



Reimagining the Future

ITC LIMITED | INTEGRATED REPORT 2020



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NOTE ON THE INTERNATIONAL <IR> FRAMEWORK

This is ITC's third Integrated Report and has been prepared in line with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council (IIRC). For information on different <IR> elements and explanation of different capitals, please refer to *The International <IR> Framework - Content Elements* section of this Report.

NOTE ON ADDITIONAL RESOURCES

Additional resources and content available online have been marked across the Report with:



For additional reading material available online



For related video/media available online

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

ABOUT ITC

Creating Enduring Value for the Nation



₹46,324 Cr
Gross Revenue



25+ FMCG
Mother Brands



3X
Rainwater Harvesting
Potential Created
Compared to Net
Water Consumption



4 Million
Farmers Empowered
by ITC e-Choupal



6 Million
Sustainable
Livelihoods Created



Contribution to
Exchequer Represents
65%
of Value-Added During
the Year



109
Hotels



53,94,000+
tCO₂ Carbon Sequestered
in 2019-20
Enabling ITC's Carbon
Positive Status for 15 years



147 Million
Person-days of Employment
Generated through Social
and Farm Forestry Initiative



13 Businesses
of Tomorrow



36,000+
Total Employees



Rated AA
By MSCI - ESG Rating



13.75 Million+
Citizens Covered through
Solid Waste Management
Programmes



30 No. of
USGBC/IGBC Certified
Platinum Buildings



200+
Manufacturing
Units



41%
ITC's Energy from
Renewable Sources



No.1
Ranked by Sustainalytics
(USD 38 -51 Bn market
cap category), No.3 overall
in Food Products industry



~39 Million
kl Total Rain Water Harvesting
(RWH) Potential Created
Enabling ITC's Water Positive
Status for 18 Years

ITC's BUSINESSES & BRANDS



FMCG BUSINESSES

- Spanning Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Incense Sticks (Agarbattis), Safety Matches and Cigarettes
- India's leading FMCG Marketer
- ITC Foods - 3rd largest in India
- Over 25 Indian Brands Delivering World-class Products and Services
- Attained Leadership Position in Several Categories



HOTELS

- India's leading Hospitality Chain
- 109 Properties - 4 Brands
- Trailblazer in Responsible Luxury
- ITC's Premium Luxury Hotels are LEED® Platinum Certified
- Globally Acknowledged for its Branded Cuisine



PAPERBOARDS & PACKAGING

- Market leader in the Indian Paperboard & Specialty Papers Segment
- India's largest Integrated Facility, an Icon of Environmental Stewardship
- 30+ B2B Brands with Innovative & Differentiated Offerings
- Large-scale Afforestation Programme covering more than 8,00,000 acres
- The Packaging and Printing Business offers Comprehensive Packaging Solutions and is a Clear Market Leader in Paperboard Packaging Segment



AGRI BUSINESS

- India's Foremost Integrated Agri Business Enterprise
- Providing End-to-End Solutions across the Agri Value Chain
- Pioneer in Rural Transformation
- ITC e-Choupal: Empowering Over 4 Million Farmers across 35,000 Villages
- Largest Private Sector Procurer of Wheat in India
- Spearheading Climate Smart Agriculture



ITC's BUSINESSES & BRANDS

ITC'S WORLD-CLASS INDIAN BRANDS THAT CREATE, CAPTURE & RETAIN VALUE IN INDIA



**Innovative
Player**
In the Health &
Hygiene Segment



No.1
In Branded Atta
Nearly ₹6,000 crore
Annual Consumer
Spend



No.1
In Cream Biscuits
Over ₹4,000 crore
Annual Consumer
Spend



No.1
In Bridges Snacks
Nearly ₹2,700 crore
Annual Consumer
Spend



No.1
In Notebooks
Nearly ₹1,400 crore
Annual Consumer
Spend



No.2
In Noodles
Nearly ₹1,300 crore
Annual Consumer
Spend



No.1
In Dhoop &
No.2 in Agarbatti
Over ₹800 crore
Annual Consumer
Spend



04

REBOOT AND RECOVER

Responding to the New Normal

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

UPLIFTING COMMUNITIES

SUPPORTING THE ITC FAMILY

SERVING CONSUMERS

KEEPING THE ECONOMIC ENGINE RUNNING



REBOOT AND RECOVER

AS 2019-20 CAME TO A CLOSE, WHAT CHANGED?

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

The global social, economic and political order has been subjected to a shock of a scale not witnessed since World War II. This inflection point has come at a time when the world is already grappling with issues like extreme inequity amongst, and within, nations and unprecedented environmental devastation linked to climate change. Within a matter of months, concerns over events such as the bush fires in Australia, burning of Amazon's forests, melting of polar ice, etc. have been dwarfed by COVID-19. It is becoming increasingly clear that the future will never be the same again. Navigating long-term uncertainties - be it social, climate or otherwise, while being periodically buffeted by 'black swan' events - will be the new normal.

Post the COVID-19 crisis, the traditional 'government-market' paradigm will cease to be the sole driving force defining the planet's trajectory. Instead, a new force in the form of society, encompassing social values, relationships and social contract, will emerge as the hand on the tiller, leading the earth on to a path of a safer and more sustainable future.

HOW DID WE GEAR UP FOR THE NEW NORMAL?

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

Over the last few decades, ITC has consistently invested in building social and natural capital in the catchment areas of its

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

Going forward, even as the world battles tougher times, ITC will continue to pursue its endeavours for generating larger economic, social and environmental capital. Such multidimensional efforts will also enhance and sustain consumer trust and loyalty for ITC's unique and differentiated products and services, which are hallmarks of innovation and quality.



ITC Store on Wheels

PUTTING NATION FIRST



UPLIFTING COMMUNITIES



The unprecedented COVID-19 crisis is impacting people's lives and livelihoods like never before. Utmost care is required to ensure safety of the people, especially the frontline professionals working in healthcare and essential services. From the beginning of the lockdown, ITC made coordinated efforts to contribute to India's fight against COVID-19. ITC along with ITC Education and Healthcare Trust and ITC Rural Development Trust has set up a ₹215 crore COVID-19 contingency fund, which is being used to provide relief and assistance to the most vulnerable sections of society.



SUPPORTING THE ITC FAMILY



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

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



SERVING CONSUMERS



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

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



KEEPING THE ECONOMIC ENGINE RUNNING



ITC's frontline warriors kept the Company's factories, warehouses, distribution and agri-operations up and running so that essential food and hygiene products reach every corner of India, while complying with all regulatory requirements on health and safety. ITC also leveraged the institutional capabilities of its Agri Business to work with farmers on educating them and their families on safety measures.



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

07

REIMAGINING THE FUTURE

Building a Resilient Tomorrow

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

REIMAGINING GROWTH

REIMAGINING SUSTAINABILITY

REIMAGINING THE SOCIAL CONTRACT

REIMAGINING RESILIENCE

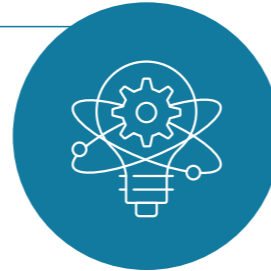


BUILDING A RESILIENT TOMORROW

REIMAGINING GROWTH

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

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



REIMAGINING THE SOCIAL CONTRACT

In the face of discontinuous shifts and disruptions taking place in every sphere of the social domain, helping the Company's consumers, communities and employees adapt to these changes.

- Helping Consumers Make Sustainable Choices
- Workforce of Tomorrow



REIMAGINING SUSTAINABILITY

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

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



REIMAGINING RESILIENCE

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

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



09

REIMAGINING GROWTH

Engine of Growth,
For Today & Tomorrow

10 Investing in
India's Tomorrow

16 Energising Innovation
to Drive Growth

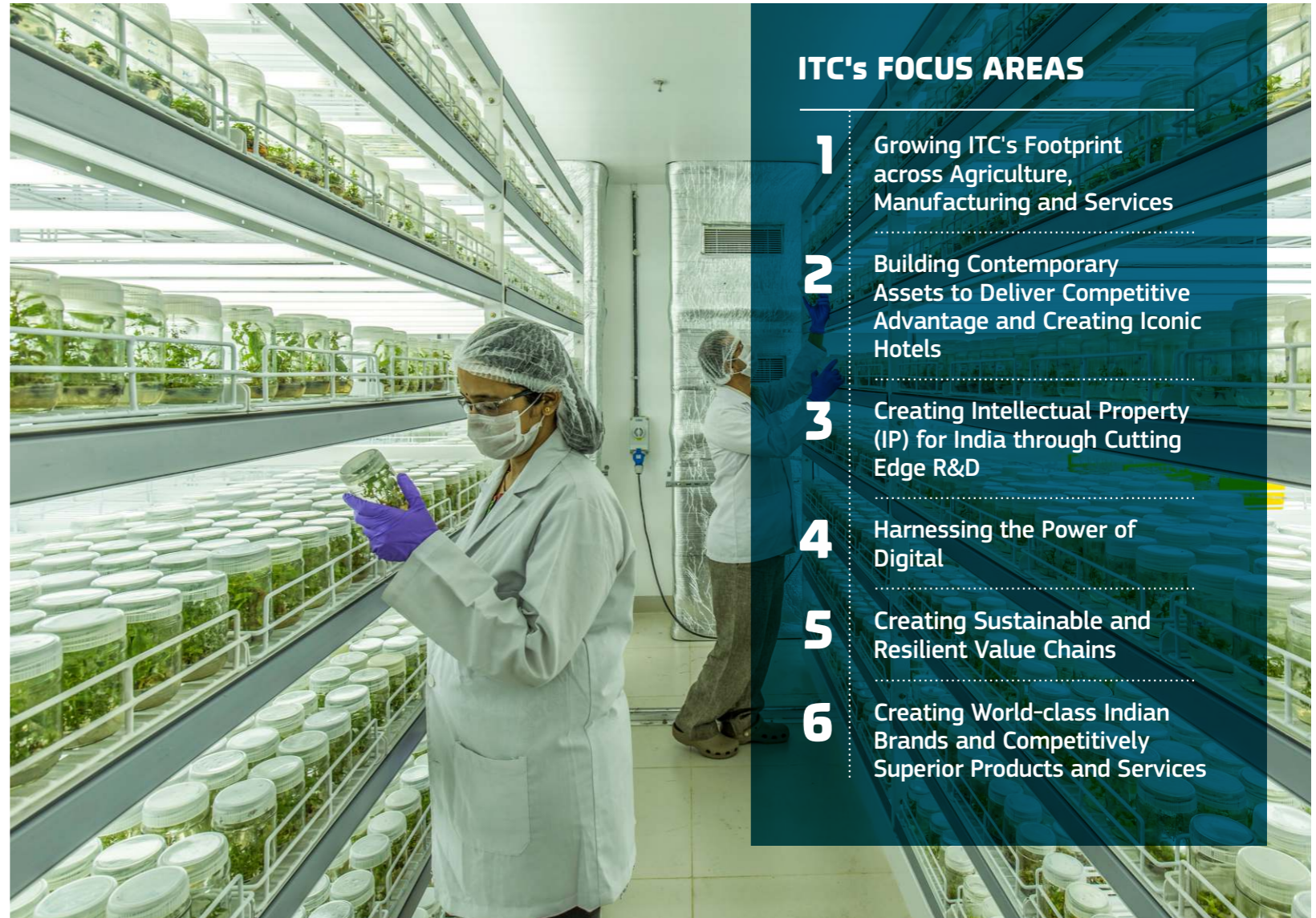


INVESTING IN INDIA'S TOMORROW

GROWING ITC'S FOOTPRINT ACROSS AGRICULTURE, MANUFACTURING AND SERVICES

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

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



ITC's FOCUS AREAS

- 1 Growing ITC's Footprint across Agriculture, Manufacturing and Services
- 2 Building Contemporary Assets to Deliver Competitive Advantage and Creating Iconic Hotels
- 3 Creating Intellectual Property (IP) for India through Cutting Edge R&D
- 4 Harnessing the Power of Digital
- 5 Creating Sustainable and Resilient Value Chains
- 6 Creating World-class Indian Brands and Competitively Superior Products and Services

INVESTING IN INDIA'S TOMORROW

BUILDING CONTEMPORARY ASSETS TO DELIVER COMPETITIVE ADVANTAGE AND CREATING ICONIC HOTELS

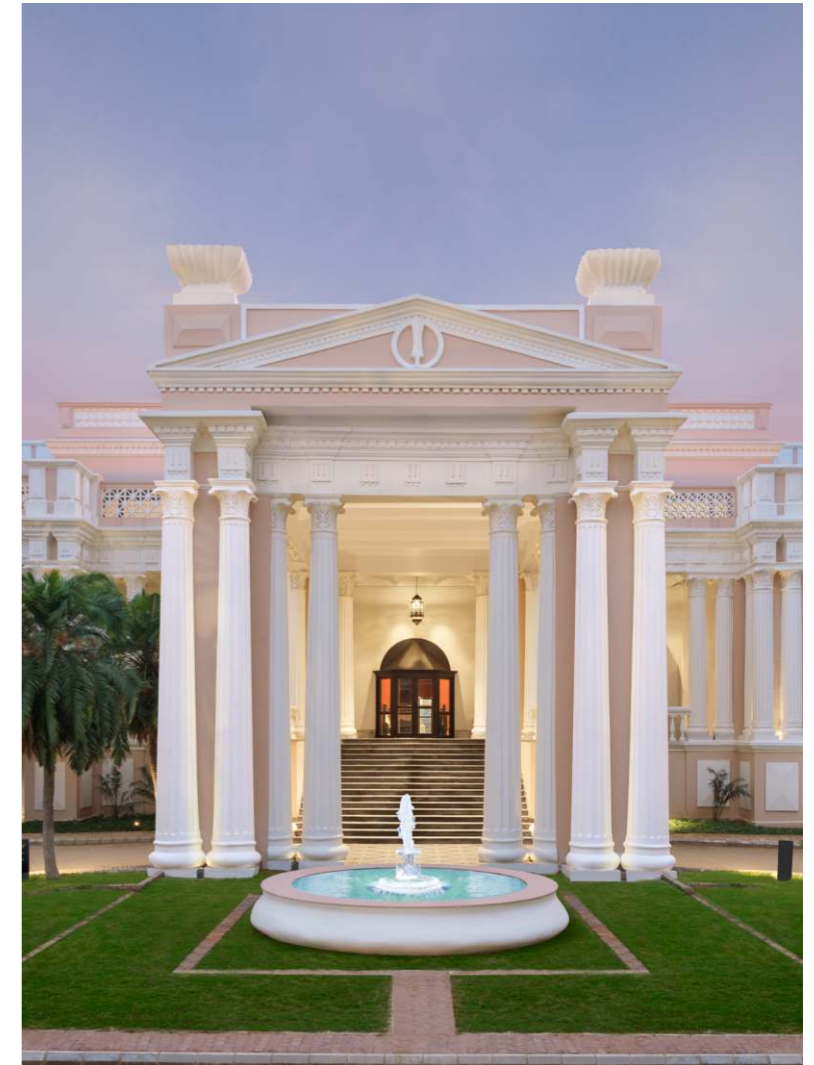
ITC's commitment to create enduring value for India is also manifest in its investments in the development of world-class manufacturing and hospitality assets. These national assets in the form of state-of-the-art manufacturing facilities, iconic luxury hotels, logistics hubs and the globally benchmarked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

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

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

2019-20 Highlights


- Manufacturing capacities at Pudukkottai, Guwahati, Panchla, Haridwar, Kapurthala, Mysuru and Pune have been augmented. These ICMLs are expected to set new benchmarks in quality, productivity and cost efficiency.
- In the Education and Stationery Products Business, a dedicated manufacturing facility for notebooks, equipped with state-of-the-art machinery was commissioned at Gollapudi, Andhra Pradesh. The facility will enable manufacturing of a range of high quality and differentiated notebooks.
- The Hotels Division added another iconic property to its portfolio - ITC Royal Bengal, a Luxury Collection Hotel in Kolkata. The combined complex comprising ITC Royal Bengal and ITC Sonar offers 693 rooms, suites and serviced apartments, 15 signature F&B outlets with access to over 1,00,000 sq. ft. of banqueting space, making it the most sought after F&B and banqueting destination in the city.
- The Hotels Division also commissioned WelcomHotel Amritsar, a 101-room luxury property, exuding the charm of Amritsar's spiritual beauty and vibrant lifestyle.
- In the Paperboards and Specialty Papers Division, capacity utilisation of the Value Added Paperboard machine and Bleached Chemical Thermo Mechanical Pulp mill was further ramped up during the year. The Business continues to make structural interventions in the areas of strategic cost management and import substitution towards enhancing its market standing and competitive advantage.



INVESTING IN INDIA'S TOMORROW

CREATING INTELLECTUAL PROPERTY (IP) FOR INDIA THROUGH CUTTING EDGE R&D

ITC recognises that continuous innovation across products, processes and systems will indeed be the springboard to catapult the enterprise to higher orbits of growth. Towards this, the Company's Life Sciences and Technology Centre (LSTC) is mandated to secure science-led competitive advantage and develop future-ready products and processes. In a relatively short period of time, over 900 patents have been filed.

 For more details, refer to [Energising Innovation to Drive Growth](#) of this Report.

HARNESSING THE POWER OF DIGITAL

To spearhead development of 'Digital Infrastructure', ITC has formulated a comprehensive business-wise strategy driving transformational changes across the value chain. Efficiencies in the backend are being enhanced through Industry 4.0. Businesses have initiated experimentation on new generation technologies involving Internet of Things (IoT), Data Analytics and Intelligence, Machine Learning, Augmented and Virtual Reality, Advanced Automation, Chat-bots and Robotics, Mobility, Embedded Integrated Systems etc. to improve resource productivity. ITC is also driving digital engagement of its brands through dedicated marketing command centres in Kolkata and Bengaluru.

CREATING SUSTAINABLE AND RESILIENT VALUE CHAINS

A conscious strategy to drive the competitiveness of value chains linked to its businesses enables ITC to make a more enduring contribution to national economic development. ITC's winning brands drive synergies to make these value chains sustainable and inclusive. At the same time, by nurturing and strengthening these value chains, ITC adds a unique source of competitive strength to its brands. These value chains contribute to farmer empowerment and enrich the rural ecosystem.

 For more details, refer to [Securing Agri Value Chains for ITC's Major Crops](#) section of this Report.



CREATING WORLD-CLASS INDIAN BRANDS AND COMPETITIVELY SUPERIOR PRODUCTS AND SERVICES

ITC's World-class Indian Brands

It is ITC's belief that tomorrow's world will belong to those who create, own and nurture intellectual capital for the country. Successful brands and trademarks, which represent such intellectual capital, are a badge of honour for the country they belong to. ITC's world-class Indian brands anchor competitive and inclusive value chains that create, capture and retain large value within the country as opposed to brands owned overseas that rely on global supply chains and necessitate payment of royalties.

INVESTING IN INDIA'S TOMORROW

ITC has, over the years, invested extensively in developing a vibrant portfolio of world-class Indian brands which support millions of farmers and creates large scale livelihoods in the country. Over 25 world-class Indian brands have been built largely organically by ITC over a relatively short period of time - a feat unparalleled in the Indian FMCG industry. Investments in cutting edge R&D and state-of-the-art manufacturing in India drive these winning Indian brands including Aashirvaad, Sunfeast, Bingo, YiPPee!, B Natural, Savlon, Engage, Vivel, Fiama, Classmate and Mangaldeep, among others. Many of these brands anchor domestic agri value chains that empower Indian farmers, as well as create and capture larger value in India.

ITC's Competitively Superior Products and Services

ITC, with its unwavering focus on quality and consumer health and safety, is committed to delivering world-class products and services that create value for Indian customers. ITC's commitment towards ensuring compliance with applicable standards of health and safety commences at the design stage. Risks during procurement, manufacturing and delivery stages are also mapped and evaluated, based on which necessary control measures are deployed. The entire process is supported by advanced research and testing facilities at ITC's LSTC, whose laboratories conform to ISO/IEC 17025 and are certified by National Accreditation Board for Testing and Calibration (NABL).

Manufacturing units and Hotels are also housed in state-of-the-art facilities with internationally benchmarked quality management systems. All systems and practices are subject to periodic review to ensure that these remain up-to-date and in line with national and international developments. The quality performance of third party manufacturing facilities is also monitored regularly.

Some of the best practices from across ITC's Businesses include:

Agri Business

- Holistic approach of "Integrated Crop Engagement" to ensure that the product meets stringent global food safety standards.



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

INVESTING IN INDIA'S TOMORROW

- For organic and sustainable farm practices in the processed fruits business and for specific customer segments, the Business has received the following international certifications:
 - ✓ Fairtrade Certification endorsing that the products meet defined environmental, labour and developmental standards
 - ✓ USDA (United States Department of Agriculture) Organic and India Organic Certifications for Organic Farming
 - ✓ Bio Suisse Certification for Organic Farming
 - ✓ Rainforest Alliance (RFA), Global G.A.P. (Good Agriculture Practices) and UTZ Certifications for adherence to the Standards' comprehensive requirements on sustainable farm management practices.
 - ✓ State of the art processing and warehouse facilities complying to the National Programme for Organic Production Standard (NPOP), National Organic Program (NOP) and EU certification standards

- 'ITC Master Chef' range of 'Super Safe' frozen prawns adhere to stringent international standards prevalent in the US, Europe and Japan. These products go through rigorous testing (240+ tests) and are 'individually quick frozen' to ensure freshness. Certifications like Best Aquaculture Practices and BRC (British Retail Consortium) Global Standard for Food Safety ensure adherence to the most stringent norms of food safety.

- The branded packaged frozen snacks under the 'ITC Master Chef' brand are manufactured using state-of-the-art Individual Quick Freezing (IQF) technology. More than 25 innovative variants have been launched as part of this range.

Branded Packaged Foods

- 77 out of 82 manufacturing locations, which account for more than 99% of ITC Foods Division's total production volume in 2019-20, are FSSC 22000/ ISO 22000/Hazard Analysis and Critical Control Point (HACCP) certified. Certification of the remaining five units is in progress.
- All ICMLs are state-of-the-art, world-class manufacturing hubs with extensive focus on hygiene, automation and productivity.

Personal Care Products

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



INVESTING IN INDIA'S TOMORROW

Hotels

- Robust food safety management systems as per HACCP/ ISO 22000 are in place at all ITC Hotels. In addition, ITC Hotels adhere to Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP).
- All ITC Hotels adhere to the ITC Fire and Life Safety Management Guidelines that are based on National Fire Protection Association (NFPA) Codes and other international best practices.

Packaging and Printing

- All operations at Haridwar and Tiruvottiyur factories are as per British Retail Consortium (BRC) Global Standard for Packaging and Packaging Materials.
- International Quality Rating System (IQRS) to integrate products, processes and people is leveraged to enhance customer delight and stakeholder satisfaction.

Incense Sticks (Agarbattis) and Safety Matches

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

Paperboards and Specialty Papers




- Pioneer in manufacturing Elemental Chlorine Free (ECF) pulp in India.
- All food-grade papers and paperboards are periodically tested for compliance with U.S. Food and Drug Administration (the FDA) standards and European regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS).
- Micro segmented the market by creating 30+ B2B brands, ensuring availability of appropriate products for every paperboard application.
- Spearheading development of plastic-free paperboard for critical applications.

Education and Stationery Products

- Multiple process controls such as third party certifications, inline and final quality checks are deployed across the manufacturing process.
- The notebooks are manufactured using Elemental Chlorine Free (ECF) paper and paperboard. A considerable portion of its paper and paperboard requirement is procured from the Forest Stewardship Council (FSC) Chain of Custody certified paper mills of the Company's Paperboard and Specialty Paper Division (PSPD).
- 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.



 For more details, please refer to Investing in India's Tomorrow section of [ITC's Sustainability Report 2020](#).

ENERGISING INNOVATION TO DRIVE GROWTH

INVESTING IN GAME-CHANGING R&D CAPABILITIES

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


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

ITC has been a forerunner in introducing first-to-the market innovative products for Indian consumers. In the context of the current pandemic, LSTC researchers developed and delivered a range of innovative and superior products to address immediate consumer priorities of hygiene, health and immunity. ITC's innovation teams have spearheaded accelerated product development in record time, including B Natural+ fruit beverage which supports immunity, Savlon Surface Disinfectant Spray, Savlon in a sachet format at half a rupee, Savlon Hexa - a hand sanitising liquid for quick and persistent action, Savlon germ

protection wipes and Nimwash - a solution to clean vegetable and fruits. The Company earlier launched Sunfeast Veda Marie biscuits with natural immunity boosting ingredients. The unique competencies in Materials and Packaging have focused on delivering innovative recyclable and bio compostable packaging solutions, which are in various stages of validation and commercialisation.

RAPID PACE OF DEVELOPING NEW AND DIFFERENTIATED CHOICES FOR CONSUMERS

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

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

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

- 1 Greater need for healthy and nutritious products that boost immunity



- 2 Need for products that ensure hygiene and sanitation.



- 3 Search for products that are convenient and help reduce efforts in cooking as well as help consumers to recreate the experience of dining out at home



ITC has crafted a vibrant portfolio of products catering to the **health and nutrition** and **hygiene** segments which has been reinforced with a host of recent new launches. ITC has introduced a variety of Frozen products in the ITC Master Chef range that enable convenience and offer a delectable snacking option. Aashirvaad Svasti Lassi was also recently launched in the East.

ENERGISING INNOVATION TO DRIVE GROWTH

ITC HOTELS' 'WeAssure'

A First-of-its Kind Initiative on Health, Hygiene & Safety

Reinforcing its globally acknowledged Responsible Luxury ethos that seeks to create a better and secure world, ITC Hotels launched its path breaking 'WeAssure' initiative. In a first for the hospitality industry, the discerning guests of ITC Hotels will be reassured by an accreditation by National Accreditation Board for Hospitals & Healthcare Providers (NABH) - the leading standards organisation for sanitation, hygiene, safety and infection control practices.

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



18

REIMAGINING SUSTAINABILITY

Building Long Term Resilience, Across the Value Chain

19 Building Climate
Resilience

22 Towards Water
Security for All

26 Making Agriculture
Future-ready

33 Managing
Waste

37 Creating Sustainable
Livelihoods



BUILDING CLIMATE RESILIENCE

ITC's APPROACH

Climate Change has unequivocally emerged as one of the top line risks as reported in the World Economic Forum (WEF) Report on Global Risks. Climate change acts as a risk multiplier and further exacerbates the existing environmental and ecosystem challenges of constrained availability and steady depletion of natural resources including biodiversity.

The direct and cascading impacts of climate change are now well-documented and universally acknowledged, and are being felt across the globe including in India. At an organisational level, ITC's multi-pronged approach focuses on reducing its own emissions, sequestering more than what it emits and climate proofing its operations as well as agri value chains.



PURSUING LOW CARBON PATHWAYS

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

- Energy audits, benchmarking and target setting for progressively reducing specific energy consumption (energy per unit of product/service).
- Investment in renewable energy assets based on techno-commercial feasibility. The Company has set a target of achieving a 50% share of renewable energy in its total energy mix.

In 2019-20, ITC units consumed 23,824 Terra Joules (TJ) of energy out of which over 41% was from renewable sources, despite the expanding footprint in hotels and manufacturing.

Also, 70 TJ of energy was saved and 9,770 tonnes of GHG emissions (scope 1 and 2) were avoided by the implementation of energy conservation measures in 2019-20.

The three units (Bhadrachalam, Kovai and Tribeni) of Paperboards and Specialty Papers Division (PSPD) together account for about 86% of ITC's total energy consumption and in 2019-20, specific energy consumption of Bhadrachalam, Kovai and Tribeni units improved by 9.8%, 7.8% and 2.9% respectively, as compared to last year, with all three units achieving their specific energy targets.



BUILDING CLIMATE RESILIENCE

SUSTAINABLE FUEL MANAGEMENT IN LEAF TOBACCO VALUE CHAIN

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

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



In 2019-20, the Business in partnership with various technology partners experimented alternate curing technologies such as Loose leaf barn to reduce fuel requirement and labour cost. The Business continued the implementation of the Green House Gas Management project and maintained the carbon positive status for the third year in a row.



ITC - PIONEERING THE GREEN BUILDINGS MOVEMENT IN INDIA



ITC has been pioneering the Green Buildings movement in India since 2004 when the ITC Green Centre at Gurugram was awarded the Platinum Green Building rating by USGBC-LEED (US Green Building Council - Leadership in Energy and Environmental Design), making it the largest Platinum rated building in the world at that point in time. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (LEED® Platinum certified) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the World to receive the LEED® Platinum certification by USGBC. To date, 30 buildings of the Company have achieved Platinum certification by USGBC/IGBC. Several of ITC's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE).

BUILDING CLIMATE RESILIENCE

SUSTAINING AND ENHANCING ITC's CARBON POSITIVE STATUS

While working towards constantly reducing its emissions and greening its energy portfolio, ITC seeks to enlarge its positive footprint through increased carbon sequestration by expanding forestry projects on wastelands. This year, similar to previous years, ITC successfully sequestered more CO₂ emissions than what it generates from its operations.


Over 2 times the amount of Carbon Dioxide emissions from ITC's operations are being sequestered through its Social and Farm Forestry initiatives



 For more information on ITC's Social and Farm Forestry initiatives, please refer to Making Agriculture Future Ready section of ITC's Sustainability Report 2020 or visit the ITC's Forestry microsite.

BUILDING CLIMATE RESILIENT OPERATIONS AND AGRI VALUE CHAINS

ITC's extensive manufacturing base including factories, warehouses and hotels are also subject to climate change risks on account of extreme weather events, precipitation, and temperature variation etc. ITC has made significant investments to strengthen measures covering ITC manufacturing units located in the coastal areas and business continuity plans are also in place to compensate any interruption of production by a manufacturing facility due to extreme weather events.

 For details on ITC's approach and strategy for building climate resilient agri value chains, please refer to Making Agriculture Future-Ready section of ITC's Sustainability Report 2020.



Additionally, in 2019-20, ITC worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment across its various locations. The assessment considered long term impacts of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5.

In line with the findings of the assessment, appropriate site-specific risk mitigation and adaptation measures will be implemented.

TOWARDS WATER SECURITY FOR ALL

ITC's APPROACH

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

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

Implementing this requires an in-depth understanding of both the environmental and social aspects of the water resources, which are achieved through hydro-geological studies and stakeholder engagement processes respectively. With a thorough understanding of water use in the catchment, collective and collaborative efforts from all major stakeholders - farmers, local communities, industries and local governments help towards improving the water balance and quality.

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



TOWARDS WATER SECURITY FOR ALL

DEMAND SIDE MEASURES FOR IMPROVING WATER BALANCE AT THE CATCHMENT LEVEL

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

- Continuous monitoring of water use efficiency by progressively reducing specific water intake (water per unit of product/service).
- Focus on recycling/reusing of all treated effluents within or outside ITC premises.
- Conducting water security studies and hydrogeological assessments for operating units located in high water stressed areas. ITC has also made water security assessment an integral part of greenfield/brownfield project design and development.
- Implementation of recommendations emerging from water security studies.
- For demand-side management in agriculture, ITC's Mission Sunehra Kal works towards promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns




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

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



In 2019-20, Bhadrachalam unit accounted for 74% of the total water intake by ITC and achieved a specific water intake of 35.73 kl/tonne of product, an improvement of 7.97% over the previous year.

 For information on water related performance of ITC Units, please refer to the **Towards Water Security for All** section of ITC's **Sustainability Report 2020**.

SUSTAINING AND ENHANCING ITC'S WATER POSITIVE STATUS

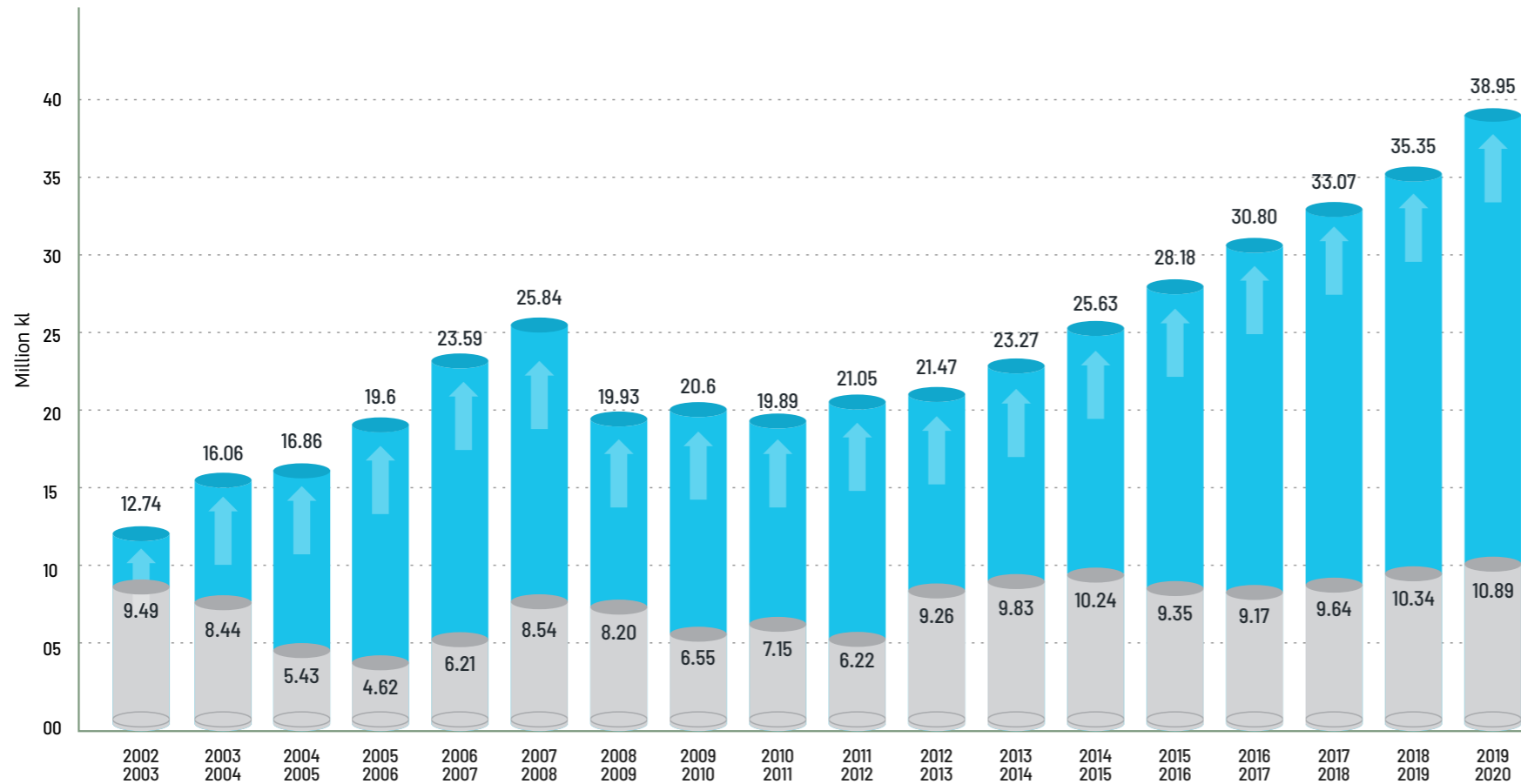
The demand side measures are followed by augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of the hydro-geological studies.

Stakeholder engagement is an integral part of any watershed level initiative and is duly emphasised upon. This holistic approach helps in significant overall improvement of the water balance within the defined action area, since both usage efficiency as well as harvesting potential can be improved manifold by simple, well designed interventions.

Over the years, ITC has been creating rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. As on March 31, 2020, these projects covering over 1.13 million acres of land have created a total rainwater harvesting potential (RWH) of close to 39 Million kl which is over 3 times the net water consumed by ITC's operations in 2019-20.

TOWARDS WATER SECURITY FOR ALL

Water Balance




Net Water Consumption = Fresh Water Intake - Treated Effluents Discharged

Total RWH potential created for the year

STRENGTHENING WATER GOVERNANCE

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

 For more information, please refer to the *Creating Sustainable Livelihoods* section of ITC's *Sustainability Report 2020*.

PROGRESS SO FAR

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

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

TOWARDS WATER SECURITY FOR ALL

THE WATER STORY: GLOBALLY RECOGNISED EFFORTS IN KOVAI, TAMIL NADU

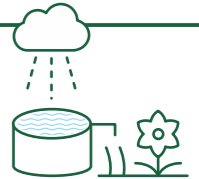
ITC's PSPD Unit in Kovai, Tamil Nadu, which manufactures paperboard from reclaimed post-consumer and post-industrial fibers, obtains its water from a stream which is part of the Upper Bhawani River Basin. The river is prone to water security risks resulting from erratic climatic conditions, excessive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

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

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

On the supply side, interventions such as creation of water harvesting and recharge structures, deep farm ponds and open wells, as well as rejuvenation of traditional water harvesting structures were initiated. Owing to the agri-dependent nature of the catchment, various demand side interventions were undertaken as well. To improve water governance in the region, Water User Groups (WUGs) with farmers, Self Help Groups of women and multi-stakeholder committees with local public sector agencies, Tamil Nadu Agriculture University, Krishi Vigyan Kendra and Block Panchayats were formed with ITC's support. Training workshops on water saving practices, awareness raising campaigns on the state of ground water in the area, farmer field schools and demonstration plots were also implemented.

From the demand side efforts, the benefits have reached over 40,000 farmers, resulting in a saving of 3.9 Million kl of water. These savings are around 3.5 times compared to the average annual water withdrawal at Kovai Unit (1.12 Million kl). Additionally, on the supply side efforts, water harvesting potential of 0.61 Million kl has been created so far by rejuvenation of traditional water harvesting structures and construction of new structures in the catchment area such as village ponds, check dams etc.



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



MAKING AGRICULTURE FUTURE-READY

ITC's APPROACH

The close linkages between ITC's Businesses and Indian agriculture provide a unique opportunity to engage with farmers across the country and help address some of the core challenges confronting them, and at the same time create sustainable and resilient agri-value chains for ITC's Agri, FMCG and Paper Businesses. Leveraging the Company's enterprise strengths and its large presence in rural communities, ITC has over the years designed and implemented large scale programmes on sustainable agriculture. The focus of these interventions has been largely around improving farmer livelihoods, increasing agricultural productivity, strengthening regional water security and addressing the challenge of climate change and building resilience in agriculture.

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

MULTIPLYING FARMER INCOMES

One of ITC's major focus areas is to ensure livelihood and income security for farmers in its value chain and around areas of operation. To this effect, ITC's Agri Business Division (ABD) and the Social Investments Program (ITC's Mission Sunehra Kal) work on mechanisms to make dominant sources of income sustainable for farming communities, by making them more secure, climate-resilient and economically stable.

ITC's FOCUS AREAS

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

Based on the crop and location, large scale interventions on agricultural productivity enhancement, income augmentation/ enhancing non-farm income, value added crops, creation of financial support mechanisms as well as market linkages have been implemented across the country.

REPLENISHING NATURAL RESOURCES CRUCIAL FOR AGRICULTURE - WATER, SOIL AND BIODIVERSITY

ITC's water stewardship approach, promotes scientific and responsible use of water within the catchment by all stakeholders involved, using technical assessments supported by community participation in planning and execution. In the agri-catchments, the focus is on drought-proofing agriculture by reducing crop-water demand through agronomic practices for improving soil water-holding capacities and improved irrigation techniques such as drip irrigation, while simultaneously augmenting water supply through rejuvenation and/or creation of water harvesting and recharge structures.

In pursuit of these objectives, ITC's Mission Sunehra Kal collaborated with reputed institutions and thematic expert organisations such as IWMI, WWF India, ACWADAM and CII to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation.

MAKING AGRICULTURE FUTURE-READY



Over
11.33
lakh acres
spread over 15 states
covered till date

Over
1.22
lakh acres
in 2019-20

18,985
water harvesting
structures
constructed till date

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



PROGRAMME HIGHLIGHTS

BAAREH MAHINE HARIYAALI New Horizons in Multiplying Farm Incomes



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

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

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



NITI AAYOG & ITC PARTNERSHIP to Improve Agriculture and Allied Sectors in 27 Aspirational Districts

ITC entered into a partnership with NITI Aayog in 2018 for improvement of agriculture and allied sectors in 27 Aspirational Districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh) under Mission Sunehra Kal. The project design entails building capacities of government extension staff to create a cohort of Master Trainers for disseminating sustainable agricultural practices amongst farmers and creating templates for seasonal planning at the Gram Panchayat level.

In 2019-20, 6,011 government staff were trained as Master Trainers and Village Resource Persons, who trained 9.73 lakh farmers. Additionally, 2.43 lakh farmers were trained by ITC through Farmer Field Schools.

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

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


MAKING AGRICULTURE FUTURE-READY

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



Till date, practices promoted by ITC have been adopted by farmers across **2.09 lakh acres** covering paddy, wheat, sugarcane, onion, banana and coconut crops.

Created a potential to save an estimated **135.76 Million kl** in a year.

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

PROMOTING CLIMATE SMART AGRICULTURE

Factors such as rise in extreme weather events, varying climatic parameters and dependency on rainwater for irrigation make agriculture in India quite vulnerable to climate change. Identification of climate risks and managing these by building

climate resilience across the value chain is an important component of ITC's approach. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done on development of climate-tolerant varieties as well as dissemination of climate-resilient agronomic practices in the growing areas.

In collaboration with the Consultative Group for International Agricultural Research (CGIAR), a 'Climate Smart Villages' (CSV) initiative has been instituted through Mission Sunehra Kal for improving the climate resilience of farmers in select villages in Madhya Pradesh, Maharashtra and Rajasthan. During 2019-20, farmers from 809 villages of the three States were covered under this initiative. Climate Smart Agriculture practices, finalised through participatory processes, were rolled out for seven major crops - soya, paddy, wheat, sugarcane, onion, mango and gram.

LEVERAGING E-CHOUPAL FOR ENABLING MARKET ACCESS & A DIGITAL DRIVEN AGRI-TRANSFORMATION

The ITC e-Choupal network, which leverages information technology to empower farmers, is a rich repertoire of agri based interventions, which not only address the core needs of farmers in terms of infrastructure, connectivity, price discovery and market access, but also provides a significant boost to farm productivity through extension services and 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 transform village communities into vibrant economic organisations by enhancing incomes and co-creating markets. Empowerment and trust built amongst the farming community remains at the core of this model.

The e-Choupal network through its various phases of evolution has offered a set of integrated solutions that raise farm productivity and enhance farmer incomes through a value chain reorganisation which has led to the efficient transmission of consumer demand signals to enable a responsive production system. The ITC e-Choupal initiative aims at holistic empowerment of farmers through meaningful linkages. The ITC e-Choupal system has enabled the development of an efficient 'Farm to Fork' agri-value chain that ensures the delivery of identity preserved and traceable agri-produce.

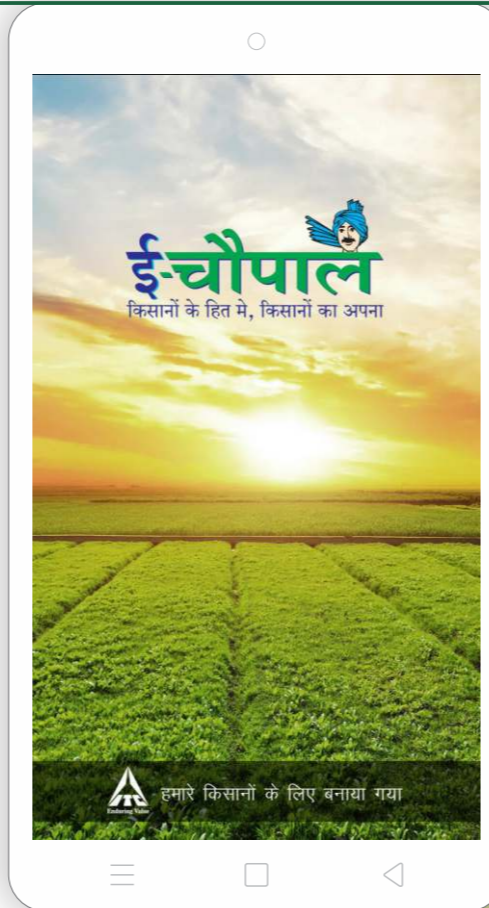


MAKING AGRICULTURE FUTURE-READY

E-CHOUPAL 4.0 - TOWARDS NEXT-GEN AGRICULTURE

In its 20th year since launch, ITC e-Choupal rolled out version 4.0 this year. The e-Choupal 4.0 platform is more collaborative and integrated, and leverages new digital technologies to provide end-to-end and personalised services to the farmers - be it real time information on weather and markets; on-farm diagnostics and continuous crop monitoring for building weather resilience followed by agronomic advisory for improving productivity and quality; farm inputs and financial products to make agriculture a viable enterprise; besides access to remunerative output markets.

In this transformative model, e-Choupal 4.0 assumes the role of an 'Aggregator of Agricultural Services' and offers a bouquet of offerings. The platform enables plug and play possibilities for new agri tech startups and conventional agri players alike to reach farmers across the length and breadth of the country. A few applications of the platform being experimented include:



Seed bank- linked farm management advisory and injection of breeder/ foundation seeds

Analytics based advice including that on customised nutrients

Shared farm equipment and hiring models

Building community-owned enterprises for farm inputs

Rural distribution model - Aggregator's shop with IT app for ordering

Smart Sensing Precision Irrigation

Matching labour and other service providers

MAKING AGRICULTURE FUTURE-READY

Launched in June 2000, ITC e-Choupal is today the largest initiative among internet based interventions in rural India. Its services reach out to more than 4 Million farmers in over 35,000 villages through 6,100 kiosks spread across 10 states.

Additionally, ITC has implemented a mosaic of solutions which have had a transformational impact on the ground including the Social and Farm Forestry Initiative which has created over 147 Million person-days of employment, the Animal Husbandry programme covering over 18,70,000 milch animals, and Women Empowerment programme that has benefitted over 74,000 women.

For more information on the above initiatives and the work being done with grassroots institutions like Water User Groups (WUGs), Agri Business Centers (ABCs) and creation of rural infrastructure for improving adaptive capacity, refer to Creating Sustainable Livelihoods section of ITC's Sustainability Report 2020, and ITC's Sab Saath Badhein, ITC e-Choupal and ITC Watershed microsites.

SECURING AGRI VALUE CHAINS FOR ITC'S MAJOR CROPS

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

For more information on ITC's Social and Farm Forestry initiatives, please refer to Making Agriculture Future Ready section of ITC's Sustainability Report 2020 or visit ITC's Forestry microsite.

WHEAT VALUE CHAIN

Aashirvaad Atta

ITC's Agri Business Division, Mission Sunehra Kal and Life Sciences and Technology Centre (LSTC) ensure that contemporary science outcomes are fully integrated across the value chain of wheat. Key interventions include:

Development and promotion of improved/ nutritionally enhanced bio-fortified and climate tolerant varieties that can withstand terminal heat stress and hailstorms, in collaborations with premier national and international research institutes like IARI, CIMMYT, CGIAR.

Climate-resilient practices such as zero-tillage, practices to improve soil health like green manuring and management of water resources are implemented on the basis of climate risk assessments.

Enabling market linkages via agri-business centres and ITC's e-Choupal 4.0 digital platform.

Wheat constitutes around 35% of the total value of material procured by ITC's Foods Business and is sourced through the e-Choupal eco-system of ITC's Agri Business Division, thereby ensuring availability of identity preserved, traceable, consistent and adequate quantities.



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 wheat from 550+ mandis spread across 71 districts in 10 States.



MAKING AGRICULTURE FUTURE-READY

PULPWOOD VALUE CHAIN



Paper Business, Classmate, Paperkraft

At Bhadrachalam, majority of the pulp is produced from wood sourced from ITC's Social and Farm Forestry initiatives.

Over 87 Million high-yielding, site specific, and disease-resistant eucalyptus and subabul saplings were made available to farmers in 2019-20.

Effective extension services and technical guidance is provided by ITC to the growers from planting till harvest. Till 31st March 2020, Social and Farm Forestry programmes together have greened over 8 lakh acres.

Agro-forestry covers 89% of area under eucalyptus implemented under the Social Forestry programme of Mission Sunehra Kal. In order to drive improvement in farm economics from intercrops, ITC continued its efforts to promote climate resilient practices including tree based farming, soil health management and intercropping in its procurement regions across Telangana, Andhra Pradesh, and parts of Odisha and Chhattisgarh.

All domestic wood procurement sources comply with FSC traceability requirements and 41,056 hectares have been covered under the FSC 100% Certification, engaging 33,456 farmers.



In 2019-20,
ITC procured more than
86,000
tonnes of FSC
100% certified wood to
manufacture FSC certified
paper and paperboards



LEAF TOBACCO VALUE CHAIN



Cigarette Business

For Leaf Tobacco, ITC constantly 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.

Enabled by a team of plant breeders, agronomists and agriculture experts, sustainability initiatives have been rolled out in the growing regions across Andhra Pradesh and Karnataka, to work towards improving the quality of Indian tobacco.

To improve soil health in the growing regions, propagation of soil conservation measures like use of organic amendments, soil fertility management techniques for reducing chemical fertiliser use, improving water holding capacity and adoption of drip irrigation technique and fertigation for improving farm yields are being implemented.

In 2019, the Sustainable Tobacco Programme (STP) Self-Assessment scores attained by Leaf Tobacco Business were the best achieved by any Indian supplier and were also globally benchmarked across all pillars of STP.

MAKING AGRICULTURE FUTURE-READY

POTATO VALUE CHAIN



Bingo Snacks, Farmland Potatoes

Technico Agri-Sciences Limited, a wholly owned subsidiary of the Company, and ITC's Life Sciences & Technology Centre (LSTC) are at the forefront of development and transmission of specific varieties of tubers.

The focus has been to identify and develop geography-specific and superior processing varieties of potatoes to ensure quality raw materials from localized catchment at competitive landed costs. To achieve these research objectives, there are on-going collaborations with premier institutes such as Central Potato Research Institute.

Climate tolerant varieties with higher product quality, lower input requirements and better profitability to the farmer are under various stages of development, field-testing and cultivation, across the growing and procurement regions in Tamil Nadu, Karnataka and West Bengal.

Additionally, support for efficient irrigation practices and integrated pest management practices is also provided in the growing areas.



SPICES VALUE CHAIN



Aashirvaad

Integrated Crop Management (ICM) programme for chilli and cumin involving dissemination of micro-region specific agronomical practices to farmers across the growing regions for improving climate resilience.

Food Safe Chilli Production systems covering 2,800 acres in 28 villages, benefiting 1,100 small farmers across Andhra Pradesh and Karnataka. The project focusses on deploying sustainable agricultural practices to ensure production of a healthy crop with minimal use of pesticides and development of infrastructure in these identified villages.

"Integrated Agri Extension Platform" for the chilli farm value chain development covering 40 villages and 12,000 acres benefitting 4,000 farmers. The project leverages various digital and direct means to guide farmers on adoption of good agriculture practices in chilli cultivation.

Sustainable farming certifications: Rainforest Alliance (RFA) certification for chilli, cumin, turmeric, celery and coffee farms, Global G.A.P Certification for Chilli farms and USDA Organic and India Organic Certifications for Organic Farming for specific customer segments.

OTHER EMERGING VALUE CHAINS

Dairy Value Chain - Aashirvaad Svasti, Sunfeast Wonderz milk
360° farmer-connect programme involving extension services towards enhancing farm productivity and ensuring a hygienic and efficient procurement network.

Bamboo Value Chain - Mangaldeep Agarbatti
Supporting bamboo plantation interventions in the Northeast as well as linkages with women's self-help groups across multiple States, thereby economically empowering farmers as well women.

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

MANAGING WASTE

ITC's APPROACH

Driven by an ever increasing population, rapid urbanisation and rising consumption levels, waste generation in India has gone up considerably. At the same time, the infrastructure required to collect and process the wastes continues to lag behind. This along with inadequate source segregation has culminated into a massive waste management problem. ITC takes a circular economy approach to solving the issue of waste which encompasses the entire waste value-chain.

RUNNING BEHAVIOURAL CHANGE PROGRAMMES FOR CITIZENS TO ENSURE SOURCE SEGREGATION

Based on ITC's experience of implementing large scale solid waste management programmes, the necessary condition for establishing successful waste collection and recycling systems is segregation of waste at source. Accordingly, ITC focusses on running behavioural change and door-to-door awareness programmes for citizens in collaboration with various stakeholders like Municipal Corporations, Gram Panchayats and civil society for ensuring segregation of waste at source into dry and wet streams. Segregation ensures that maximum value gets realised from each waste stream, which can then be used to empower waste collectors. ITC's programmes have reached out to more than 3.4 Million households till date. Additionally, ITC also leverages its Brands for creating awareness campaigns for consumers for driving the message of responsible waste management.



ITC's FOCUS AREAS

Running Behavioral Change Programmes for Citizens to Ensure Source Segregation

Creating Replicable, Scalable & Sustainable Models of Solid Waste Management

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

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

CREATING REPLICABLE, SCALABLE AND SUSTAINABLE MODELS OF SOLID WASTE MANAGEMENT

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

- Partnering with Urban Local Bodies (ULBs), Panchayats for facilitating door-to-door collection of segregated waste.
- Identifying and implementing suitable end-of-life solutions for each waste stream: recycling for dry waste streams and extensive use of composting for wet waste.

- Creating sustainable livelihoods for waste collection workers.
- Creating viable recycling options for post-consumer multi-layered plastic packaging waste.

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



MANAGING WASTE

ITC-SWACH 360° MODELS for Valorization of MLP Packaging Waste in Pune

ITC is running a Circular Economy based - a First of its kind Multi-Layer Plastic (MLP) Collection and Recycling Programme in Pune. This 360° model for valorization of MLP packaging waste in Pune has sustainably managed around 500 MT of Multi-Layer Plastic (MLP)/Low Value Plastic (LVP) waste since its launch in June 2019 with most of it getting channelized to a recycler for conversion into recycled plastic granules which are further sold to the Industry for manufacturing plastic products, making it truly circular.

The programme is a unique collaboration between the Private Sector, Civil Society and the Government where in ITC and SWaCH are working with the Pune Municipal Corporation (PMC) to create a scalable and sustainable model by incentivizing collection of MLP waste and channelizing it for recycling. ITC has also setup a MLP waste collection hub in Uruli Devachi, Pune, with a capacity to handle 200 MT of MLP waste per month. As a part of this initiative, ITC has created viable recycling options for post-consumer MLP packaging, using the expertise resident within the ITC Life Sciences and Technology Centre for converting multi layered plastics into useful items of consumption. ITC worked with the local recycling partner by extending technical support and sharing best practices for better value realization from recycling MLP.



WOW's outreach spans over 3.1 Million households, 5.2 Million school children and 2,000 Corporates since its inception. The programme creates sustainable livelihoods for over 16,200 waste collectors and has also created 189 social entrepreneurs who are involved in capturing maximum value from the dry waste collected.

In addition to WOW, ITC has a separate programme on solid waste management under Mission Sunehra Kal which deals with both wet and dry waste. The programme spans 16 districts across 11 States covering 3,13,228 households and collected 22,757 MT of waste during the year.

The focus is on minimising waste to landfill through source segregation and by managing waste at source including home composting, which was practised by 20,635 households during the year. In 2019-20, 14,776 MT of wet waste was composted and 4,537 MT of dry waste recycled, with only 15% of the total waste going to landfill.

During the year, the programme expanded further with 7 MoUs getting signed with multiple States to implement/train on the community-led decentralized solid waste management model including one with the Uttar Pradesh Government for cascading this model across all the 652 Urban Local Bodies in the State.

In 2019-20, ITC Programmes sustainably managed 78,800+ tonnes of dry waste including more than 12,500 tonnes of Multi-layered plastics/Low value plastic waste getting channelised for energy recovery/recycling in an environmentally safe manner.

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

SUSTAINING AND ENHANCING ITC'S STATUS AS SOLID WASTE RECYCLING POSITIVE

'Segregation at source' along with focused attention on identifying and tracking of all waste streams all the way till their final disposal, helped the Company in recycling over 99% of the 7,11,116 tonnes of total waste generated within ITC units during 2019-20. Also, PSPD Kovai and Bhadrachalam units utilised over 85,000 tonnes of post-consumer paper waste as raw material in 2019-20.

Efforts at these ITC units to recycle 100% of waste generated along with utilisation of externally generated paper waste as a source of fibre, have helped ITC maintain its solid waste recycling positive status for 13 years in a row.

MANAGING WASTE

MANGALDEEP GREEN TEMPLE PROJECT: CIRCULAR ECONOMY MODEL FOR TEMPLE WASTE

The Mangaldeep Green Temple initiative is a closed loop waste management model in which organic waste generated in temples from daily offerings and cow sheds is utilised in bio-composters and bio-gas plants. The biogas, thus generated, gets utilised in the temple kitchens and the compost is used in the gardens, thereby turning the premises into a zero waste zone.

During the year, 76 temples across Chennai, Madurai and Trichy in Tamil Nadu, adopted the Mangaldeep Green Temple model through the hub-and-spoke approach and composted their bio-degradable waste. In 2019-20, less than 10% of the total waste generated at these temples was diverted to landfills.

In partnership with Government of Tamil Nadu, the programme will cascade the Mangaldeep Green Temple model across the State by training HR&CE (Hindu Religious and Charitable Endowments Department) officials in the approach.

The partnership will cover **6,831 temples** in Chennai, Trichy and Madurai in Phase 1, and subsequently amplify to over **36,000 temples**.



ENSURING THAT 100% OF PACKAGING IS REUSABLE, RECYCLABLE OR COMPOSTABLE

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

- Research Capability in Material Sciences and Recycling of ITC's Life Sciences and Technology Centre (LSTC).
- Sustainable and Circular Design Expertise of packaging experts from Paperboards and Specialty Papers Division (PSPD), Packaging and Printing Business (PPB) and FMCG businesses.
- Consumer insights of FMCG businesses.
- Sustainable Waste Management experience housed within the Company.




MANAGING WASTE

ITC approach to sustainable packaging involves:

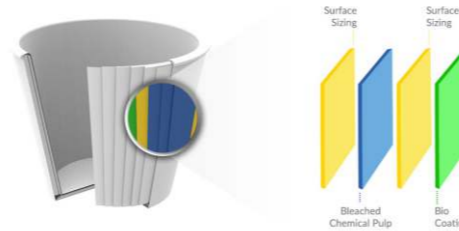
- Optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product.
- Progressive reduction in plastic packaging intensity over time.
- Improving the recyclability of multi-layer laminate packaging by reducing the complexity of the structure.
- 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 (LCA) studies.
- Identifying alternative packaging material with lower environmental impact including bio-based compostable plastics.
- Identifying suitable end-of-life solutions for packaging waste.



 For more information, please refer to the Managing Waste section of ITC's Sustainability Report 2020.

PAPERBOARD BASED ALTERNATIVES BY ITC'S PAPERBOARDS AND SPECIALTY PAPERS DIVISION (PSPD)

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



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



CREATING SUSTAINABLE LIVELIHOODS

ITC'S APPROACH

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


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

At the core of MSK programmes is the commitment to create enduring partnerships with key stakeholders like grassroots institutions, government, and knowledge and implementation partners. Public Private Partnerships with governments enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations. Cumulatively, MSK has signed 77 MoUs with several State Governments and other Government agencies.

Extensive needs assessment surveys have shown that the core challenge for ITC's stakeholder groups, which include rural communities with whom ITC's Agri Business has forged long and enduring partnerships through crop development and procurement activities and communities residing in close proximity of ITC's manufacturing units, is that of securing livelihoods for today and tomorrow.



To address this issue, ITC has adopted a "Two Horizon Approach" - Horizon 1 to build resilience and reduce risks in the current portfolio of economic activities and Horizon 2 to create healthy, educated and skilled communities capable of competing in the job markets of tomorrow.

 For more details on ITC's Mission Sunehra Kal, please refer to the *Creating Sustainable Livelihoods* section of ITC's Sustainability Report 2020.

RELATED POLICIES

 ITC'S CSR Policy

ITC's Two Horizon Approach

HORIZON 1 STRENGTHEN TODAY'S DOMINANT SOURCE(S) OF LIVELIHOODS

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

Initiatives & Interventions
On-farm: Sustainable management of natural capital and farms to strengthen agriculture
Off-farm: Create non-farm livelihood opportunities, especially for women



HORIZON 2 CREATE CAPABILITIES FOR TOMORROW

Objectives
Improve habitats to reduce morbidity and ensure a healthy community

Initiatives & Interventions
Invest in public hygiene facilities



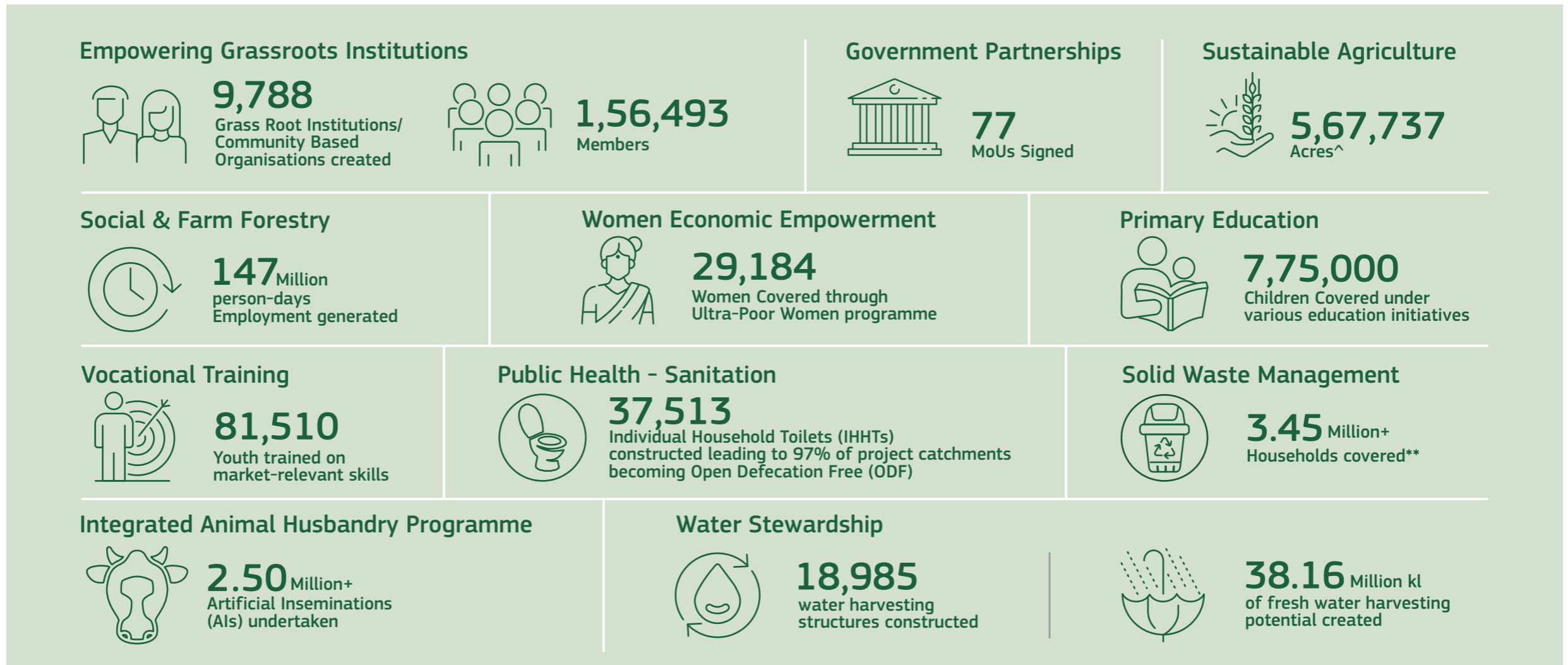
Enable the youth to develop skills for gainful employment

Focus on quality learning in schools
Promote skills aligned to market demand



CREATING SUSTAINABLE LIVELIHOODS

ITC'S MISSION SUNEHRA KAL HIGHLIGHTS*



*Cumulative Data **Including ITC's Mission Sunehra Kal Solid Waste Management Programme and ITC's Wellbeing-out-of-Waste Programme ^Figures on sustainable agriculture area pertains to FY 2019-20, Excluding the farm forestry programme under the Paperboards and Specialty Papers Division

CREATING SUSTAINABLE LIVELIHOODS

PERFORMANCE AGAINST 2030 TARGETS FOR ITC'S MISSION SUNEHRA KAL AND ALIGNMENT WITH SDGs - HORIZON 1

Objective	Initiative	Unit	Target 2030	Achieved till 19-20	Balance to Achieve	Timeline (in years)
Horizon 1 → Sustainable Livelihoods Today						
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry	Acres	6,30,000	3,64,240	2,65,760	11
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Sustainable Agriculture*	Acres	30,00,000	5,67,737	24,32,263	11
Ensure water security for all stakeholders through watershed development and managed aquifer recharge	Watershed Area	Acres	22,00,000	11,33,703	10,66,297	11
	Water Harvesting Structures	Nos.	50,000	18,985	31,015	11
	Storage Potential	Million kl	60.00	38.16	21.84	11
	Biodiversity Conservation	Acres	1,00,000	17,456	82,544	11
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Covered	Nos.	1,50,000	72,402	77,598	11

* Figures on sustainable agriculture area pertains to FY 2019-20

* Excluding the farm forestry programme under the Paperboards and Specialty Papers Division

CREATING SUSTAINABLE LIVELIHOODS

PERFORMANCE AGAINST 2030 TARGETS FOR ITC'S MISSION SUNEHRA KAL AND ALIGNMENT WITH SDGs - HORIZON 2

Objective	Initiative	Unit	Target 2030	Achieved till 19-20	Balance to Achieve	Timeline (in years)
Horizon 2 → Creating Capabilities For Tomorrow						
Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	Children Covered	Nos.	13,00,000	7,75,013	5,24,987	11
	Schools Covered	Nos.	4,000	1,842	2,158	11
Align skills training to market demand to maximise employment of youth from ITC's core areas	Youth Enrolled	Nos.	2,82,000	81,510	2,00,490	11
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets Constructed	Nos.	40,000*	37,594	2,406	11
	Solid Waste Management - Households Covered	Nos.	6,00,000	3,13,228	2,86,772	11

* In view of 97% of project areas being declared Open Defecation Free (ODF) by the Government, the target has been revised.

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REIMAGINING THE SOCIAL CONTRACT

Making Sustainability Real for ITC's Consumers and Employees

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Make Sustainable Choices

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of Tomorrow



HELPING CONSUMERS MAKE SUSTAINABLE CHOICES

DELIVERING FUTURE PRODUCTS AIMED AT HEALTH, HYGIENE, IMMUNITY AND WELL-BEING

Given the changing consumer behaviour and lifestyles post COVID-19, ITC is uniquely poised in terms of its strong presence in Agriculture, Branded Packaged Foods and Personal Care Products, and a convergence of R&D capabilities to leverage and deliver future products aimed at hygiene, health, immunity and well-being. ITC Life Sciences and Technology Centre (LSTC) in Bengaluru has created long term research platforms to evolve multi-generation product concepts.

Businesses have worked on strategies of building new synergistic value chains in nutrition and in hygiene targeted for the Indian consumer, taking advantage of ITC's strong scientific capabilities in genomics, bioinformatics, sensory, material and ingredient sciences. Multiple value propositions have been identified in the area of functional foods and personal hygiene where progress is being made towards developing products to propel future growth. Similar advances in materials chemistry, paper sciences and agronomy are being leveraged to develop compelling propositions to deliver value-added and environmentally friendly packaging solutions to ITC's customers and consumers.

ITC's Health and Nutrition Portfolio

ITC's range of health and nutrition focussed products include: Aashirvaad Multi Grain Atta, Aashirvaad Gluten Free Atta, Multi Millet Atta, Sunfeast Protein Power Biscuits with the power of Bengal gram and whole wheat, Veda Marie with natural herbs, Bingo! Starters Baked Chips which is made of pulses (lentils).

ITC recently launched B-Natural+ Immunity juices in Mixed Fruit and Orange variants with clinically proven immunity boosting credentials.

ITC's Hygiene Portfolio

ITC's portfolio of innovative hygiene products includes Savlon Surface Disinfectant spray, Savlon Hexa Hand Sanitizing liquid for quick and persistent action, Savlon Hand Sanitizer at half a rupee in a sachet format, Savlon Germ Protection wipes and Nim Wash for washing and sanitizing fruits and vegetables safely with a 100% natural action.

RESPONSIBLE MARKETING

All Businesses/Divisions of ITC have established rigorous systems, standard operating procedures and review mechanisms to identify and comply with applicable laws and regulations concerning marketing communications. In addition to the above, ITC has put in place a dedicated consumer response cell to address consumer queries related to ITC products. ITC follows standard operating procedures to ensure that its marketing communications are in accordance with applicable statutes as well as voluntary codes adopted by each business. Marketing and advertising communications of all ITC's Businesses are vetted by the internal legal team for compliance. Such process compliances are validated periodically by the Internal Audit Department.

ITC's Consumer Goods Businesses adhere to voluntary and legal codes of conduct and follow the ASCI (Advertising Standards Council of India) Code for all marketing communications. ITC's Hotels Division follows a self-regulated marketing communications approach which is also guided by the ISA (Indian Society of Advertisers) rules and guidelines.

The Cigarette Business is governed by the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act (COTPA). While the Business is compliant with the stringent regulations, it has to battle illegal and contraband products in the market which circumvent these requirements and cause a loss of more than ₹13,000 crore (as per FICCI estimates) to the ex-chequer.

RELATED POLICIES

 *Policy on Product Responsibility*
ITC'S Food Products Policy



WORKFORCE OF TOMORROW

ITC'S APPROACH

ITC believes that the achievement of the Company's growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. This has been made possible by nurturing an engaged workforce along with an enabling culture of continuous learning, innovation and collaboration across the Company.

In a volatile, uncertain and intensely competitive environment, it is ITC's human resources that make it exceptional, both in driving world-class performance as well as in enhancing its reputational capital. Hence, ITC focuses its efforts on sustaining its position as one of India's most valuable employers, developing an increasingly engaged workforce which is competitively-superior, performance-driven and operating in a climate of meritocracy.

A systematic approach to Human Resources impacts and creates synergies between systems, policies and people. ITC's approach is devoted to developing talent which acts with commitment, comprehension and an entrepreneurial mind-set. ITC's mandate of distributed leadership, differentiated people policies and a diversified talent pool will continue to provide unique leverage to the Company in being customer-focused, competition-differentiated and future-ready. ITC's Human Resources approach is founded on the guiding principles of Vision, Values and Vitality - which provide employees the opportunity to serve a larger societal purpose, guided in thought and action by ITC's Values and human resources systems that promote Vitality in the formation and execution of strategy.



**ITC'S
FOCUS
AREAS**



**Nurturing
Leaders of
Tomorrow**



**Employee
Engagement:
The ITC Way**



**Upholding
Human
Rights**



**Diversity
& Equal
Opportunity**



**Promoting
a Culture
of Safety**

WORKFORCE OF TOMORROW

NURTURING LEADERS OF TOMORROW

ITC's strong employer equity has enabled attraction and retention of high quality talent. The management trainee programme coupled with recruitment of top talent from the market, when required, is an integral part of ITC's leadership pipeline development process.

It is ITC's belief that leaders of tomorrow are built through functional expertise, challenging assignments and diverse business exposure. ITC strives to strengthen its pool of high-quality talent through mentorship, coaching and learning opportunities. This focus is aptly articulated in ITC's Talent Brand - "Building Winning Businesses. Building Business Leaders. Creating Value for India".

Forums such as 'Launch Pad' and the 'Young Manager Committee' provide managers the opportunity to work closely with and be mentored by senior leadership on strategic projects and assignments.



ITC also provides the unique opportunity to create products and categories from inception, build Indian brands, incubate businesses and do so in a culture akin to that of a start-up, enabling the development of professional entrepreneurs or 'pro-neurs' who will power the growth of the Company going forward.



WHAT SOME OF ITC'S TRAILBLAZERS HAVE TO SAY ABOUT THEIR EXPERIENCE



ITC is a very diverse organisation. You will not find an organisation like this in the Country. Whether you look at the products, geographical diversity, caste, creed, religion.

Ms. Mukul Rastogi
Vice President, Social Investments,
Joined ITC in 1989

ITC, which is half of a startup kind of an environment, gives us ample amount of freedom to actually put in systems and try to establish new systems in the workplace and keeps you satisfied through your work.

Ms. Karuna Sri Divi
Factory Head & Regional Manager South,
Foods Business

My journey has been exceptional because it is the entire transition of a young, aspiring, extremely ambitious girl to a responsible people manager, caring leader.

Ms. Debolina Bhaumick
Marketing Manager - Personal Wash,
Personal Care Products Business

There is true gender equality when it comes to aspirations, when it comes to job positions. At ITC, when we say we treat everyone equally, we really mean it.

Ms. Benita Sharma
Area Manager North - Luxury Hotels &
General Manager - ITC Maurya

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

Ms. Yansing Luikham
Associate Manager Procurement,
Agri Business

ITC offers me a reach to a mass of farmers. It's like one small intervention, one small decision we take here is going to affect a lot of people.

Ms. Delna Rose
Associate Manager,
Agri Services

WORKFORCE OF TOMORROW

EMPLOYEE ENGAGEMENT: THE ITC WAY

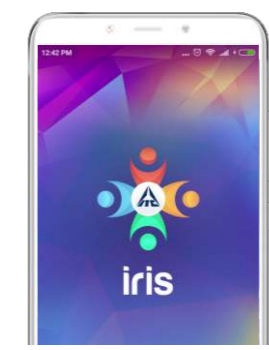
ITC's focus on creating a stimulating work environment supported by a caring and compassionate work ethos enables employees to thrive and deliver winning performances. ITC's efforts consistently aim to positively influence all aspects of an employee's life - physical, mental and emotional. Specific elements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

In 2020, ITC completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions and views on various workplace dimensions, which received a response rate of 97%. In this survey, 95% of survey respondents said that they were proud to work at ITC, a score that is amongst the highest globally. The results of the 2020 survey, which witnessed even higher scores over the previous survey on the dimensions of Employee Engagement, Performance Enablement and Managerial Effectiveness are a testimony to the efforts devoted to enhancing the culture of high performance and employee care.

Various initiatives in the spheres of Enabling Work Processes, Employee Well-being, Work life Balance and Growth and

Development were reinforced during the year. Employee recognition through introduction of recognition platforms across businesses, communication through Town Halls, skip level meetings and direct interaction of identified managers with the senior leadership, reinforcement of career dialogues and improving goal clarity through the performance management system have all contributed to improving the levels of engagement across the Company. The results of the 2020 survey have also set the agenda for action planning to continue to strengthen ITC's value proposition.

ITC strengthened its communication platform for employees this year through 'StudioOne', which created an avenue for employees to hear from and engage with ITC leadership, with the Chairman reaching out to employees through periodic 'Town Hall' meetings with managers and inspiring them with ITC's vision, key strategies and significant milestones.



Through the IRIS app, employees and stakeholders continue to share important accomplishments and news about ITC across social media platforms, building awareness about Company's Brands, services and initiatives.

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



WORKFORCE OF TOMORROW

UPHOLDING HUMAN RIGHTS

The Company has Policies on human rights which are applicable to all its employees and value chain partners. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's policies on human rights and decent work place.



RELATED POLICIES


-  [ITC's Code of Conduct](#)
-  [Policy on Freedom of Association](#)
-  [Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace](#)

DIVERSITY AND EQUAL OPPORTUNITY

ITC believes that diversity at the workplace fosters and enhances the overall quality of decision making and problem solving, helps bring different perspectives to issues at work and therefore enhances the quality of discourse within the Company. The Company's Policy in this regard provides for equal opportunities to all employees based on merit. It ensures a work environment free from any form of discrimination amongst employees - whether based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group.

RELATED POLICIES

 [Policy on Diversity and Equal Opportunity](#)

 For more details on ITC's Talent Management approach including information on Recruitment, Employee Engagement, Learning and Development, Employee Well-being Initiatives, Rewards and Recognition, Diversity and Equal Opportunity and Human Rights, please refer to Workforce of Tomorrow section of ITC's Sustainability Report 2020.


PROMOTING A CULTURE OF SAFETY

ITC believes that a safe and healthy work environment is a prerequisite for ensuring employee well-being, and adopting best practices in occupational health and safety bears a direct impact on its overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, the Company has developed a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

ITC follows 'Safety by Design' by continuously striving to improve on safety performance by incorporating best-in-class engineering standards in the design and project execution stage for all investments in the built environment. This helps reduce potential hazards as well as optimise operational costs. In addition, Environment, Health & Safety audits are carried out to verify compliance with standards.

'Safety by Culture' looks at driving behavioural change so that safety is ingrained in the culture of the organisation across operating units. Accordingly, behavioural-based safety initiatives are progressively being implemented across several operating units. ITC's Paperboards and Specialty Papers Division (PSPD) has pioneered the use of Design Thinking principles for seamless integration of safety in business operations. This initiative has resulted in significant positive behaviour changes.

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

 For more details on ITC's safety related performance and plans, please refer to Occupational Health and Safety Management section of ITC's Sustainability Report 2020.

RELATED POLICIES

-  [Policy on Freedom of Association](#)
-  [Policy on Diversity and Equal Opportunity](#)
-  [Policy on Environment, Health and Safety](#)

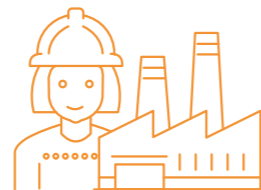


WORKFORCE OF TOMORROW

ENCOURAGING WOMEN IN MANUFACTURING

Some of ITC's state-of-the-art food manufacturing units have witnessed increasing number of women engaged on the shop floor. ITC's Pudukkottai unit in Tamil Nadu is one of the largest factories in India to deploy such strength of women in the workforce. The unit presently has close to 85% women across all three shifts in a day. Similarly, ITC's Foods unit at Nanjangud in Karnataka is the first FMCG factory in the region to deploy women workforce across all shifts. Women constitute close to 60% of the workforce in the Nanjangud unit. These factories have ergonomically designed equipment and world-class infrastructure and facilities like crèches to enable participation by women on the shop floor.

To encourage the participation of women in workforce, ITC's Foods Business Division has been carrying out several other initiatives at its factory locations. As a confidence building measure, family members of women employees are invited to the factory to show them the work environment and culture, and the factory leadership team engages with them to address their concerns regarding issues like safety, food and transportation.



Frequent sessions on aspects like gender sensitization and POSH (Prevention of Sexual Harassment at the Workplace) are carried out to build an enabling and conducive work environment for women employees. To ensure safe commute, CCTV cameras, panic buttons and GPS trackers are being deployed in buses. CCTV cameras and women security guards comprehensively cover all areas and shifts in the factory. The plants have also been organizing well-being initiatives and occupational awareness sessions regarding women health issues.



WORKFORCE OF TOMORROW



DESIGN THINKING MEETS BEHAVIOURAL SAFETY AT ITC'S BHADRACHALAM UNIT

Why Design Thinking?

ITC's journey in safety has evolved from being 'compliance-driven' through standards and providing the best infrastructure to a 'behaviour centric' safety culture. The Bhadrachalam Unit of ITC's Paperboards and Specialty Papers Division (PSPD) started focusing on behavioral safety as early as 2011. The early phase involved working on building awareness, implementing "one standard for all" approach for all people working in the same unit, integration with TPM (Total Productivity Maintenance) processes and even going beyond the place of work and extending interventions to people's homes in order to drive a cultural shift. While these interventions significantly brought down the number of accidents, the unit leadership did not want to settle for 'close to zero accidents' and was determined to achieve the 'zero accident' goal. Thus, germinated the idea of trying a different approach, one that started with understanding why people did what they did i.e. understanding mindsets.

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

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

To apply this approach, ITC's PSPD combined its deep expertise of the safety domain with the design thinking expertise of a specialist agency. The work started with an initial assessment of 500 employees through a survey followed by 100 qualitative interviews and a more in-depth assessment using deep ethnography methods like deep-ended conversations and hours of observation to see real behaviour for extracting real insights into belief systems, attitudes and perception towards safety and productivity and shop floor dynamics. These insights guided towards empowering employees to identify, report and correct unsafe behaviours themselves. For this, alignment meetings were held between managers and employees to build empathy, a sense of co-creation and ownership. A series of innovative shop floor measures, action plans and SOPs were co-created. These measures focused on building two-way accountability and recognition by self and others for safe behaviour. The encouraging results of the approach provided sufficient evidence to further expand the programme. Design Thinking provided the requisite nudge and allowed teams to focus on people, challenge assumptions, redefine problems and shift mindsets and is helping the Unit to move closer to the zero accident goal.



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REIMAGINING RESILIENCE

Strong & Resilient Systems, Built to Last

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Governance & Ethics

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Management



ITC's APPROACH TO GOVERNANCE AND ETHICS

ITC's CORPORATE GOVERNANCE PHILOSOPHY



ITC's corporate governance philosophy is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

SUSTAINABILITY GOVERNANCE AT ITC



The CSR and Sustainability Committee of the Board reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates and monitors the CSR Policy and recommends to the Board, the annual CSR Plan of the Company. The Committee also reviews the Business Responsibility Report of the Company.

The Corporate Management Committee (CMC) has also constituted the Sustainability Compliance Review Committee,


which presently comprises seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.

 For more details on ITC's governance structure, please refer to the Report on Corporate Governance section of ITC's Report and Accounts 2020 and ITC's Approach to Governance and Ethics section of ITC's Sustainability Report 2020.

ETHICS AND INTEGRITY



The ITC Code of Conduct, as adopted by the Board, is applicable to Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation. The Code covers ITC's commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company's corporate website and is shared with employees at the time of their induction into the Company. Any violation of the ITC Code of Conduct by an employee renders the person liable for disciplinary action.

 For more details on ITC's Code of Conduct, Corporate Governance at ITC and other ITC Policies, please refer to Company's corporate website.



STRATEGIC RISK MANAGEMENT



ITC's APPROACH

As a diversified enterprise, ITC continues to focus on a system based approach to business risk management. Risk management has always been an integral part of the Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk Management Framework consists, inter alia, 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, presently comprises all Executive Directors and some senior members of management. The Chairman and Managing Director of the Company is the Chairman of the Committee with the Chief Risk Officer serving as Secretary to the said Committee. It monitors and reviews the strategic risk management plans of the Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with the businesses, facilitates the identification and prioritisation of strategic and operational risks, the development of appropriate mitigation strategies and conducts periodic reviews of the progress on management of identified risks.

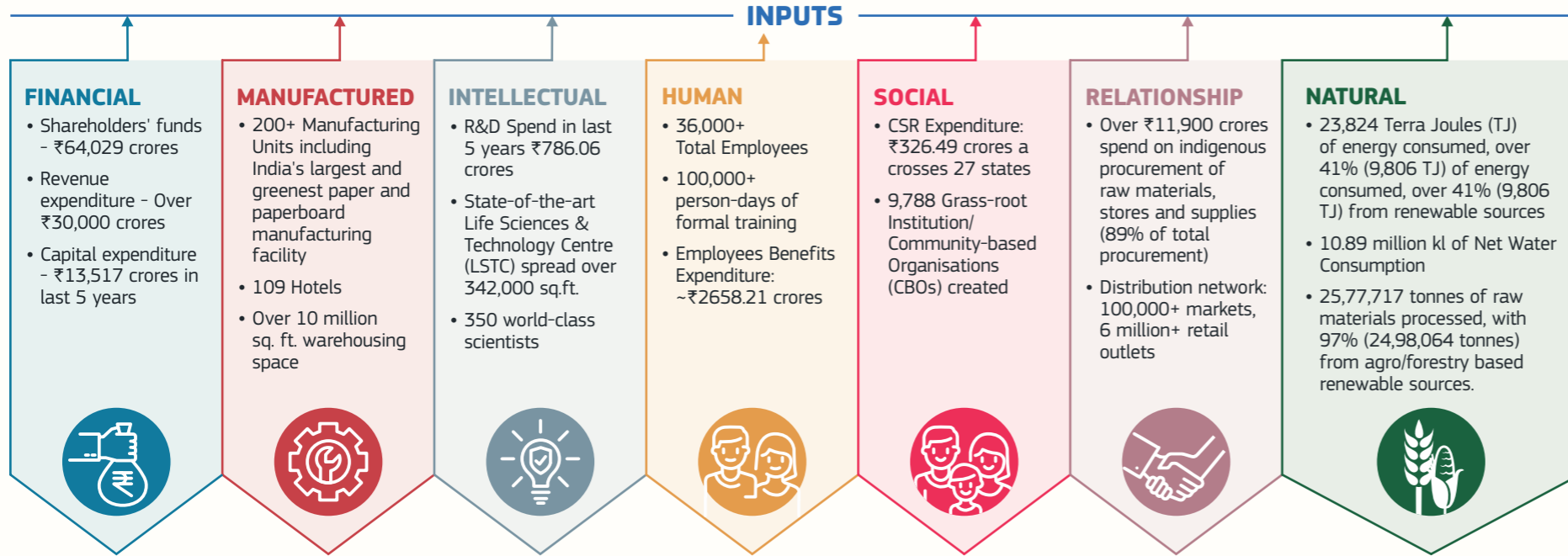
- The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. The senior management of the Company also periodically reviews the risk management framework in order to ensure that the risks identified across businesses are aggregated at the organisation level and are effectively addressed and managed.

RISK MANAGEMENT SYSTEM

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

 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 2020. A detailed description of key risks identified by ITC and risk mitigation approaches is available in Strategic Risk Management section of ITC's Sustainability Report 2020.

ITC's Value Creation Model



BUSINESS ACTIVITIES



OUTPUTS

₹2.45 lakh Cr
Market Capitalisation
As on 30th June, 2020

₹46,324 Cr
Gross Revenue

₹33,078 Cr
Contribution to the National Exchequer (All Taxes)
(65% of Value Added)

₹31,029 Cr
Non-Cigarette Revenue

OUTCOMES: CAPITAL CREATED, PRESERVED AND REPLENISHED

FINANCIAL

- PBT ₹19,167 crores, 3.9% growth y-o-y
- PAT ₹15,136 crores, 21.4% growth y-o-y
- EPS ₹12.33
- Total Shareholder Returns-16% CAGR over the last two decades
- Amongst the top 3 Indian corporates in the private sector in terms of Contribution to the Exchequer

INTELLECTUAL

- 25+ World-class Indian Brands
- Over 60 New Products Launches in 2019-20

SOCIAL & RELATIONSHIP

- 6 million sustainable livelihoods created
- 4 million farmers empowered through e-Choupal
- 147 Million person-days of employment generated through social and farm forestry initiatives
- 7,75,013 Children covered under education programme and 81,510 youth skilled and trained

HUMAN

- Employee Engagement Survey- 95% of survey respondents are proud to work at ITC
- Recipient of awards demonstrating its ethos to encourage good labour and employee practices as also enhance skilling for manufacturing excellence

NATURAL

- Carbon positive for 15 years, water positive for 18 years and solid waste recycling positive for 13 years
- 5,394 kilo tonnes CO2 GHG Removals
- 70 TJ energy saved in 2019-20
- ~39 Million kl Rainwater Harvesting Potential created
- Unit level water security interventions at key units
- PSPD Kovai earned a unique distinction of being the only facility in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification.
- ITC's Solid Waste Management Programme reached out to over 3.45 Million households, sustainably managed 78,837 tonnes of dry waste including 12,500+ tonnes of multi-layered/low-value plastic waste in 2019-20

2030 Goals

REIMAGINING SUSTAINABILITY

50% of total energy from renewable sources	Creation of rainwater harvesting potential equivalent to over five times the net water consumption from operations by 2030
Strengthen ITC's leadership position as a carbon, water and solid waste recycling positive organisation	100% of packaging to be reusable, recyclable or compostable
50% reduction in specific emissions and 30% reduction in specific energy consumption by 2030 over a 2014-15 baseline	To enable sustainable management of waste in excess of the amount of packaging introduced in the market
Achieve a 40% reduction in specific water consumption over a 2014-15 baseline	Creating sustainable livelihoods for 10 million people by 2030
Achieve sequestration of over four times the CO ₂ emissions from operations by 2030	Scale up social investment programmes to empower rural communities and meet the 2030 targets for Mission Sunehra Kal Programmes

REIMAGINING THE SOCIAL CONTRACT

Sustain and strengthen the human capital capability to meet business goals and enhance ITC's standing as a leading employer through purpose driven investments in people development and talent management practices that continue to enhance ITC's competitive capacity.



REIMAGINING GROWTH

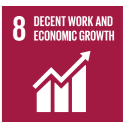
Strengthening ITC's presence across Agriculture, Manufacturing and Service sectors to make a growing contribution to National Priorities



Creating Indian brands of global stature



ITC brands becoming the most preferred choice for every household in India












Investing aggressively in all businesses of the Company towards enhancing its market standing and long-term wealth generating capability



ANNEXURES

CONTRIBUTION TO UN SDGS

By virtue of its Triple Bottom Line approach, ITC is well positioned to contribute to achievement of India's commitment under the United Nation's Sustainable Development Goals (UN SDGs). Below is a mapping of how ITC's interventions are linked to the SDGs.

 <ul style="list-style-type: none"> • Women's Economic Empowerment • Climate Smart Agriculture • Integrated Animal Husbandry 	 <ul style="list-style-type: none"> • Diversity & Equal Opportunity • Women's Economic Empowerment 	 <ul style="list-style-type: none"> • Climate Resilience • Managing Waste
 <ul style="list-style-type: none"> • Sustainable Products • Sustainable Supply Chains • Sustainable Agriculture • Integrated Animal Husbandry • Women's Economic Empowerment 	 <ul style="list-style-type: none"> • Water Security for All • Sanitation and Solid Waste Management • Primary Education 	 <ul style="list-style-type: none"> • Climate Resilience • Social Forestry • Climate Smart Agriculture • Integrated Animal Husbandry • Water Security for All
 <ul style="list-style-type: none"> • Primary Education 	 <ul style="list-style-type: none"> • Occupational, Health & Safety • Vocational Training • Women's Economic Empowerment 	 <ul style="list-style-type: none"> • Water Security for All • Climate Smart Agriculture • Social Forestry

A detailed mapping of ITC's interventions to the specific SDG targets is provided in **ITC's Sustainability Report 2020**.

AWARDS

MAJOR AWARDS 2019-20

Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of **India's Most Valuable CEOs** by BW Businessworld

Mr Nakul Anand, Executive Director, won '**The Corporate Hotelier of the World**' Award 2019 from **HOTELS, USA**.

ITC has been **globally ranked No. 1** amongst peers and No. 3 overall by 'Sustainalytics', a global Environmental, Social and Governance (ESG) rating company, for ESG performance in the '**Food Products Industry**'

ITC won the '**Best Corporate Initiative in Sanitation Award**' at the India Sanitation Coalition - FICCI Sanitation Awards 2019

ITC received **2 Effie Awards** in the 'Integrated Marketing Campaign' and 'Foods' Categories (Silver Awards-highest honours) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign

ITC won the '**Breakthrough Innovations Award**' in the Superstar category from Nielsen, a global provider of market research, for its Engage ON product

ITC Hotels was awarded the **Best Luxury Hotel Chain**, ITC Royal Bengal, Kolkata - Best New Hotel (Domestic), ITC Grand Goa Resort & Spa, Goa - Best Wedding Venue (Domestic) and Club ITC - Best Hotel Loyalty Programme by Travel+Leisure India at the '**India's Best Awards**'

ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, an internationally acknowledged farm assurance programme, for the efforts in implementing best and sustainable agricultural practices with chilli farmers in the States of Andhra Pradesh, Karnataka and Telangana.

ITC Head Office, Kolkata received the **LEED Platinum Certification** in Existing Building Operation & Maintenance category from the U.S. Green Building Council

ITC Green Centre, Guntur received the '**Platinum rating certification**' from the LEED Green Building rating system in the new construction and major renovation category

ITC Kovai Unit won the '**Excellent Energy Efficient Award**', '**GreenCo Platinum Award**' and '**GreenCo Star Performer Award**' from the Confederation of Indian Industry (CII)

ITC Munger Unit won the '**IGBC Performance Challenge 2019 for Green Built Environment-Excellence Award**' at the Green Building Congress 2019

ITC Saharanpur and Kidderpore Units won the '**Excellent Energy Efficient Unit Award**' and the Munger Unit won the '**Energy Efficient Unit Award**' from CII

ITC Ranjangaon received the '**Safety Innovation Award**' from The Institute of Engineers, India

First Prize in 5 categories at the **Public Relations Society of India (PRSI) National Awards 2019**



AWARDS

MAJOR AWARDS 2019-20

ITC Medak Unit received the **'IGBC Green Factory Building - PLATINUM'** Certification 2019 in new factories category from the Indian Green Building Council

ITC Green Centre, Bengaluru won the **'CII-EHS Excellence Award'** for best practices under environment category

ITC Kovai Unit received the **Platinum-level certification, the highest recognition for water stewardship in the world**, based on international benchmarks, from the Alliance for Water Stewardship, Scotland

ITC was conferred the **'PrintWeek Printing Company of the Year'** Award, **'Green Company of the Year'** Award in performance category, and **'Prism in Packaging Converter of the Year (Flexible)'** Award in quality category, by Printweek India

ITC Haridwar Unit won the **'Outstanding Performance in Food Safety Excellence Award'** in the Large Manufacturing Food Business Bakery category at the CII Award for Food Safety 2019

ITC's Spices business received the **'Outstanding Performance Award'** in the spices & sauces category at the CII Award for Food Safety 2019

ITC received the **'CII National HR Excellence Award'** for Significant Achievement in HR Excellence

MAJOR AWARDS OVER THE YEARS

Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the **'Distinguished Alumnus Award of the Year 2018'** conferred by IIT, Kanpur in recognition of his achievements of exceptional merit (2018)

ITC has won the prestigious Porter Prize 2017 for **'Excellence in Corporate Governance and Integration'** and for its exemplary contribution in 'Creating Shared Value' (2017)

ITC won the **'Best Practices Award'** from United Nations Global Compact Network India for two major game-changing initiatives of the Company - Integrated Watershed Development and Social & Farm Forestry (2017)

ITC Limited became the 1st company to win the **India Today Safaigiri Corporate Trailblazer Award 2016**

ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get **LEED® Platinum** Certification from the US Green Building Council (2016)

ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were **FSC Chain of Custody certified (2015)**

ITC was ranked as **'India's Most Admired Company'** in a survey conducted by Fortune India magazine and Hay Group (2014)



ITC was presented the **World Business and Development Award** at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012)

ITC was conferred the **National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007)**

ITC was the 1st Indian Company and 2nd in the world to win the **Development Gateway Award** for its trail-blazing e-Choupal initiative (2005)

ANNEXURES

REPORT PROFILE

This is ITC's third Integrated Report and attempts to present a range of financial and non-financial disclosures to inform its stakeholders how different 'capitals' are being transformed to enable the creation of enduring value. ITC's Integrated Report has been prepared in line with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

The financial information in this Integrated Report for the year 2019-20 has been taken from the standalone financial statements of the Company, which have been audited by independent auditors, Messrs. SRBC & Co LLP. The non-financial information (environmental and social performance data) presented in this Report for the year 2019-20, also appears in ITC's Sustainability Report 2020 which is prepared on the basis of the Global Reporting Initiative (GRI) Standards and meets the "In Accordance - Comprehensive" criteria, and has also been independently assured by Messrs. Deloitte Haskins & Sells LLP.

ITC has computed its greenhouse gas (GHG) inventory, including GHG emissions, biogenic Carbon Dioxide (CO₂) emissions and GHG removals, in accordance with ISO 14064:2006. The GHG inventory of 2019-20 has been verified by Messrs. Deloitte Haskins & Sells LLP at the 'Reasonable Assurance' level. ITC accounts for the following gases in its GHG inventory: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF₆), GHG Emissions and CO₂ Sequestration

ITC has deployed an Integrated Sustainability Data Management System to collect, collate and analyse the environmental and social data. The said system is equipped with strong internal controls to ensure source-credibility and that the disclosures made in this Integrated Report are backed by integrity of the underlying data and have been appropriately verified. The data for environmental and social performance is based on the actual performance of various Businesses, Units, Hotels and Office complexes of the Company and Third Party Manufacturers (TPMs)/subsidiaries as included in the Sustainability Reporting boundary, details of which are available in the Report Profile section of [ITC's Sustainability Report 2020](#).

STAKEHOLDER ENGAGEMENT

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

In line with the Board approved Policy on Stakeholder Engagement, ITC has a structured framework for engaging with its stakeholders and fostering enduring relationships with each 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 account that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Company's performance and shape new perspectives. For more details, please refer to the Stakeholder Engagement section of [ITC's Sustainability Report 2020](#).

Related Policies


[Policy on Stakeholder Engagement](#)



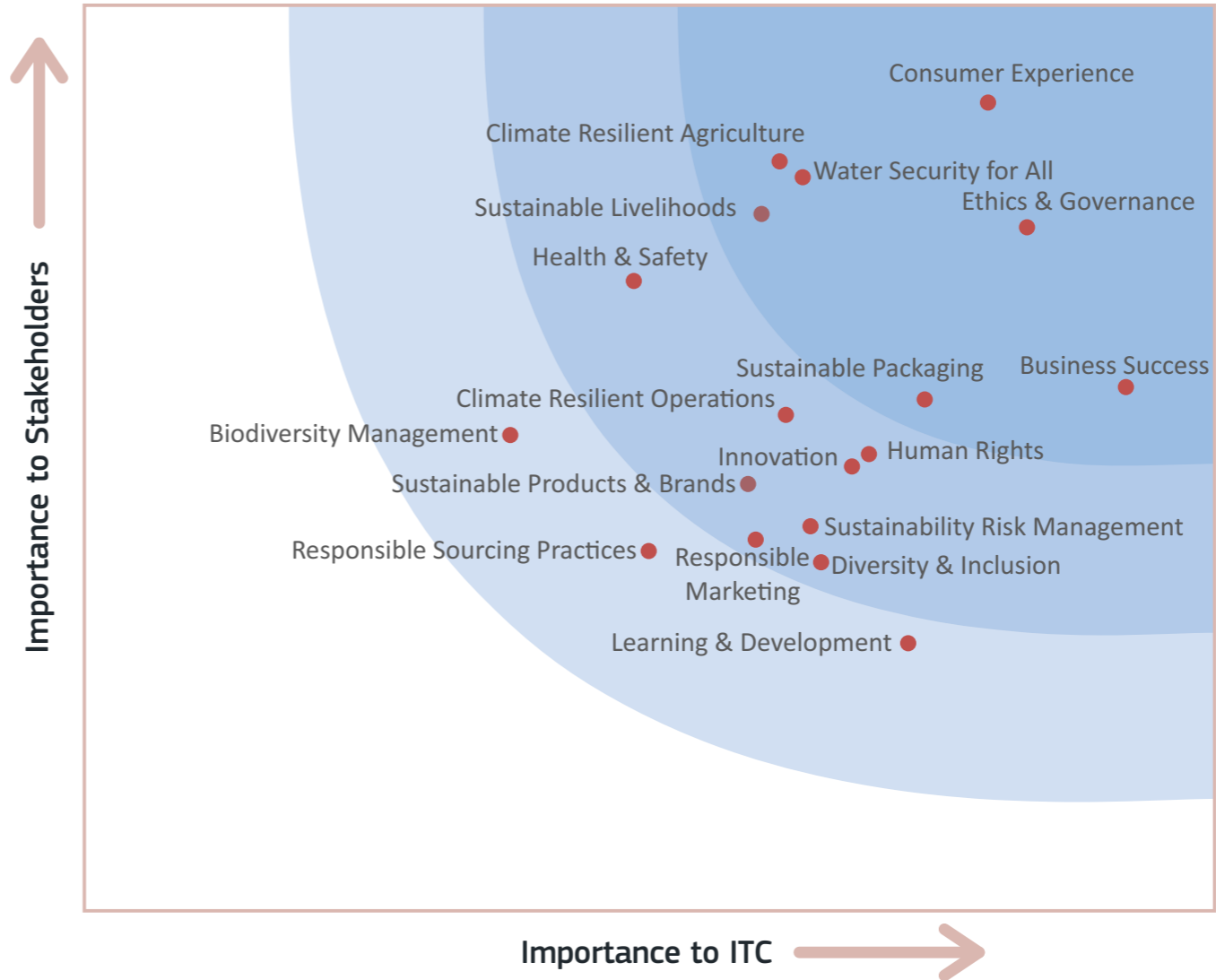
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MATERIALITY

The sensitivity of an issue to stakeholders and to ITC, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing and devising specific action plans for addressing these material aspects. The outcome of the materiality analysis is presented in the form of a matrix that depicts the material topics based on two dimensions - importance to stakeholders and importance to ITC's Businesses. The topics have been categorised relative to each other and position of each topic represents its relative importance. In 2019-20, ITC engaged with a number of internal and external stakeholders in order to update its materiality matrix. The output, taking these interactions into account, is presented here. ITC will continue to engage with more stakeholders, both internal and external, on an ongoing basis to ensure a more dynamic materiality assessment.

 The identified material topics have been discussed throughout this Report. For information on Air Emissions Management, Biodiversity Management, Chemical Safety Management, Sustainable Supply Chain Managements, please refer to ITC's Sustainability Report 2020.

ITC's MATERIALITY MATRIX



ANNEXURES

THE INTERNATIONAL <IR> FRAMEWORK - CONTENT ELEMENTS

THE CAPITALS - An organisation depends on various forms of capital for its operations. ITC's Integrated Report considers the following Capitals:



Financial Capital:

Pool of funds available for production of goods and provision of services.



Manufactured Capital:

Manufactured physical objects (buildings, equipment, infrastructure) available for use in the production of goods and provision of services.



Intellectual Capital:

Intellectual property such as patents, rights and licenses and organisational capital such as tacit knowledge, systems, procedures and protocols.



Human Capital:

Competencies, capabilities and experience of human resources and their ability to innovate.



Social Capital:

Institutions and relationships within and between stakeholder communities to enhance individual and collective wellbeing and ITC's social license to operate.



Relationship Capital:

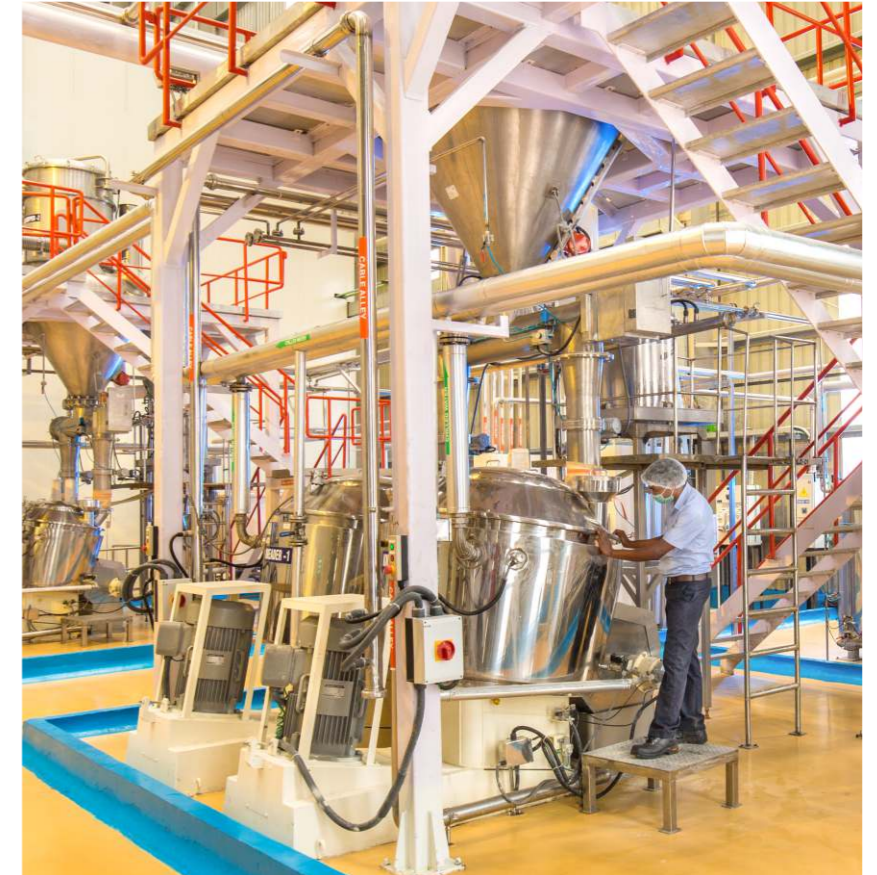
The institutions and the relationships with key external stakeholder groups like suppliers, distributors and customers.



Natural Capital:

All renewable and non-renewable environmental resources and processes that provide goods and services that support past, current or future prosperity.

The categorisation and description of various capitals are aligned to the International <IR> Framework.



ANNEXURES

ADDITIONAL INFORMATION ON <IR> CONTENT ELEMENTS:

Organisational Overview and External Environment

A comprehensive discussion on ITC's Businesses; the significant socio-economic, environmental, regulatory and macro-economic 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 2020](#).

Governance

Refer Report on Corporate Governance section forming part of [ITC's Report and Accounts 2020](#).

Business Model

Refer [ITC's Value Creation Model](#) section of this Report and the Report of the Board of the Directors and Management Discussion and Analysis section forming part of [ITC's Report and Accounts 2020](#).

Risk and Opportunities

Strategic Risk Management section of [ITC's Sustainability Report 2020](#).

Strategy and Resource Allocation

- Report of the Board of the Directors and Management Discussion and Analysis section forming part of [ITC's Report and Accounts 2020](#).
- [ITC's 2030 Goals](#), [ITC's Value Creation Model](#) and various sections of this Report.

Performance

Report of the Board of the Directors and Management Discussion and Analysis section forming part of [ITC's Report and Accounts 2020](#).

Refer Sustainability Performance Summary section of [ITC's Sustainability Report 2020](#).

Outlook

Report of the Board of the Directors and Management Discussion and Analysis section forming part of [ITC's Report and Accounts 2020](#).

Basis of Preparation and Presentation

[Report Profile](#) section of this Report.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for companies to provide information to stakeholders. ITC is in the process of evaluating these recommendations and is committed to providing stakeholders with relevant information on climate-related issues.

Governance

For information on sustainability related governance, please refer to ITC's Approach to Governance and Ethics section of [ITC's Sustainability Report 2020](#).

Strategy

ITC has identified climate resilient operations including agri value chains as one of its material issues. For ITC's strategy on the same, please refer to Building Climate Resilience section of [ITC's Sustainability Report 2020](#).

Risk Management

Please refer to Building Climate Resilience and Strategic Risk Management section of [ITC's Sustainability Report 2020](#).

Metrics and Targets

Refer [ITC Goals 2030](#) section of this Report.

ANNEXURES

CERTIFICATIONS

ENVIRONMENT, SOCIAL, OCCUPATIONAL HEALTH AND SAFETY, FOOD SAFETY CERTIFICATIONS

ISO 14001: Environment Management System

All ITC owned manufacturing Units (except Units of Foods Business in Pudukottai), SNPL Simra, SNPL Seratar and ATC Limited at Hosur

Hotels: ITC Gardenia, ITC Grand Central, ITC Grand Chola, ITC Kakatiya, ITC Maurya, ITC Mughal, ITC Maratha, ITC Rajputana, ITC Sonar, ITC Windsor, WelcomHotel Bengaluru, WelcomHotel Sheraton New Delhi, ITC Green Centre Gurugram, WelcomHotel Chennai, ITC Grand Bharat, ITC Kohenur and Fortune Resort Bay Island at Port Blair

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

All ITC owned manufacturing Units (except Unit of Foods business in Pudukottai), SNPL Simra, SNPL Seratar and ATC Limited at Hosur

Hotels: ITC Gardenia and Fortune Resort Bay Island at Port Blair

SA 8000: Social Accountability

Agri Business Units at Chirala and Anaparti, Cigarettes factories at Kolkata and Munger, Packaging and Printing Units at Munger, Tiruvottiyur and Haridwar, and SNPL Simara

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

Foods business Units in Haridwar, Pune, Malur, Munger, Mysuru, Guwahati, Uluberia, Panchla, Kapurthala and NENPL Unit in Mangaldai

Hotels: ITC Gardenia, ITC Grand Central, ITC Kakatiya, ITC Maurya, ITC Mughal, ITC Maratha, ITC Rajputana, ITC Sonar, ITC Windsor, WelcomHotel Chennai, Sheraton New Delhi, ITC Grand Bharat, WelcomHotel Bengaluru, ITC Grand Chola and Fortune Resort Bay Island at Port Blair

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

Hotels: ITC Maurya, ITC Windsor, ITC Maratha, ITC Grand Central, ITC Mughal, ITC Sonar, ITC Kakatiya, ITC Rajputana, ITC Gardenia, ITC Grand Chola, WelcomHotel Bengaluru, ITC Grand Bharat, WelcomHotel Coimbatore, ITC Kohenur, ITC Grand Goa and ITC Royal Bengal

Offices: ITC Green Centre Gurugram, ITC Green Centre at Manesar, ITC Virginia House Kolkata and ITC Centre Kolkata

Green Factory Building Platinum Rating by Indian Green Building Council (IGBC)

ITC Units at Saharanpur, Bengaluru, Munger, Pune, Kidderpore and ATC Limited

LEED® Platinum Rating by US Green Building Council (New Building category)

ITC Green Centre at Bengaluru and ITC Green Centre at Guntur

5 Star Rating by Green Rating for Integrated Habitat Assessment (GRIHA)

ITC Grand Chola

BEE 5 Star Rating by the Bureau of Energy Efficiency, Government of India

ITC Green Centre at Manesar

Forest Stewardship Council™

Paperboards and Specialty Paper Units at Bhadrachalam, Tribeni, Kovai and Bollaram

ANNEXURES

CERTIFICATIONS

SAFETY & FOOD SAFETY CERTIFICATIONS

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

Packaging and Printing Units at Tiruvottiyur and Haridwar
Paperboards and Specialty Papers Unit at Bollaram,
Bhadrachalam and Tribeni

Alliance for Water Stewardship (AWS) Platinum-level certification

Paperboards and Speciality Papers Unit at Kovai

SUSTAINABLE FARMING CERTIFICATIONS

Rainforest Alliance Certification (RFA)

In 2019-20, ITC produced around 3,547 MT of Rainforest Alliance Certified raw material covering crops such as Chilli, Cumin, Turmeric, Celery and Coffee

Global G.A.P Certification:

In 2019, 1,155 acres of ITC chilli farm area was certified for Global G.A.P

UTZ Certification

In 2019, ITC implemented UTZ standards in its coffee operations and produced 800 MT of UTZ certified coffee

Fairtrade Certification

Fairtrade certification endorsing that the products meet defined environmental, labour and developmental standards covering 1,507 acres

Certified Organic Production

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

USDA Organic and India Organic Certifications

USDA Organic and India Organic Certifications covering 3,700 acres of organic farming for processed fruits

Bio Suisse Certification

Bio Suisse Certification for organic farming of processed fruits covering 2,490 acres

NPOP, NOP and EU certification standards

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



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