle plastics.

- » Examining the possibility of recycled plastic content for non-food applications.
- » Evaluating the life cycle impacts of packaging and identifying opportunities for improvement using tools like Life Cycle Assessment studies.
- » Identifying alternative packaging material with lower environmental impact including bio-based compostable plastics.
- » Identifying suitable end-of-life solutions for packaging waste.

Sustainability meets innovation at 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 and 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.).

Product innovation reducing plastic usage – Savlon Pichkiao

Savlon Pichkiao (easy-squeeze pack), an innovative pump-free format that is completely reusable, refillable and easy to carry, and made with 22% less plastic compared to ordinary pump pack was launched last year. The pack also bagged the prestigious ‘Diamond Finalist Award’ at the Dow Packaging Innovation Awards 2021 – demonstrating excellence across all the three criteria of the award – Sustainability, Technological Advancement, and Enhanced User Experience.



SUSTAINABLY MANAGING WASTE

Sustainable Waste Management across Operations

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

ITC's Performance

During FY2021-22, ITC units generated 726 kilo tonnes of waste as compared to 684 kilo tonnes in the previous year, an increase of around 6% despite a 24% increase in production at ITC's Paperboards & Specialty Papers Business which accounts for 88% of ITC's total waste generation.

Hazardous Waste

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. All ITC units have established systems and procedures, supported by Corporate EHS department, to ensure that hazardous waste is disposed through authorised agencies in line with applicable regulations.

Total hazardous waste and its destination (tonnes) - 2021-22

Total hazardous waste generated	20,034
Hazardous waste carried over from previous year and disposed in 2021-22	59
Recycled	19,438
Incineration and landfill	631
On-site storage	24

Non-hazardous Waste

During FY2021-22, around 99.8 % 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 FY2021-22.

Non-hazardous waste category	Source of generation	Quantity generated (Tonnes)	Waste application
Fly ash from boilers	Units of PSPD and Agri Business (Leaf Tobacco)	300,341 (including Bhadrachalam – 262,741, Tribeni – 25,629, Kovai – 8,940)	Used by cement, brick manufacturers and in road construction
Lime sludge	Bhadrachalam and Tribeni Units of PSPD	2,31,251	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	41,504 (including Bhadrachalam–35,103, Tribeni–2,643, Kovai - 258)	Used for brick manufacturing, filling of low-lying areas and in road construction
Wood waste from chipping operation	Bhadrachalam unit of PSPD	30,989	Used as a fuel in in-house boiler

ITC units that recycled more than 99% of generated waste

Agri Business Units: (Leaf Tobacco) Anaparti, Chirala and Mysuru, Research Centre at Rajahmundry

Hotels: ITC Gardenia, ITC Grand Bharat, ITC Grand Chola, ITC Grand Goa, ITC Maratha, ITC Maurya, ITC Mughal, ITC Rajputana, ITC Royal Bengal, ITC Windsor, ITC Kakatiya, Welcomhotel Chennai, Welcomhotel Bhubaneswar, Welcomhotel Guntur and Welcomhotel Bay Island in Port Blair

FMCG Cigarettes Units: Munger, Saharanpur, Pune and Pokhra and Simara (Nepal)

Paperboards and Specialty Papers Units: Bhadrachalam, Tribeni, Kovai and Bollaram

Personal Care Business Units: Haridwar and Guwahati

Branded Packaged Foods Units: Haridwar, Malur, Uluberia, Panchla, 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
- » ITC Head Office, Kolkata

SUSTAINABLY MANAGING WASTE

Recycling Post-consumer Waste

During FY2021-22, the Kovai Unit of ITC's Paperboards & Specialty Papers Business sourced over 85,000 tonnes of waste paper from external sources, which constituted over 75% of the Unit's total input materials.

Year	Total Waste generated (kilo tonnes)	Waste recycled (kilo tonnes)	External wastes used as raw materials (kilo tonnes)	Waste recycling footprint (%) *
2017-18	725	723	113	116%
2018-19	781	781	89	115%
2019-20	711	709	85	111%
2020-21	684	683	79	111%
2021-22	726	725	85	112%

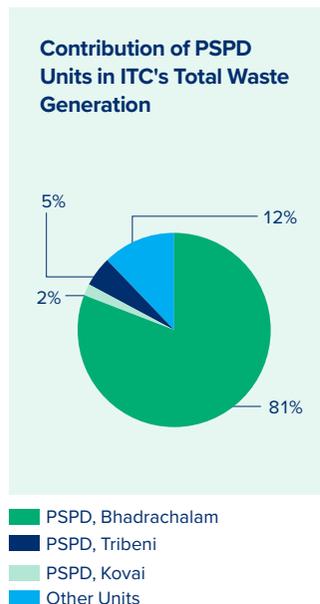
*Calculated as Waste recycling footprint (%) = (Waste recycled + external waste used as raw material) * 100/Total waste generated in ITC
All figures are rounded off to the nearest tonne

Efforts at ITC units to recycle 100% of waste generated, utilisation of externally generated paper waste as a source of fibre at PSPD Kovai, and ITC becoming plastic neutral by sustainably managing post-consumer plastic packaging waste in excess of packaging utilised in its operations, contribute to ITC's endeavours of enabling a circular economy.

Focus on Paperboards and Specialty Papers Division (PSPD) – Specific Waste Generation

Three Units of Paperboards and Specialty Papers Division (PSPD) accounts for around 88% of ITC's total waste generation, therefore greater focus is accorded to improve their performance.

Specific waste generation at PSPD Bhadrachalam and PSPD Tribeni reduced by 14% and 5% respectively during the year. At PSPD Bhadrachalam, the reduction was driven by higher capacity utilisation and fuel optimisation, and at PSPD Tribeni, the performance was on account of machine stabilisation. At PSPD Kovai, higher fly ash generation resulted in an increase in specific waste generation.



Innovative upcycling of sludge

ITC's Bhadrachalam paper Unit has taken an innovative project to convert ETP sludge to make sapling pods. These pods are used by the nurseries of the plantation team for transporting saplings, thereby making a truly sustainable model.

During the year, 14,800 tonnes of sludge was utilised for making pods.



Road Ahead

- » Continue to scale up ITC's sustainable solid waste management models.
- » Ensure that 100% of Packaging is Reusable, Recyclable or Compostable/Biodegradable.
- » Leverage life-cycle approaches for evaluating alternative packaging solutions.
- » Scale up innovative sustainable packaging solutions portfolio.
- » Continue to Recycle more than 100% of the Waste Generated in our Operations.

Chemical Safety Management

ITC's Approach

ITC follows a proactive approach to managing hazardous chemicals by actively looking for alternatives which not only helps in keeping the operations safe but also are safer for its customers.

This approach is demonstrated in pioneering practices like elemental chlorine free (ECF) bleaching and then ozone bleaching in India as a part of 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 of 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 Paper Business as well as 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.

page 66 » Next-Generation Agriculture

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.



ITC Paperboards & Specialty Papers Unit in Tribeni

Air Emissions Management

ITC's Approach

Air pollution, primarily caused by vehicular and industrial emissions, has become a major public health issue in recent times. Despite sustained efforts by the government in the form of stricter emission norms in industries and improving vehicular emissions standards, air pollution continues to remain a challenge in India. Addressing the challenge of air pollution will require concerted efforts by multiple stakeholders.

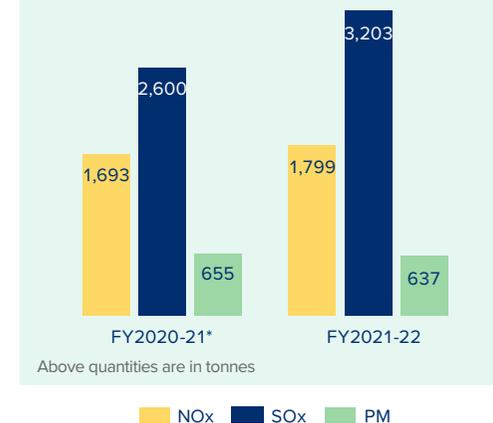
For ITC Units, relevant air emissions include Particulate Matter (PM), Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and Ozone Depleting Substances (ODS). PM, NOx and SOx emissions are generated from the combustion of fuel, and ODS are used as refrigerant gases in refrigerators, chillers and air conditioners.

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 a 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 will phase out the use of ODS well before the timelines stipulated under International agreement on ODS.

Performance

All ITC units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) on a regular basis to ensure compliance with applicable Standards as well as for continuous improvement.

Other significant Air emissions



**The air emissions disclosed for FY 2020-21 have been restated to higher values than those disclosed last year, due to rectification of errors in the information and reconciliation performed during the current year.

Ozone Depleting Substances (ODS)

During FY2021-22, the total consumption of ODS across units stood at 85 kg of CFC-11 equivalent. ITC is working at phasing out ODS from its operations through the following interventions:

- » Replacement of all existing equipment using ODS well before the stipulated phase-out period.
- » Ensuring disposal of equipment undergoing replacement to authorised recycler which will lead to safe disposal of ODS as well.



Progress Dashboard

Energy & Greenhouse Gas (GHG) Emissions



Performance Indicator	2019-20	2020-21	2021-22
Total Energy Consumption (Terra Joules)	23,824	22,369	24,394
Renewable Energy Consumption (Percentage)	41.2%	41.3%	41.8%
Total GHG Emissions - excluding Biogenic Emissions (Kilo Tonnes of CO ₂ e) ⁷	1,678	1,576	1,769
Scope 1 - Direct GHG Emissions (Kilo Tonnes of CO ₂ e)	1,242	1,172	1,258
Scope 2 - Indirect GHG Emissions ⁸ (Kilo Tonnes of CO ₂ e)	230	168	193
Scope 3 - Other Indirect GHG Emissions (Kilo Tonnes of CO ₂ e)	206	237	318
Biogenic Emissions - CO ₂ Emissions from Combustion of Biomass (Kilo Tonnes of CO ₂)	862	816	904
GHG Removals (Kilo tonnes of CO ₂)	5,394	5,827	6,182
Specific Energy – Paperboards and Speciality Papers Business (Giga Joules per tonne of product)	24.26	24.51	21.73
Specific Energy – Branded Packaged Foods Businesses (Giga Joules per tonne of product)	3.71	3.24	2.81
Specific Energy – FMCG Cigarettes (Giga Joules per MNC)	5.55	5.65	5.54
Specific GHG Emissions ⁹ – Paperboards and Speciality Papers Business (Tonnes of CO ₂ e per tonne of product)	1.34	1.35	1.18
Specific GHG Emissions ⁹ – Branded Packaged Foods Businesses (Tonnes of CO ₂ e per tonne of product)	0.35	0.28	0.24
Specific GHG Emissions ⁹ – FMCG Cigarettes (Tonnes of CO ₂ e per MNC)	0.35	0.37	0.42

Waste Management



Performance Indicator	2019-20	2020-21	2021-22
Total Waste Generated (kilo tonnes)	711	684	726
Waste Recycled (Percentage)	99.70%	99.80%	99.70%
Waste Recycling Footprint (Percentage) ¹⁰	112%	111%	112%
Total Dry Waste Collected for Sustainable Management (tonnes)	78,800+	78,000+	60,000+
Low Value Plastic/Multi-layered Plastic Waste Sustainably Managed	12,500+	31,000 +	54,000+

⁷Total GHG Emissions (excluding Biogenic Emissions) = Scope 1+ Scope 2+ Scope 3

⁸Scope 2 (market-based) GHG emissions
⁹Covering Scope 1 and Scope 2 GHG emissions only

¹⁰ Waste Recycling Footprint (%) = (Waste recycled + external waste used as raw material) *100/
Total waste generated in ITC
MNC: Million Number Cigarettes



PROGRESS DASHBOARD

Water



Performance Indicator	2019-20	2020-21	2021-22
Water Intake (Million Kilolitre (kl))	34.21	31.76	33.7
Treated Effluent Discharge (Million Kilolitre (kl))	23.32	21.81	22
Net Water Intake (Million Kilolitre (kl))	10.89	9.95	11.7
Total Rainwater Harvesting Potential (Million Kilolitre (kl)) ¹¹	38.95	42.95	46.29 ¹²
Specific Water Intake – Paperboards and Speciality Papers Business (Kilolitre (kl) per tonne of product)	32.03	32.7	28.52
Specific Water Intake – Branded Packaged Foods Businesses (Kilolitre (kl) per tonne of product)	2.48	2.03	1.83
Specific Water Intake – FMCG Cigarettes (Kilolitre (kl) per Million number cigarettes)	3.30	3.44	3.23
Specific Water Intake – Hotels Business (Kilolitre (kl) per tonne of product)	1.68	2.05	1.51

Raw Materials



Performance Indicator	2019-20	2020-21	2021-22
Raw Materials Processed (Kilo Tonnes)	2,578	2,454	2,515
Agro/ Forestry based Renewable Sources (Kilo Tonnes)	2,498	2,373	2,300+
% Materials from Agro/ Forestry based Renewable Sources	97	97	97
FSC® Certified Wood procured (Tonnes)	86,000+	195,000+	320,000+

¹¹Total Rainwater Harvesting Potential (RWH) created for the year = RWH potential created within ITC units + RWH potential created through watershed projects.

¹²This includes 45.27 Million kl RWH potential (after siltation adjustment) created by ITC Mission Sunehra Kal and 1.02 Million kl RWH potential created within ITC Units.

Workforce of 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

Nurturing Leaders of Tomorrow
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Employee Engagement: The ITC Way
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37,334

Full-time employees at ITC in FY2021-22



ITC AUT Induction Programme

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, 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 FY2021-22, ITC employed 37,334 full-time employees, of which 2,083 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 23,633 service provider employees were also engaged with ITC.

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Nurturing Talent for 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' & the 'Young Manager Committee'. The 'Studio One Xchange' forum enables personalised interaction of managers with senior leadership which not only provides these managers the opportunity to share and voice their suggestions but also provides them exposure to the leadership thought process to facilitate their development.

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 FY2021-22, the overall attrition (voluntary separation, retirement, termination and abandonment of services) across management and non-management employees was 22%. Attrition,

which includes employees who superannuate from the Company or conclude their fixed-term contract, was 23% for management and 21% for non-management employees. Gender-wise attrition stood at 20% for male employees and 34% for female employees. During FY2021-22, 82 women employees were due to return from maternity leave, 82 of them re-joined work after their leave ended, a return to work rate on maternity leave is 100%. Creche and child care facilities are available for employees across various locations. Paternity leave has also been extended to management employees.



Integrated Consumer Goods Manufacturing and Logistics, Pudukkottai

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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, gaming, 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 programmes undertaken during the year include Business Leadership Program (BLP), Data Science and Analytics, Brand Marketing, ITC Marketing Compass, Business Planning, Leadership programmes for Women, Recruiting Right, Gender Sensitisation and Unconscious Bias workshops, etc.

Refer [Annexure 1](#) for more details.

Various online programmes 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 FY2021-22, there were 131,670 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 chain. 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.

ITC has identified three capability platforms relevant to making its businesses future-ready

Business Critical Strategic Competencies

Leadership Development

Organisation Identity and Pride

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 a resident doctor.

As part of the response to the pandemic, the Company issued regular advisories, guidelines and precautionary measures against Covid 19 to employees and several Standard Operating Procedures were also set up. 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. Additionally, the Company established partnerships with healthcare providers for home care for Covid infected employees and their family members as well as ensured 100% vaccination of employees and family members.

As part of the Covid response measures, financial assistance was extended through an emergency loan for medical treatment of employees' parents, a voluntary, self-funded Group Health Insurance Policy was introduced. Assistance was extended



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to families of deceased employees and to those who experienced significant tax impact due to reimbursement of treatment expenses.

“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 Voice and Engagement

ITC continued with the practice of periodically assessing employee engagement through a Company-wide survey in 2022. Since 2016, ITC made a concerted effort to assess and improve engagement. The impact was visible in the last survey in 2020 wherein Engagement, Performance Enablement, and Managerial Effectiveness measures improved substantially. The recent survey points to continued high engagement levels and consolidation of the gains achieved in the past. During the year, a range of engagement building programmes were designed and implemented which included the strengthening of initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations, and development planning for robust positioning and progression decisions and investments in employee wellbeing. 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 ‘GEM’, ‘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 was strengthened in FY2021-22, providing an avenue for employees to engage with leadership in the Company. The Chairman & Managing Director and Members of the Corporate Management Committee interacted with managers across businesses in small groups, sharing the Company’s vision and strategies while also inviting suggestions and feedback.

Career Conversations are now an integral part of the performance management system and provide clarity and help employees shape their careers. Reflections 360, a development intervention seeking feedback on managerial work styles, was launched in 2021, covering all senior managers. The intervention sought feedback from peers, supervisors and team members of managers and was supplemented by group coaching support. It helped managers interpret feedback and set personal goals through individual development plans.

During the year, the Company’s Tobacco Division won the ‘Silver’ in the prestigious ‘Economic Times Human Capital Awards 2021’ for ‘Excellence in Reward & Recognition programs’ and was

appreciated for its employee recognition framework. The business also secured the ‘Gold’ award in the ‘Excellence in Health & Wellness initiatives’ category where the ‘Living Well’ programme was showcased.

This year also witnessed, ITC’s Foods Business being recognised with the ‘Significant Achievement in Employee Relations’ (Pan India) Award by EFI (Employers’ Federation of India) National Award for Excellence in Employee Relations – 2021. The award recognises the consistent commitment to excellence in Employee Relations, geared to engage, involve, and develop employees – particularly factory personnel – through a series of targeted actions contributing to a culture of collaboration, mutuality, and trust.

ITC believes that the achievement of ITC’s growth objectives will depend largely on the ability to innovate continuously, connect closely with the customers, 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 ‘Young Digital Innovators Lab’ constituted in 2021, identified innovative opportunities deploying contemporary digital tools across the Company’s value chain. Various ‘proof of concept’ were tested which have the potential to be scaled up to create further business value. ‘DigiNext’, the Digital Council, participated in ideation and evaluating the adoption of various suggestions to enhance the Company’s digital quotient and competitiveness.

Through the ‘Project Lighthouse’ initiative, the Data & Analytics Centre of Excellence has been constituted and is engaged in applying analytics and insighting tools to address key business challenges.

Refer [Annexure II](#) for more details on the 2022 survey.

During the year, a range of engagement building programmes were designed and implemented:

Leadership outreach

Recognition programmes

Career conversations

Development planning

Investments in employee wellbeing

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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

“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

“Whether by focusing 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 - Vivel & Superia
Personal Care Products 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

Vice President - Corporate Communications

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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 on fair treatment, human rights, good labour practices, environmental conservation, and health and safety. This Code is shared and accepted by all supply chain partners and service providers. In FY2021-22, ITC engaged with 1,489 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, over 11,000 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, Equity & Inclusion

Diversity, Equity & Inclusion

The Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce, and where needed, will undertake supportive actions in the spirit of equity at the workplace. Such concerted actions span three vectors, namely:

- » Representation
- » Inclusion & Enablement
- » Commitment and Assurance

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. ITC's efforts to enhance Diversity, Equity, and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions, and is integral to serving our customers better while creating value for all stakeholders.

Through policies offering flexible work arrangements, extended child care leave, travel support for infants and care-givers, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various sensitisation programmes, formation of Employee Resource Groups and the commitment and sponsorship of leaders, ITC provides an enabling environment to further its Diversity, Equity and Inclusion goals. Amongst several positive outcomes, the Company's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions.

Gender-sensitisation and inclusive hiring workshops are being conducted for managers across the organisation. Women focused wellness programmes were launched for women employees as well as critical leadership development programmes for women managers in collaboration with various institutions.

ITC has provided special impetus to programmes directed at enhancing gender diversity in the workforce. As an illustration, several of ITC's Integrated Consumer Goods Manufacturing & Logistics (ICML) facilities represent industry leading gender diversity in the labour force. With every successive ICML coming on-stream, the representation of women has progressively increased, with the recent ICMLs of Pudukottai and Medak having women representation at 79% and 100% of the on-roll labour force respectively. The ICML units received several prestigious awards and accolades during the year from leading industry bodies such as the Confederation of Indian Industry (CII), Union Ministry of Labour & Employment, Food and Agriculture Centre of Excellence, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing.

Similarly, ITC's Hotels Division is amongst the leading employers in the industry on gender diversity and an employer of People with Disabilities. The Life Science and Technology Centre is another exemplar of gender diversity in addition to various other functions in several of ITC's Businesses.

Related Policies/Steps to Support Diversity, Equity & Inclusion:

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. During the year 2021-22, two cases were reported, and both of them have been resolved.

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Encouraging Women in Manufacturing



ITC's food manufacturing units have been engaging an increasing number of women on the shopfloor. With women constituting close to 73% of the workforce, ITC's Pudukkottai unit in Tamil Nadu is one of the largest factories in India to deploy such strength of women in the workforce. ITC's Medak unit in Telangana, with a 65% women workforce, is the second factory in the region to deploy women across all three shifts. 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 61% of the workforce in the Nanjangud unit. These factories have sophisticated manufacturing technology with ergonomically designed equipment to enable women's participation on the shop floor. Factories engage with women colleges to create a pipeline of talent. As a confidence-building exercise, on the day of joining, the women employees, as well as their family members, are given a detailed orientation on the work environment and culture, wherein the factory leadership team engages with them to address their concerns regarding issues like safety, food and transportation. Seeing is believing and hence to further boost the morale and confidence of the women workforce, they are sent to other women majority units for training, post their joining. Institutional support, in the form of facilities like creche, round the clock access to the health centre and safe transportation with vehicles fitted with CCTV cameras, GPS and panic buttons, have been provided to safeguard the health and safety of the employees.

A number of communication forums and participation platforms like multiple committees, town halls, access to special welfare assistants etc. have been set up to hear employees' voices and address their grievances. The factories have also been organising well-being initiatives and occupational awareness sessions regarding women's health issues. In order to build an enabling and conducive work environment for women employees, frequent sessions on aspects like gender sensitisation and POSH (Prevention of Sexual Harassment at the Workplace) are organised. To educate & inspire young minds, students from schools and colleges are invited for factory visits.

Workforce Diversity - Staff	%
Share of women in total workforce	10
Share of women in all positions	15
Share of women in junior management positions	16
Share of women in top management positions	6
Share of women in revenue generating functions	8
Share of women in STEM	9



Snippets capturing ITC's women workforce across manufacturing and R&D

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Inclusion of the Specially-abled

ITC's talent strategy is focused on enhancing the diversity pool and is collaborating with external partners to recruit differently abled persons, and where feasible, encouraging their deployment with business associates across the value chain. ITC's workplaces and policies are designed to empower differently abled employees. ITC now employs 124 differently abled persons across businesses, 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. 212 grievances were received from employees on matters relating to policy, welfare and administration, of these, 206 were resolved in FY2021-22.

Annexures

Learning and Development

The table below elucidates some key capability development initiatives conducted during FY2021-22:

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 four capability clusters, such as developing and influencing strategy, financial acumen, prneurship 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.	35 unique (67 total) employees covered (5% coverage)
Marketing Compass Programme 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 programme and enhance the identified performance metrics of their respective brands.	70 employees covered (15% coverage)

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Average training hours per employee for FY2021-22: 28.

ITC's Human Resource Philosophy is centred on enabling employees to grow to their full potential. Comprehensive, tailored, application-focused learning and development interventions are core to its people processes.

The company's deep commitment to Learning and Development across four vectors of Functional Skills, Leadership, Organisational Awareness and Diversity, Equity & Inclusion has resulted in an average of 28 hours of training hours delivered per employee.

The functional capability programmes simultaneously built a strong foundation and cutting-edge advanced skills, creating an equal enabler of knowledge and skills. For

example, by 2021, the flagship programme on Formulation and Execution of Business Strategy has covered over 200 plus managers, more than 80% of the target audience. Programmes on Marketing equipped over 200 identified managers in the foundation as well as in the advanced skills of 'Marketing in a Digital World'. A Net Promoter Score (a widely used measure of training effectiveness) of 94 out of 100 amply demonstrates the impact created by such programmes. ITC Gurukul, a centre of excellence in technical training has delivered more than 70 intensive programmes covering over 700 employees.

The Leadership Development interventions strengthened an expansive talent pool to spearhead ITC's growth, reinforcing our Talent Proposition, "Building winning businesses. Building business Leaders. Creating value

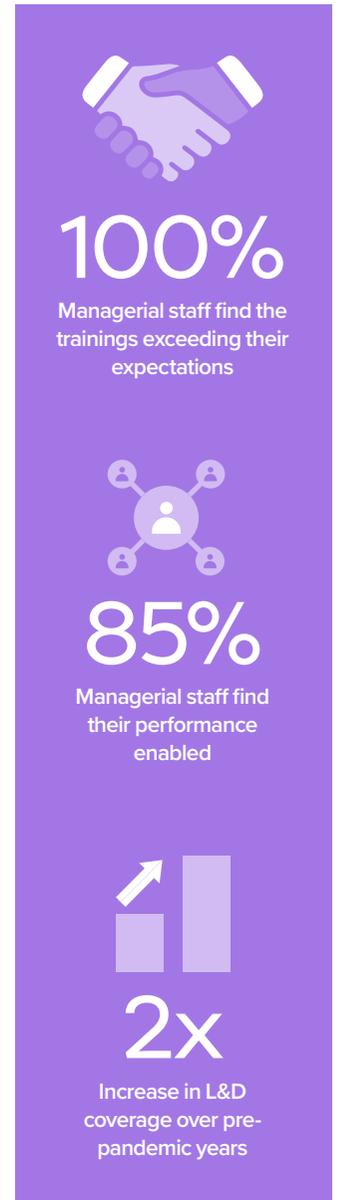
for India". Nearly 100% of the high potential talent positioned in pillar roles have been covered under the Business Leadership Programme. 85% of the company's senior managers received rich development feedback from their peers, team members, and supervisors that enhanced their effectiveness as managers. ITC partners with institutes of global prominence such as INSEAD, and Rice University to deliver best-in-class programmes for its leaders.

The managers are periodically covered and refreshed with induction programmes that enhance their awareness of ITC's scale, competitiveness, and citizenship. It instils a sense of informed pride and advocacy among the employees. Exemplifying its commitment to learning at all junctures of the employee life cycle, ITC covered 100% of its superannuating employees with training programmes that facilitate a smooth transition to retirement.

Educating employees about the foundations of Diversity, Equity and Inclusion in the workplace is a focus area for ITC. To date, 4000 plus ITC managers have been sensitised through D,E&I awareness programmes. The hiring managers are covered with curated programmes on Bias-Free Recruitment. This large-scale sensitisation and capability building helped ITC consistently achieve a higher gender ratio in its recruitment process than offered by the source pool itself.

To expand the learning inclusion while ensuring the quality of the interventions, ITC has moved to a hybrid learning system, combining live and self-paced curated courses. ITC Centre of Learning, the Digital Learning Platform, is accessible to 100% of our managerial population, providing rich content anytime, anywhere. In 2021, the average monthly user access was more than 9000, demonstrating the leap in scale and reach enabled by the hybrid approach.

The comprehensive offering across four vectors, ease of accessing top-of-the-shelf content, and high focus on applicability resulted in consistently high scores in organisational learning effectiveness metrics.



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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 56 questions with a 5 point response scale. Scores are reported in level of agreement "% agree and strongly agree". 96 % of target group (7996 management employees of ITC Limited) participated in the survey across the Company. Approximately 69 % of the respondents were above the age of 30 years. The survey responses comprised of 55 % from Junior Management and 32 % from Middle Management and a total of 11 % female respondents. Within this index 94 % of respondents were proud to be associated with ITC. Formal mechanisms to promote an open feedback culture: iEngage is one of the mediums to receive open feedback directly from employees, other such engagement platforms are Townhalls with Chairman, CMC Members, Business CEOs and Heads, Skip Level Meetings as well as the robust Grievance Redressal Procedure.

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 the 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.

People Analytics: Strategic Workforce Planning

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. Some of the people processes where the analytics has been leveraged extensively are illustrated below:

- » The organisation uses SAP SuccessFactors for talent analytics. The detailed data architecture enabled by SAP SuccessFactors provides the foundation for real-time employee insights upon which talent decisions are made.
- » Biennial Company-wide Employee Engagement survey brings out nuances on employee engagement, performance enablement, and managerial effectiveness. These nuances are studied across the organisation at a detailed level leveraging the advanced analytics, and data-driven insights and actions are undertaken

to motivate workforce, maximise performance and make the organisation more resilient.

- » Scientific assessments of jobs & roles in the organisation are carried out regularly through Job Evaluation basis the content of the job, accountability, and problem-solving requirements measured through a series of data points on key parameters. The job evaluation defines the relative importance of a job in the organisation, brings out efficiency in organisational structures and makes it more competitive than the market.
 - » One business has also explored and implemented a Stability Index based on a predictive model on employee profile parameters & takes proactive measures to enhance employee retention.
 - » Significant emphasis is laid on capturing feedback from exiting employees through attrition analytics. Their feedback is monitored regularly and has provided critical inputs to strengthen organisation systems and policies further. The extensive digitisation of operational work areas to improve efficiency and the development of flexible policies are the results of synthesis and actioning of the feedback of exiting employees.
 - » Usage of dipsticks through tools such as "Amber HR Chatbot" that leverages digitalised inputs and deep analytics on the basis of employee response to uncover people insights, understand micro-cultures and take targeted and sharp actions to predict and prevent attrition has also been enabled in the businesses.
- » The businesses maintain manpower cost and productivity tools, and analysis of key metrics is carried out at a regular frequency to:
- Analyse y-o-y unit performance against the plan numbers
 - Analyse manpower cost as a % of conversion cost and NTO and reasons for the variances and take measures if required
 - Category productivity and Cost/KG comparison across units
 - Impact on productivity and cost on account of volume variation, capacity utilisation, distribution of volumes, capacity enhancements, product mix, etc.
 - Monitor and maximise the utilisation of skilled manpower.

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Performance Indicators



Building a high performing workforce

Performance Indicators	2019-20	2020-21	2021-22
Labour and Employment			
Total Workforce (Number)	36,572	35,947	37,334
Total Female Employees (Number)	4,672	4,457	5,001
Total New Hires (Number)*	8,045	4,592	9763
Total Attrition Percentage (Including Retirals)	18%	16%	22%
Total Training (Person-days)	100,003	753,604	131,670
*Gender Wise New Hires			
New Male Hires		3,682	7,469
New Female Hires		910	2,294
Percentage of open positions filled by internal candidates (internal hires)			Around 50%
Average hiring cost/FTE (INR - Indian Rupee)			24,200

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Promoting a Culture of Safety

ITC continues to believe that a safe and healthy work environment is a prerequisite for employee well-being, and the adoption of best practices in occupational health and safety have a direct impact on its overall performance. It helps in attracting and retaining quality talent, besides being the duty of the Company as a responsible corporate citizen.

ITC endeavours that Environment, Health & Safety (EHS) standards at all its units are ahead of legislation, regulations and codes of practice and are benchmarked 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 consists of a set of processes for 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.



The Company's Safety strategy rests on two pillars ;

'Safety by Design'
'Safety by Culture'

To incorporate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, the Company's Safety 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 in 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 evaluated in detail at the design stage and the necessary requirements as per best in class Standards and practices are incorporated. Compliance with these Standards are then verified by conducting audits 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 have 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.

WORKFORCE OF TOMORROW



ITC Paperboards & Specialty Papers Unit in Bhadrachalam

Design Thinking Meets Behavioural Safety at ITC's Bhadrachalam Unit

ITC's Paperboards and Specialty Papers Division (PSPD) has pioneered 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

The complete process 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 to develop, a sense of co-creation and ownership.

While ITC understands that behavioral change is a long drawn process which involves constant reinforcement, Design Thinking has provided the requisite nudge and allowed teams to focus on people, challenge assumptions, redefine problems and is helping in shifting the mindsets towards achieving the zero-accident goal.



Integrated Consumer Goods Manufacturing and Logistics, Pudukkottai

COVID-19 Response: Health & Safety

During the year, disruptions from Delta & Omicron variants of COVID-19 pandemic were effectively managed through concerted efforts. The protocols established during FY2020-21 to control workplace COVID-19 transmission were further strengthened by implementing best practices on air management in indoor spaces, providing oxygen concentrators, etc. This helped in ensuring business continuity,

and resilience across the value chain during the period when demand for essential category items was high.

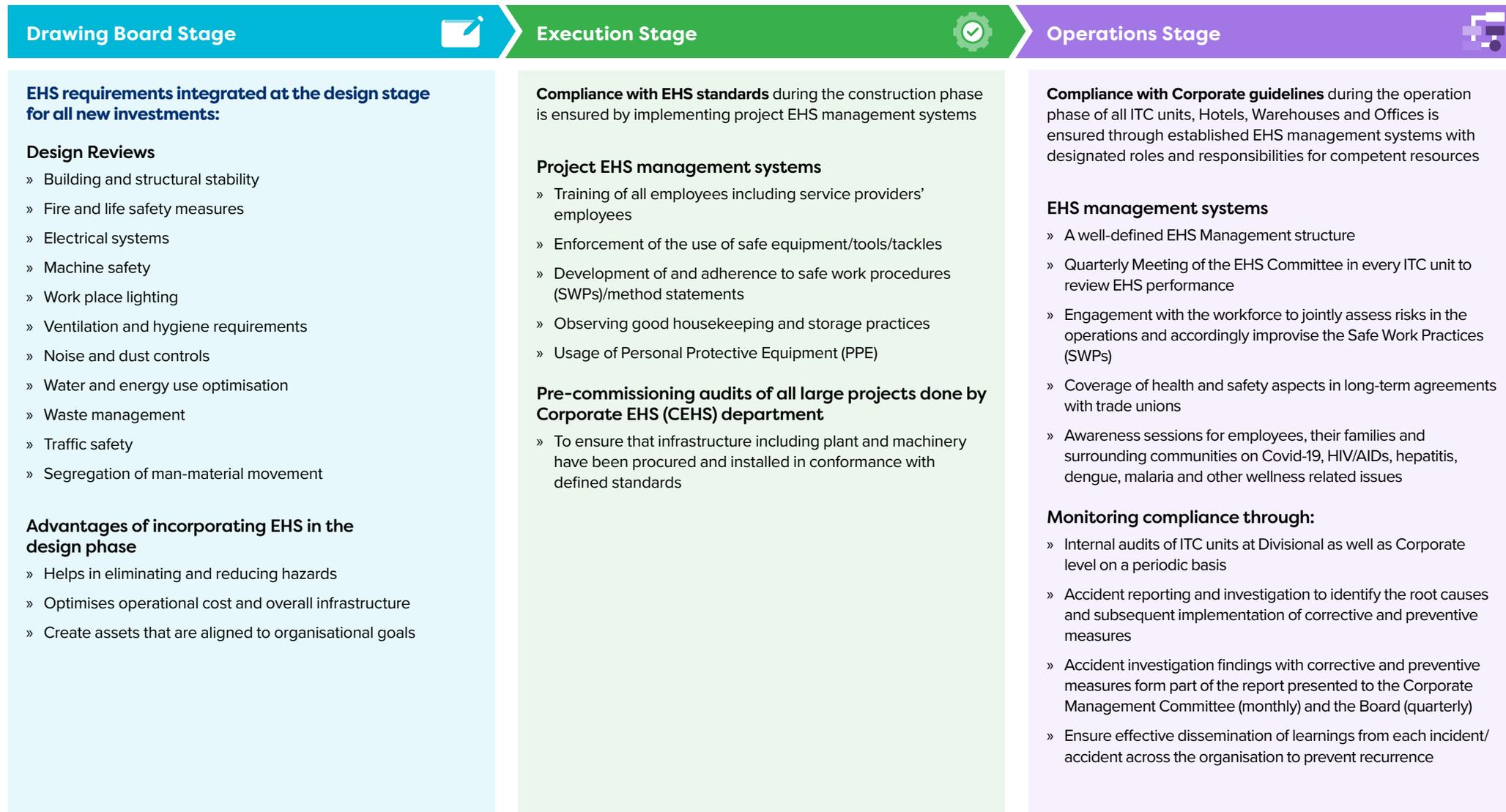
For more details, refer 'Covid Response: Health & Safety' section of ITC's Report and Accounts 2022.

For more details, refer to the '[Covid-19 Response](#)' section of [ITC's Integrated Report 2022](#), and the '[Covid Response: Health & Safety](#)' section of [ITC's Report and Accounts 2022](#).

WORKFORCE OF TOMORROW

Organisational EHS Framework

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





WORKFORCE OF TOMORROW

Safety Performance 2021-22

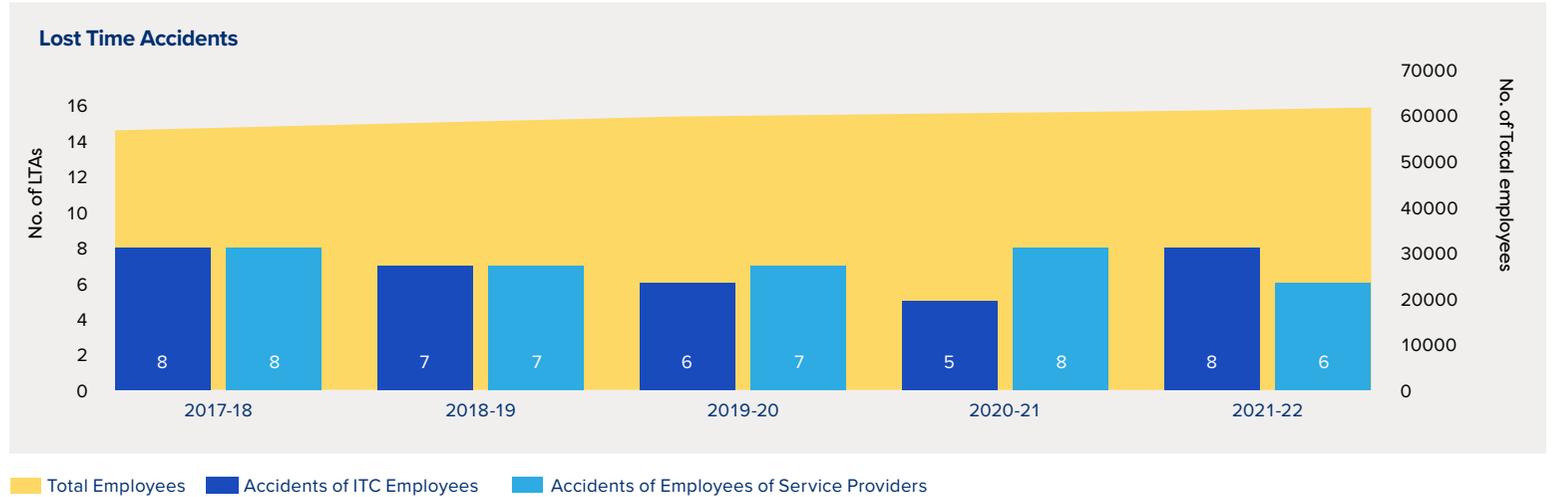
ITC reports its safety performance on two fronts – ‘on-site’ – referring to the place of work i.e. factory, hotel, office, etc. which is under direct operational control of ITC and ‘off-site’ – defined as places other than onsite while on official duty, which includes the to and fro commute between residence and place of work.

On-site Safety

During FY2021-22, the total on-site Lost Time Accidents (LTA) were at 14 as compared to 13 in FY2020-21. Out of these 14 accidents, 8 pertain to ITC employees, and the balance 6 relate to service providers’ employees. These accidents involved 13 male employees and 1 female employee. During the year, two unfortunate fatalities involving service provider employees (male) were reported. Both the incidents occurred during construction & demolition activities at a project site. There were no on-site fatalities involving own employees, during the year.

Further, detailed investigations are carried out for all accidents, including LTA*, to identify the root causes and to understand the measures which requires implementation, to prevent recurrence. The learnings from all accidents are disseminated across the organisation at periodic intervals and a formal compliance obtained.

*Lost Time Accident (LTA) is defined as an accident due to which the injured is not able to come back to work in the next scheduled shift.



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.



Lost Day Rate is 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 FY2021-22, the elevated Lost Day Rate is attributable to two on-site fatal accidents.

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.



The injury rate shown is for the combined workforce i.e. ITC employees and service providers’ employees.

^{\$} The marginal increase in Injury Rate is attributable to increase in the number of Lost time accidents in FY2021-22.

WORKFORCE OF TOMORROW

Zero Accident Units

The following units achieved 'Zero On-site Lost Time Accident' status in FY2021-22. Out of these, 37 units, held on to the 'Zero On-site Lost Time Accident' performance, since FY2017-18

Manufacturing Units



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

Hotels



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

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
- » Technico HO, Chandigarh
- » Hotel Projects



WORKFORCE OF TOMORROW

Off-Site Safety

During FY 2021-22, the total number of off-site LTAs were 11 compared to 14 in FY 2020-21 and all of these were road accidents, including two unfortunate fatal road accidents involving own employees.

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, caution against overspeeding 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.

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. During FY2021-22, 10,304 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 Covid-19, HIV/AIDS, hepatitis, dengue, malaria etc. During FY2021-22, 46 awareness camps/programmes were conducted and 4,784 employees attended them. Awareness sessions were also conducted regarding off-the-job safety aspects such as oxygen cylinder safety, 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.

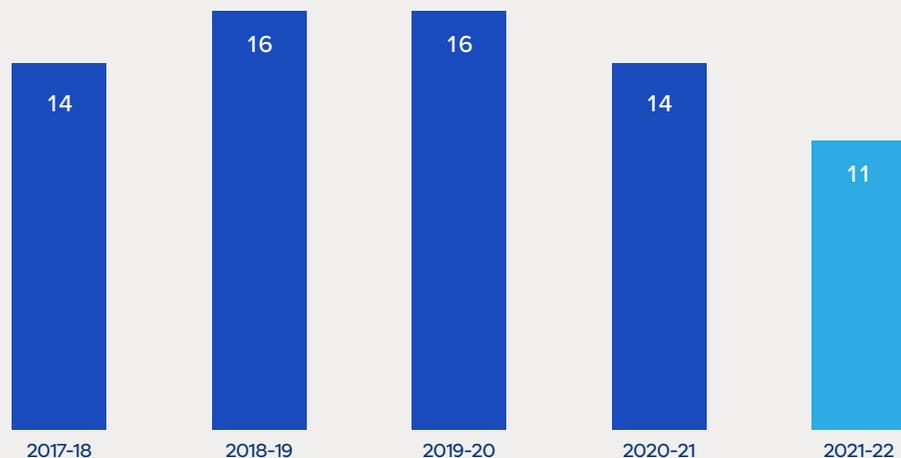
ITC has put in place comprehensive health and safety protocols for the safety and well-being of its stakeholders. ITC continues to strengthen its safety processes, adopting globally recognised best practices including digital transformation of EHS management systems, ensuring that facilities are designed, 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 endeavour to achieve the organisation-wide goal of "Zero Accidents".

Road Accidents Trend



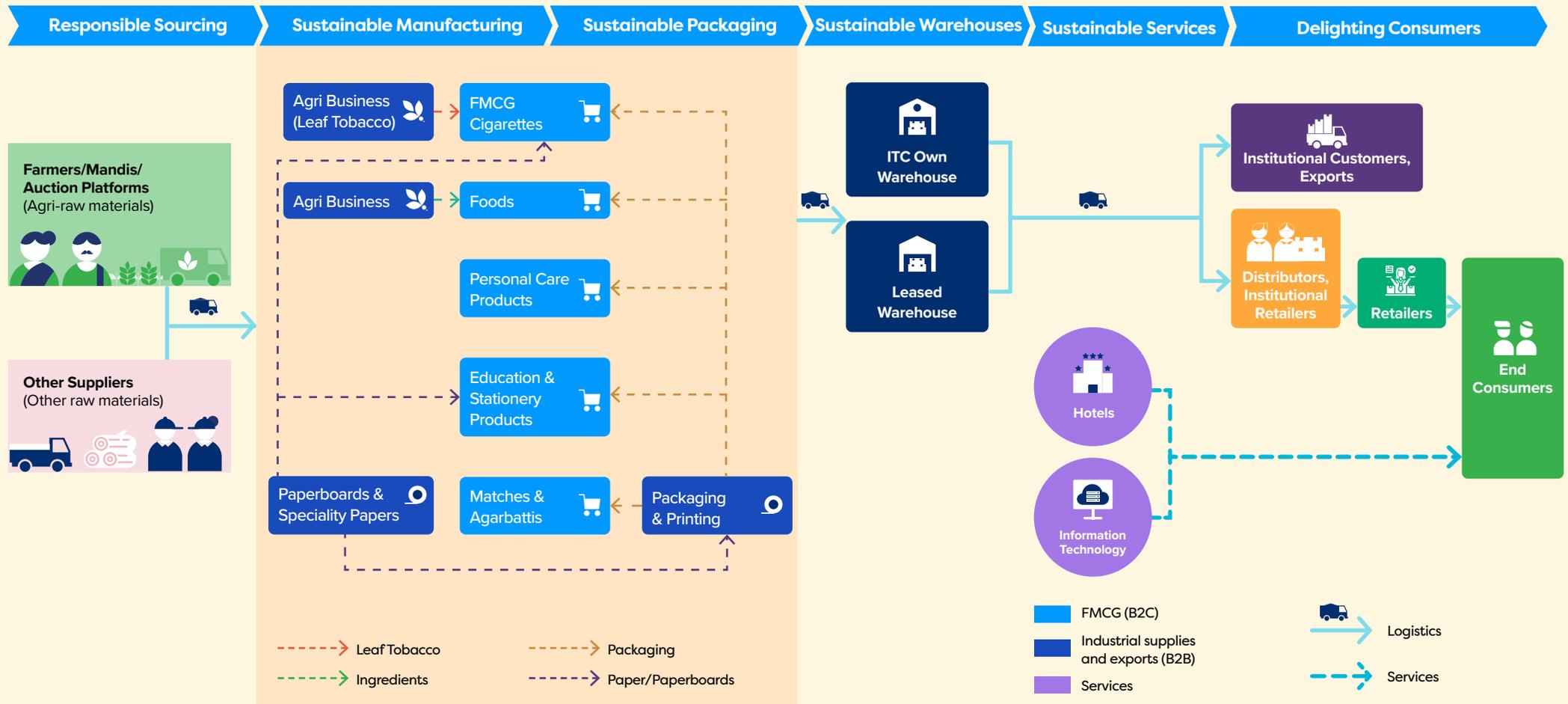
Inclusive value chains

Global supply chains continue to evolve across industries with rising digitalisation, integration and strong emphasis on sustainability and responsible sourcing. The recent disruptions in supply chains around the world have brought supply chain sustainability even more to the

forefront. ITC, with its diverse and expanding portfolio of businesses, prioritises embedding sustainability and building resilience in the supply chain as part of its Sustainability 2.0 vision. ITC 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. ITC's supply chain includes farmers, third party manufacturers, service providers, transporters, suppliers of agriculture/nonagriculture materials and capital goods, franchisees, dealers and distributors.

ITC's Supply Chain



INCLUSIVE VALUE CHAINS

ITC's Approach

Assessing Sustainability Risks in ITC's Value Chains

Assessment of risks and associated opportunities aligned with international standards and certifications like Sustainable Tobacco Programme, Rain Forest Alliance and Forest Stewardship Council®.

Continuous engagement with key suppliers for capacity building and other effective mechanisms for addressing the identified risks



Building awareness among suppliers through continuous engagements

Building Resilience of Suppliers

Building awareness and capacity of Suppliers.

Vendors and service providers encouraged to adopt management practices as per International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines.

A bouquet of regenerative and sustainable agriculture interventions across agri-value chains supporting ITC's leading brands.

The board-approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' lays down the foundation for ITC's engagements 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 facilitates capacity building workshops for its key supply chain partners to educate and create shared awareness on key areas like human rights, labour practices and sustainability.

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:



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's approach also entails identification of its key supply chain partners, assessment of their material sustainability risks, and further collaboration with the suppliers for mitigating the identified risks. Some of the leading supply chain sustainability practices across ITC's major businesses are detailed below:

Agri-Sourcing Practices

Effective mechanisms in place to ensure optimum utilisation of resources

Agri Business Division (ABD) primarily engages in sourcing of agri-commodities like wheat, coffee, spices, maize, soybean, mustard, rice, maida, fruits, prawns. The scope and scale of operations of ABD have grown manifold over the years and currently encompass over 4 million tonnes in 22 states and over 20 agri-value chains. The portfolio continues to be rapidly scaled up, leveraging ITC's deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chain for traceability.

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 2022, and 'Next-Generation Agriculture' section of this Report.

INCLUSIVE VALUE CHAINS

Leaf Tobacco Supply Chain



Sustainable Tobacco Programme (STP 2.0)

During FY2021-22, the Business successfully implemented the reinforced version of global Sustainable Tobacco Programme (STP 2.0) across the leaf producing regions. The programme focused on 8 themes demanding leaf suppliers' commitment on – Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. The Business deployed the required systems, process, project and reporting mechanism in alignment with customers' requirements. A digital crop monitoring tool was deployed in the region wherein the field technicians were trained to capture all the data pertaining to STP 2.0. The STP commitment reflects the self-sustaining ecosystem that ITC has created with farmers over the years.

Human Rights Impact Assessment in Leaf Tobacco Supply Chain

ITC coordinated a Human Rights impact assessment with an independent party, covering the entire leaf tobacco farm supply chain covering farmers from Andhra Pradesh and Karnataka regions. The Human Rights Due Diligence process was aligned to UN Guiding Principles of Business and Human Rights, and focused on identifying human rights risks and impacts covering farmers, labourers and communities.

Following actions have been implemented by ITC based on the outcome of the assessment.

Training and Awareness on Human Rights: 184 Village level training programmes were conducted covering subjects such as Farm Safety, Child Labour, Wages, Fair Treatment, Freedom of Association, Water, sanitation and hygiene (WASH), No Discrimination and other areas pertaining to Human Rights.

Human Rights Manual in Vernacular Language: Released the industry first Human Rights Do's and Don'ts in farm supply chain. The manual acts as a ready reckoner for ITC employees working in the farms, the farmers with whom we partner and the labourers engaged by the farmers.

Farm Safety: ITC undertakes a holistic approach that addresses the farm safety challenges in Indian farming. Close to 5,000 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and secured storage box for safe storage of chemicals. In addition, 75,000 harvesting gloves were provided to labourers to shelter their hands while harvesting. Technology like Drones were scaled up covering 3,550 acres minimising human interference while chemical spraying besides increasing the efficacy of operations and water saving.

Responsible Sourcing of Fibre by Paperboards and Specialty Papers Division



ITC Paperboards & Specialty Papers Unit in Bhadrachalam

The Paperboards and Specialty Papers Division (PSPD) processed 2.02 Million tonnes of raw materials (about 80% of the total raw material procured by ITC), out of which over 99% were from renewable sources. The Kovai unit of the Paperboards and Specialty Papers Business utilised over 85,000 tonnes of post-consumer paper waste as raw material in FY2021-22.

Approximately 59% of the total fibre requirements of ITC's PSPD is met by pulp, manufactured at the Bhadrachalam unit. Another 13% comes from recycled fibre processed at the units in Kovai and Bhadrachalam. The balance 28% is imported pulp used at Bhadrachalam and Tribeni units.

In terms of traceability:

- » Approximately 86% 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.



INCLUSIVE VALUE CHAINS

Engaging with Third Party Manufacturers

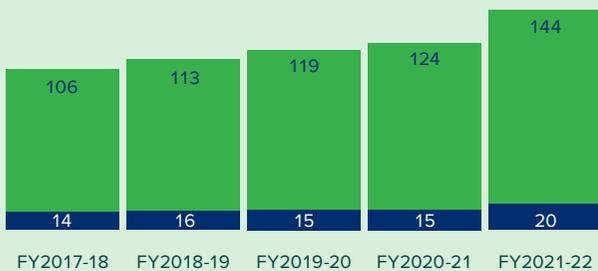
The Company's suppliers, both local and international, constitute one of its important stakeholder groups. Critical value chain partners like third party manufacturers are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's 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.

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 the national priorities of 'Make in India', 'Atmanirbhar Bharat' as well. ITC also works in close partnership with small-scale units in businesses such as Incense Sticks (Agarbattis) and Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced survival and competitiveness of a number of units in these sectors.

87%

Raw materials and stores & spares have been locally procured over the years, consistently.

Raw Materials, Stores & Spares Consumed (MT)



■ Imported ■ Indigenous

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 route optimisation, improving the share of Higher capacity vehicles and utilisation, thereby lowering total kilometres traversed by ITC's Products. This, combined with shipments through rail and sea routes, have helped to reduce GHG emissions.

ITC has deployed Electric Vehicles (currently available are small-sized vehicles) for shipping material to the distributors. These vehicles are running in 7 metros covering about 4000 trips annually. This initiative will be further scaled up, along with the adoption of larger-size vehicles.

Road Ahead

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



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

Product Sustainability

ITC's Approach

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

ITC is committed to providing products and services that offer best-in-class quality user experience, using sustainably sourced inputs and raw materials. ITC delivers world-class products and services with consistent focus on health and safety. Rigorous systems, processes and industry best practices have enabled securing global quality certifications. 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.

ITC's endeavour has been to introduce innovative and sustainable products and services that are made from sustainably sourced ingredients, and manufactured in a resource efficient manner. ITC is committed towards progressively integrating sustainability considerations in the product/service development process. The approach to these processes is summarised below.

Approach

Rigorous Systems, Processes and Industry Best Practices

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

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

Responsible Marketing Practices

For Enabling Customers to Make Informed Purchase Decisions

Policies & Systems for Ensuring Compliance to Customer Privacy Requirements

Leveraging Life Cycle Assessments

to Evaluate Impacts and Identify Improvement Areas across the Value Chain

Agri Business Division



In Agri Business Division, the products are sold and exported as per customer specifications and requirements. The Business primarily sources agri-commodities like leaf tobacco, wheat, coffee, spices, maize, soybean, mustard, rice, maida, fruits, prawns.

Marketing Communication

Agri SBU is predominantly engaged in trading of agri-commodity in B2B space. Recently, the SBU has launched Frozen Prawns under the brand name ITC Master Chef, and Fresh Fruits & Vegetables under the brand name 'Farmland' in the domestic market for both B2B and B2C customers. These branded products leverage ITC's sourcing and distribution network, culinary expertise and consumer insights.

- » Holistic approach of 'Integrated Crop Engagement' to ensure that the product meets stringent global food safety standards.
- » Engagement with farmers by the Division to disseminate knowledge on farming practices, integrated pest management and crop management practices.
- » Stringent process control and quality inspection norms are in place to ensure the quality of its products and compliance with customers' requirements.
- » The SBU has certifications like Rainforest

Alliance, Global G.A.P Certification, Fairtrade, USDA Organic, India Organic for catering to various customers' segments.

- » The Aqua (Prawns) business has received certifications from Best Aquaculture Practices, Hazard Analysis Critical Control Point (HACCP), Food Safety and Standards Authority of India (FSSAI) and BRC (British Retail Consortium) Global Standard for Food Safety, and also adhere to the international standards prevalent in Europe, the United States of America and Japan.
- » The Spices business has received various certifications like HACCP, BRC, Sedex, National Programme for Organic Production Standard (NPOP), National Organic Program (NOP), and Halal and Kosher for specific countries. For details on sustainable farming certifications and farm practices, refer to 'Certifications' section of this Report.
- » State of the art processing and warehouse facilities in the processed fruits & spices business complying with NPOP and EU organic certification standards, where ever applicable.

PRODUCT SUSTAINABILITY

Leaf Tobacco SBU

In the Leaf Tobacco SBU, quality and safety of products are considered the highest importance. Accordingly, systems and processes are instituted to ensure that 'Quality, Integrity & Safety' are integrated with best practices and rigorous process control across the value chain.

- » The Green Leaf Threshing plants at Chirala and Mysore are certified on standards such as ISO 9001, ISO 45001 and ISO 14001. Employees undergo periodic trainings on product safety and quality. For details on sustainable farming certifications and farm practices, refer to 'Certifications' section of this Report.
- » Agri Extension Services are designed to ensure seed integrity, monitoring of pesticide residue level and elimination of Non-Tobacco Related Matter (NTRM)
- » The SBU has dedicated Crop Development and Field Extension team which plays a critical role in reaching out to 100% of the farmer base in creating awareness on product quality and integrity. The village level training programmes, field visits and one to one interface with suppliers cover key areas such as producing sustainable quality tobacco in alignment with Customer Crop Protection Agent (CPA) residue guidelines and towards removing Non-Tobacco Related Matter (NTRM) to ensure product hygiene. The SBU provides the farmers with required infrastructure like grading tables, NTRM collection bins and curing sheds to improve product integrity.
- » Deployment of sustainable agrochemical management programmes for the farmers addressing the importance of safe and environmentally responsible selection, handling, application, storage and disposal of agro-chemicals.

- » Product Quality testing of pesticide and heavy metals are undertaken across the value chain as per customers' guidelines.
- » The SBU has in-house analytical laboratories equipped with requisite infrastructure.

Product Information & Labelling

Products are primarily sold by the Agri Business on a B2B basis, and 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 phyto-sanitary certificates, surveyor quality and quantity reports, as well as Chamber of Commerce certificates etc., as necessary. The Business complies with the statutory requirements for exports.

In 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 (from farmers) till it is packed and shipped out.

Marketing Communication

Agri Business Division has systems, standard operating procedures and review mechanisms to identify and comply with applicable laws and regulations concerning marketing communications.

The agri-commodity operations are predominantly B2B in nature, and are intermediate products, hence marketing communication is limited to interface with customers. For the newly launched branded products of ITC Master Chef Prawns, ITC Master Chef Frozen Snacks and Farmland Fresh Fruits & Vegetables, the SBU has engaged in marketing communications for both digital and conventional promotion mediums like participation in food exhibitions, sampling schemes, in-store promotions, etc. Most of the marketing communications for these branded products has



been through digital media like Facebook, Twitter and Instagram.

Unmanufactured leaf tobacco being an intermediate product, its marketing communication is limited to interfaces with customers.

Customer Feedback

Agri Business conducts pre-season engagement with customers, and undertakes customer visits. The Divisional Management Committees also engage with major customers. The Business looks at claims due to rejection on grounds of quality as a proxy indicator to measure customer

dissatisfaction. Processes are laid down to ensure that consumers are provided with responses on their feedback in a timely manner. For rural marketing operations, customer and consumer feedback is ascertained through surveys, visits and testimonials.

In Leaf Tobacco Strategic Business Unit, customer concerns are addressed through a robust redressal mechanism and all queries/concerns are supported by a corrective and preventive action (CAPA) report, which are also shared with the customers. The above initiatives cover 100% of the product categories.



PRODUCT SUSTAINABILITY

Branded Packaged Foods Businesses

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

India is going through rapid demographic and nutritional challenges. While the country has progressed in different facets of economic and social factors, it still faces the colossal nutritional challenge of reducing the 'Triple Burden of Malnutrition' across all levels of civil society. This puts the focus back on food systems to improve the overall delivery in terms of providing access to food, as well as ensuring nutrition security in the most sustainable manner.

Read more at: ITC's Food Divisions Nutrition Policy:
<https://www.itcportal.com/about-itc/policies/itc-food-division-nutrition-policy.aspx>

At ITC, it has been a constant endeavour to support the national nutritional and health priorities emanating out of India's commitments towards the UN Sustainable Development Goals (SDG) for 2030, and Mission Poshan 2.0. Under the thought leadership of "Nutrition For Nation", ITC Foods Business Division developed a 4-pillar model that uniquely combines the strategic commitments to deliver on its core purpose of "Help India Eat better". The model is based on strategic and value-based deliverables in the domain of:

<p>Pillar 1</p>	<p>Pillar 2</p>	<p>Pillar 3</p>	<p>Pillar 4</p>
<p>Value-added Product Portfolio</p>	<p>Sustainable Food Ecosystem</p>	<p>Healthy Communities</p>	<p>Consumer & Employee Awareness (on Nutrition & Wellbeing)</p>
<p>SDGs impacted</p>	<p>SDGs impacted</p>	<p>SDGs impacted</p>	<p>SDGs impacted</p>

This approach is deeply embedded into the core business strategy, and is reflected in the Company's key initiatives that include critical stakeholders across various platforms, policies and commitments.

Being a responsible leader in this space, ITC believes in supporting the Nation's vision of health and nutrition, and the potential impact it can have at large.

Read more at: ITC's Food Division's Food Product Policy
<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>



Integrated Consumer Goods Manufacturing and Logistics, Panchla



PRODUCT SUSTAINABILITY



Pillar 1 – Value- added Product Portfolio

Our emphasis has been to create and nurture world-class Indian brands that enable consumers to make informed choices that are influenced by myriad factors such as taste, health, attitudes, beliefs, price, product safety and quality. We firmly believe that all products, in right portions, have a unique place in a diversified, balanced diet. Thus, ITC accords top priority to deliver healthier,

value-added portfolio, by increasing the overall nutrient value of products- by adding nutritious food ingredients and vital nutrients and reducing nutrients of concern at the same time, which helps in addressing the key needs of discerning consumers, esp. around key micro-nutrient deficiencies and malnutrition. Some of the product portfolio highlights include:

Products with a special focus on goodness of protein & fibre

83%

of ITC products provides **Goodness of Protein.**

65%

of ITC products provides **Goodness of Fibre.**

100%

of ITC's Staples (Atta, RTC Chapati, Organic Dals) **are a source of Protein**

100%

of ITC's Staples (Atta, RTC Chapati, Organic Dals) **are a source of Fibre**

100%

of ITC's Noodles & Pasta **are a source of Protein**

100%

of ITC's Dairy based beverages **are a natural source of Protein**

92%

of ITC's B Natural (juices, fruit beverages & soups) portfolio **are a source of Fibre**

95%

of ITC's Fresh Dairy has **goodness of Protein**

84%

of ITC's Papad portfolio **is a source of Protein**

100%

of ITC's Sunfeast Farmlite range **is rich in Fibre**

Products with value-added ingredients

ITC's RTE (Ready to Eat) portfolio and ITC's Masterchef Range contain significant amounts of value-added ingredients like jaggery, veggies, dal, meat, pulses like chickpea.

ITC's Snacks portfolio and Sunfeast Farmlite is made with value-added ingredients like pulses and nuts.

Products with a special focus on goodness of micronutrients, +F portfolio

23%

of ITC products provides **Goodness of Micronutrients**

7%

of ITC products provides **Goodness of Iron**

98%

of ITC's Noodles **are source of micronutrients**

100%

of ITC's Fresh Dairy and Dairy based beverages are with **goodness of micronutrients**

98%

of B Natural (juices, beverages, soups) is a source of micro-nutrients like **Vitamin C**

100%

of ITC's offering in Dals (pulses) **are Organic**

31%

of Biscuits are source of micro-nutrients like **Iron, Vitamin A, Vitamin D, Zinc etc**

100%

of Aashirvaad salt is **Iodised**

100%

of Fresh Milk portfolio is **+F (source of Vitamin A & D)**

11%

of confectionery is a source of **Zinc & Vitamin C**

PRODUCT SUSTAINABILITY

Specially formulated products



Sunfeast Nutrilite Beverages: ITC has launched a range of beverages in collaboration with Amway which includes, Protein Shake with 18g Protein and no added sugar, B Natural Nutrilite ABC and Mixed Fruit beverages with clinically proven ingredient that supports immunity. B Natural Nutrilite Mixed Fruit is also a source of 21 vitamins and minerals used in Nutrilite Daily and has 2X Polyphenols when compared to B Natural Mixed Fruit Beverage.



Jellimals Nutrition+: All new Health Supplement for Kids (7-12 years) which are not just made with tasty real fruits but also contains the power of 5 Immuno nutrients Vitamin C, Vitamin A, Vitamin D, Vitamin B12 and Zinc. Besides this, these nutrients also support the kid's vision, skin, bones, teeth, cognitive function and energy metabolism.

Sunrise Pure Mustard Oil: Cold Pressed oil contains natural antioxidants and are naturally rich in ALA which helps in maintaining Blood Cholesterol Level. Another variant has been Fortified (+F) with Vitamin A & Vitamin D.



Aashirvaad Svasti Easy Digest Milk: Pasteurised Toned milk which is lactose free and also fortified with Vitamin A and Vitamin D.



Sunfeast Super Milk Biscuit: The Biscuits are enriched with goodness of 4 immunity nutrients Vitamin A, Vitamin B12, Iron & Zinc.



Fabelle Heart of Gold: Inspired from India's rich Ayurvedic knowledge, these chocolates are made with edible gold.

Fortification (+F Portfolio)

Fortification is known to be one of the most effective strategies for filling the existing nutritional gaps, and it can help impact a wider population including those who are vulnerable and at a higher risk of malnutrition. It is also a cost-effective, scalable and sustainable intervention. To this end, ITC Foods identifies the most appropriate source, format and the nutrient-matrix mix towards product development.



100% of our milk portfolio has been fortified (+F) with essential micronutrients, like Vitamin A & D.



Aashirvaad Fortified chakki atta has been fortified with Iron, Folic acid and Vitamin B12.

Sunrise Pure Mustard oil has been fortified with Vitamin A and D

PRODUCT SUSTAINABILITY

Reductions

In 2018, ITC Foods embarked on the journey to support FSSAI's Eat Right India movement with a pledge to reduce the nutrients of concern in different categories, while still delivering on the taste profile of ITC products. This is made possible due to tremendous efforts of product development teams by using latest technology, ingredients, and research & development. The commitment is available at <https://www.itcportal.com/about-itc/policies/itc-term-commitment.aspx>

ITC has successfully achieved the first phase of reduction targets for nutrients of concern for the year 2021, and will continue to provide nutritious choices to delight consumers.

Salt/sodium reduction

ITC Foods has already achieved an overall 6% reduction in sodium in 96% of the instant noodles' portfolio against the commitment of 5% reduction in 75% portfolio.

Overall 93% of the snacks' portfolio has been reformulated with an average of 9% lesser sodium vis-a-vis the commitment of 5% reduction in 75% portfolio.

Added sugar reduction

ITC Foods has achieved an overall 5% reduction in sugar in 75% of biscuits category in line with the commitment.

Overall 93% of the Beverages' portfolio has achieved an average of 10% reduction in sugar which accomplishes the target for both 2020 and 2023.

Trans Fat reduction

All (100%) of ITC Food products, where trans-fat is originating from hydrogenated vegetable oil, are "trans-fat free" in accordance with national regulations.

Total Fat & Saturated Fat

In addition to these commitments, the company has already initiated its journey towards reduction of total fat and saturated fat in Snacks. ITC Foods will continue its efforts and research to achieve these significant milestones in the next 2-3 years.

Research & Development: Leveraging New Science

Human diet and nutritional needs are constantly evolving. In the context of the new era of health and wellness propagated by Covid-19 pandemic, ITC LSTC has taken up concrete projects to deliver not only tasteful but science-based healthy products. State-of-the-art research along with ITC's outreach from farm to fork has been leveraged to deliver differentiated and nutritionally sound products.

ITC was the first company to launch juices with a clinically proven ingredient to support immunity. The Company is working on emerging research areas like gut health, nutraceuticals, vital ageing and millets, especially as per the needs of Indians, to make nutritious choices available for them.

Serve Size & Portion Control and Voluntary Front-Of-Pack (FOP) Labeling

Knowing portion sizes is important to plan a day's balanced diet. In line with this and the Company's belief to provide transparent communication to consumers to help them make informed choices, ITC Foods had initiated the incorporation of serve size and number of servings on all packs, in full compliance to food regulations from an early stage. Besides this, ITC Foods also supports other ways to help consumer understand portion recommendation and do mindful eating like individually wrapped portions, resealable packs (bottles with caps), discrete units, demarcations on products, has been adopted across different products under Farmlite, Dark fantasy, Fabelle & Jellimals range. We have already initiated front-of-pack labelling for nutrients of concerns in select products like Farmlite oats almond, Aashirvaad vermicelli, Aashirvaad multigrain flour, and Ready-To-Cook chapatti long before regulation comes into place, which is a mark of any responsible organisation.



Communication to Consumers

ITC Foods is committed to leveraging its brands for sharing science-led information and building positive consumer engagement to enhance their awareness, and helping them make right choices for good nutrition and healthy living. The Business works on multiple health platforms like Digestive health, Anemia management,

Protein, Plant based offerings, Diabetes etc. Sharing one example- Digestive health is an important contributing factor for overall well-being, and keeping in mind the consumer needs and the available science, we have developed 2 initiatives:

1. Happy Tummy: To help consumers understand the importance of good digestive health and requirements of dietary fiber, Aashirvaad Multigrains has created 2 trackers- Digestive Quotient (DQ) and Fiber Meter, under the brand campaign Happy Tummy. These are simple, quick & scientifically validated assessment tools to evaluate the digestive health score and identify the gaps in consumption of dietary fiber. In the coming year, the plan is to create a consumer facing platform to address solutions for digestive health.

Aashirvaad Multigrains has created Digestive Quotient (DQ), a unique and simple test to help consumers assess their overall digestive health



2. Aashirvaad Easy Digest Milk: One of the most common digestive health issues is lactose intolerance that is faced by many Indians. Infact, in one of the recent consumer researches it was found that –in approximately 1/3rd of the households in Kolkata has atleast 1 person who believed/ reportedly is lactose intolerant and due to this they stop or lessen the milk consumption drastically which leads to deficiencies of vital nutrients (like calcium, protein etc.). The other/ current alternates available are either too expensive or not a viable option for daily consumption. Aashirvaad Svasti Easy Digest milk in a pouch format is an affordable solution for people with this intolerance. One of the main objective was also to help raise awareness about the identification of this issue and hence the team had designed a Lactose Intolerance Test to help consumers take a quick assessment and increase the awareness of lactose intolerance, in consultation with experts.

Organic foods have diverse benefits towards the planet and people, and have gained immense popularity amongst consumers. In line with consumer's needs, Aashirvaad Nature's Superfoods Organic initiated a brand campaign '**Know Your Food**' to increase the awareness of organic foods and encourage sustainability.

PRODUCT SUSTAINABILITY



Pillar 2 – Sustainable Food Ecosystem

The Government of India has undertaken an initiative to ‘Transform Aspirational Districts’, and this is being implemented by NITI Aayog. Under this program, 117 Aspirational districts have been identified, and improvement in health and nutrition indicators majorly contributes to the development of these districts. In-line with this, a road map is being developed by us around the 3 verticals - Affordable, Accessible & Planet Friendly Nutrition, basis the 6P model of: Production, Processing, Plate, Planet, People & Policy. Another domain of Food Loss and Waste continues to be an important area of focus for us.

Affordability

Providing affordable nutrition is one of the ways to ensure good nourishment to vulnerable sections across age groups. ITC is committed to map lower price points to its product portfolio, and further develop more products that are nutritious and affordable. Few examples from ITC Foods’ portfolio include +F Aashirvaad Fortified Atta, +Aashirvaad Fortified Milk, Aashirvaad Iodised salts range, Yippee Magic Masala with goodness of iron, Jellimals Immunoz with Vitamin C & Zinc, Sunfeast A2 milk biscuits with 4 immuno nutrients and Sunrise Plain & Masala papad which are sources of protein.

Accessibility

With the rise in malnutrition, lifestyle disorders, micronutrient deficiencies and the pandemic, it is important to ensure the reach of good nutrition to rural and distant corners of the country. In line NITI Aayog’s efforts, ITC endeavours to ensure healthier and nutritious food products are available in all these districts to address the concerns of undernutrition and micronutrient deficiencies. Our robust supply and distribution system enables us to deliver our products across the country.



Planet friendly

The health of the planet is interlinked with the health of people, as climate, agriculture and nutrition are inseparable. To maintain the wellbeing of human health and achieve a sustainable and healthy food system, it is important to consciously take care of the environment. ITC supports the purpose of ‘**Healthy planet, Healthy You**’ by helping reduce the carbon footprint through green and efficient manufacturing, and locally sourcing agriculture produce such as fruits for B Natural juices. The Business recently launched Plant based, Vegan- Meat alternates for consumers without compromising on taste. These have been launched under ITC Master Chef IncredEdible range of Plant based-Nuggets and Patty. **Plant Protein Platform** will be one of our key science & technology focus area in the coming year. ITC also supports the production and use of traditional millets, which are known to be planet friendly with products like Aashirvaad Natures Super foods Ragi flour, multi millet flour and Aashirvaad Instant meals Khatta Meetha Poha with Millets. With 2023 being the **International year of Millets**- we plan to develop a dedicated product portfolio to delight the consumers with various nutritious offerings without any compromise on taste & convenience.

Food loss & waste management

Reducing Food Loss & Waste (FLW) throughout the value chain from farm to fork, helps meet the national goals of improving access to nutrition, tackling undernutrition and food security. The Foods Business continuously works in the area of reducing food loss and

waste through initiatives like improving crop productivity throughout key value chains like wheat, spices, and potato, improving efficiency, partnering with suppliers and reducing wastage at the distribution end. Appropriate labelling & consumer education via portion sizes is also an effective tool in reducing FLW. In the dairy value chain, there is farmer-connect programme towards enhancing farm productivity and ensuring a hygienic and efficient procurement network to facilitate higher milk production. The Business continues to work towards supporting SDG Goal 12 (Responsible Consumption and Production) to “halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses,” by 2030.

Biofortification

With an endeavor to develop a sustainable and science backed nutritional platform within the agri-nutrition framework, ITC is exploring biofortification of wheat with zinc and potentially millets with iron, to explore the long term benefits of these on the health of consumers and the planet.

EAT RIGHT INDIA INITIATIVES

ITC strongly supports FSSAI’s Eat right India movement to ensure safe, healthy & sustainable food for all. In line with this, ITC Foods has undertaken significant efforts to make its campuses Eat right certified. 9 factories (Guwahati, Haridwar, Kapurthala, Malur, Mysore, Panchala, Pudukottai, Ranjangaon, Uluberia) of ITC Foods Division have obtained the Eat Right Certificate from FSSAI. Seven units have received an ‘Excellent’ score and ICMF Mysuru has received an ‘Exemplary’ score for their food safety and hygiene standards.

ITC also contributes to other initiatives under this movement like Jaivik Bharat, Food Fortification, Reduction of Fat, Sugar & Salt, Repurpose used cooking oil and Trans-fat free India.

PRODUCT SUSTAINABILITY



Pillar 3 - Healthy Communities

» As a responsible organisation, we understand the pivotal role we play in supporting the community initiatives. In line with the national health priorities and the sustainable development goals we work towards developing a robust framework of appropriate stakeholders to develop projects that can help bring positive changes in health, livelihood and the planet at large.

1. Project SAMPOSHAN: As per National Family Health Survey- 5 (2019-21), Anaemia is still a major concern among all age groups. 59.1% Adolescents, 57.2 % adult women and 52.2% Pregnant women are anaemic. These numbers call for holistic interventions. Government of India aims to reduce the prevalence of anemia through its national program 'Anaemia Mukht Bharat'. To contribute towards governments efforts, this project (started in 2 aspirational districts of U.P; Bahraich & Chandauli) - is aimed at increasing awareness about anaemia and provide appropriate interventions to lower its incidence, along with the Gram Panchayat & local government heads, Medical fraternity, Scientific advisors etc. This is in line with SDG 2 & 3.

2. Project SAMARTHYA: to continue providing sustainable & dignified livelihood to the women of rural Bikaner, we have recently launched this project along with SEWA Bharat- to provide skill enhancement training along with focus on health initiatives as well.

Other key initiatives planned for this year are:

1. Plan to mitigate the health risks involved in 'Malnourished children under 5 years of age, with key indicators as wasting, underweight, anemia and stunting.
2. Educating school children on plastic waste management through 'Yippee Better World Initiative.'
3. Tackling 'Spices adulteration issues' through 'Sunrise Swasthya Bengal" In West Bengal.



Pillar 4 – Consumer & Employee Awareness

Employees awareness initiatives

Employees are one of the most important assets of any organisation and supporting them in leading a healthy balanced life is essential for sustainable growth of the organisation.

In line with the commitment to support employees on their journey towards leading an active and healthy lifestyle, as a first step, ITC has developed and launched a responsive and easily navigable intranet site- ITC Nutrition Portal, dedicated to Nutrition and Health for all ITC employees.

The site has been specially designed for the employees and holds credible information around key fundamentals of health and nutrition in the form of modules, blogs and infographics to enhance their nutrition awareness and to encourage them to make informed food choices for themselves and their families.

Nutrition Month

The Government of India under its flagship Programme Poshan Abhiyaan, celebrates Rashtriya Poshan Maah i.e., National Nutrition Month every year in the month of September to encourage

active participation of people to create awareness about malnutrition.

This year, ITC celebrated National Nutrition Month to inspire its employees to make meaningful, informed choices and lead a healthier, happier life. Credible information on various nutrition topics (Balanced diet, Portion guidance, Anaemia, Weight management etc.) were shared, and positive engagement was created through activities such as quizzes. ITC will continue to engage in such national events, and guide its employees towards a nourishing and active lifestyle.

Supporting Breastfeeding for Mothers at workplace

Breastfeeding is an important aspect of health for both mother and child. To address challenges faced by the new mothers as they return to work, it is important to provide a comfortable, private space for lactation purposes. Through its policies and initiatives, ITC fully supports breastfeeding mothers at workplace, and commits to providing them with facilities that will enable them to ensure continued nursing.



PRODUCT SUSTAINABILITY

Consumer awareness initiatives

ITC ensures availability of online nutritional information for all its packs on various platforms like ITCstore, Brand websites or E-commerce stores. In 2022-23, ITC will further enhance its communication with consumers through web portals and share credible science-based information.

ITCstore: Nutricorner

With growing digital footprint and as more and more consumers access the digital space, ITC is working towards enhancing its ITCstore interface, and will provide user-friendly, easy to understand information on nutritional properties of food products like goodness of protein, fiber, millets, vitamins and minerals.

Policies & Risk assessment

In order to ensure continuous alignment with national health priorities and statutory requirements, in FY2021-22, ITC reviewed its entire set of health and nutrition commitments and policies. Accordingly, three new policies were launched - ITC Limited Food Division's Nutrition Policy (<https://www.itcportal.com/about-itc/policies/itc-food-division-nutrition-policy.aspx>); ITC Limited's Foods Division Marketing and Communication Policy (<https://www.itcportal.com/about-itc/policies/itc-food-division-marketing-and-communication-policy.aspx>) & ITC Limited's Foods Division Labelling Policy (<https://www.itcportal.com/about-itc/policies/itc-food-division-labelling-policy.aspx>). In addition ITC Food Products Policy (<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>) & CSR Policy (<https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>) were updated in line with the latest commitments and ITC's vision. New commitments with respect to product formulations including their nutritional deliveries, labelling aspects and responsible communication were also adopted.

ITC Foods Business has developed a robust management system to ensure that the relevant nutrition related aspects are factored in business risk assessments as well. This is to ensure that core business principles take into account the nutrition needs of consumers in line with national health priorities. The process is also subject to internal audit on an annual frequency.

Read more at <https://www.itcportal.com/about-itc/policies/itc-foods-quality-food-safety-policy.aspx>

ITC is working towards enhancing its ITCstore interface, and will provide user-friendly, easy to understand information on nutritional properties of food products



Food Safety Management System

ITC Foods Business strives to continually improve the standards of Food Safety Management System. Robust Food Safety policies and guidelines have been created for the Business, which is hinged towards commitment on consumer inspired Quality in Building World Class Brands for India. The key focus area is to adopt best practices to make safe food, conform to regulatory and statutory requirements, articulate objectives of food safety management system, provide appropriate training to the human resources and facilitate them with a hygienic environment to produce safe and quality food. The detailed ITC Foods Quality and Food Safety Policy can be referred on <https://www.itcportal.com/about-itc/policies/index.aspx>

All the food manufacturing processes across the Units are validated through scientific Food Safety risk analysis system. Thereafter, necessary controls are put in place to mitigate and control these risks to ensure manufacturing of safe food of high-quality standards. New product development also passes through the risk assessment review but not limited to storage and handling practices of the new added ingredients/ whether the additive added is complied with the Regulation of land and are also assessed for controls of physical/ metal contamination, prior to the commercial production. ITC's manufacturing

units have state-of-the-art facilities which are benchmarked to ISO/TS 22002- 1, which lays down requirements on technical specifications for establishing, implementing and maintaining prerequisite programs on food safety. The systems and practices are subject to periodic reviews by the external certification bodies for accreditation. The quality performance of third-party manufacturing facilities of the Business is also periodically monitored against the reference/applicable Food Safety standards.

Around 90% of the manufacturing locations (including third party manufacturing units) which accounted for 96% of the Business's total production volumes during FY2021-22, are certified as per recognised global standards like FSSC 22000/ ISO 22000/ HACCP. Certification of the remaining 10 units is planned in FY2022-23.

Not only are the Units verified for the Food Safety process controls, the suppliers too are periodically evaluated for process robustness and are made aware of the pre-requisites of Food Safety. The elements of HACCP plan, Process control, Traceability & Product recall, Inspection & its controls, Allergen controls and their vendor approval programmes are assessed for holistic matured system.

PRODUCT SUSTAINABILITY

In order to continually improve and benchmark Quality & Food Safety system against best-in-class International industry standards, ITC Food factories participate in CII – FACE Competition (Confederation of Indian Industry – Food and Agriculture Center of Excellence). CII Food Safety Award promotes internationally benchmarked practices on Food Safety in small, medium and large food businesses. 7 out of the 9 Integrated Consumer Goods Manufacturing & Logistics (ICML) facilities of ITC Foods Business have achieved the highest trophy recognition in Large Food Manufacturing sector, while competing against all major food production brands across India demonstrating the maturity level of the manufacturing processes in terms of food safety and quality management systems.

ITC Foods continue to monitor the product and services safety performance through independent Product Quality Rating System. This system ensures evaluation of market picked samples and comparison against the benchmarked reference samples. Necessary actions for continual improvement are appropriately taken at the manufacturing sites. Further, in order to ensure the safety of the product, the finished products are also analysed for compliance from internal as well as external NABL accredited laboratory, in line with the regulatory specification of that product category.

ITC Foods continuously improves the people capability through targeted training programs. These includes basics and expert level training program against the sector specific requirement of Quality and Food Safety systems. FoSTaC (Food Safety Training and Certification) training for Food Handlers which is mandated by FSSAI, is done through registered training partners, with a mechanism to drive the basic foundation of Food Safety. Around 900 Food Safety Supervisors have been trained on pre-requisites to manufacture safe food.

Quality analytics dashboarding and QMS initiatives during FY2021-22, have helped leverage the power of technology and digital integration to aid quick business decisions pertaining to Food Safety and Quality function and consumer facing deviation monitoring. This will enhance FSMS (Food Safety Management System) compliance, and will be a significant step towards achieving business excellence.

Product Information and Labelling

For food products, relevant information regarding ingredients and nutrition is published on product packaging in line with relevant statutory requirements. In addition to the mandatory requirement for declaring nutritional information basis per 100 g/ 100 ml and per serve % contribution to Recommended Daily Amount (RDA), per serve nutritional information value are also available.

For new launches, RDA values are being calculated basis ICMR RDA 2020. Also, the product nutritional attributes like source or richness of a particular nutrient in a product is being communicated to consumers wherever applicable. ITC Foods' policy on labelling can be further referred at <https://www.itcportal.com/about-itc/policies/itc-food-division-labelling-policy.aspx>

ITC Foods will continue to ensure that our key commitments are envisioned under the purpose of **“Help India Eat Better”**. This will include concerted actions on all the 4 pillars and develop a consumer facing communication platform/campaign. This platform provides us with a unique opportunity to anchor all our (power) brands under one core value proposition with a unified vision. This will also help us in bringing alive the **“Farm to Kitchen”** thought in the most credible manner, which can be leveraged to further strengthen ITC's strength(s) across value chains and multiple consumer communication touchpoints. ITC Foods will also continue to lead and transparently communicate its actions related to nutrition, health & wellness in public domain. This will be achieved through its commitment to offer great quality products and exciting innovations that are science-based and consumer-led; prepared using carefully chosen ingredients; made the right way, to taste better and do better.

Foods Business will continue to ensure that Nutrition and health related commitments are envisioned under the purpose of **“Help India Eat Better”**.

Education and Stationery Products Business

- » 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.
- » Quality Management system is instituted for quality control.
- » Dedicated Product Development Cell to work on product innovation.



PRODUCT SUSTAINABILITY

Hotels

'Responsible Luxury' ethos of the Hotels Business continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of the Company.

Systems and Processes

- » Robust food safety management systems (complying with FSSAI/HACCP/ ISO 22000) are in place at all ITC Hotels. The Standard Operating Procedures are laid down to comply with the norms. The luxury collection Hotels and WelcomHotels (Owned Hotels) periodically undergo assessment by third-party auditors.
- » 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.
- » The Hotels Business continued to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts to reassure guests and to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels. The programme has received a Platinum Level certification from M/s. DNV.
- » The Company's Hotels Business has also demonstrated high levels of resource efficiency by achieving the LEED® Platinum certification for its luxury collection hotels.

Under Responsible Luxury Program ITC Hotels offers the following Cuisines aiming at Health, Safety and Sustainability:

Alert Meets – Offering Delicious Healthy Meals

Signature menu offerings for meetings and conventions comprises locally sourced ingredients with low glycemic index menu.

One Bite Wonder

At ITC Hotels, the Responsible Luxury "One Bite Wonder" menu has been designed taking into cognisance that guests are looking to converse & connect over cocktails without having to manipulate large sizes of snacks. The menu offers unique, small tastings of 'Caringly Sourced; - Mindfully Prepared' snacks that underscore a well-being philosophy.



Welcommeal – Composite Dining Experience, for One

Encompassing a menu of choice that includes the essential components of fiber, protein and carbohydrates in a menu ranging from regional Indian to oriental and western. It is a composite meal for a single-diner, with a choice of Indian/regional Indian, Oriental and Western cuisine.

Pavilion Pure – Season's Goodness: Cold-pressed Juices

The Pavilion Pure juices are cold-pressed juice blends from in-season local ingredients. Rich in anti-oxidants and brimming with vitamins, with no added sugar or preservatives, these blends have several health benefits.

Choose Wisely

ITC Hotels is India's first participant in WWF's 'Choose Wisely' Program and is aimed at promoting informed choices on fish consumption wherein Green, Orange and Red menu indicators help guests to make informed choices on seafood ordering.

The Nut Jar

This well-being program propagates the awareness of nuts and their nutritional credentials amongst the guests highlighting the exceptional nutritional credentials with antioxidants, minerals, Omega 3 essential fatty acids and high dietary fibers.

Signature Morning

The Signature Mornings menu collection aims to present superfoods in contemporary breakfast renderings. Emphasis is placed to showcase India's heritage, Forgotten Grains, free range and locally sourced in-season produce.



PRODUCT SUSTAINABILITY



Wellbeing and Dietary indicators

The dimension of dining under 'Responsible Luxury' ethos at ITC Hotels go beyond mere elementary customs. The wellbeing and dietary indicators encourage guests to make informed choices for a great culinary experience with wellness in focus.

Swasthya Cuisine @ ITC Grand Bharat

Well-being in the plate and in the heart

Swasthya cuisine invokes time-honored Indian culinary principles through an ideal combination of foods and 'from scratch' beverages that promote wellness. Farm to Plate dishes incorporating the science of nutrition of how the body reacts to food (Prakriti) and the right food combinations.



Welcom Sthalika

An ode to India!

Of all the traditional feasts in India, a Sthalika or thali makes for the perfect assortment of regional dishes on a single platter. Sthalika in Welcom Hotels is a tribute to regional cuisines of India.

Local Love

Local Love is a selection of indigenous flavors from a locale or region, compiled by 'Food Sherpas' (Chefs). Available at all ITC Hotels offering the local foods in comfort of the hotel, 'Local Love' selection includes carefully selected and hygienically prepared indigenous dishes from the locale/ region.



Plant forward edition at Pavilion

Plant-based menu offering at Pavilion is addressed towards smart protein choice need of today. These caringly selected and mindfully prepared dishes are in line with its sustainable luxury initiatives incorporating alternative and smart protein choices.

ŚūnyaAqua

Zero-mile Artisanal Water

ŚūnyaAqua is water bottled within each ITC Hotel, to enhance the wellness quotient of drinking water at ITC's hotels.

Vocal for Local

The future-forward initiative by ITC Hotels endorses the 'Responsible Luxury' ethos and commitment to showcasing local food culture and long-neglected native ingredients including small-batch of "Made in India" artisanal products. This menu edition supports local farmers, producers and economies, reduces environmental impact and minimises carbon footprint.

Root to Shoot

The chefs at ITC Hotels continually strive to live by the concepts of root to bloom eating. The notion behind the root-to-bloom eating is to celebrate the sense of connection that growing and eating all parts of a plant gives.

PRODUCT SUSTAINABILITY

Guest Feedback and Satisfaction

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

ITC Hotels are recognised as the best Luxury Hotel Chain for the 3rd consecutive year at Travel + Leisure India's Best Awards 2021.



Personal Care Products Business

- » Quality management system is instituted to ensure and guarantee safety of products, compliance with quality standards, and to create value for consumers. Employees undergo periodic trainings on Product Quality Rating Systems.
- » Manufacturing takes place in a highly automated environment under strict hygienic conditions.
- » All its ingredients undergo rigorous analysis, based on existing scientific literature for safety & toxicity prior to clearance for use in product development.
- » Co-creation of products with consumers through state-of-the-art labs and facilities where we generate scientific evidence-based product claims that are robust, through various National, International Standards and Customised methods.
- » Stringent testing protocols for conducting safety tests of final products in accordance with national and international guidelines.
- » Product safety and efficacy certification through external accredited laboratories are in place.
- » Partnering with renowned accredited national and international testing laboratories, and Contract Research Organisations (CROs) for independent third-party validation of product claims.
- » Products comply with the Standards of Weights and Measures Act (Packaged Commodities Rules), Drugs and Cosmetics Act, Bureau of Indian Standards and the applicable Trade Marks Act. The product labelling also includes instructions for safe and effective usage of product where applicable



Cigarettes

With consistent focus on product innovation, new product development in the Business involves consideration of Indian and global developments, and is supported by comprehensive research and testing facilities at the ITC Life Sciences & Technology Centre, where laboratories conform to ISO/IEC 17025 standards and are certified by NABL. The Business uses proprietary software to regularly monitor and review stringent product specifications of all raw materials.

The manufacturing facilities adopt stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems on which employees are continually trained.

PRODUCT SUSTAINABILITY

Incense Sticks (Agarbattis) and Safety Matches

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



Paperboards & Specialty Papers Business

The Paperboards & Specialty Papers Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through the introduction of innovative new products customised for end-use industries, and maintaining best-in-class service levels for key customers. The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.

- » Pioneer in manufacturing paper and paperboards from Elemental Chlorine Free (ECF) pulp in India. This process ensures that the levels of dioxins and furans in the pulp are less than 1 part per trillion
- » The Business follows the principles of Total Productive Maintenance (TPM). 'Quality Assurance' is one of the key pillars of TPM methodology, and periodic engagement with employees on quality management is conducted for continual improvement.
- » All food-grade papers and paperboards are periodically tested for compliance with the U.S. Food and Drug Administration (the FDA) standards and European Union regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS).
- » The Business ensures that the components of food allergens listed in the EC directive 2003/89/EC, and the US FDA Act are not used in any food grade boards and papers
- » All manufacturing ingredients for applications involving direct/ indirect food contact are procured from reputed suppliers and conform to the US FDA and equivalent standards.
- » The Bollaram unit and production lines at Bhadrachalam unit that manufacture food grade board meant for direct/ indirect food contact, are third party certified in accordance with BRCGS standards.
- » Developing and promoting suitable paper and paperboard substrates to replace single-use plastics under the 'Filo' and 'Omega' series.

- » The Bollaram unit and production lines at Bhadrachalam unit that manufacture food grade board meant for direct/ indirect food contact, are third party certified in accordance with BRCGS standards
- » PSPD is a member of SEDEX (Supplier Ethical Data Exchange), a globally recognised collaborative platform to store, share and report on information on Labour Standards, Health & Safety, Environment and Business Practices.



ITC Paperboards & Specialty Papers Unit in Bollaram

PRODUCT SUSTAINABILITY

Packaging and Printing Business

Packaging and Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability-set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines. The Business continued to service the critical packaging requirements of several industry segments, including ITC's Branded Packaged Foods, Personal Care Products and Cigarettes Businesses.

- » Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business launched its flagship 'InnovPack' campaign and identified certain end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions.

- » The manufacturing facilities at Tiruvottiyur, Haridwar and Munger certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and have also received Social Accountability Certification (SA 8000:2014).
- » The cartons packaging lines in both the Tiruvottiyur and Haridwar units received the 'Grade AA' 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.



ITC Packaging and Printing Unit in Haridwar

Information Technology

Customer Privacy

Data privacy is relevant to ITC's Information Technology Business. Systems and procedures have been established to ensure that there are no instances of non-compliance resulting in a breach of data privacy. The Business has a privacy policy, developed in line with the IT Act, 2000, that covers all aspects of data privacy with respect to sensitive information.

Network architecture and information security controls of the Business, driven by industry best practices, ensure compliance to the privacy policy. The Business has also formulated an Information Management policy catering to IT security aspects of ISO 27001 Information Security Management System (ISMS). The IT operations arm of ITC Infotech Limited is ISO 27001 certified. Documented procedures are available and practised to control physical access to information, e.g. the defined and restricted access rights to IT Room/ Server Room and User Access Management based on ISO 27001 and as agreed upon with customers.

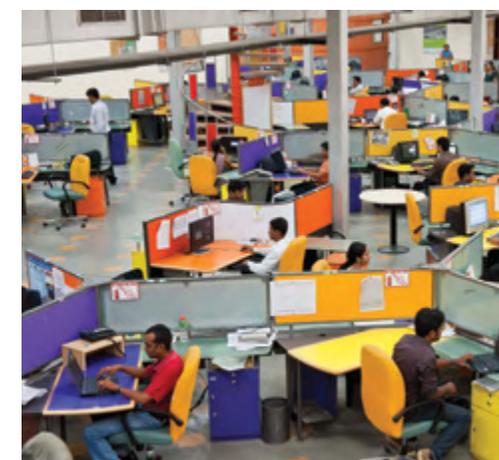
The Business has also put in place measures at various control areas to meet customers' requirements for data security. These include desktop access, server access, network access, operating system, application security, data transfer, penetration testing, etc. Clear guidelines are provided for data backup, retention periods, the media on which backups have to be maintained and storage at remote locations. In addition, stringent risk assessments are carried out to identify vulnerabilities and threats to assets and determine the controls that need to be put in place.

During the year FY2021-22, no complaint related to breach of data privacy or loss of data was received.

Customer Feedback Management

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.



ITC Infotech, Bengaluru



PRODUCT SUSTAINABILITY

Responsible Marketing

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.

Robust systems have been put in place across ITC Businesses to continuously engage with consumers for gathering feedback and address their concerns, if any, in a timely manner. A dedicated consumer interactions team is in place to address any product related query/complaint. Several communication channels like email, telephone number and feedback forms are provided to the consumer. In addition, the Company has an online reputation management team which interacts with consumers via social media channels, and responds to their queries in a real time manner. A Customer Relationship Management (CRM) platform has been implemented for capturing complaints, queries, feedback and suggestions received across channels. The CRM platform also provides consumer insights for bringing about process related changes and system enhancements for improving the CSAT (Customer Satisfaction) scores.

ITC's Consumer Goods Businesses adhere to voluntary and legal codes of conduct and follow the ASCI (Advertising Standards Council of India) Code for its 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.

No incident of non-compliance concerning marketing communications was reported in FY2021-22.

Compliance

All businesses/divisions of ITC have established systems, procedures and review mechanisms to identify and comply with the laws and regulations concerning their products and services. 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.

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. LCA studies have been carried out for some of the Company's key products for identifying additional opportunities to reduce environmental impact across the value chain. These assessments have enabled identification of concrete solutions towards more efficient packaging designs, loading efficiencies in transportation. Studies conducted on the selected products also provided valuable insights which are duly considered for new product development and design. Several sustainable products were developed during the year.

For example, Savlon Pichkiao (easy-squeeze pack), an innovative pump-free format that is completely reusable, refillable and easy to carry, and made with 22% less plastic compared to ordinary pump pack was launched last year. The pack also bagged the prestigious 'Diamond Finalist Award' at the Dow Packaging Innovation Awards 2021, demonstrating excellence across all the three criteria of the award – Sustainability, Technological Advancement and Enhanced User Experience.

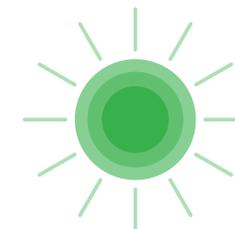


Road Ahead

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



Mission Sunehra Kal for Sustainable & Inclusive Growth



‘Mission Sunehra Kal’ (MSK) is the umbrella brand for the mosaic of mutually reinforcing interventions under ITC’s Social Investments Programme (SIP) and is managed by a dedicated team spread across regions of India. Additionally, various CSR programmes are also implemented by business divisions in their areas of expertise.

MSK aims to transform lives including those from the most marginalised amongst its stakeholder groups. The ITC way of grass-roots empowerment, based on knowledge and technology transfer, confronts livelihood challenges of today and tomorrow through a holistic approach to create healthy, educated, skilled and engaged communities which look to the future with confidence and determination and live a life with dignity.

The Company’s CSR Policy, approved by the Board of the Company, guides the programmes, projects and activities that the Company 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.

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Our Stakeholders, Spread and Coverage

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

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

ITC's CSR footprint is spread across 25 States/ Union Territories (UT) covering more than 200 districts.



Participatory Rural Appraisal

SIP's Approach

Community Needs

A needs assessment exercise was earlier undertaken in 2015-16, wherein core areas were defined and needs of the communities residing in these areas, that is, factory and agri-catchments, were identified, prioritised and Core Area Perspective Plan (CAPP) was developed. Whilst we keep revisiting the needs basis regular stakeholder engagements, **CAPP** was revisited again in 2021-22 and community needs re-assessed and prioritised. CAPP 2.0, and the intensive stakeholder and local community engagement, was carried across **3,718 villages in 21 factories and 7 agri catchments**.

The objective of CAPP 2.0 was to:

- » Revisit coverage and community needs in the changed external context
- » Assess reasons for not achieving the earlier planned outcomes (if any)
- » Re-strategise MSK themes and approach based on the findings

The CAPP 2.0 exercise was carried out by involving third party and NGO partners under close supervision of ITC Social Investments team. The assessment involved primary and secondary data collection using quantitative and qualitative tools through **6,771 Household surveys, 169 Key Informant Interviews, 656 Focus Group Discussions and 168 Participatory Rural Appraisal exercises**.

Objective of CAPP 2.0



Assess reasons

for not achieving the earlier planned outcomes (if any)



Re-strategise MSK

themes and approach based on the findings



Revisit coverage and community needs in the changed external context



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

The Two Horizon Approach for Holistic Development

From the revisit of community needs assessment survey and priority mapping, it is clear that ITC's stakeholders are confronted with multiple, but inter-related, issues at the core of which are the twin challenges of securing sustainable livelihoods, today and tomorrow. **The findings reinforced the need for continuing the Two Horizon approach** put in place a few years earlier, comprising an integrated response to development.

ITC's Two Horizon approach focuses on inclusive growth and holistic development of households keeping women and other poor & vulnerable communities at the core, who are an integral part of all interventions. Women are beneficiaries for many of the programmes as well as influencers and participants in strong women group institutions.

The Two Horizon approach comprises an integrated and affirmative response to the development with **Horizon – I** focusing on strengthening current livelihoods of communities, primarily agriculture and allied sector livelihoods, whilst **Horizon – II** focusing on building capabilities and capacities to empower them for a better life tomorrow.

The change in community needs that emerged in CAPP 2.0 will be integrated in the Two Horizon approach and will be adopted in the coming years as presented under the section *Way Forward*.



Strengthen current dominant source(s) of livelihoods

Objectives

Farmer Capability Building for sustainable improvement of yields and incomes

Natural Resources Management to conserve and replenish natural resources critical for agriculture

Livelihood Diversification to improve incomes and de-risk livelihoods from climate change

Institutional Support for risk mitigation and reduction of costs of cultivation

Initiatives & Interventions

- » Farmer capability building through Farmer Field Schools, digital outreach and exposure visits
- » Knowledge partnerships for new technologies and contemporary agri practices

- » Water stewardship through supply augmentation and demand management initiatives
- » Biodiversity conservation in commons
- » Soil health improvement through conservation agriculture, compost and tank silt application

- » On-farm diversification through multi-purpose tree plantations
- » Off-farm diversification through livestock-based livelihood strengthening

- » Link farmers with Government programmes in the area of credit, insurance and marketing
- » Promote farmer institutions for collective action



Create capabilities for tomorrow

Objectives

Improve habitats to reduce morbidity and ensure a healthy community

Enable the youth to develop skills for gainful employment

Reduction in economic and social discrimination against women and girls

Initiatives & Interventions

- » Waste Management, sanitation and public hygiene
- » Strengthen rural healthcare initiatives

- » Focus on quality learning in schools
- » Promote and develop skills aligned to market demand

- » Inclusion of girls and women in education and skilling
- » Financial inclusion of women through financial literacy and government scheme linkage
- » Socio-economic empowerment of women through focused interventions like targeted hard-core poor, micro-enterprises, custom hiring centres, etc.
- » Women playing a key role in execution – Yojana Sakhis, Pashu Sakhis, Village Health Champions, Smart Moms

Horizon I

Horizon II

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Implementation Strategy

ITC's Social Investments Programme is committed towards building and adopting sustainable processes that would lead to long-term sustainability of the programme outcomes. SIP's approach and implementation strategy focuses on strengthening grassroots institutions for **community ownership**, and multi-stakeholder partnerships and fund leverage for **scale and sustainability**. The key elements of the approach and implementation strategy are explained ahead.



Empowering Grassroots Farmer Institution

Impact Focused Programme Design

Participatory development through Empowered Grassroots Institutions

Multi-stakeholder Partnerships/Collaborations

Technical Collaborations
Implementation Partnerships
Government Partnerships

Digitalisation

Impact Focused Programme Design

The programmes are designed to achieve specific impacts and outcomes, basis baseline studies conducted. Regular and periodical reviews/evaluations/assessments thereafter guide the programmes in the right direction.

Participatory Development through Empowered Grassroots Institutions

Community Behaviour change is the key, through focus on training and capacity building and demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community.

All activities are undertaken through empowered community-based grassroots organisations

(CBOs). Community contribution, both financial and in kind, is a key element, which combined with a participatory approach, generates high ownership and enables managing their resources independently and in a judicious and equitable way, both so fundamental to long-term sustainability. The members of such institutions also become change agents and influencers for the larger community in their respective catchment.

Table 1

Grass-root Institutions (cumulative)

Intervention	Institution	Nos.	Members	Corpus Fund (₹ Million)
Watershed	Water User Groups (WUGs)	3,856	62,154	14.6
Social Forestry	Vanikaran Sanghas (VSs)	1,792	43,856	18.3
Agriculture	Agri-business Centres (ABCs)*	613	13,147	44.0
Women Empowerment	Self-Help Groups (SHGs)	4,541	52,630	167.4
Education	School Management Committees (SMCs)*	1,293	7,758	-
		12,095	1,79,545	244.3

*ABCs and SMCs are annual numbers

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Multi-stakeholder Partnerships/Collaborations

Continuous emphasis is laid on building partnerships of value for a) being updated with contemporary knowledge, technological solutions and for innovations; b) scaling and agile amplification; and c) efficient programme execution at the field level.

Technical Collaborations

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.

Prominent knowledge partnerships include **Consultative Group on International Agricultural Research (CGIAR), International Union for Conservation of Nature (IUCN), International Water Management Institute (IWMI), and**

Agricultural Institutes – Tamil Nadu Agricultural University (TNAU) & Vasant Dada Sugarcane Institute (VSI).

ITC has also entered into a partnership with IIT Delhi in 2021-22 to support research in identified STEM (Science, Technology, Engineering and Mathematics) areas for accelerating India's journey towards achieving its Sustainable Development Goals.

Implementation Partnerships

Implementation Partnerships, established with **74** reputed and expert NGOs for the execution of **122 projects** across India, which include both **thematic experts and grass-root NGOs**.

ITC invests in financial and project management skills of NGO partners to ensure robust outcomes and also **enable their capacity building** through exposure to ITC projects across geographies and cross-fertilisation of learnings.

Government Partnerships

Public Private Partnerships, with governments to enable rapid scale-up of programmes that have been successfully demonstrated and implemented in ITC's project locations.

Apart from the regular PPPs aimed at resource pooling, focus has also been on partnering with governments for large scale amplification delivered through the Government machinery.

Cumulatively, MSK has signed **84 MoUs** (32 currently operational) with various State and Central governments and NABARD, of which one was signed during the year with **Lohia Swachh Bihar Abhiyan**, Government of Bihar to cover 472 **Ganga Gram** (villages along Ganga river) in **12 districts** for the amplification of Solid Waste Management Programme (Annexure-I has details of the 84 MoUs).

ITC's Public Private Partnerships Model for Scale and Sustainability

It is ITC's belief that the scale and reach of Government is unmatched and hence should be leveraged effectively for the benefit of communities. Initially, ITC had initiated PPPs by partnering with Governments wherein ITC was responsible for programme execution, apart from supplementing financial support.

Building upon the initial experiences, ITC has further evolved the partnership approach by working with Governments to internalise its successful development models in the Government's own execution itself. These partnerships are referred to as amplification PPPs, wherein ITC builds capacities of concerned departments or Government teams in implementing the models, creates centres/hubs for demonstration of impacts of best practices, helps the Government to rollout the plans and facilitates baseline cum impact documentation. ITC ensured effective delivery of intended objectives. The scope of the 84 PPPs till date is across 15 states. The partnerships are in the areas of water stewardship, climate smart agriculture, livestock development, support to education, health and sanitation and vocational skills training.

The amplification model PPPs covered by ITC inter alia include:

- » With Niti Aayog for improving agriculture and allied sector performance in 27 Aspirational districts of 8 states.
- » With Madhya Pradesh State Rural Livelihood

Mission (MPSRLM) for promoting financial literacy and inclusion among Self Help Group women in whole of the state.

- » With UP Department of Urban Development covering all urban local bodies of the state; with Panchayat Raj departments of Andhra Pradesh, Telangana and Karnataka covering one district in each of these states and with Lohiya Swachh Bharat Abhiyan for 12 districts of Bihar for implementing community driven decentralised solid waste management.
- » With Hindu Religious and Charitable Endowments (HR&CE) Department in Tamil Nadu covering entire state for the amplification of the Green Temple programme.
- » Pastureland Board of Rajasthan, and Forest Departments of Maharashtra and Telangana for promotion of biodiversity conservation in around 260,000 acres.
- » With Water Resources Department of Maharashtra for 5 irrigation projects and Watershed Development Department of Karnataka for entire state to internalise ITC's integrated water resources development approach focused on supply and demand.
- » With Education Departments of West Bengal, Assam, Karnataka and Andhra Pradesh for capacity building of government staff, teachers in government schools and Anganwadi workers across more than 3,000 schools and 28,000 Anganwadi Centres.

As a result of these partnerships, the Social Investments Programme was able to raise a total of ₹ 430.6 million during the year by way of local contributions and external funds in almost all the important interventions across all projects.



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Government Partnerships

Theme	State	Department/Programme	No. of MoUs	Ongoing	Completed
Agriculture	Karnataka, Rajasthan, Maharashtra, Bihar, Madhya Pradesh, Assam, Jharkhand, Uttar Pradesh, Odisha	NABARD Tribal Development Fund (TDF), NITI Aayog	3	2	1
Biodiversity	Maharashtra, Rajasthan, Telangana	Forest Department, Govt. of Maharashtra and Telangana; Wasteland & Pastureland Development Board (WPDB), Govt. of Rajasthan	3	3	-
Education	Karnataka, Assam, West Bengal, Andhra Pradesh	Department of State Education Research and Training – Karnataka and Assam; District Elementary Education/ Samagra Shiksha Mission, West Bengal; Women Development & Child Welfare Department AP;	6	3	3
Livestock	Andhra Pradesh, Madhya Pradesh	Livestock Development Agency (APLDA); NABARD	2	-	2
Sanitation	Rajasthan, Punjab	Zila Panchayats under Swachh Bharat Mission	4	-	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, Shivalik Nagar, Haridwar; Ministry of Urban Development, UP; District Panchayat Office (DPO), TS; Hindu Religious and Charitable Endowments (HR&CE), Government of Tamil Nadu; Munger Municipal Corporation; Lohiya, Swachh Bihar Abhiyan, Bihar Government	14	13	1
Vocational Training	Madhya Pradesh, Andhra Pradesh	NABARD	2	2	-
Water Stewardship	Madhya Pradesh, Andhra Pradesh, Maharashtra, Rajasthan, Bihar, Telangana, Karnataka	Mukhyamantri Jal Swabhalamban Abhiyan (MJSA); MGNREGA; Integrated Watershed Management Programme/Watershed Development Programme; NABARD; Water Resources Department (WRD), Government of Maharashtra; Watershed Development Department, Karnataka; DRDA Munger; Rajiv Gandhi Jal Sanchay Yojana	46	8	38
Women Empowerment	Madhya Pradesh, Maharashtra, Bihar, Rajasthan	State Rural Livelihood Mission of Maharashtra and Madhya Pradesh; Bihar Rural Livelihoods Promotion Society; MGNREGS - Women Initiative for Self-employment and Empowerment project	4	1	3
Total			84	32	52

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Digitalisation

The unprecedented situation created by the pandemic posed several challenges for SIP operations and necessitated a re-think and re-design of some interventions. The SIP team proactively addressed these challenges through contextual solutions and actions including:

- » Digitisation of content and training modules to ensure readiness for roll-out of amplification PPPs through digital and online channels.
- » Leveraging online communication channels to continue messaging/ capacity building/roll-out training content to women, youth, farmers, children and government officials.

Over the last two years, SIP has initiated development and use of various digital modes for operations and communications. This thrust ensured that the plans could be met even in the back-drop of the pandemic including in the current year.

Currently, there are eight tools in practice in select geographies for Learning Management and for the enablement of programme implementation (*Table 2*). Additionally, MSK interventions have reached out to **960,000 community members** and Government staff through **18,426 WhatsApp** groups including coverage of **over 595,000 farmers in the NITI AAYOG** partnership.

Contextual solutions and actions to challenges through Digitalisation

Table 2

Digital Tools adopted by SIP

A. Learning and Management System

- 1 For training of teachers
- 2 For skilling of Vocational Training candidates
- 3 For training of Urban Local Bodies on SWM
- 4 Training of Anganwadi workers on Mother and Child Health care

B. Programme enabling platforms

- 5 Command Area Digitisation App
- 6 Crop Survey App
- 7 Soil and Moisture Conservation Digitisation App
- 8 Swachh Mitra App for Collection and Reporting of Daily Waste Data



Digitising community outreach

Digitisation of content and training modules to ensure readiness for roll-out of amplification PPPs through digital and online channels

Leveraging of online communication channels

to continue messaging/ capacity building / roll-out training content to women, youth, farmers, children and government officials



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Long-term Vision 2030

Mission Sunehra Kal 2030: Targets & Timelines

Based on the Two Horizon strategy, a number of integrated interventions have been designed to achieve the Company's ambition of creating habitations with holistic development where people have access to sustainable livelihoods and/or are future ready for the context of tomorrow. Each objective has its own measurable indices, to achieve the desired goals. These are detailed in [Table 3](#).

Table 3: Performance against Target 2030 for Mission Sunehra Kal Programmes

	Objectives	Initiatives	UoM	Target 2030	Achieved till 2021-2022	Balance to achieve
Sustainable Livelihoods Today	De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry [#]	Acres	630,000	425,000	205,000
	Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Climate Smart Village ^{1#}	Acres	30,00,000	8,20,000	21,80,000
	Ensure water security for all stakeholders through watershed development & demand management	» Watershed Development » Water harvesting structures » Storage Potential [#] » Crop Water Use Efficiency [#] » Bio-Diversity Conservation [#]	» Acres	» 22,00,000	» 13,30,000	» 870,000
			» Nos.	» 50,000	» 25,100	» 24,900
			» Million KL	» 60	» 45.27	» 14.73
» Million KL			» 2,000	» 496.5	» 1,503.5	
» Acres	» 10,00,000	» 133,000	» 867,000			
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Economic Empowerment	Nos.	1,50,000	86,000	64,000	
Creating Capabilities for Tomorrow	Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	» Improvement in learning outcomes	» No. of children	» 13,00,000	» 8,64,000	» 4,36,000
		» Infrastructure support to Government Schools and Anganwadi	» Nos.	» 4,000	» 2,500	» 1,500
	Align skills training to market demand to maximise employment of youth from our core areas	Vocational Training	No. of youths enrolled	2,82,000	1,07,000	175,000
	Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	» Toilets constructed	» Nos.	» 40,000	» 39,400	» 600
» Solid Waste Management (SWM)		» No. of Households & establishments	» 45,00,000	» 14,62,000	» 30,38,000	

Note:

1 hectare = 2.47105 acres | 1. Figures on Climate Smart Village area and SWM households covered, pertains to FY2021-22 | [#] These indicators also contribute to five of the Company's sustainability 2030 (\$ 2.0) commitments

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Investing in such a holistic manner will establish enabling conditions for the emergence of 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. *Table 4* illustrates these linkages for key interventions.

Themes	Government Schemes	SDG Alignment
<p>Social Forestry</p>	National Agro-forestry Policy, 2014	
<p>Water Stewardship and Biodiversity Conservation</p>	<ul style="list-style-type: none"> » Jal Shakti Abhiyan » Pradhan Mantri Krishi Sinchai Yojana » National Biodiversity Action Plan, 2008 	
<p>Climate Smart Agriculture</p>	National Mission for Sustainable Agriculture (NMSA)	
<p>Integrated Animal Husbandry</p>	National Livestock Mission (NLM)	
<p>Women Empowerment</p>	Support to Training and Employment Programme for Women (STEP)	
<p>Primary Education</p>	<ul style="list-style-type: none"> » Sarva Shiksha Abhiyan » National Education Policy, 2020 	
<p>Vocational Training</p>	Pradhan Mantri Kaushal Vikas Yojana (PMKVY)	
<p>Sanitation and Solid Waste Management</p>	Swachh Bharat Mission (SBM)	
<p>Mother and Child Health (MCH)</p>	<ul style="list-style-type: none"> » Integrated Child Development Services (ICDS) » POSHAN Abhiyan 	

Table 4: Alignment to National Priorities and SDG Goals



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Interventions in High Priority Areas

The performance of different programmes under the Two Horizon approach have been presented ahead. All these programmes are undertaken by ITC independently or through Public-private-partnerships with Governments and have been implemented by ITC's NGO partners.



Horizon I - Sustainable Livelihoods Today



Climate Smart Agriculture (CSA)

One key component of strengthening farmer livelihoods is capability building. ITC builds farmer capabilities on targeted climate smart technologies for sustainable improvement of yields and incomes. This is done by working with Knowledge partners to identify relevant technologies and by training farmers through Farmer Field Schools and digital outreach (WhatsApp). ITC aims to convert the villages in its core catchments as climate smart villages.

The programme is closely aligned to Indian Government's '**National Mission for Sustainable Agriculture (NMSA)**', which aims to make agriculture regenerative, productive, sustainable, remunerative and climate resilient.

Over **7,100 Farmer Field Schools (FFS)** and more than **18,700 demonstration plots** disseminated scientific and technological best practices to over **246,000 student farmers** during the year. Agri Business Centres (ABCs) providing extension services, promoted advanced agri-practices, arranged agri-credit linkages and established

collective input procurement and access to agricultural equipment on hire. The programme together covered over **1.5 million acres** impacting **450,000 farmers** during the year. Towards ITC's long-term objective of improving **Soil Organic Carbon**, more than 2,590 compost units were constructed during the year, taking the cumulative total to over **51,300**.

Majority of Indian farmers fall in small and marginal category due to their smaller land holding which limits their capacity to invest and withstand crop failures. To address this risk, ITC works for institutional support to farmers for risk mitigation and cost reduction. ITC works to link farmers with major Government programmes in the area of credit, insurance, institutional marketing, etc. and ensures that they are enrolled in farmer institutions such as Agri Business Centers (ABC) and Farmer Producer Organisations (FPO). 613 exclusive Agri Business Centres are providing services to more than 13,000 members and additionally **5,648 Water User Groups and Social Forestry Committees are serving over 106,000 members** for collective mobilisation, apart from playing a key role in ensuring sustainability of the programmes.

Agri Business Centres helping small farmers

Farmer Agri Business Centres are farmer groups formed at village level, which helps small farmers and marginal farmers through collective actions. ITC has promoted farmers' groups across the country which are involved in helping the member farmers. In Guntur and Prakasam districts of Andhra Pradesh, 77 farmer Agri Business Centres (ABCs) have been formed by ITC which has 4,921 members. These ABCs are effectively providing support to member farmers for past 16 years for credit, collective input procurement, equipment hiring and marketing. The ABCs provide credit to farmers annually which has had a 100% repayment track. In 2021-22, these ABCs have:

» Provided **₹ 98 million as credit** to members from the amount generated from ITC's support, members contribution and other income earned through services

» Provided on hire around 16,000 agri equipment such as oil engines, drums and pipes for irrigation, weighing machines and sprayers etc. to members

» Collectively procured agri-inputs of 6,151 quintals of customised fertilisers and 3,690 quintals of general fertilisers.

The credit services helped farmers to reduce dependency on money lenders and higher interest rates, the equipment hiring helped in reducing costs incurred for that purpose and the collective input procurement helped in reducing costs, time and in ensuring availability of quality products on time. On an average it is estimated that ₹ 4,400 is the savings/family with an average land area of one acre per family from the three initiatives.

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ITC's partnership with NITI Aayog which was 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) successfully completed three years. As part of the partnership, ITC facilitated training of more than **617,000 farmers in 2021-22** through Government machinery on standard cultivation practices for dominant crops and for livestock. **595,000 farmers** were covered through extensive digital outreach through more than **6,200 WhatsApp** groups formed by the Government with ITC's help. The programme has demonstrated improvement in yields and reduction in cultivation cost thereby augmenting farmer incomes upto 60%.

The Climate Smart Village programme forms part of ITC's Climate Smart Agriculture interventions implemented in partnership with

CGIAR and BISA has now reached out to over **2,500 villages in 11 states** covering over **820,000 acres** aimed at creating villages that are resilient to climate changes.

In the state of Punjab, where ITC is working since past four years for controlling paddy stubble burning, farmers did not burn stubble in 87% of the targeted paddy area. The total targeted area was 183,000 acres which is 67% of entire district's paddy area.

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.

ITC's Climate Smart Village Programme

ITC has been working across the country for promotion of sustainable and climate smart agricultural practices with farmers. To further strengthen the initiative and approach it in an integrated and holistic manner, ITC is partnering with **Climate Change, Agriculture and Food Security (CCAFS) Programme of CGIAR and Borlaug Institute for South Asia (BISA)** since 2016 to promote Climate Smart Villages (CSV). During the year, ITC and CGIAR have also prepared **state specific Agri Climate adaptation plans** for three states through detailed consultations with around 250 Scientists, Government staff, NGOs & farmers. These plans cover crop wise risks, solutions and relevant Government schemes that can be leveraged for implementing the plans. ITC now plans to work with these State Governments to integrate them with their overall state level climate

action plans and then facilitate the implementation through capacity building.

A village to become Climate Smart Village needs to ensure that majority farmers are practicing smart (efficient) practices across the vectors of Water Smart, Seed/Breed Smart, Carbon /Nutrient Smart, Knowledge Smart, Weather Smart and Institutional /Market Smart. The movement of a village towards Climate Smart Village is also measured by mapping a village on a four category (quadrant) scale across the dimensions of yield and resilience. The four categories are: Low Resilience – Low Yield (LR – LY), Low Resilience – High Yield (LR – HY), High Resilience – Low Yield (HR – LY) and HR – HY (High Resilience – High Yield). **A village being in HR – HY category is an indication of it being climate smart as it realises**

optimum yields in a good year and minimises drop in yields in a bad year.

Out of 43 sample villages from 3 states, 65% villages have moved to HR-HY category by 2021-22 as compared to only 21% during baseline in 2016-17. Kulas Khurd village is one such CSV village in Sehore district of Madhya Pradesh that is prone to climatic risks. Since 2018, ITC has been implementing the CSV framework focused on major crops of the village, namely soybean in kharif and wheat in rabi. The climate change related risks that were of concern for the crops included heavy rainfall, seasonal dry spell and other risks like seed quality, high seed rate, improper seed treatment, and excess use of fertilisers. To address these issues, the tool kit prepared for that cluster had recommended Seed Smart (late variety, certified

seed, seed germination & treatment practices) Nutrient smart (soil testing, standard dose of fertilisers, leaf colour chart), Water Smart (Broad Bed Furrow, Ridge & Furrow, Permanent Broad Bed Furrow), Weather Smart (Weather related information) and Knowledge Smart (Linkages with Krishi Vigyan Kendra advisories). When work was initiated in rabi 2018, the village was in High Resilience – Low Yield category. Subsequently, with the promotion of tool kit and adoption of the recommended practices, the village has moved to High Resilience – High Yield category in 2021-22. During extreme weather conditions, the farmers in the village saw minimal damage/shortfall in yields, with avg yield in the village being 5 qt/acre for soybean & 19.5 qt/acre for wheat as compared to 3.3 qt/acre for soybean & 15.80 qt/acre for wheat crop in control villages.

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Water Stewardship

ITC works to conserve and replenish three natural resources critical for agriculture – **Water, Biodiversity and Soil for sustaining agricultural livelihoods**. The approach for each of these natural resources is detailed below:

- » **Water stewardship** for drought proofing agriculture and unit positive status through supply and demand management initiatives.
- » Biodiversity conservation through **commons restoration and forest fringe development**.
- » **Soil health** improvement through various practices such as manure application, tank silt application, conservation agriculture, and green manuring.

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

In the agri-catchments, ITC focuses 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.

Water is a finite source and ITC realises the fact that positive water balance can be achieved only when apart from supply augmentation through rainwater harvesting, water demand is also optimised. ITC focused on improving crop water use efficiency in agriculture wherein the practices promoted reduced water and cultivation costs and at the same time improved the yields. Practices promoted by ITC have been adopted by farmers in close to **728,000 acres** till date across 14 crops such as paddy, wheat, sugarcane, onion, banana and coconut. These practices can potentially save around **496.5 million kl** in a year as per various studies. In pursuit of these objectives, ITC also collaborates with reputed institutions and thematic expert organisations to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation. ITC has partnered with institutions such as Tamil Nadu Agricultural University, Vasant Dada Sugar Institute, IWMI, WWF India, ACWADAM, GEOVALE and others for the interventions mentioned above.

The water stewardship programme covered over 101,000 acres in 2021-22, taking the total area to over **1.3 million acres** spread over

16 states. More than 3,100 water harvesting structures have been constructed during the year, taking the cumulative net fresh water-harvesting potential to **45.27 million kl**.

Biodiversity

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. This is aligned to the '**National Biodiversity Action Plan, 2008**'. As part of its biodiversity conservation efforts, ITC has focused on: (a) Biodiversity conservation in agri-supply chains to minimise the adverse impacts of agriculture on biodiversity; (b) Community driven biodiversity conservation at the watershed level through landscape renewal and rehabilitation of degraded plots for mosaic restoration; and (c) Revival of ecosystem services provided to agriculture by nature, which has witnessed considerable erosion in recent decades. During the year, ITC's community driven biodiversity efforts have conserved more than 89,000 acres of area taking the total till date to over **133,000 acres**.

For Water Stewardship and Biodiversity Conservation, ITC has major partnerships with NABARD and states of Andhra Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Karnataka, Telangana and Bihar.

Revival of Traditional Water Bodies

Since time immemorial, India's rural communities have followed a policy of conserving rainwater for subsequent use through innumerable tanks or small storage structures like ponds built, owned and managed by the local people through community organisations. Tanks are an integral part of village habitats, providing several economic and ecological services crucial for the socio-economic well-being of its inhabitants. Tank systems, developed indigenously and maintained over the centuries, have provided insulation from the vagaries of monsoons and offered livelihood security to the poor, especially those living in

fragile semi-arid regions. Unfortunately, these traditional systems have been neglected for long periods leading to collapse of the system due to siltation, encroachments and frequent repairs to bunds and sluice gates.

ITC along with the community works for revival and restoration of traditional water bodies across the country. The focus is on **tank cascade systems** in Karnataka, AP, Telangana, Tamilnadu and the **Ahar & Pyne system** in Bihar. Similarly, in all operational areas, ITC focuses on revival of existing structures. However, ITC did not stop only

at tank rehabilitation, but also took the next equally important step of making productive use of the silt excavated from these tanks by embedding it into the structure of the programme.

One such initiative is in Mysuru and Hassan districts of Karnataka wherein ITC has focused on the revival of centuries old tank cascade systems. In 2021-22, ITC revived 28 irrigation tanks (380 till date) and created 405,000 KL of additional water storage (4.56 million KL till date). Along with tank revival work, **4.3 million tonnes of tank silt** was applied in around 48,000 acres of agricultural

land. The programme has directly benefited around 70,000 farm families of 605 villages through access to water and silt application. This initiative has resulted in the **average improvement of groundwater table by 3.5 m and soil organic carbon (SOC) due to silt application by 117% (average SOC increased from 0.3 to 0.65)**. The improved water resources and management by community institutions promoted by ITC has also resulted in the improvement of biodiversity conservation in 2,840 acres.



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Livelihood Diversification

ITC focuses to improve farmer incomes and de-risk livelihoods from climate change through both on-farm and off-farm diversification. ITC works with households to promote a) Social Forestry with tree plantation in fields through pulp, fruit or other multipurpose species, and b) at least one livestock-based livelihood option outside fields – cow & buffalo, goat & sheep, poultry, fishery and piggery.

a. Social Forestry

The on-farm diversification through tree plantation is closely aligned to the 'National Agro-forestry Policy, 2014', which emphasises improvement in productivity; employment, income and livelihood opportunities, especially for the small farmers, through agro-forestry.



Rural Entrepreneur: Pashu Sakhi

Till date, the Farm and Social Forestry programmes together have **greened over 953,000 acres, also generating 173.6 million person-days of employment.**

During the year, over 134,000 MT of wood harvested by farmers was documented, of which **43% (>57,900 MT) was Forest Stewardship Certified (FSC) wood**, which benefited farmers through premium prices. Based on average earnings, the total wealth generation due to wood harvest in the year is to the tune of **₹ 249.7 million** for poor and marginal farmers.

b. Improved Animal Husbandry Practices

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, minor ruminants (goat & sheep), poultry, piggery, etc. It is closely aligned to the '**National Livestock Mission (NLM)**', which aims at quantitative and qualitative improvement in livestock production systems and capacity building of all stakeholders.

The programme started with focus on milch animals (cows and buffaloes) which is now extended to other sectors as well. In each of the sectors, ITC works with animal owners by training them on best practices for breeding, feeding, housing and health care. The adoption of practices is ensured by nurturing village level service providers such as Artificial Insemination (AI) Technicians and **Pashu Sakhis** who work as rural entrepreneurs. The milch animal focused programme is implemented in 16 districts of 5 states. During the year, over **113,800 AIs** were carried out leading to the birth of more than 45,900 high yielding progenies.



Pashu Sakhi: Women entrepreneur helping goat owners improving their income

Most of the socio-economically weaker households in rural India maintain different species of livestock including goats to supplement their income. Goats are always reared by women in these families. Usha Devi was also a goat rearer from Manganiyatari village of Munger District, Bihar. In the past, she used to keep 3-4 goats and whenever the goats became ill, they used to die. This fear of loss had forced Usha to sell her goats in distress at a price below ₹ 2,500.

A year ago, she was trained by ITC as a Pashu Sakhi, along with 117 other women of Munger on goat nursing skills which included, vaccination, deworming, castration, advising of feeds and sale of inputs required for goat owner women. Now every morning, "Usha Behan" as she is popularly known, sets to do the rounds of tiny

mud lanes in nearby villages, dressed in her blue saree (uniform for Pashu Sakhis), for her customers who are fellow goat owners. She offers a range of paid services viz. Deworming (₹ 10), Vaccination (₹ 10), Castration (₹ 50) and other medical interventions that are permissible for para-veterinarians and needed in the villages.

Her intervention as a **Pashu Sakhi** has resulted in decreasing goat mortality which had been a protracted issue in these villages. Under this programme of ITC, a Goat Resource Center (GRC) has also been set-up to support entrepreneurs like Usha. She also purchases approx. 40 kg goat feed in bulk and then sells to fellow goat rearers. Usha Devi today has a regular additional income of **₹ 3,000 - 3,500/month.**

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Activity Based Learning

Horizon II - Create capabilities for tomorrow



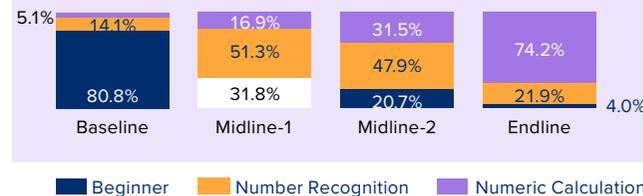
Primary Education

This programme closely aligned to Government's **Sarva Shiksha Abhiyan and National Education Policy, 2020**, is designed to provide children from weaker sections access to education with focus on learning outcomes and retention. The interventions focus on universal access and retention, bridging of gender and social category gaps in elementary education and improving the quality of learning.

Operational in 13 states, the programme covered over **55,000 children** in 2021-22. Additionally, 95 **Supplementary Learning Centres (SLCs)** were operational during the year for mainstreaming of out of school children. Project data from the SLCs in Saharanpur show that the interventions helped in bringing about significant improvements in the learning levels of children in reading, number recognition and basic maths operations (*Figure 1*).

Figure 1

Improvement in Learning Levels in Supplementary Learning Centres of Saharanpur



Building capabilities of Teachers: Over 9,400 government school teachers were trained on child-friendly pedagogy in the states of Uttarakhand, Himachal Pradesh, Assam, Punjab, West Bengal and Bihar during the year to transfer the pedagogy to achieve scale and sustainability.

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**'. More than 400 primary schools/ anganwadis were provided with infrastructure support in 2021-22, taking the cumulative number till date to around **2,500 schools**.

The programme strengthened over **1,200 School Management Committees (SMCs)** to enable participation, ownership and involvement in sustainable maintenance of school infrastructure being provided by ITC. In several schools, contributions for operations and maintenance of infrastructure/ sanitation facilities, creation of soap banks, capacity building of school heads, teachers and child cabinet members have also been initiated. In addition, around **750 Child Cabinets and WATSAN Committees** were also strengthened in all project locations to drive cleanliness and hygienic practices in the schools.

Catch Up Campaign and Smart Moms for continuity and bridging learning loss

ITC's education programme adopted remote engagement activities with children after the first wave of COVID 19 which continued this year too, for ensuring their learning without disruption, as schools were largely closed during this period. Initially, content curated to match the age-group and grade-wise requirement of children, were

shared through WhatsApp messages and SMSs with parents. Thereafter, "**Catch Up Campaign**" was initiated where **Mohalla level learning camps** were organised to build/rebuild foundational reading and maths skills. It was through these camps that we realised the role mothers could play and started leveraging community support of

mothers. For this, mothers' groups were formed who were trained on Activity Based Learning. Since these mothers required support to continue Activity Based Learning (ABL) at home, active women from these groups were selected as "**Smart Moms**" and were trained on pedagogy to help group members conduct learning activities

for their children. This helped in covering over 32,000 children in Read India Programme despite disturbances of frequent lockdowns and school closing.

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

The programme is being implemented around ITC's factories and agribusiness catchments in 33 districts of 17 states and has enrolled more than **107,000** youth cumulatively. In FY2021-22, 32% of the youth enrolled were from the SC/ST communities and 46% were female students.

The programme offered courses in 8 skills with the most sought after courses being, electrical, computer skills and bedside assistance. During the year, hybrid model of training continued with both online and offline classes. Nearly 76% of the students trained in 2021-22 have already been placed by 31st March 2022 with salaries ranging from ₹ 8,000/- to ₹ 16,000/- per month. As the programme was realigned to the changing market demand due to COVID, the quality of placement has been superior in Electrical, Computer Skills, and Bedside Nursing. Over 1,700 candidates were trained during the year on bedside nursing, owing to the increased demand due to COVID-19.



The Electrical Trade batch

Women making successful career in Electrical trade

Skill Development programme of ITC provides vocational training to under-privileged youths in Electrical, Hospitality, Healthcare, IT enabled Services, etc. In the programme, specific focus is given to train women candidates. Electrical trade has traditionally been a male domain, but women are also now showing interest and getting trained as an electrician under ITC's Mission Sunehra Kal programme.

Frail economic condition, social background and lack of employment deters many of the young

women to earn a living and support their families. Arti Raghuvanshi is one such woman from Ganjbasoda, in Vidisha district. From a family of 4 members where her father is a casual worker with monthly income of only ₹ 10,000, it was difficult for her to continue her studies. It seemed there was no way for her to fulfil her dream of becoming independent and support her family. In this situation, an awareness camp of ITC vocational programme in her village came as a ray of hope for her. After counselling of her family and a visit to the nearby ITC vocational training centre by her

father to clear doubts, she joined the electrical trade in December 2021. This became a turning point of her life, as after completing her training which included classroom teaching, practicals and exposure through on job training which made her market ready, she was placed in a textile company as an Assistant Electrician with a starting salary of ₹ 8,000/- per month along with other benefits. Because of the post placement support provided in the programme, she successfully completed 2 months of probation and started getting a salary of **₹ 10,000/- per month** plus other benefits.

Arti feels empowered today as she is not only self-reliant, but is also able to double her family income and support family requirements. She is considered a role model for many in the community. Because of her success, many other women from her area are now showing interest in electrical trade.

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Community Toilet

Public Health

Water & Sanitation

Individual Household Toilets

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

ITC has promoted the construction of toilets on a cost sharing basis, coupled with high impact awareness campaigns, to ensure enhanced levels of ownership and behavioural change. During the year, around 1,251 Individual Household Toilets were constructed. To cover poor households without land for toilets, 18 community toilets were also constructed in 2021-22 in West Bengal and Tamil Nadu with operations & management being managed sustainably through funds generated by the community itself. Cumulatively, 122 community toilets and over **39,400 household toilets** have been constructed till March 2022 benefiting over **108,000 people**.

Community Toilets in Slums of a Metro

In two wards of a metro, Open Defecation was a persistent problem. These slums had very few toilets but large number of users, there were no separate toilets for men and women, there was prevalence of open bathing, and there was no proper disposal system for sanitary items. Existing toilets were broken and beyond use, forcing women to defecate in open fields and bushes. "If we had diarrhoea, we thought of dying, rather defecating in open, as men would taunt girls/women and they felt ashamed", said Laxmi Devi.

ITC promoted construction and renovation of toilets on a cost sharing basis, coupled with high

impact awareness campaigns, to ensure enhanced levels of ownership and behavioural change. Most important aspect was the setting up of a mechanism of operation and maintenance so that situation does not slip back to original state. The programme involving Mohalla Committees has five phases: Participatory Field Assessment, Planning and Preparatory work, Retro-fitting and Renovation, Operation and Maintenance, and Supervision & Sustainability.

72 community toilets have been renovated in this area benefiting more than 16,700 users from over 2,900 households resulting in minimising

open defecation, and thus also helping in the reduction of diseases. **Over 5,200 women have benefited** from well-maintained separate toilets and incinerator facilities, and more importantly now feel safe and secure. For renovation, households contribute 10% of construction cost and women take leadership role in **collection of ₹ 70 per household as user fee**, and invest the same for future maintenance. They also resolve community level issues on a day to day basis.

"For many, open defecation is to be stopped for cleanliness, but for us, it has to be stopped for our lives". A woman in her 30s, was crushed by a

container while she was defecating in open in the night, a trailer without noticing her in the darkness laid a container on her! She was crushed. Only later when the container was removed, the body was found." Rojoni Devi shuddered! These toilets are a blessing for the women, especially, with change room, incinerator facilities, bathing space, urinals and water closets, all also separated from men's toilet blocks.

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Mother and Child Health

ITC's Swasthya Choupal initiative continued to enhance awareness on various health related issues through a network of 430 women **Village Health Champions (VHCs)** who reached out to nearly **110,000 women and adolescent girls** during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. As the group activities remained restricted in the year due to the pandemic, the VHCs conducted door-to-door visits in the villages focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition, apart from providing access to related products and thus also having a supplementary income.

Over **488,000 beneficiaries** were covered under Mother and Child Health initiative, through more than 3,400 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. In Assam, the intervention specifically focused on strengthening of home-based counselling of families with malnourished children by the Anganwadi workers for improving exclusive breast feeding, complementary feeding and awareness using the Swasthya Poshan Alaap, a mobile based application developed by ITC. This resulted in a significant reduction in severe

and moderate underweight children in the project locations. The chart alongside shows the reduction in proportion of underweight children emerging from our 2021-22 data in the select project locations of Kamrup & Darrang, as compared to the respective district average data from National Family Health Survey, (NFHS 5) 2019 - 20 (Figure 2).



Solid Waste Management

Waste Recycling Programme: 'WOW – Well Being Out of Waste' promotes a clean and green environment through source segregation and recycling of dry waste. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, other major towns of Telangana, Coimbatore, Chennai, Muzaffarpur, Delhi and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about **60,000 MT** from 1,096 wards. The programme has covered over **18 million citizens** in over 4.67 million households, 5.2 million school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over **17,380 waste collectors** by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 140 social entrepreneurs who are involved in maximising value capture from dry waste collected.

Solid Waste Management (SWM): The primary focus of the programme remains on source segregation and minimising waste to landfill. The projects are operational in 10 states - Andhra Pradesh, Bihar, Maharashtra, Punjab, Tamil Nadu, Karnataka, Uttar Pradesh, Telangana, Uttarakhand and West Bengal. During the year, focus was on ensuring high class execution of the amplification partnerships in towns, villages and temples. Also, in the year, a MoU was signed with Lohiya Swachh Bihar Abhiyan (LSBA) of the Bihar Government

Reducing Malnutrition through Anganwadi in Paschim Mangaldoi

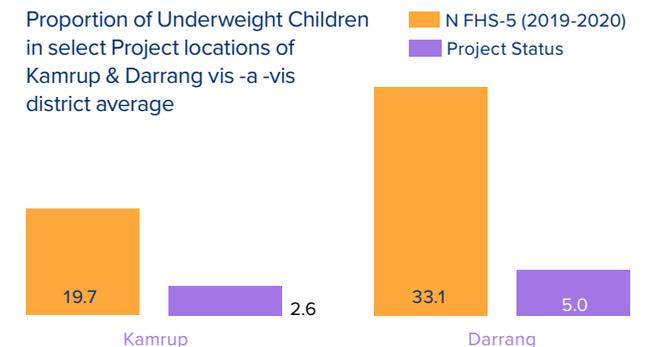
Darrang, an aspirational district of Assam has poor mother and child health nutrition indicators due to high birth rate and lack of adequate and appropriate knowledge about health and nutrition. Within the district, Paschim Mangaldoi with 12 Gram Panchayats and 90 villages is one of the most vulnerable blocks. ITC Mission Sunehra Kal decided to work with District Social Welfare Department to combat malnutrition in the block.

In 2020, **Home Based Prevention of Malnutrition Programme** was initiated in 20 Anganwadis to eradicate wasting and stunting among children below 6 years of age by making the

Anganwadi centre as a model. Anganwadi workers were trained by district master trainers on strengthening of existing mechanism like home visits, counselling skills, weighing efficiency, growth monitoring and behavioural change communication. The intervention included 7 mandatory home visits by Anganwadi workers from 3rd trimester of pregnancy till 2 years of child age, targeted counselling through Swasthya Poshan Alaap (a digital tool developed by ITC programme), IEC material, weighing efficiency and growth monitoring.

Kachomari Anganwadi was one among these 20 Anganwadis which was selected under the programme. In this Anganwadi, many children were wasted and malnourished. However, with project intervention, malnutrition instances have almost been made negligible. Currently, all the children below 6 years of age in the village are healthy and nourished. Seeing the success of the programme, the project has since been expanded to all 6 blocks of Darrang by the Social Welfare Department.

Figure 2





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for amplification of decentralised waste management model to 472 **Ganga Gram villages across 12 districts** of Bihar. As a part of this, ITC will train LSBA officials in the planning and implementation of community-led decentralised waste management that will help in significant reduction in waste to landfill.

The projects together covered over **1.46 million households and establishments** and handled over **99,700 MT** of waste during the year. Focus on decentralised community owned waste management 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 number of Mohalla Committees paying to the waste collectors has been sustained over the years, and in some locations, the local Government is paying the waste collectors directly. Currently, over 326,000 households are engaged in home composting and 74% of the over 1.46 million households reached, are practicing source segregation while most of the households were not source segregating before the programme.

Only 17% of the total waste, which is non-recyclable, was deposited in landfills as against more than 90% going to landfill before the programme.

The projects earned **₹ 114.8 million** during the year as revenue from household levy, sale of compost and recyclables, which went towards meeting part of the administration and overhead costs.

The Green Temple initiative is a closed loop waste management model involving the processing of waste generated in places of worship to provide biogas to the kitchens and compost for its gardens. During, the year, the intervention expanded to 500 places across Andhra Pradesh, Bihar, Uttar Pradesh, Uttarakhand, Tamil Nadu, Karnataka and Maharashtra. In Tamil Nadu, the programme is implemented in collaboration with Endowments Department, Government of Tamil Nadu.

Amplification of Community Led Decentralised Solid Waste Management Programme in Uttar Pradesh

Despite waste legislation in our country emphasising on “recycle before disposal”, most of the municipal waste finally goes to dump sites in the city outskirts, creating serious environmental hazards and public health issues. The core of the problem lies in the focus, which is merely on waste collection rather than waste management, leading to a piling of waste at landfill site or on roadsides.

ITC Mission Sunehra Kal has designed Decentralised Solid Waste Management (SWM) models for large cities, small towns, rural catchments and places of worship. ITC commenced 'Community-based Decentralised SWM programme' in Saharanpur in 2014 which was subsequently expanded to 60 of the 70 wards through a MoU with the Municipal Corporation in 2017. The desired outcome of the programme is 'Minimal waste to Landfill' in a sustainable manner, based on the principle of 'treatment close to the generator' to reduce transportation and associated costs, while minimising waste load at landfill.

The model focuses on the formation of household committees at the cluster level (Mohalla Committee), and building their capacity to promote decentralised waste management by encouraging households to segregate waste and adopt home/ cluster composting. Mohalla Committees are also responsible for supervising the waste collectors and driving financial viability through revenue generation in the form of household user fee. Waste collectors are also trained on handling of segregated waste, its transportation and disposal. The focus is to drive decentralised waste management practices, inter-alia, including 'Home Composting and Community level composting' practices. This model was developed in accordance with the Solid Waste Management (SWM) Rules, 2016, which puts the onus on waste generators for the management of waste.

As on date, 411 Mohalla Committees (Approx. 250 to 300 households per Committee) are operational in Saharanpur, which are handling waste

management in their neighbourhood covering about 126,000 households. These Committees together generate approx. **₹ 4.16 million as user fee per month** to cover honorarium of 283 waste collectors and other costs. Due to the determined efforts of Mohalla Committees, about 92 percent of the households practice source segregation, and pay a monthly user fee. About 67 per cent of the households are also practicing composting at household level or Mohalla level. **Overall waste going to landfill has therefore been confined to only 14% of the total waste collected** as against more than 90% before the project.

It is apt to highlight that during 2020-21, the Mohalla Committees under the programme were also identified as '**Mohalla Nigrani Committees**' by the Municipal Corporation for containing the spread of COVID-19, facilitating the community's access to essential services, ensuring smooth conduct of regular activities under SWM, etc. by adopting innovative approaches. The Ministry of Housing

and Urban Affairs awarded Municipal Corporation of Saharanpur under COVID Innovation Award for this initiative.

In 2019-20, ITC Mission Sunehra Kal signed a MoU with the Urban Development Department of the Government of Uttar Pradesh to further scale up this model to other Urban Local Bodies (ULBs) by building a capacity of 60 ULBs of the State, to enable them to implement the community driven decentralised solid waste management programme. The project has been rolled out in 31 ULBs by training over 1,400 municipal officials. These ULBs have formed 2,080 Mohalla Committees so far and over 7.6 lakh households are practicing decentralised waste management resulting in only 14% waste to landfill as against 90% going to landfill, assessed through sample data from 20 ULBs before the programme initiation.

MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Women Empowerment

This initiative is designed to provide a range of gainful entrepreneurial opportunities to poor women and supported with financial assistance by way of loans and grants. Strong market linkages are attempted to ensure long term sustainability. This initiative is closely aligned to ‘**Support to Training and Employment Programme for Women (STEP)**’ programme of the Government, which aims to provide skills that give employability to women.

Ultra-Poor Women: The programme has been operational in 3 districts of Madhya Pradesh, Telangana and Uttar Pradesh during the year and has cumulatively impacted more than 30,500 women.

Self-Help Groups (SHGs): Out of a total of over 1,500 operational SHGs, 349 SHGs were newly formed in 2021-22. The SHGs together leveraged **₹ 5 million** from banks during the year.

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 **130,000 SHGs and more than 1.3 million women members** in 43 districts till date. Over 1 million women of those trained have also been linked to various Government social security schemes and have also started saving money (Figure 3).

Way Forward

As discussed in SIP’s approach section, ITC’s CSR programmes follow a bottom-up approach and keep community needs and priorities at the centre while also focusing upon organisational and national priorities. Programme priorities are defined by three key drivers with a certain level of overlaps and alignment in needs and priorities of each of the identified three stakeholders.

- » Organisational Priorities and strategic pillars including those aligned to Sustainability 2.0
- » National Priorities
- » Community Priorities identified through **Core Area Perspective Plan (CAPP) 2.0 study**

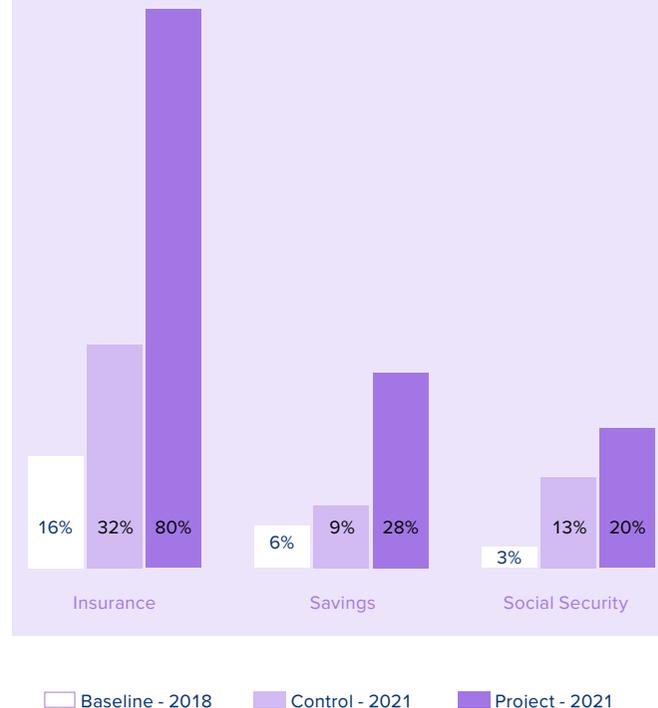
The convergence of the needs and priorities of these three stakeholders will be the basis to further strengthen ITC’s Two Horizon approach and make it more holistic and comprehensive covering households including women as the focus for designing and implementing programmes. This would also include newer focus areas like nutrition and Rural Healthcare. MSK interventions will also look at further leveraging technology including digital, and expanding institutional collaborations, whilst continuing to focus on strengthening enduring institutions and partnerships.



Economic Empowerment for ultra poor Women

Figure 3

Women linked to Government Social Security Schemes as per Project Data



Awards and Recognition received by ITC’s Social Investment Programme in FY 2021-22

- » **The Institute of Company Secretaries of India (ICSI) CSR Excellence Award** in the ‘Large’ category, for consistently **demonstrating innovation and sustainability in managing corporate social responsibility**. The Award recognises the best corporate contributor each in the large, medium, and emerging categories. The Award was presented by **Shri Amit Shah, Union Minister for Home Affairs and Cooperation**.
- » Awarded the top position in the ‘**Best Industry for CSR activities**’ category as part of the **3rd National Water Awards**, by the **Honourable President of India, Shri Ram Nath Kovind** in the presence of **Union Minister of Jal Shakti Shri Gajendra Singh Shekhawat** for its **Water Stewardship Program**.
- » ITC’s Green Temple Program was recognised in CII 3R Awards 2021, where ITC won the ‘Award of Merit’ under the category of ‘Excellence in Managing Municipal Solid Waste’.
- » ITC’s interventions in Water Stewardship Programme won Runner-up under the category ‘Protection of Community Water Structures’ at TERI-IWA-UNDP Water Sustainability Awards.



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH



16th Sustainability Summit - 'Building a Resilient Future: Leveraging Science, Technology and Finance'

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 **16th Sustainability Summit - 'Building a Resilient Future: Leveraging Science, Technology and Finance'** held in September 2021 was attended by 800 participants. Eminent national and international speakers included Shri Narendra Singh Tomar, Minister of Agriculture & Farmers Welfare, Government of India; Ms Lea Wermelin, Minister of Environment, Government of Denmark; Shri Suresh Prabhu, Member of Parliament; Mr Nigel Topping, High Level Champion for Climate Action, COP26; H.E. Mr Alexander Ellis, British High Commissioner to India; H.E. Mr Ugo Astuto, Ambassador, European Union to India and Mr Sanjiv Puri, Chairman & Managing Director, ITC Limited.
- » The **16th CII-ITC Sustainability Awards 2021** were given to 21 winners by Shri Rao Inderjit Singh, Union Minister of State,

(Independent Charge) Ministry of Statistics and Programme Implementation; Ministry of Planning and Union Minister of State, Ministry of Corporate Affairs, and Mr Sanjiv Puri at a special virtual presentation on 31st January 2022.

- » '**CII-ITC Sustainability Awards 2020 Yearbook**' showcased the work of award winners.
- » '**Actionable solutions for Waste-to-Wealth from Crop Residue**' highlighted the techno-financial assessment of various ex-situ solution providers and their viability for scale-up across North-western India.
- » The '**Annual Report**' highlighted the key initiatives undertaken by the Centre during the year.
- » '**Economic Impacts of Air pollution in India**' revealed the economic losses incurred by businesses and other relevant sectors (like tourism) and its impact on the Indian workforce.
- » '**Promoting Sustainable Corporate Procurement Practices in**

India's Manufacturing Sector', Phase II, contains an assessment of the procurement guidelines and recommended the adoption of flexible incentive mechanisms by OEMs.

- » Representation to Ministry of Environment, Forest and Climate Change (MoEFCC) for the relaxation of **e-waste collection targets** for FY2021-22 and FY2022-23, in the wake of COVID-19 disruption and to maintain it at 30%.
- » Representation to MoEFCC regarding reporting and compliance at the state level and interventions and targets to be based on principles which focus on reduce, reuse, and then recycle under the Draft Regulations on **Extended Producer Responsibility (EPR)** under Plastic Waste Management Rules, 2016.
- » Detailed representation to the Ministry of Finance highlighting key procedural issues associated with Environment Clearances in India. The Centre is also part of on-going consultations and will pilot test the process, w.r.t a "Centralised Processing Centre" (CPC-Green).



MISSION SUNEHRA KAL FOR SUSTAINABLE & INCLUSIVE GROWTH

Biodiversity

- » The Centre, WWF India and GIZ jointly organised a virtual business consultation on the first draft of **Post 2020 Global Biodiversity Framework** that included an open discussion on Industry Roadmap for Nature Conservation.
- » In collaboration with the EU Delegation to India and Global Business Inroads (GBI), two virtual sessions were organised: (a) **'Biodiversity Means Business: Industry'** focused on ways that businesses could best contribute to biodiversity conservation and also benefit from it; and (b) **'Biodiversity Means Business: Partnerships'** was centered on partnership modules in the EU-India context to form bankable and scalable projects.
- » The workshop on **'Building Resilience by Protecting Mangroves'** was attended by 100 participants. It highlighted the United Nations Decade on Ecosystem Restoration (2021-2030) theme and the role of mangroves for addressing nature loss and climate change impacts.

Circular Economy

- » **India Plastics Pact:** A collaboration between the Centre and WWF, the Pact is the first of its kind in Asia, becoming a part of a network of 13 Plastic Pacts across the globe. It was launched at the 16th Sustainability Summit.
- » **Plastics-use Protocol:** Developed in 2020 to help companies record, certify, and verify plastic use reduction in packaging and product lines with a particular focus on single use plastic (SuP), 60 sites across industries were certified SuP-free in 2021.
- » **Resource Efficiency:** The Centre continued working on an inventory of plastics in India and created a material flow of major plastic resins in India. Along with Green Business Centre, it also commenced work on a study that aims to identify greenhouse gas mitigation strategies through Resource Efficiency and Circular Economy across the cement value chain.

Air Pollution

- » There are at present 72 signatories to the **Clean Air Better Life** forum who have agreed to work on a common framework for inter-corporate collaboration and sharing of best practices.
- » Industry Platform on **Sustainable Transportation** has 85 members, and as an outcome of two platform meetings and bilateral consultations with members held through 2021, a draft map of barriers on ground and potential solutions has been developed.
- » The **Crop Residue Management** programme expanded to 44 new villages in three new clusters. Impact assessment of the intervention this year in Punjab and Haryana was compiled and a three phase telephonic data collection process was undertaken across 172 project villages with on-site validations done by research teams. Six FGDs were also held with farmers in Punjab and Haryana for on-ground validation of collected data.
- » The **Multi Agency Collaborative Project on Air Pollution** was initiated in the Indore Metropolitan Region (IMR) to offer a common platform for stakeholders to work towards cleaner air. With support from the Madhya Pradesh Pollution Control Board (MPPCB), the air-shed management project in Indore was commissioned and implementation of its first phase has been completed.

Training

Nearly 1,400 participants were covered through 50 capacity building programmes during the year. Topics included Climate Change, Energy and Energy Management Systems, Health and Safety, Value Innovation, CSR Rules and Impact

Measurement, Sustainability Reporting, Integrated Reporting, Human Rights, Circular Economy and Biodiversity, Waste Management Rules, Plastic use Protocol, Sustainable Procurement, Corporate Risk Management among others.

Climate Change

- » In partnership with GIZ, a roundtable was organised in December 2021 for industry members to document the challenges and opportunities in implementing **Voluntary Climate Action (VCA) through Voluntary Carbon Market (VCM) and Internal Carbon Pricing (ICP)** to address climate risks and achieve net zero emissions, and was attended by 40 Indian businesses.
- » On the sidelines of the global climate negotiations in Glasgow, held between 31st October-12th November 2021, the Centre facilitated a series of high-level sessions and meetings to discuss concrete action by industry leaders on climate change and cooperation among critical stakeholders.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), established in 1977, is an embodiment of ITC's sustained commitment to a priceless **national heritage**. This commitment 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 eminent Gurus of the Academy impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy include Padma Bhushan Pt. Ajoy

Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The Academy's focus continues to be 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. Creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

ITC's Contribution to UN SDGs

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



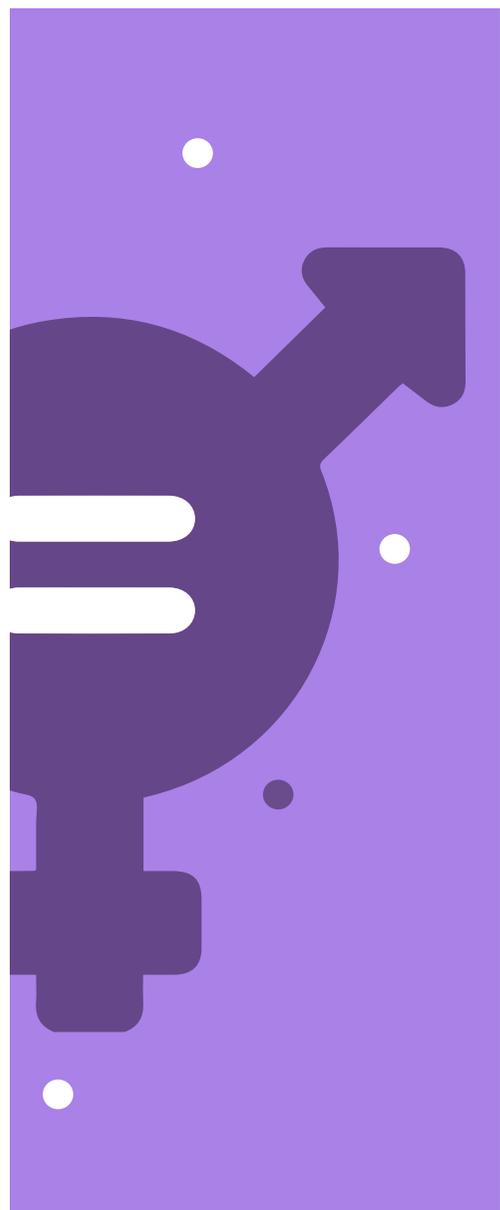
SDG	SDG Target	Select Interventions by ITC
	1.2: Reduce poverty	ITC's 'Triple Bottomline' approach has enabled support for sustainable livelihoods for 6 million people till date and has a target to support 10 million sustainable livelihoods by 2030.
	1.3: Social protection systems for all	The Two Horizon approach focuses on social and economic empowerment of the vulnerable especially those residing in rural areas, or urban areas with inadequate infrastructure that includes small/marginal farmers, women and girls, children & youth. The interventions provide protection from poverty, diseases, unhealthy environment and climate change. <i>Refer 'Mission Sunehra Kal for Sustainable & Inclusive Growth' section of this report</i>
	1.4: Equal rights to economic resources to vulnerable	<ul style="list-style-type: none"> » The Women Economic Empowerment Programme has benefited 86,000 women including 30,500 Ultra-Poor Women till date and has a target of enhancing the support for 150,000 women by 2030. » Additionally, 1.3 million women have been covered under financial literacy interventions resulting in enhanced linkages to savings, insurance, social security and credit
	1.5: Build resilience of the poor and vulnerable	The Sustainable Agriculture intervention covering over 1.5 million acres, and Farm & Social Forestry programmes covering over 953,000 acres till date have enabled higher returns to farmers and also diversification of farm portfolios of small/marginal farmers and rural households.
	2.2: End all forms of malnutrition	<ul style="list-style-type: none"> » The 'Swasthya Poshan Alaap', a mobile based application developed by ITC for Anganwadi workers enables strengthening of home-based counselling of families with malnourished children. » ITC Foods Business' Four Pillar Model with its core purpose of 'Help India Eat better' is centred on 1) Development of value-added Product Portfolio, 2) Sustainable Food systems, 3) Healthy Communities 4) Consumer and Employee Awareness (on Nutrition & Wellbeing).
	2.3: Agricultural productivity & incomes	ITC's 'Baareh Mahine Hariyali' intervention has enabled multiplication of farm incomes with benefits rendered to over 200,000 farmers till date and over 35,000 farmers reporting doubling of their incomes, with a target to cover 1 million farmers progressively.
	2.4: Sustainable food production system and resilient agriculture	The Sustainable Agriculture interventions spread over 1.51 million acres have benefited over 450,000 farmers. The Climate Smart Village programme is targeting to cover 3 million acres by 2030. These interventions have resulted in significant increase in farmer returns.

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
<p>3 GOOD HEALTH AND WELL-BEING</p>	3.1: Reduce the global maternal mortality	The 'Mother and Child Health' (MCH) initiative aimed at improving the health-nutrition status of women, adolescents and children has benefited over 488,000 beneficiaries till date through more than 3,400 awareness camps.
	3.2: End preventable deaths of new-borns and children under 5 years of age	
	3.4: Reduce premature mortality	
<p>4 QUALITY EDUCATION</p>	3.7: Ensure universal access to sexual and reproductive health-care services	ITC's 'Swasthya Choupal Initiative', for creating awareness on sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition, and providing access to related products has had an outreach to nearly 110,000 women and adolescent girls during FY2021-22 through 430 women Village Health Champions (VHCs).
	4.1: Quality education & learning outcomes	The Primary Education Programme has enabled improvement in Learning Outcomes for 864,000 children till date, targeting 1.3 million children by 2030.
	4.2: Quality early education	Quality early education is facilitated through training of over 9,400 teachers and child friendly infrastructure in over 2,500 schools.
	4.3: Quality vocational education	The vocational programme has enrolled 107,000 youths on market-relevant skills till date with a target of covering 282,000 youths by 2030.
	4.4: Vocational skills & jobs	The training is provided in skills that are in demand in the market, and includes practical training to enhance employability.
	4.5: Education & vocational training for vulnerable	During enrolment, the focus is on girls and youth from the socially challenged sections of the society.
	4.7 Knowledge and skills to promote Sustainable Development	Training to employees on various sustainable development aspects including sustainability, health and safety. Over 131,670 person-days of formal training delivered during FY2021-22 on these aspects.
	4.8: Gender sensitive education	<i>Refer SDG Target 5.1 & 5.5</i>

CONTRIBUTION TO UN SDGs



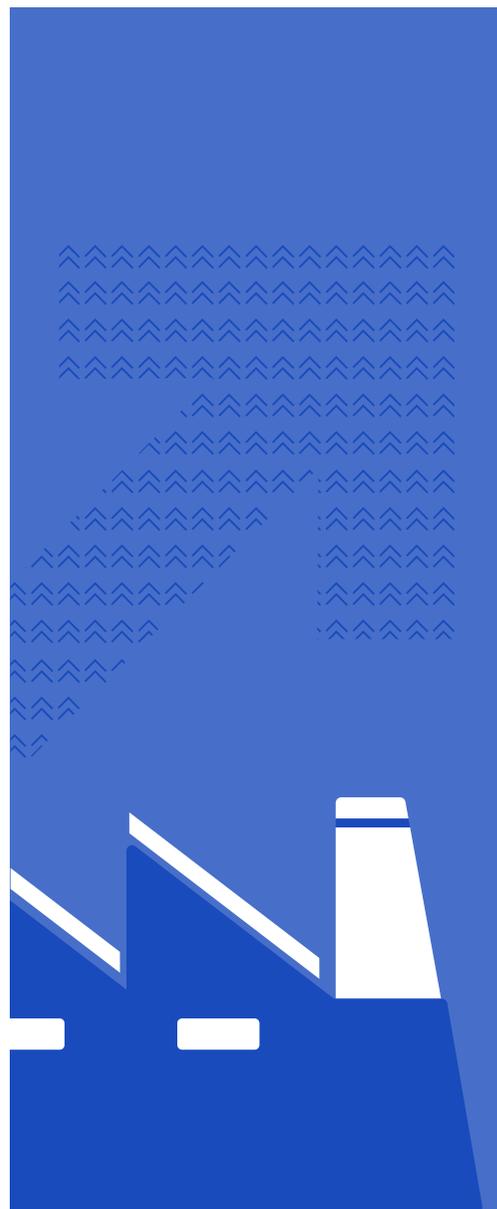
SDG	SDG Target	Select Interventions by ITC
<p>5 GENDER EQUALITY</p>	5.1 End of discrimination against women	<p>ICMLs of Pudukottai and Medak having women representation at 79% and 100% of the on-roll labour force respectively.</p> <ul style="list-style-type: none"> » ITC's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions. » Gender-sensitisation and inclusive hiring workshops for managers across the organisation. » Women-focused wellness programmes.
	5.5: Equal opportunities for leadership	Women-focused Leadership Development Programmes.
	5a: Women's right to ownership	ITC's interventions that focus on access to information and products related to finances, livelihood interventions, and access to physical resources like water and livestock.
	5b: Technology for women empowerment	Use of digital tools in areas like education, financial literacy and maternal/child health which help women not only as beneficiaries but also as influencers.
<p>6 CLEAN WATER AND SANITATION</p>	6.1: Safe drinking water	Creating facilities and infrastructure for improving access to safe drinking water.
	6.2: Access to sanitation and hygiene	122 community toilets, and over 39,400 household toilets constructed till date have benefited over 108,000 people.
	6.3: Reducing pollution, treatment, recycling and safe reuse	The efficiency improvement across ITC Businesses has a target of 40% reduction in Specific Water Intake by 2030.
	6.4: Increase water-use efficiency across all sectors	<ul style="list-style-type: none"> » ITC's Paper Mill at Kovai is the second facility in the world and the first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification in FY2019-20. The target is to have AWS certification of 8 sites by 2023-24 and all high-risk sites by 2035-36. » The Demand-side Management in Agriculture has benefited farmers across 728,000 acres till date, resulting in an estimated potential savings of 496.5 million kl of water in a year with a target of 2,000 million kl of water savings (annually) by 2030.
	6.5: Integrated Water Resource Management	<ul style="list-style-type: none"> » The Integrated Watershed Development Project is spread across 40 districts of 16 states in India. » Over 25,000 water harvesting structures have been created over 1.3 million acres of land, resulting in 46.29 million kl total of rainwater harvesting (RWH) potential till date. » The target is to create 50,000 water harvesting structures over 2.2 million acres, resulting in an RWH potential of 60 million kl by 2030.

CONTRIBUTION TO UN SDGs



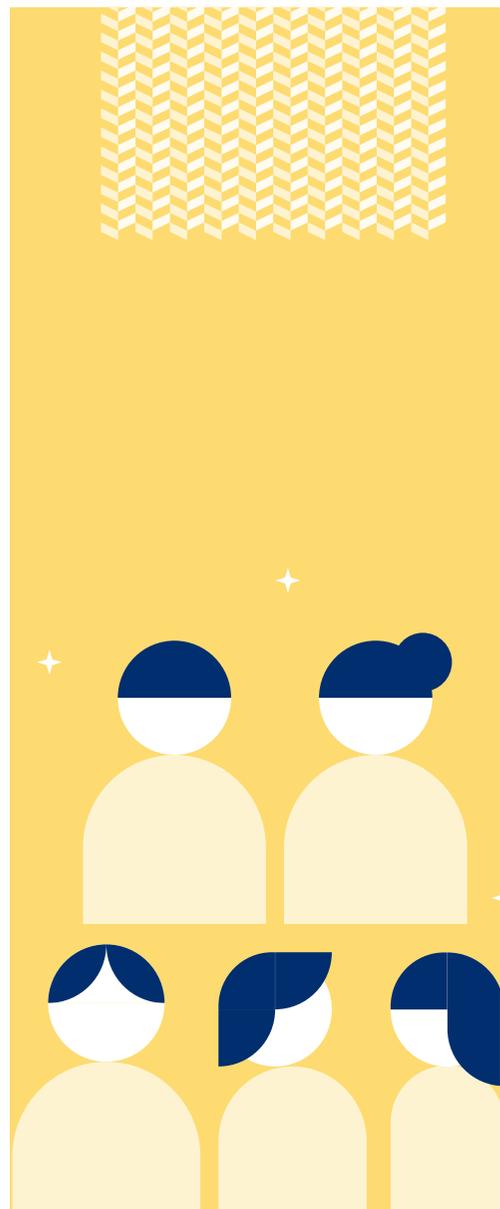
SDG	SDG Target	Select Interventions by ITC
 6 CLEAN WATER AND SANITATION	6.a & 6.b: Capacity building & community participation	Strengthening grassroots level water governance through the creation of over 3,800 water-user groups with more than 62,000 members till date. Similar such institutions have been created in other interventions also.
 7 AFFORDABLE AND CLEAN ENERGY	7.2: Share of renewable energy	<ul style="list-style-type: none"> » 42% of total energy consumption from renewable sources in FY2021-22 with a target of 50% by 2030. » 50% of electricity requirements sourced from renewable sources in FY2021-22 with a target of 100% by 2030. » Nine ITC units met more than 90% of their electrical energy requirements from renewable sources in FY2021-22.
	7.3: Improvement in energy efficiency	Efficiency Improvement across ITC Businesses with a target of 50% reduction in Specific GHG Emissions, and 30% reduction in Specific Energy Consumption by 2030.
 8 DECENT WORK AND ECONOMIC GROWTH	8.2: Achieve higher levels of economic productivity	ITC's vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy – agriculture, manufacturing and services.
	8.3: Job creation	During the five-year period between FY2016-17 and FY2021-22:
	8.5: Full and productive employment for all	<ul style="list-style-type: none"> » The Company's EBITDA registered a growth of 30%. » The Company's EPS registered a robust growth of 45% in absolute terms from ₹ 8.4 to ₹ 12.2. » The Return on Segment Capital Employed (ROCE) improved from 61% to 68%. Apart from the creation of employment opportunities through core operations, ITC's interventions also provide livelihood/supplementary income opportunities including for women in rural India.
	8.6: Reduce youth unemployment	ITC, with its diversified presence across all three sectors of the economy – Agriculture, Manufacturing and Services, and a pan-India operational footprint of 200+ manufacturing locations and 113 hotels, creates both direct and indirect employment opportunities for youth of the Country. In FY2021-22, ITC employed 37,819 full-time employees, of which 2,083 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 23,633 service provider employees were also engaged with ITC. <i>Refer SDG Target 4.3, 4.4 & 4.5</i>

CONTRIBUTION TO UN SDGs



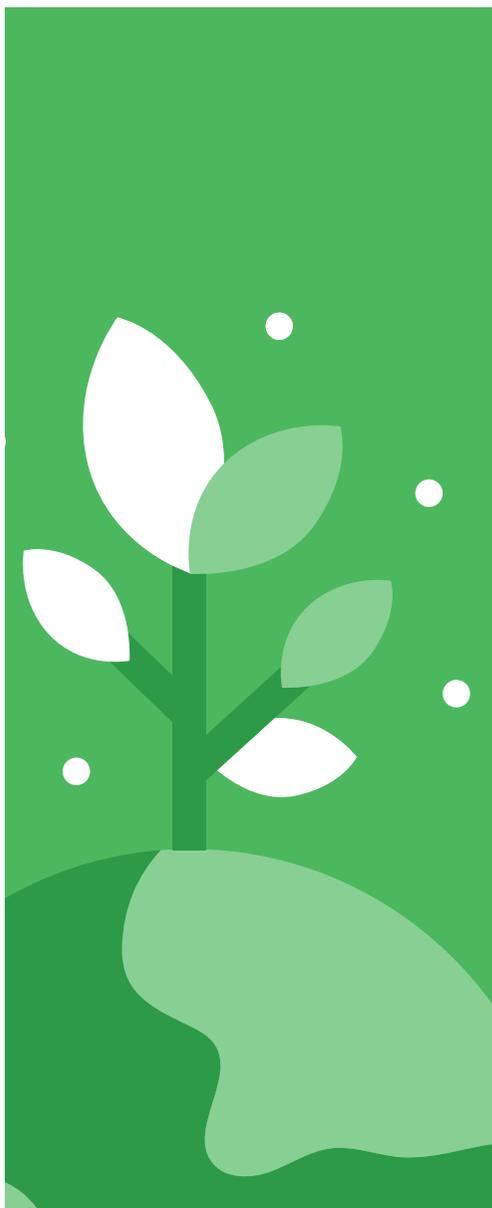
SDG	SDG Target	Select Interventions by ITC
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	8.7: Measures to reduce child labour, forced labour	ITC's Board-approved Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, and Code of Conduct for Suppliers and Service Providers.
	8.8 Protect labour rights and safe work environment	<ul style="list-style-type: none"> » Policies and practices in place to ensure enforcement of labour rights across the value chain: Board-approved Code of Conduct; Policy on Freedom of Association; Policy on Diversity; Equity and Inclusion; Policy on Environment, Health and Safety; and Code of Conduct for Suppliers and Service Providers. » Comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'. » EHS standards, that are benchmarked against international best practices across sectors in which ITC operates, implemented across all Units. » Best-in-class engineering standards for all investments to embed safety from design stage.
	8.9: Sustainable Tourism	ITC Hotels with their highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels are anchored on 'Responsible Luxury' ethos.
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	9.1: Affordable and equitable access	<ul style="list-style-type: none"> » ITC's interventions enable equitable access to natural resources like water, physical resources like toilets, school infrastructure, financial resources like loans/credits and knowledge on agriculture, education, and health. » 200+ manufacturing locations across India.
	9.2: Inclusive and sustainable industrialisation	10 state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) across India, with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality.
	9.3: Increase access of small-scale enterprises, integrate into value chains	ITC's diverse portfolio of products is anchored on inclusive agri and forestry value chains with nearly 97% of raw materials being agri/forestry based, sourced from farmers.

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
	9.4: Adoption of clean and environmentally sound technologies	<ul style="list-style-type: none"> » Large scale investments in energy conservation and renewable energy projects along with exploring innovative technologies in line with ITC's 2030 Sustainability 2.0 Goals. » Pioneer in the green building movement, with 38 buildings having received Platinum certification by USGBC/IGBC. » Commissioned 14.57 MW offsite solar plant in Dindigul, Tamil Nadu during the year. » ITC commissioned a state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill in FY2021-22, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption.
	9.5 Enhance scientific research and encourage innovation	<ul style="list-style-type: none"> » State-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru, with over 350 highly qualified scientists and over 900 patents filed till date. » R&D expenditure of ₹163.76 crores during FY2021-22.
	10.1: Income growth of the bottom 40 per cent of the population	<i>Refer SDG Target 1.2, 1.4, 2.3, 2.4, 4.1, 4.2, 4.3, 4.4 & 4.5</i>
	10.2: Empower and promote the social, economic and political inclusion of all	<i>Refer SDG 1.3</i>
	10.3: Ensure equal opportunity	<ul style="list-style-type: none"> » As part of its commitment to enhancing diversity, ITC places particular emphasis on representation and inclusion of women and the differently-abled persons through concerted actions. » This includes initiatives and efforts to enhance representation of women in the selection pool, collaborating with external partners to recruit differently-abled persons, and where feasible, encouraging their deployment with business associates across the value chain. » For instance, ITC is amongst the leading employers in the hospitality industry on gender diversity and an employer of People with Disabilities. <p><i>Refer SDG Target 5.1 & 5.5</i></p>

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	11.4: Protect and safeguard the world's cultural and natural heritage	The ITC Sangeet Research Academy, established in 1977, committed to preserving and propagating Hindustani classical music, a priceless national heritage.
	11.6: Reduce the adverse environmental impact of cities	<p>ITC's Solid Waste Management Programmes have covered 5 million households till date, instilling behavioural change through door-to-door awareness campaigns for ensuring segregation of waste at source.</p> <ul style="list-style-type: none"> » 'Well Being Out of Waste' (WOW) programme: covering 18 million citizens, 60,000 MT dry recyclable waste collected from 1,096 wards during FY2021-22. » Mission Sunehra Kal's Solid Waste Management programme, spread across 17 districts in 10 states, focusing on waste segregation at source, collected over 99,000 MT waste during FY2021-22 and thus reduced waste going to landfill.
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.2: Sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> » ITC's 'Triple Bottom Line' Philosophy, and abiding strategy of 'Responsible Capitalism' that focuses on extreme competitiveness in a manner that replenishes the environment and supports sustainable livelihoods. » Board-approved Policy on Resource Efficiency, and Policy on Product Responsibility. <p><i>Refer Targets under SDG 2, 6, 7, 9 & 13</i></p>
	12.3: Lowering food waste and loss	ITC's investments in Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs), strategically located in close proximity to agri-procurement catchments, help reduce agri wastages.
	12.4: Environmentally sound management throughout lifecycle	<p>Leveraging Life Cycle Assessments (LCA) of products and services since 2010 for identifying areas of improvement across the value chain.</p> <p><i>Refer 'Product Sustainability' section of this report</i></p>
	12.5: Reduce waste generation	99% total solid waste generated in ITC units is either reused or recycled.
	12.6 Sustainability Reporting	<ul style="list-style-type: none"> » Commitment to Transparent Sustainability Disclosures with 19 years of Sustainability Reporting (since 2004) in line with International and National Frameworks. » Additionally, ITC voluntarily responds to CDP Climate Change and Water Security Questionnaires, and also participates in the S&P Global Corporate Sustainability Assessment (CSA).

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
	12.8: Information and awareness on Sustainable Development and lifestyles	Creating purpose-led brand experiences for consumers: <ul style="list-style-type: none"> » Savlon Swasth India Mission's various campaigns on health and hygiene » 'Know Your Food' campaign by Aashirvaad Nature's Superfoods Organic to increase the awareness of organic foods.
	13.1: Strengthen resilience and adaptive capacity	<ul style="list-style-type: none"> » Building farmer capabilities on targeted climate smart technologies through over 7,100 Farmer Field Schools (FFS), and more than 18,700 demonstration plots covering 246,000 student farmers during FY2021-22. » ITC's Climate Smart Village interventions reached out to over 2,500 villages in 11 States covering over 820,000 acres till date aimed at creating climate resilient villages with a target to cover 3 million acres by 2030.
	13.2: Climate change measures in strategy and planning	Comprehensive climate change risk and vulnerability assessments using climate models across key physical assets and agri value chains.
	13.3: Improve awareness, institutional capacity on climate change	In addition to various other interventions including recognition of sustainability exemplars in the Indian industry, nearly 1,400 participants covered through 50 capacity building programmes on various aspects of sustainable development including climate change by CII-ITC Centre of Excellence for Sustainable Development in FY2021-22.
	14.1: Prevent and reduce marine pollution	Diverting plastic waste from entering water bodies through sustainable collection and management of post-consumer plastic waste. ITC turned plastic neutral in FY2021-22 by sustainably collecting and managing more than 54,000 tonnes of post-consumer plastic packaging waste.
	14.4. Regulate harvesting and end overfishing	Best Aquaculture Practices (BAP) Certified Operations for ITC's Agri SBU's Aqua (Prawns) Business.
	15.1: Conservation of freshwater ecosystems	Refer SDG Target 6.5
	15.2 Sustainable management of forests	Sustainable Forest Management through ITC's Farm and Social Forestry programmes with greening of over 953,000 acres till date.
	15.3: Restore degraded land and soil	Biodiversity conservation programme covering over 133,000 acres till date with a target to cover 1 million acres by 2030.

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
	15.5: Halt the loss of biodiversity	<ul style="list-style-type: none"> » ITC's Board-approved Policy on Biodiversity Conservation, and Policy on Deforestation. » Deforestation-free Wood and Leaf Tobacco value chains.
	15.9: Ecosystem & biodiversity planning	<ul style="list-style-type: none"> » Reviving and restoring pasture lands in Rajasthan initiated across 34,000 acres of village commons with a target to cover 247,000 acres. » 'Sustainable Agriscape for Future' Project in Munger District (Bihar) with IUCN – During FY2021-22, 164,000 native and commercial species planted, soil conservation tillage promoted in 5,350 acres on the Ganga river banks. » Improving forest cover across Telangana and Maharashtra covering 4,198 acres during FY2021-22 with a target to cover 79,000 acres in a phased manner.
	16.5: Reduce corruption and bribery in all forms	<ul style="list-style-type: none"> » Commitment to highest standards of ethical conduct: Board-approved Code of Conduct for Directors, Senior Management and Employees, and Code of Conduct for Suppliers and Service Providers. » ITC's Board-approved Policy on Tax to ensure compliance with the spirit as well as the letter of the tax laws and regulations across countries of operations.
	16.6: Develop effective, accountable and transparent institutions at all levels	Focus on Participatory Development through the Creation of Empowered Grassroots Institutions – 4,500+ Self Help Groups, 3,800+ Water User Groups, nearly 1,800 Forestry Groups, close to 1,300 School Management Committees, and 600+ Agri-business Centres created till date.
	16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels	<ul style="list-style-type: none"> » ITC's Board-approved Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities. » ITC's Board-approved Policy on Stakeholder Engagement: Commitment to understand and address concerns of stakeholders including those who are disadvantaged, vulnerable and marginalised. » CII-ITC Centre of Excellence for Sustainable Development for promoting sustainable business practices amongst Indian enterprises.

CONTRIBUTION TO UN SDGs



SDG	SDG Target	Select Interventions by ITC
	<p>17.3: Mobilise financial resources</p> <p>17.16: Global partnership for sustainable development</p> <p>17.17: Encourage and promote effective public, public-private and civil society partnerships</p>	<p>ITC's Social Investment Programme – ₹ 355.03 crores expenditure during FY2021-22. The Social Investments Programme was also able to raise an additional sum of ₹ 43.06 crores as external funds and local contributions across key interventions.</p> <ul style="list-style-type: none"> » Partnerships with National and International organisations including CGIAR, IUCN, International Water Management Institute (IWMI), WWF India, ACWADAM, CGIAR, CIMMYT and leading Agricultural Universities. » Partnership with IIT Delhi to support research in STEM (Science, Technology, Engineering and Mathematics) areas. » Public Private Partnerships (PPP) with Government Agencies to enable rapid scale-up of programmes - 84 MoUs (32 currently operational) till date. » Implementation Partnerships under Social Investments Programme with 74 reputed NGOs for the execution of 122 projects across India. » Participatory Development through 12,095 Grassroots Institutions and Community Based Organisations created till date with 179,545 members.

Annexure 1 - 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 for the 4th successive year, and has also been included in the Dow Jones Sustainability Emerging Markets Index, second year in a row. Additionally, ITC was rated 'A -' at Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of B- for climate change and B for water security.

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 firm.



Annexure 2 - Awards

Major Awards 2021-22

- » ITC was awarded the First Prize in the 'Best Industry for CSR Activities' category by the Ministry of Jal Shakti, Government of India, at the 3rd National Water Awards 2020.
- » ITC was conferred the 'CSR Excellence Award' in the Large category by the Institute of Company Secretaries of India (ICSI) at the 6th ICSI CSR Excellence Awards.
- » Mr Sanjiv Puri, Chairman & Managing Director, was conferred 'The IMPACT Person of the Year, 2020' Award by exchange4media, a leading online news platform.
- » Mr Sanjiv Puri, Chairman & Managing Director, was conferred an Honorary Doctorate by the XIM University, Bhubaneswar.
- » Mr Nakul Anand, Executive Director, was conferred the HICSA (Hotel Investment Conference – South Asia) Lifetime Achievement Award.
- » Mr. Ali Harris Shere, Chief Operating Officer - Biscuits and Cakes, Ms. Kavita Chaturvedi, Chief Operating Officer - Snacks, and Mr. Shuvadip Banerjee, Vice President - Marketing Services were featured in the Business World Top 50 Marketers List 2021, that recognises India's most influential marketing leaders.
- » ITC won the First Prize in seven categories at the Public Relations Society of India (PRSI) National Awards 2021.
- » ITC's Life Sciences and Technology Centre (LSTC):
 - Was ranked 'Top Innovator' in India amongst Indian Pharma and Healthcare private companies.
 - Was recognised at the CII Southern Region EHS Excellence Awards 2020 with the 'CII EHS '4' Star Rating' for its commitment to EHS practices, and the 'Best Waste Management Initiatives' Award in the Environment category.
 - Won the CII National Award for Environmental Best Practices 2021 for the Project 'Novel planting geometry for improved CO₂ sequestration' under 'Biodiversity Management & Climate Change' category.
- » ITC was presented 'Best In-house Legal Team of the Year Award' by the Legal Era Magazine at the Indian Legal Awards 2020-21.
- » ITC Windsor, ITC Grand Chola and ITC Gardenia became the first three hotels in the world to achieve the 'LEED® Zero Carbon' certification from the U.S. Green Building Council (USGBC).
- » ITC's Branded Packaged Foods Businesses:
 - Bagged several Gold Awards at the Maddies Mobile Marketing Awards 2021. Also won the 'Mobile Marketer of the Year' Award at Maddies.
 - Won two awards at the DIGIXX Awards 2021 for PR and communication campaigns - 'Gold Award' under the 'Consumer Products (Food)' category for the 'ITC Food Digital Performance' campaign, and 'Silver Award' under the 'Marketing Excellence During COVID-19 Lockdown' category for the 'Stay Strong Moms' campaign.
 - Won two Gold Awards at the ACEF's 10th Global Customer Engagement Awards 2021 for PR and communication campaigns - 'Gold Award' under the 'Customer Service - Effectiveness' category for the 'ITC One - Store on wheels' campaign, and 'Gold Award' under the 'Experiential Marketing - Effectiveness' category for the 'Aashirvaad - Amar Ma Amar Durga' campaign.
 - Won the Gold Award at the Impact Digital Influencers Awards 2021 under the category 'Most Organic Campaign' for 'ITC Aashirvaad Atta'.
 - Won Gold Awards at The Great Indian Marketing Awards 2021 - Best Influencer Marketing Campaign: 'Chill with Bingo!' campaign, Best Indian New Brand Launch: 'Aashirvaad Svasti Select', Best Social Media Campaign of the Year: 'Candyman Fantastik', and Best Video Content Marketing Award: 'Daily Jelimals'.
 - Won Gold Awards at the Masters of Modern Marketing Awards 2021 - Best Digital Experience Marketing Campaign: 'Mom's Magic: Durga Pujo 2020 Experience' campaign, Best Trend / Moment Marketing: 'Celebrating Dhoni's Birthday in YiPee! way' campaign, Best Low Budget Marketing Campaign (Digital): ITC Farmland: Holi Special Recipe Series' campaign.



AWARDS

- » ITC's Savlon brand was awarded the 'Best Campaign in FMCG – Personal Care Category' at the ET Brand Equity - Brand Disruption Award 2021.
- » ITC's Paperboards & Specialty Papers Division received the 'Platinum' recognition from the Confederation of Indian Industry for the Division's best-in-class initiatives towards Industry 4.0 adoption.
- » ITC's Bhadrachalam Unit was awarded the 'CII - Inspiring People Practices Award' in the Employee Relations category, and the 'Covid Champion Award' from CII for efforts in CSR initiatives and Haritha Haram, a large-scale tree plantation programme initiated by the Government of Telangana.
- » ITC's Agri Business won the 'Outstanding Procurement Project of the Year' Award for 'Project ASTRA' at the Inflection Awards 2021.
- » ITC's Chirala unit won the 'Gold Award' for 'Systematic and Sustainable Energy Performance' at the SEEM National Energy Management Awards 2020 organised by the Society of Energy Engineers and Managers.
- » ITC's Ranjangaon Unit was conferred the 'Sarvashreshtha Suraksha Puraskar' by National Safety Council of India.
- » ITC's Munger unit won the CII National Award for Environmental Best Practices 2021 for the Project 'Nature-Based Solutions for Natural Resource Management and Livelihood Enhancement in Gangetic Flood Plains' under 'Biodiversity Management' category.

Major Awards Over the Years

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

For other awards and accolades, please refer to www.itcportal.com



Annexure 3 - Certifications

Certifications: Environment, Social, Occupational Health & Safety and Food Safety

ISO 14001: Environment Management System

- » All ITC owned manufacturing Units (except Leaf threshing Unit at Anaparti and newly inducted factories from Sunrise foods)
- » All ITC owned Hotels (except recently commissioned Hotels, ITC Grand Goa, ITC Royal Bengal, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur, where systems are under development), ITC Kakatiya, Welcomhotel Vadodara and Welcomhotel Bay Island Port Blair
- » SNPL Simra, SNPL Seratar and ATC Limited, ITC Green Centre Gurugram, LSTC

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

- » All ITC owned manufacturing Units (except Leaf threshing Unit at Anaparti and newly inducted factories from Sunrise foods), SNPL Simra, SNPL Seratar and ATC Limited at Hosur
- » Hotels: ITC Gardenia and Welcomhotel Bay Island 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 Business Units (except newly inducted factories from Sunrise foods)
- » All ITC Hotels (except recently commissioned ITC Grand Goa, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur Hotels where systems are under development), ITC Kakatiya and Welcomhotel Bay Island Port Blair

LEED® Platinum Rating by US Green Building Council/Platinum Rated Green Building by Indian Green Building Council

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, ITC Royal Bengal, ITC Kohenur, Welcomhotel Bengaluru, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar, Welcomhotel Guntur and Sheraton New Delhi

Other buildings:

- » ITC Green Centre at Bengaluru, ITC Sankhya Data Centre, ITC Green Centre Manesar, ITC Green Centre at Guntur, ITC Green Centre Gurugram, ITC Virginia House Kolkata, ITC Centre Kolkata and ITC Green Centre at Kolkata (Pre-certified)

Platinum Rated Green Factory Building by Indian Green Building Council (IGBC)

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

Forest Stewardship Council®

- » Paperboards and Specialty Papers Units at Bhadrachalam, Tribeni, Kovai and Bollaram (FSC®-C064218 and FSC®-C102390)
- » Packaging and Printing Units at Tiruvottiyur

BRCGS Certification as per BRC Global Standard for Packaging and Packaging Materials

- » Packaging and Printing Units at Tiruvottiyur and Haridwar
- » Paperboards and Specialty Papers Units at Bollaram, Bhadrachalam and Tribeni

Alliance for Water Stewardship (AWS) Platinum-level certification

- » Paperboards and Speciality Papers Unit at Kovai

LEED® Zero carbon

- » ITC Windsor, ITC Gardenia and ITC Grand Chola

'Platinum certification' for 'WeAssure' Programme by Hotels Division

- » 'Platinum certification' for 'WeAssure' Programme under 'My Care Infection Risk Management Programme' from the Det Norske Veritas (DNV) group, Norway, one of the world's leading risk management service providers. ITC Hotels is the first Hotel chain in the world to receive such a recognition.

Sustainable Farming Certifications

Rainforest Alliance Certification:

- » In FY2021-22, around 977 MT of coffee raw materials was certified under Rainforest Alliance sustainable standard.

Union for Ethical Bio Trade (UEBT) & Rainforest Alliance Joint Certification:

- » In FY2021-22, ITC produced nearly 4,087 MT of raw materials under new UEBT & RA joint herbs & spices programme covering Chilli, Cumin, Celery and Turmeric crops.

Global G.A.P Certification:

- » In FY2021-22, close to 1,321 acres of Chilli and 58 acres of Grapes farm were certified under Global G.A.P. The Good Agriculture Practices (GAP) programme addresses environmental, economic and social sustainability for on-farm processes, and result in safe and quality farm produce.

Fairtrade Certification:

- » Fairtrade certification endorses that the agri produce meet defined environmental, labour and developmental standards. In FY2021-22, close to 894 acres of Mango area was covered under Fairtrade certification.

Certified Organic Production:

- » In FY2021-22, close to 2,922 acres of Mango area is certified under organic farming.

NPOP, NOP and EU certification standards:

- » The processing and warehouse facilities in the processed fruits & spices business comply with NPOP, NOP and EU organic certification standards.



GRI Content Index

General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Organisational Profile				
102-1	Name of the organisation	About ITC	-	-
102-2	Activities, brands, products, and services	About ITC	-	Yes
102-3	Location of headquarters	About ITC	-	Yes
102-4	Location of operations	About ITC	-	Yes
102-5	Ownership and legal form	Report and Accounts 2022	-	Yes
102-6	Markets served	Report and Accounts 2022	-	Yes
102-7	Scale of the organisation	About ITC	-	Yes
102-8	Information on employees and other workers	Workforce of Tomorrow	-	Yes
102-9	Supply chain	Inclusive Value Chains	-	Yes
102-10	Significant changes to the organisation and its supply chain	Inclusive Value Chains	-	Yes
102-11	Precautionary Principle or approach	Governance	-	Yes
102-12	External initiatives	Report and Accounts 2022	-	-
102-13	Membership of associations	Report and Accounts 2022	-	-
Strategy				
102-14	Statement from senior decision-maker	Chairman's Message	-	-
102-15	Key impacts, risks, and opportunities	Strategic Risk Management	-	-
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	Governance Annexures	-	Yes
102-17	Mechanisms for advice and concerns about ethics	Governance	-	Yes



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Governance				
102-18	Governance structure	Governance	-	Yes
102-19	Delegating employees	Governance	-	Yes
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance	-	Yes
102-21	Consulting stakeholders on economic, environmental, and social topics	Governance Stakeholder Engagement	-	Yes
102-22	Composition of the highest governance body and its committees	Governance Report and Accounts 2022	-	Yes
102-23	Chair of the highest governance body	Governance	-	Yes
102-24	Nominating and selecting the highest governance body	Governance	-	Yes
102-25	Conflicts of interest	Governance	-	Yes
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance	-	Yes
102-27	Collective knowledge of highest governance body	Governance	-	Yes
102-28	Evaluating the highest governance body's performance	Governance	-	Yes
102-29	Identifying and managing economic, environmental, and social impacts	Governance Stakeholder Engagement	-	Yes
102-30	Effectiveness of risk management processes	Governance	-	Yes
102-31	Review of economic, environmental, and social topics	Governance	-	Yes
102-32	Highest governance body's role in sustainability reporting	Governance	-	Yes
102-33	Communicating critical concerns	Governance	-	Yes
102-34	Nature and total number of critical concerns	Stakeholder Engagement	-	-
102-35	Remuneration Policies	Governance https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
102-36	Process for determining remuneration	Governance	-	-
102-37	Stakeholders' involvement in remuneration	Governance	-	-
102-38	Annual total compensation ratio	Governance	-	-
102-39	Percentage increase in annual total compensation ratio	Governance	-	-
Stakeholder Engagement				
102-40	List of stakeholder groups	Stakeholder Engagement	-	Yes
102-41	Collective bargaining agreements	Workforce of Tomorrow	-	Yes
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	-	Yes
102-43	Approach to stakeholder engagement	Stakeholder Engagement	-	Yes
102-44	Key topics and concerns raised	Stakeholder Engagement	-	Yes
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About this Report	-	Yes
102-46	Defining report content and topic Boundaries	About this Report	-	Yes
102-47	List of material topics	Material Topics	-	Yes
102-48	Restatements of information	Air Emissions Management	-	Yes
102-49	Changes in reporting	About this Report	-	Yes
102-50	Reporting period	About this Report	-	-
102-51	Date of most recent previous report	About this Report	-	-
102-52	Reporting cycle	About this Report	-	-
102-53	Contact point for questions regarding the report	About this Report	-	-
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	-	-
102-55	GRI content index	-	-	-
102-56	External assurance	About this Report	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Economic				
Economic Performance				
103	Management Approach	Creating sustained economic value	-	-
201-1	Direct economic value generated and distributed	Creating sustained economic value	-	-
201-2	Financial implications and other risks and opportunities due to climate change	Refer ITC's publicly available response to CDP Climate Change Questionnaire.	-	-
201-3	Defined benefit plan obligations and other retirement plans	Creating sustained economic value	-	-
201-4	Financial assistance received from government	Creating sustained economic value	-	-
Market Presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Report and Accounts 2022	-	-
202-2	Proportion of senior management hired from the local community	Governance	-	-
Indirect Economic Impacts				
103	Management Approach	Creating sustained economic value	-	-
203-1	Infrastructure investments and services supported	Creating sustained economic value	-	-
203-2	Significant indirect economic impacts	Mission Sunehra Kal for Sustainable & Inclusive Growth	-	-
Procurement Practices				
103	Management Approach	Inclusive Value Chains	-	-
204-1	Proportion of spending on local suppliers	Inclusive Value Chains	-	-
Anti-Corruption				
103	Management Approach	Governance	-	-
205-1	Operations assessed for risks related to corruption	Governance	-	-
205-2	Communication and training about anti-corruption policies and procedures	Governance	-	-
205-3	Confirmed incidents of corruption and actions taken	Report and Accounts 2022	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Anti-competitive Behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	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	-	-
207-3	Stakeholder engagement and management of concerns related to tax	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-4	Country-by-country reporting	Report and Accounts 2022	-	-
Environment				
103	Management Approach	Preserving and Nurturing the Environment	-	-
Materials				
301-1	Materials used by weight or volume	Inclusive Value Chains	-	Yes
301-2	Recycled input materials used	Inclusive Value Chains	-	-
301-3	Reclaimed products and their packaging materials	Sustainably Managing Waste	-	-
Energy				
103	Management Approach	Building Climate Resilience	-	-
302-1	Energy consumption within the organisation	Building Climate Resilience	-	Yes
302-2	Energy consumption outside of the organisation	Building Climate Resilience	-	-
302-3	Energy intensity	Building Climate Resilience	-	Yes
302-4	Reduction of energy consumption	Building Climate Resilience	-	Yes
302-5	Reductions in energy requirements of products and services	Building Climate Resilience	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
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 Safety Management	-	-
303-3	Water withdrawal	Towards Water Security for all	-	Yes
303-4	Water discharge	Towards Water Security for all	-	Yes
303-5	Water consumption	Towards Water Security for all	-	Yes
Biodiversity				
103	Management Approach	Biodiversity	-	-
Emissions				
103	Management Approach	Building Climate Resilience	-	-
305-1	Direct (Scope 1) GHG emissions	Building Climate Resilience	-	Yes
305-2	Energy indirect (Scope 2) GHG emissions	Building Climate Resilience	-	Yes
305-3	Other indirect (Scope 3) GHG emissions	Building Climate Resilience	-	Yes
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
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emissions Management	-	Yes
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
306-4	Waste diverted from disposal	Managing Waste	-	Yes
306-5	Waste directed to disposal	Managing Waste	-	Yes
Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines	Nil	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Supplier Environmental Assessment				
308-1	New suppliers that were screened using environmental criteria	Report and Accounts 2022 Inclusive Value Chains	-	-
308-2	Negative environmental impacts in the supply chain and actions taken	Report and Accounts 2022 Inclusive Value Chains	-	-
Social				
Employment				
103	Management Approach	Workforce of Tomorrow	-	-
401-1	New employee hires and employee turnover	Workforce of Tomorrow Annexure	-	Yes
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce of Tomorrow	-	Yes
401-3	Parental leave	Workforce of Tomorrow	-	Yes
Labour/ Management Relations				
103	Management Approach	Workforce of Tomorrow	-	-
402-1	Minimum notice periods regarding operational changes	Workforce of Tomorrow	-	-
Occupational Health and Safety				
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	-	-
403-5	Worker training on occupational health and safety	Occupational Health and Safety	-	-
403-6	Promotion of worker health	Occupational Health and Safety	-	-



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General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	-	-
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	-	-
403-9	Work-related injuries	Occupational Health and Safety	-	Yes
403-10	Work-related ill health	Occupational Health and Safety	-	-
Training and education				
103	Management Approach	Workforce of Tomorrow	-	-
404-1	Average hours of training per year per employee	Workforce of Tomorrow	-	Yes
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	Governance Workforce of Tomorrow	-	-
405-2	Ratio of basic salary and remuneration of women to men	Report and Accounts 2022	-	-
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	-	-



GRI CONTENT INDEX

General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Child Labour				
103	Management Approach	Workforce of Tomorrow	-	-
408-1	Operations and suppliers at significant risk for incidents of child labor	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 labor	Workforce of Tomorrow	-	-
Human Rights Assessment				
103	Management Approach	Workforce of Tomorrow	-	-
412-1	Operations that have been subject to human rights reviews or impact assessments	Workforce of Tomorrow Inclusive Value Chains	-	-
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 Inclusive Value Chains	-	-
Local Communities				
103	Management Approach	Mission Sunehra Kal for Sustainable & Inclusive Growth	-	-
413-1	Operations with local community engagement, impact assessments, and development programs	Mission Sunehra Kal for Sustainable & Inclusive Growth	-	Yes
413-2	Operations with significant actual and potential negative impacts on local communities	Mission Sunehra Kal for Sustainable & Inclusive Growth	-	-
Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria	Report and Accounts 2022 Inclusive Value Chains	-	-
414-2	Negative social impacts in the supply chain and actions taken	Report and Accounts 2022 Inclusive Value Chains	-	-



GRI CONTENT INDEX

General Disclosures

Disclosure Number	Disclosure Title	Report Section/Explanation	Omissions	External Assurance
Public Policy				
415-1	Political contributions	Report and Accounts 2022	-	-
Customer Health and Society				
103	Management Approach	Product Sustainability	-	-
416-1	Assessment of the health and safety impacts of product and service categories	Product Sustainability	-	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Sustainability	-	-
Marketing and Labelling				
103	Management Approach	Product Sustainability	-	-
417-1	Requirements for product and service information and labeling	Product Sustainability	-	Yes
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Sustainability	-	Yes
417-3	Incidents of non-compliance concerning marketing communications	Product Sustainability	-	Yes
Customer Privacy				
103	Management Approach	Product Sustainability	-	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Sustainability	-	-

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 16.0, March 2021) 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.

¹³India GHG Programme is led by World Resources Institute (WRI India), CII and TERI.

3. Transportation

Sources for calculation of emission factors for different modes of transportation are as follows:

Road - India Specific Road Transport Emission Factors published by India GHG Programme.¹³

Rail - India Specific Rail Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme¹³.

Air - India Specific Air Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme¹³.

Ship - Emission factor published by Department of Business, Energy & Industrial Strategy, UK.

4. Other Sources

The quantification of GHG emissions from other 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. Emissions from company owned vehicles
3. Emissions from employee commuting
4. Emissions from vehicles used for guest pickup and drop at ITC Hotels
5. Refrigerants released from the refrigerators, chillers and air conditioners
6. SF₆ release from power distribution system
7. CO₂ release from fire protection system
8. Emissions from gas cutting/ welding
9. Methane released from wastewater treatment
10. Emissions from composting of waste inside the unit premises
11. Emissions from fertiliser application in forestry project
12. Emissions from business air travel

5. GHG Removals

GHG removals from plantations have been calculated based on the approved methodology used in ITC's UNFCCC registered CDM project '2241: Reforestation of severely degraded landmass in Khammam District of Andhra Pradesh, India under ITC Social Forestry Project.'



Independent Assurance Report

Deloitte Haskins & Sells LLP

Chartered Accountants
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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, 2022

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, 2022 (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 International Organization for Standardization "ISO" issued Standard "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") and presentation of such inventory in the Report free from material misstatement, whether due to fraud or error.

2. Reporting Boundary:

The reporting boundary includes the ITC Head Office, Kolkata (West Bengal), and the following Divisional Headquarters ("DHQs") and location of operations:

A. FMCG- Cigarettes

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: Four nos.

B. FMCG - Others

1. Branded Packed Foods Businesses

Divisional Headquarters: Bengaluru (Karnataka)

Units: Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla, Uluberia and Sankrail (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu), Malur & Mysuru (Karnataka), Bikaner, Reengus and Jaitpura (Rajasthan) and Agra (Uttar Pradesh)

2. Personal Care Products Business ("PCPB")

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: Eight nos.

4. Lifestyle Retailing Business Division ("LRBD")

Registered Office: ITC Green Centre, Manesar (Haryana)

5. Incense Sticks (Agarbattis) And Safety Matches

Headquarters: Chennai (Tamil Nadu)

C. Hotels

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 and 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, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur

D. Agri Business Division ("ABD")

Divisional Headquarters: Guntur (Andhra Pradesh)

Units: Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh)

E. Paperboards And Specialty Papers Division ("PSPD")

Divisional Headquarters: Secunderabad, Hyderabad (Telangana)

Units: Tribeni (West Bengal), Bhadrachalam and Bollaram (Telangana) and Kovai (Tamil Nadu)

F. Packaging And Printing Business ("PPB")

Headquarters: Chennai (Tamil Nadu)

Units: Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)

G. Others

1. TRADE MARKETING & DISTRIBUTION ("TM&D")

TM&D Headquarters: Kolkata (West Bengal)

District Offices: Kolkata (West Bengal) and Mumbai (Maharashtra), Gurugram (Haryana), Bengaluru (Karnataka)

Warehouses: Ambemath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka) and Chennai (Tamil Nadu)

2. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)

3. Central Projects Organisation, Bengaluru (Karnataka)

H. Subsidiaries

1. **ITC INFOTECH INDIA LIMITED** – **Units:** Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)



Deloitte Haskins & Sells LLP

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)

I. Associates

ATC LIMITED - **Unit:** Hosur (Tamil Nadu)

GUJARAT HOTELS LIMITED – **Hotel:** Welcomhotel Vadodara (Gujarat)

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.

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;
- 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:

Sr no.	Locations	Sr no.	Locations
1	ITD Bangalore	7	ABD Chirala
2	ICML* Haridwar	8	PSPD Bhadrachalam
3	ICML* Pune	9	PSPD Kovai
4	PCPB Haridwar	10	PSPD Tribeni
5	ITC Royal Bengal	11	PPB Haridwar
6	ITC Sonar	12	PPB Tiruvottiyur

* ICML – Integrated Consumer Goods Manufacturing and Logistics facilities, unit of Branded Packed Foods Businesses.

4. Our Independence, Ethical Requirements and Quality Control

Our team comprising of multidisciplinary professionals, 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



Deloitte Haskins & Sells LLP

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 'Specification with guidance for the validation and verification of greenhouse gas assertions' and as per the International Standard for Assurance Engagements 3410 - Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") issued by IFAC on the GHG inventory presented by the Management. Our responsibility in performing our assurance activities is to the Management of the Company only and in accordance with the terms of engagement agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Our evidence gathering procedures were designed to obtain a reasonable level of assurance in order to ascertain that the Company's GHG inventory is presented in the Report in all material respects with the requirements of ISO 14064-1:2018. The procedures we performed were based on our professional judgment and included following key steps:

- Identifying risks of material misstatement in the subject matter information and use it as a basis for designing and performing audit procedures to respond to the identified assessed risks.
- 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;
- Data and information outside the defined reporting period i.e. April 1, 2021 to March 31, 2022; and
- Forward looking statements which describe belief, opinion, intentions or aspirations provided by the Company.
- Any information - other than those covered under the subject matter



Deloitte Haskins & Sells LLP

7. Our Conclusions

On the basis of our procedures aimed at obtaining reasonable assurance, we conclude in respect of the subject matter 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. The reported GHG emissions and removals for the reporting period as per the Company's Annual Sustainability Report in accordance with "GRI Standards" for the year ended March 31, 2022 are:

	GHG emissions (in tonnes of CO ₂ e)	Biogenic emissions (in tonnes of CO ₂)
➤ Scope 1	1,257,786	883,200
➤ Scope 2	193,256	20,335
➤ Scope 3	318,288	2

GHG removals: 6,182,560 tonnes of CO₂ (from social and farm forestry initiative)

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)



Pratik Shah
Partner
Membership No. 111850
UDIN: 22111850ANEBTM2472

Place: Mumbai
Date: July 18, 2022



Deloitte Haskins & Sells LLP

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Independent Assurance Report on Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2022

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, 2022 as detailed in paragraph 3 - Subject Matter.

1. Responsibility of the Management:

The Company's Management is responsible for the content and presentation of the Report, engagement with stakeholders, 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, 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 includes the ITC Head Office, Kolkata (West Bengal) and the following Divisional Headquarters ("DHQs") and location of operations:

A. FMCG- Cigarettes

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: Four nos.

B. FMCG - Others

1. Branded Packed Foods Businesses

Divisional Headquarters: Bengaluru (Karnataka)
Units: Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla, Uluberia and Sankrail (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu), Malur & Mysuru (Karnataka), Bikaner, Reengus and Jaitpura (Rajasthan) and Agra (Uttar Pradesh)

2. Personal Care Products Business ("PCPB")

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Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)



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Deloitte Haskins & Sells LLP

3. Education and Stationery Products Business ("ESPB")

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers of Notebooks: Eight nos.

4. Lifestyle Retailing Business Division ("LRBD")

Registered Office: ITC Green Centre, Manesar (Haryana)

5. Incense Sticks (Agarbattis) And Safety Matches

Headquarters: Chennai (Tamil Nadu)

C. Hotels

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 and 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, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur

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Units: Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh)

E. Paperboards And Specialty Papers Division ("PSPD")

Divisional Headquarters: Secunderabad, Hyderabad (Telangana)
Units: Tribeni (West Bengal), Bhadrachalam and Bollaram (Telangana) and Kovai (Tamil Nadu)

F. Packaging And Printing Business ("PPB")

Headquarters: Chennai (Tamil Nadu)
Units: Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)

G. Others

1. TRADE MARKETING & DISTRIBUTION ("TM&D")

TM&D Headquarters: Kolkata (West Bengal)
District Offices: Kolkata (West Bengal) and Mumbai (Maharashtra), Gurugram (Haryana), Bengaluru (Karnataka)
Warehouses: Ambernath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka) and Chennai (Tamil Nadu)

2. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)
3. Central Projects Organisation, Bengaluru (Karnataka)



Deloitte Haskins & Sells LLP

H. 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)

I. Associates

- ATC LIMITED - Unit:** Hosur (Tamil Nadu)
GUJARAT HOTELS LIMITED – Hotel: Welcomhotel Vadodara (Gujarat)

3. Subject Matter

We are required to provide reasonable assurance on the below GRI Standards disclosures, specific to the period from April 1, 2021 to March 31, 2022 in accordance with management’s basis of preparation, and GRI Standards. The terms of management’s basis of preparation and GRI Standards 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
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



Deloitte Haskins & Sells LLP

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:

Sr no.	Locations	Sr no.	Locations
1	ITD Bangalore	7	ABD Chirala
2	ICML* Haridwar	8	PSPD Bhadrachalam
3	ICML* Pune	9	PSPD Kovai
4	PCPB Haridwar	10	PSPD Tribeni
5	ITC Royal Bengal	11	PPB Haridwar
6	ITC Sonar	12	PPB Tiruvottiyur

* ICML – Integrated Consumer Goods Manufacturing and Logistics facilities, unit of Branded Packed Foods Businesses.

For information related to Corporate Social Responsibility, the scope covers review and verification of information for the following locations:

Sr no.	Locations
1	Uttar Pradesh - Saharanpur
2	Karnataka – Mysuru
3	Maharashtra – Pune

4. Our Independence, Ethical Requirements and Quality Control

Our team comprising multidisciplinary professional, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants (the “IFAC”) Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (“ISQC”) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

5. Our Responsibility

Our responsibility is to express a reasonable assurance on GRI Standards Disclosures in the Report as described in the subject matter, based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance in accordance with International Standard on Assurance Engagement ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”) issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our reasonable assurance engagement to obtain sufficient appropriate evidence about whether the GRI Standards Disclosures are free from material misstatement.



Deloitte Haskins & Sells LLP

The procedures we performed were based on our professional judgment and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we:

- Interviewed key personnel including senior executives at respective plant locations and at the corporate office to understand the systems and controls in place for capturing sustainability performance data during the reporting period; and
- Identify risks of material misstatement in the subject matter information and use it as a basis for designing and performing audit procedures to respond to the identified assessed risks.
- Performed desktop audit at the respective operational locations as specified in the subject matter in order to:
 - Test data, audit 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 sustainability information on a sample basis.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our assurance.

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 Subject Matter above.

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;
- Forward looking statements which describe belief, opinion, intentions or aspirations provided by the Company; and
- Data and information on economic and financial performance of the Company.
- Any information – other than those covered under the subject matter



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 in respect of the subject matter that, in our opinion,

Deloitte Haskins & Sells LLP

- 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.
- Information on GRI Standards Disclosures conforms to the GRI Standards 'In Accordance - Comprehensive' disclosure criteria.

8. 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. Our report does not provide assurance conclusion thereon.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)



Pratiq Shah
Partner
Membership No. 111850
UDIN: 22111850ANDZQX6310

Place: Mumbai
Date: July 18, 2022







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