Enduring Value

# ITC's Nature Report

## Aligned to the Taskforce on Nature-related Financial Disclosures

# Contents



## ITC's Nature Strategy in Action


Agri Business


Foods Business


Paperboards & Specialty Papers Business

# About ITC

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

ITC's deep commitment to national priorities rests on the foundation of its resolve to shape an extremely competitive, resilient, innovative and inclusive enterprise. The Company's credo of 'Nation First, Sab Saath Badhein' is manifest in ITC's century-old engagement with farmers, state-of-the-art manufacturing facilities and iconic hospitality properties, cutting-edge R&D, world-class Indian brands and multi-dimensional initiatives that address challenges of climate change and livelihood generation. **ITC's presence across agriculture, manufacturing and services enables it to make a larger contribution to the Indian economy**.

### Fast Moving Consumer Goods

- ITC is India's leading FMCG marketer.
- Present in Packaged Foods, Cigarettes, Personal Care Products, Education & Stationery Products, and Agarbattis & Matches.
- The ITC Next strategy for FMCG focuses on building a **portfolio** that aims at fortifying and scaling mega brands, leveraging **power brands** to address value-added adjacencies and crafting categories of the future; **premiumisation**, greater market penetration with an omni-channel strategy, **personalisation** to meet diverse consumer needs and building purpose-led brands.
- Exports to over 70 countries.

### Paperboards and Packaging

ITC's Paperboards and Specialty Papers Business is a leader in the Value-Added Paperboards (VAP) segment. ITC maintains a vertically integrated supply chain. The Social and Farm Forestry programme secures supply of pulpwood- a raw material for its paper mills.

ITC's Packaging & Printing Business is one of South Asia's largest value-added converter of Paperboards packaging into a variety of value-added packaging solutions for the consumer goods industries, personal care products, and quick service restaurants.

It provides a diverse range of sustainable packaging solutions and environmentally friendly alternatives to single-use plastics.

### Agri Business

A pioneer in rural transformation, ITC's Agribusiness promotes regenerative agriculture enhancing farm productivity and incomes.

- The Business is powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture.
- The scale of operations encompasses over ~3 million tonnes of annual volume throughput in 22 States and over 20 agri-value chains.
- The Business aims to scale up its value-added portfolio across categories like organic, food safe, attribute specific, as well as medicinal & aromatic plants.
- ITC's e-Choupal initiative empowers over 4 million farmers.
- ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform will bring the power of digital technologies to farmers.

### Information Technology

ITC Infotech is a wholly-owned subsidiary of ITC.

It is a leading global technology services and solutions provider with presence in 40+ countries and 70+ Fortune 500 Clients.

The 'Orbit Next' strategy is powering its next horizon of growth and differentiation.

It is a partner of choice for customers in their AI, Cloud, Digital Transformation and Software as a Service (SaaS) adoption journey.

# ITC NEXT

The ITC Next strategy is being rigorously pursued to shape the next horizon of growth and profitability.

The extensive strategy reset unleashes new drivers of structural competitiveness by strengthening the **multiple drivers of growth, Innovation and R&D**, building **agile, resilient and efficient Supply Chains**, mainstreaming **Digital Adoption, Sustainability, and ensuring Cost Optimisation**.

The ITC Next strategy focuses on exploring opportunities to craft disruptive business models anchored at the **intersection of the mega trends of Digital and Sustainability**, while leveraging the Company's institutional strengths.

At the core is also the sharp thrust of the ITC Next strategy on agility, consumer centricity and inspired talent.

# Sustainability 2.0

As part of ITC Next, ITC has embraced a bold new Sustainability 2.0 agenda, setting the bar even higher.

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

ITC's vibrant and synergistic portfolio of businesses leverage the competitive advantages based on strong foundation of institutional strengths. The Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. At ITC, this paradigm is called **'Responsible Competitiveness'** - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and creates sustainable livelihoods. The Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong businesses of the future as well as a portfolio of winning world-class brands, but also in making ITC a global exemplar in 'Triple Bottom Line' performance

# Executive Summary

## Why Nature Matters to ITC

Biodiversity provides essential resources and ecosystem services for ensuring the long-term sustainability of nature-dependent businesses. These include resources like water, key raw materials, agri-commodities, and ecosystem services like recycling of nutrients, ensuring soil fertility, controlling the local micro climate, and regulating local hydrological processes and organisms in the ecosystem, among others.

Besides depending on nature, businesses through their operations, can also impact nature in many ways, making it important to contribute to its preservation and protection.

ITC's operations and value chains also depend on nature, and accordingly, locally contextual biodiversity management plans are developed and implemented across ITC's operating and sourcing locations.

Given the linkages between agriculture and the essential ecosystem services that nature provides, **ITC recognises that the preservation and nurturing of biodiversity are crucial for the long-term sustainability of its business and is committed to conducting its operations in a manner that protects, conserves, and enriches biodiversity.**

# ITC's Approach: Climate-Water-Nature Nexus

## ITC's Sustainability 2.0 strategy cognises for the close linkages and interdependencies between climate, water and nature.

Especially in agri-catchments, ITC works to conserve and replenish all three natural capitals critical for agriculture: water, soil, and biodiversity, for sustaining agricultural livelihoods and environmental protection.

ITC's approach also focusses on the potential of nature-based solutions for carbon sequestration and building resilience against climate and water-related stress. Therefore, ITC prioritises actions to minimise nature-related impacts across realms of land, freshwater, and atmosphere, while sustainably managing its dependencies.

As part of its **governance** structure, ITC has **Board-approved policies on Biodiversity Conservation, Deforestation and Resource Efficiency**. Guided by these policies, ITC operates in a manner that minimizes impact on nature across own operations as well as supply chain.

These policies emphasise protecting, conserving and contributing towards restoring natural resources. ITC has also **integrated the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), including the L.E.A.P. (Locate, Evaluate, Assess, and Prepare)** approach within its biodiversity and nature strategy, which entails the **identification and management of material nature-related Dependencies, Impacts, Risks and Opportunities (DIRO)**. As part of its Sustainability 2.0 strategy, ITC has set **specific and time-bound goals** across key nature realms: atmosphere, freshwater and land.

In own operations, majority of environmental footprint in terms of energy, water, waste and emissions is concentrated in ITC's paper business as FMCG businesses, by virtue of nature of their operations, are relatively less resource intensive.

At the same time, for businesses that depend on nature/agri based raw materials like Foods and Agri businesses, the majority of impacts and interface with nature lies in upstream agri value chains. Additionally, for FMCG businesses, post-consumer packaging waste constitutes a material nature-related impact in the downstream.

# ITC's Approach: Climate-Water-Nature Nexus

**ITC's approach focusses on:**

## Upstream

Implementing large scale integrated programmes on water stewardship, regenerative and climate smart agriculture, and biodiversity conservation across key agri value chains and high priority locations.

### Select highlights

**2.79 million acres**
covered under ITC's Climate Smart Agriculture programme

**>1 million acres**
greened, resulting in **~5.67 million tonnes** of $CO_2$ sequestered

**1,090 million kl**
of potential annual water savings through demand-side management in agriculture

**>7,500 biodiversity**
plots covering **0.47 million acres** across 10 states established for biodiversity conservation

**~55 million kl**
cumulative rainwater harvesting potential (RWH) created — nearly **~4x** the net water consumed by ITC's operations in FY 2023-24

## Own Operations

Managing own operations in a manner such that environmental impacts (like energy, emissions, water and waste) are minimised to the extent possible, and natural capital is replenished to create an overall positive impact on nature.

### Select highlights

**52%**
electrical energy (grid purchased) from renewable sources

**50%**
energy from renewable sources

**9 sites**
awarded Platinum-level AWS certification, leading the adoption of the Alliance for Water Stewardship Standard in India

**>99%**
of waste generated in operations sent for recycling in FY 2023-24

## Downstream

Implementing ITC's circular economy approach that encompasses both sustainable packaging initiatives as well as large scale sustainable plastic waste management programmes that go beyond plastic neutrality.

### Select highlights

**~70,000 tonnes**
of plastic waste collected and sustainably managed in FY 2023-24

**Plastic neutral**
for third year in a row

**Sustainable packaging**
adopted across FMCG product portfolio

**Replicable, scalable, and sustainable**
models of municipal solid waste management.

**'Well-Being Out of Waste' (WOW) programme:**

**~63,700 tonnes**
of dry waste collected from 1,500 wards in FY 2023-24

**>25 million**
citizens reached

**ITC's Mission Sunehra Kal programme has SWM models for towns, villages, and temples:**

**>40,000 tonnes**
of waste (wet and dry) collected in FY 2023-24

**>5 million**
households reached in 33 districts across 10 states

### Way Ahead

ITC will continue to focus on deepening the integration of nature-related considerations into its overall business and sustainability strategy. For high priority locations, site-specific detailed assessments will continue to inform nature-related action plans. While ITC will continue to manage nature-related impacts in line with the mitigation hierarchy i.e., protect, restore and regenerate nature and biodiversity, it will keep fostering collaboration and partnerships with government, experts and NGOs for larger impact.

# About the Report

## The general requirements as per the TNFD's recommendations are summarised below:

### Materiality

ITC's approach to materiality is aligned with global standards including Global Reporting Initiative (GRI) Standards (which emphasises reporting on topics with the most significant impacts on the economy, environment, and people, including human rights) and European Sustainability Reporting Standards (ESRS) (which encompasses both financial as well as impact materiality. ITC assesses, evaluates, and manages nature-related dependencies, impacts, risks, and opportunities associated with its operations. In FY 2023-24, ITC conducted a double materiality assessment that addressed both financial materiality and impact materiality. This assessment identified nature and biodiversity as one of the key material issues for the Company.

For more details, please refer to 'Material Issues' section of ITC Sustainability Report 2024.

### Locations

ITC has assessed the locations in its direct operations across Agri, Paper and Specialty Papers and Foods businesses for nature-related exposures, and has undertaken numerous nature conservation measures across its upstream value chain and agri-catchment areas.

### Scope of disclosures

ITC's operations span **11 diverse businesses** with over 200+ owned and third-party manufacturing units. ITC's first TNFD report focuses on the direct operations and key value chains across Agri, Paper and Specialty Papers and Foods businesses, which are closely linked with agriculture and the essential ecosystem services that nature provides.

### Integration with other sustainability-related disclosures

Nature is multi-faceted and covers aspects like water, climate, land, and flora and fauna (biodiversity). ITC's Sustainability Report 2024 covers the sustainability performance including all these aspects, for the period April 1, 2023 to March 31, 2024 and was prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. Reporting on sustainability topics continues to be on the basis of materiality with due consideration to the Reporting Principles, Universal Standards and Topic Standards detailed in the GRI Standards.

### Reporting Period

Metrics and targets provided in ITC's first TNFD report cover the performance for the period April 1, 2023 to March 31, 2024; unless specified otherwise. The time horizons considered for risk identification, prioritisation and management approach, as well as business and financial planning processes are based on the underlying topic/issue and have been specified wherever required.

## ITC's TNFD report, consists of the following sections:

# Governance

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.

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

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

# Governance

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

## Strategic Supervision

by the Board of Directors (the Board)

## Strategic Management

by the Corporate Management Committee (CMC)

## Executive Management

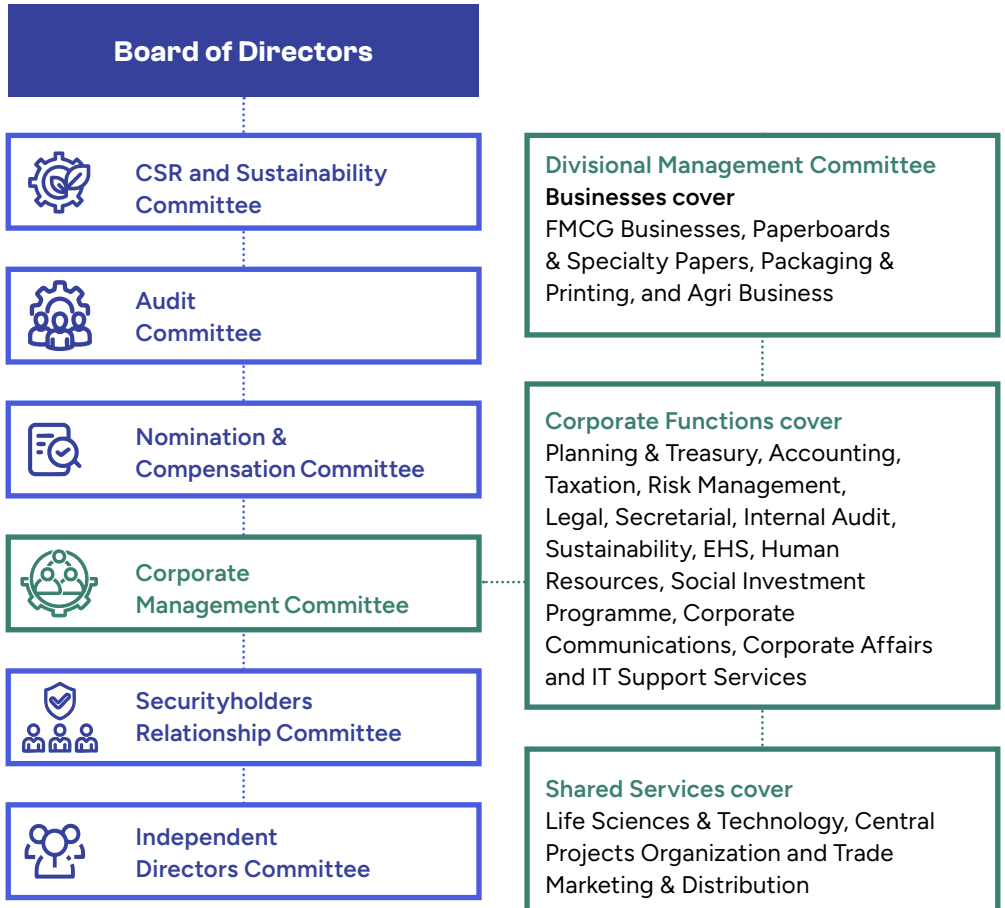
by the Chief Executives / Chief Operating Officers of Divisions, Strategic Business Units, Business Verticals and Shared Services, assisted by their respective Management / Executive Committees.

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

Refer ITC's **Report and Accounts 2024**; and the **Company's corporate website** for more details

## Governance structure

**The role, powers and composition of the Board, Board Committees and the CMC are available on the Company's corporate website.**




Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services

# ESG and Sustainability Governance at ITC

For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in its business strategies and execution plans. ITC has established a robust governance framework to oversee all aspects of sustainability, which includes its nature-related dependencies, impacts, risks, and opportunities.

## Sustainability Governance Structure

# ESG and Sustainability Governance at ITC

## CSR and Sustainability Committee

The CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its 'triple bottom line' objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy, the Sustainability Policies which includes ITC's Policy on Biodiversity Conservation and Deforestation and the annual CSR Action Plan, including making recommendation to the Board as necessary, form part of the role of the Committee. The Committee also reviews the Business Responsibility and Sustainability Report of the Company and recommends the same to the Board for adoption, and approves the Sustainability Report of the Company.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and seven Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

The names of the members of the Committee and the details of meetings held during the year are provided in the Company's Report and Accounts 2024.

## Sustainability Compliance and Review Committee (SCRC)

The Corporate Management Committee (CMC) has constituted the Sustainability Compliance and Review Committee (SCRC), which presently comprises seven senior members of management, with its chairman being a Member of the CMC. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies, including the Policies on Biodiversity Conservation and Deforestation - of the Company and placing a quarterly report thereon for review by the CMC. The Committee also reviews all Sustainability disclosures of the Company, including TNFD.

## Chief Sustainability Officer

The Chief Sustainability Officer (CSO) of the Company is, inter alia, responsible for periodic scanning of the external environment for evolving sustainability trends and regulations, monitoring the progress on sustainability targets and facilitating the Businesses & Corporate Functions in implementing sustainability initiatives.

## Role of governance bodies in stakeholder engagement

ITC believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. In this context, the Company has laid down a four layered mechanism to deal with the aspect of stakeholder engagement.

For more details, please refer 'Governance' section of ITC Sustainability Report 2024.

# ESG and Sustainability Governance at ITC

## Sustainability Policies

ITC has adopted a comprehensive set of Board approved Sustainability Policies that are being implemented across the organisation. These Policies are Policy on Stakeholder Engagement, Policy on Responsible Advocacy, Policy on Product Responsibility, Policy on Sustainable Supply Chain and Responsible Sourcing, Policy on Freedom of Association, Policy on Diversity, Equity and Inclusion, Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, Policy on Environment, Health and Safety, Code of Conduct for Suppliers and Service Providers, Policy on Biodiversity Conservation, Policy on Deforestation, Policy on Resource Efficiency, Policy on Tax, and Policy on Animal Testing.

The aforesaid Policies are aimed at strengthening the mechanism of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impact along the value chain of each Business.

ITC's policies on biodiversity conservation and deforestation, underline the Company's commitment to conducting operations in a manner that safeguards, conserves, and enhances biodiversity. Furthermore, the Company is dedicated to achieving zero deforestation by ensuring that agricultural commodities and wood are sourced exclusively from sustainable sources.

Refer to **ITC's Sustainability Policies** on ITC's Corporate Website

## Implementation

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

Moreover, for strategic guidance and implementation of Biodiversity policy at the divisional level, a cross-divisional Nature and Biodiversity cohort group has been formed comprising people responsible for execution of biodiversity related activities across business and value chain.

# ESG and Sustainability Governance at ITC

## Engagement with Stakeholders and Safeguarding Human Rights

An effective stakeholder engagement approach plays an important role in ensuring that ITC continues to create larger societal value.

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

### ITC's key stakeholder groups include:

1. Customers
2. Employees
3. Media
4. Civil society
5. Local communities
6. Shareholders
7. Experts & Knowledge Partners
8. Central & State Governments, Regulatory Authorities
9. Value chain partners including Farmers, Suppliers and Service Providers

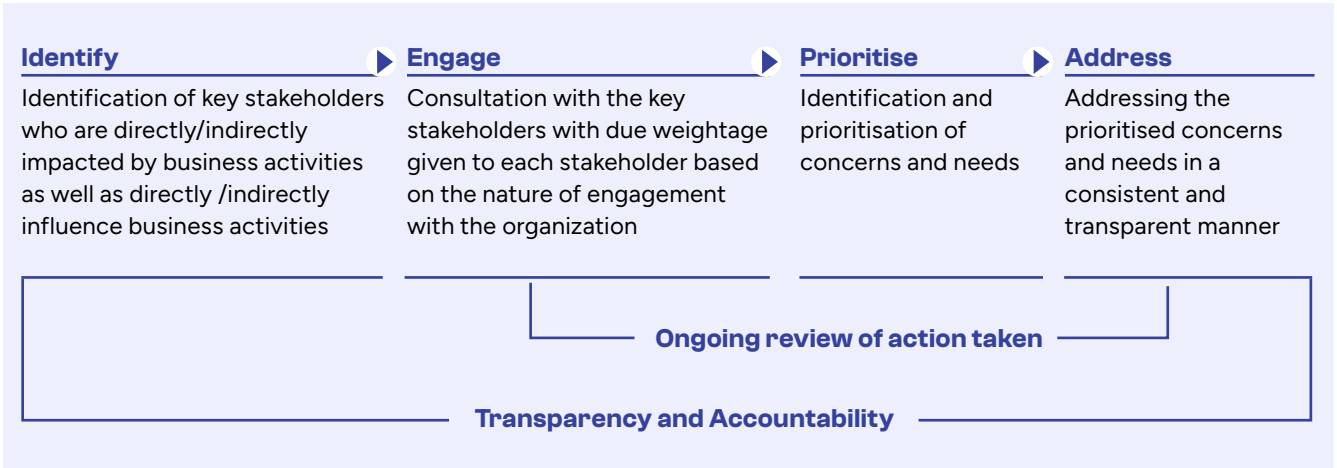
The engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate Company's approach and performance, and shape new perspectives. ITC has developed a structured framework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

To address evolving needs, ITC regularly conducts multi-stakeholder interactions, particularly with local communities, gaining insights into their challenges and expectations. This enables ITC to provide tailored, long-term solutions. Through a comprehensive consultation mechanism and targeted engagement initiatives, ITC ensures that the needs of its stakeholders, especially local communities, are effectively addressed.

From time to time, ITC also reviews the list of ESG (Environmental, Social, and Governance) topics that matter to its stakeholders. For this, the Company undertook a 'Double Materiality' assessment in FY 2023-24 that not only considered ESG topics that can reasonably be expected to trigger material financial effects for the Company ('Financial Materiality') but also those topics that may entail actual or potential, positive or negative impacts on people or the environment, i.e., ITC's stakeholders ('Impact Materiality').

ITC is committed to upholding human rights through comprehensive policies that apply to its employees, suppliers, and service providers. The Board-approved policies on human rights, reflected in the Code of Conduct for employees and the Code of Conduct for Supplier and Service Provider, guide ITC's commitment to international human rights standards and legal compliance. These policies ensure compliance with relevant laws and align with international standards, such as the Universal Declaration of Human Rights.

ITC actively addresses human rights concerns both within its operations and across its supply chain, supported by established grievance mechanisms. For further details, refer to 'Stakeholder Engagement' and 'Material Issues' sections in ITC Sustainability Report 2024.



# Strategy

## ITC's Approach to Nature and Biodiversity

ITC's operations are intrinsically tied to natural ecosystems, making the sustainable management of natural resources essential to the Company's long-term success.

Recognising the dependencies and as well as the impacts that operations may have on nature, ITC has embraced a comprehensive approach to manage its interactions with nature and ecosystem services, addressing both current and potential environmental impacts. This approach is also aligned with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

For more details, refer to 'Biodiversity Management' section of ITC Sustainability Report 2024.

### ITC's TNFD-aligned L.E.A.P Approach for Biodiversity Management

**Locate L**

STEP 1

**Locating & Scoping Business-Nature Interface**

Compilation of all **business interactions with the natural environment** for own operations and value chains

Identification of **locations in proximity to ecologically sensitive areas** such as Key Biodiversity Areas, Protected Areas, Tiger Corridors, and areas with IUCN Red List species

Portfolio-level screening of sites/locations for **water and climate risks** based on risk assessments carried out at site and catchment level

**Evaluate E**

STEP 2

**Evaluating & Assessing Nature-related Dependencies, Impacts, Risks & Opportunities (DIRO)**

**Sectoral analysis across ITC businesses**

for identification of key dependencies and impacts using available secondary information and TNFD recommended tools/ methodologies like **ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) and SBTN Materiality Screening Tool by the Science Based Targets Network.**

Prioritisation of actions based on **material risks and opportunities** identified for the business and stakeholders.

**Assess A**

STEP 3

**Implementing Management Strategy in line with UN Mitigation Hierarchy**

**Planning mitigation actions**

for key risks and opportunities identified in line with the UN Mitigation Hierarchy:
**Step 1 :** Avoid
**Step 2** : Minimise/Reduce
**Step 3** : Restore/Regenerate
**Step 4** : Offset
**Step 5** : Positive Contribution/Transform

**Developing and implementing**

location-specific and locally contextual Biodiversity Management Plans & Initiatives.

**Prepare P**

STEP 4

**Setting Nature-related Targets**

STEP 4

**Reporting on Progress & TNFD-aligned Disclosures**

**Setting time-bound, science-based targets**

including KPIs for tracking progress.

**As an adopter of the TNFD framework, ITC will continue to report its approach, initiatives, and progress in line with TNFD recommendations.**

Identification and Management of Material Nature-related Dependencies, Impacts, Risks and Opportunities (DIRO) Across Own operations and Key Value Chaine

# ITC's Approach to Nature and Biodiversity

## Locate

To identify and address nature and biodiversity-related risks, it is crucial to gain location-specific insights on nature and ecosystem services from a dependency-impact perspective, especially for locations near designated eco-sensitive zones. This enables the design of strategies that are tailored to the specific requirements of that location.

**The mapping was aided by the following databases:**

- WII-ENVIS Centre on Wildlife & Protected Areas
- Website of National Tiger Conservation Authority
- Integrated Biodiversity Assessment Tool (IBAT)
- IUCN Red List of Threatened Species
- Key Biodiversity Areas Portal

ITC's approach starts with undertaking a desk-based assessment covering ITC's owned sites spread across the country to gauge the proximity to any eco-sensitive area using public databases like those provided by IUCN and the Ministry of Environment, Forests, and Climate Change. Accordingly, ITC has conducted a desk-based assessment to identify the interface of its direct operations with nature wherein the mapping of ITC sites was carried out with respect to:

**Protected Areas:**

A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature

**Key Biodiversity Areas:**

A site contributing significantly to the global persistence of biodiversity

**Tiger Corridors** and areas covering habitats of **IUCN Red-list species.**

For the upstream value-chains of key agri-commodities, ITC is implementing large scale programmes for sustainable management of natural resources and biodiversity conservation across catchments.

**Broadly, following steps have been undertaken as part of the Locate phase:**

1. Geospatial mapping of ITC's operational activities including buffer delineation

2. Proximity analysis covering all owned manufacturing assets (~45 sites) using geospatial data to identify sites located within proximity (10 km radius) to Protected Areas (PAs), Key Biodiversity Areas (KBAs), and Tiger Corridors (TCs) including Eco Sensitive Zones notified by the Govt. of India, and mapping of IUCN Red List Species identified within a 15 km radius from ITC's operations. Based on this analysis, none of the assessed sites are located inside any notified Eco Sensitive Zone. One site is located in proximity to a notified ESZ boundary, where all required steps are taken to mitigate any risks. Further, ITC's existing operations comply with applicable environmental regulations of the Country.

3. For assessing other key risks like water stress and climate change, desk-based portfolio-level screenings are carried out using the latest available data and tools.

4. Based on multiple aspects such as operational footprint, location of units and strategic importance, select locations have been prioritised for further location-specific assessments.

ITC's Paperboards Manufacturing unit in Bhadrachalam is located at a distance of 3.47 km from the Kinnerasani Wildlife Sanctuary Eco-sensitive zone boundary, and ~ 8 km from the core zone of the Kinnerasani Wildlife Sanctuary. The unit has taken several steps to manage nature-related impacts and dependencies. Some of the key steps are:

- Sustainably sourcing wood through the **social and farm forestry programme**, covering 1.3 million acres till date.
- Created **Sarapaka Biodiversity Conservation and Development plot** in ~440ha of Kistasagar Reserve Forest in Telengana.
- First pulp & paper plant in the country to be rated **'GreenCo Platinum+'** by CII.
- Achieved **platinum-level Alliance for Water Stewardship (AWS) certification**

# ITC's Approach to Nature and Biodiversity

## Evaluate

In the Evaluate phase, a structured approach is followed for developing a comprehensive sectoral understanding of nature-related impacts and dependencies across ITC businesses. Multiple TNFD-recommended tools utilised in this phase include:

**ENCORE** (Exploring Natural Capital Opportunities, Risks, and Exposure), an online tool recommended by the TNFD for exploring sector-specific exposure to nature-related impacts and dependencies.

- ITC's Agri, Paper and Specialty Papers, and Foods businesses were mapped as per ISIC (International Standard Industrial Classification), to identify industry specific impacts and dependencies.
- Nature-related impacts and dependencies with a materiality rating of Very High to Medium, as identified by ENCORE, have been considered for the analysis.

**SBTN's Materiality Screening Tool** for providing an indication of the materiality of different categories of pressure/impact to an industry (e.g., land use, freshwater ecosystem use, water use etc.).

**WWF's Biodiversity Risk Filter** for high level understanding and assessment of biodiversity risks, and possible response.

The insights from the above tools are then supplemented with **multi-stakeholder inputs** from **external subject matter experts** and **ITC's in-house biodiversity, forestry, and agri-experts** for validating and contextualising the list of impacts and dependencies in light of ITC's operational context and locations. Additional inputs that were considered included desk research, research papers, technical reports, and TNFD sector guidance. Based on the given sources, high-level Impact and dependency pathways were developed for ITC.

The impacts and dependencies have been identified for direct operations and key value chains across Agri, Paper and Specialty Papers and Foods businesses, which are closely linked with agriculture and the essential ecosystem services that nature provides. The impacts and dependencies identified based on the sector (ISIC classification) are mentioned below:

| Nature-Related Sectoral Impacts | | Relevant Sectors |
|---|---|---|
| **Land / Water / Sea use change** | Area of land use | A |
| | Area of freshwater use | A |
| | Invasive species | A |
| **Resource Depletion** | Water utilisation | A P B |
| **Climate Change** | GHG emissions | A P B |
| **Pollution** | Non-GHG air pollutants | P B |
| | Disturbances (e.g., noise, light) | P B |
| | Soil and water pollutants | A P B |
| | Solid waste | A P B |

A Agricultural Products  P Paper products  B Branded food products

Note: Materiality rating of medium-very high as per ENCORE along with ITC's assessment (in the context of its operations) has been considered for the purpose of identifying impacts and dependencies.

# ITC's Approach to Nature and Biodiversity

| Nature Related Sectoral Dependencies | | Relevant Sectors |
|---|---|---|
| **Direct Physical Input** | Biomass provisioning (fibres and other materials) | A P B |
| | Water resources | A P B |
| | Genetic material | A |
| **Enables Production Process** | Water flow maintenance | A P B |
| | Water quality | P B |
| | Soil quality | A |
| | Pollination | A |
| | Soil and sediment retention | A |
| **Mitigates Direct Impacts** | Dilution by atmosphere | A |
| | Air filtration | A |
| | Solid waste remediation | A P B |
| | Biological control / Bioremediation | A |
| **Protection from Disruption** | Climate regulation | A |
| | Flood and storm mitigation | A P B |
| | Rainfall pattern regulation | A P |

A Agricultural Products  P Paper products  B Branded Packaged foods

Note: Materiality rating of medium-very high as per ENCORE along with ITC's assessment (in the context of its operations) has been considered for the purpose of identifying impacts and dependencies.

## Assess

In the Assess phase, risks and opportunities corresponding to the identified impacts and dependencies were evaluated. This included:

- Reviewing a range of secondary resources to develop a comprehensive list of potential risks and opportunities.
  - This included cross-industry research and peer analysis, TNFD sector guidance (e.g., Food and Agriculture, Forestry, Paper, Pulp), and the TNFD Risk Registry.
- Prioritising risks and opportunities from the long list to create a shortlist based on existing data. The prioritisation exercise considered ITC's business context, including process maps and nature-related analyses (e.g., water/climate risk assessments).
- Assessment by internal stakeholders and multi-disciplinary experts from ITC businesses to shortlist the nature-related risks and opportunities as relevant to ITC.

The assessment enabled identification of list of material risks and opportunities to inform future biodiversity management plans and actions.

## Prepare

ITC has strategically allocated resources to implement its nature strategy and related initiatives. The Company has also established specific targets across critical environmental realms including land, water, and atmosphere and has adopted the core global disclosure indicators and metrics recommended by the TNFD for effective reporting and performance monitoring. The details are presented in the 'Targets and Metrics' section of this report.

# Risk and Impact Management

Management of risk straddles ITC's planning, execution and reporting processes and systems. Backed by strong internal control systems, ITC's Risk Management Framework, includes elements to ensure major business clusters are assessed for compliance with ISO 31000 Risk Management Standard, as well as create Business Continuity Management Plans duly approved Management Committee of businesses.

# Risk Management Processes

## Risk Review

Each year, a comprehensive risk assessment is carried out at the entity level. Further, risk criticality/ tolerance levels for each risk are derived based upon the likelihood and magnitude of the risks for each Business.

## Materiality Assessment and Enterprise Risk Management

The Company undertakes a 'Double Materiality' assessment annually that not only takes into account ESG topics that can reasonably be expected to trigger material financial effects for the Company ('Financial Materiality'), but also those topics that may entail actual or potential, positive or negative impacts on people or the environment i.e., ITC's stakeholders ('Impact Materiality').

The Company's materiality assessment process and the identified material topics are integrated into the Enterprise Risk Management framework. Nature and Biodiversity and Climate related physical and transition risks have been identified as a business risk as well as a material issue for the Company.

For details on risk management processes, prioritisation of risks and risk mitigation strategies, refer to 'Risk and Crisis Management' section in ITC ESG Factbook 2024 and 'Strategic Risk Management' section of ITC Sustainability Report 2024.

## Identification of Nature-related Risks & Opportunities

Nature-related risks and opportunities emerging from corresponding nature-related impacts and dependencies have been identified using the TNFD risk register as the basis, and adding business-specific inputs from internal stakeholder and experts.

Consistent with the recommendations of TNFD's LEAP approach, both physical risk categories (acute and chronic) and transition risk categories (policy / legal, market, technology, and reputation) have been considered.

### Nature-related Risks

**Manufacturing Operations**

**Physical Risk**

#### Changing climate patterns and other long-term physical environmental damage – leading to infrastructural damage

**Our Response**

Usage of contemporary climate risk modelling tools using AI, for identifying high-risk / vulnerable sites and agri value chains, and undertaking detailed assessments for developing locally contextual adaptation plans, risk mitigation strategies and undertaking measures for improving climate resilience.

Promotion of climate smart agriculture, and development of heat / drought tolerant and high yielding varieties to improve productivity by adopting micro region-specific agronomic practices.

For further details, refer 'Climate Change' and 'Sustainable and Climate - Resilient Agriculture' Sections in ITC Sustainability Report 2024

#### Operational disruption in areas with high baseline water stress

**Our Response**

For factory locations in high water stress areas, ITC aims to achieve water security for all stakeholders by progressing towards positive water balance through interventions in supply and demand side management within the defined catchment areas of units.

ITC is also committed to get all sites in high water stress areas certified as per the AWS (Alliance for Water Stewardship) Standard.

For further details, refer 'Water Security' Section in ITC Sustainability Report 2024

# Risk and Impact Management

## Nature-related Risks

### Manufacturing Operations

#### Transition Risk

**Increasing costs (including those passed on by suppliers) as a result of regulations and / or compliance, or due to the investment needed to adapt**

**Our Response**

Stringent extended producer responsibility (EPR) regulations in India for plastic packaging waste are fast evolving with the objective of reducing plastic pollution and preventing leakages of plastic waste to the environment including water bodies thereby impacting terrestrial and marine ecosystems.

For ITC Businesses that use plastic packaging, the approach entails going beyond compliance wherever possible, including:

- Ensuring plastic neutrality ahead of regulatory targets through source segregation programmes, creating replicable, scalable and sustainable models of solid waste management
- Harnessing the enterprise strengths of ITC (Life Sciences and Technology Centre, Paperboards & Specialty Paper Division and Packaging and Printing Division) in driving cutting-edge innovation to offer sustainable alternatives to single use plastics.
- Pursue sustainable packaging initiatives like reduction in plastic packaging intensity, incorporating recycled content and improving recyclability of plastic packaging

ITC discloses the plastic inflows and outflows from its operations annually.

For further details, refer 'Towards Circularity' Section in ITC Sustainability Report 2024

**Increasing compliance cost in markets with more stringent requirements on nature and sustainability action or inaction**

**Our Response**

ITC exports its products to over 100 countries including the EU where new Regulations are rapidly evolving. The EU Taxonomy & Sustainable Finance Disclosure Regulation (SFDR), and adoption of TCFD recommendations across several jurisdictions has significantly enhanced the climate disclosure requirements.

Additionally, the proposed Carbon Border Adjustment Mechanism may have an impact on export of emission intensive products in the future to the EU including paper, which may impact ITC's paper business' exports to the EU. Moreover, Paper sector is also covered in the soon to be operationalised India Carbon Trading Scheme. To address these:

- ITC has been reporting on its climate performance for close to two decades.
- Also, ITC's paper business has taken stringent 2030 decarbonisation targets, and is considered one of the greenest and efficient in India with 50% of energy needs being met from renewable sources, with further green investments planned.
- ITC's paper mills have implemented several initiatives including investments in a green boiler, high-pressure soda recovery turbo-generator system, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased the usage of bio-fuels.

The EU Deforestation Regulation (EUDR) will also require exporters of commodities covered under the law to demonstrate that these commodities are deforestation-free. For this,

- ITC's Paper and Agri businesses ensure deforestation-free value chains through certifications like FSC® and adoption of sustainable farm practices.

For further details, refer 'Biodiversity Management' Section in ITC Sustainability Report 2024

# Risk and Impact Management

## Nature-related Risks

### Value-Chain

#### Physical Risk

**Supply disruption in areas with high baseline water stress**

**Our Response**

In the agri-catchments, ITC focusses on drought-proofing agriculture by improving groundwater status and reducing crop-related demand for water. ITC focusses on improving crop water use efficiency in agriculture, wherein the practices promoted reduced water and cultivation costs, and at the same time, improved yields. Water-efficient agri-practices promoted by ITC have been adopted by farmers in close to 15 lakh acres during the year across 15 crops such as Paddy, Wheat, Soya, Sugarcane, Chilli, Banana, Coconut and Vegetable crops.

ITC has implemented Integrated Watershed Development Projects across 1.63 million acres which has created total rainwater harvesting potential (RWH) of ~55 million kl (cumulative), which is ~4 times the net water consumed by ITC's operations in FY 2023-24. ITC has successfully implemented projects in 4 river basins for addressing the water balance gap and has successfully turned all of them water positive.

For further details, refer 'Water Security' Section in ITC Sustainability Report 2024

**Supply disruption that arise from changes in biodiversity and / or ecosystem intactness (e.g. soil erosion and depletion, species diversity and composition)**

**Our Response**

ITC's Community-driven biodiversity efforts have conserved more than 0.47 million acres to date. Technical studies have shown an increase in species richness in the biodiversity conservation plots compared to control areas, as indicated by the Shannon and Simpson Index. Given the potential of mangroves for higher carbon sequestration and their ability to act as flood barriers, ITC is piloting a programme for mangrove conservation in Andhra Pradesh.

ITC's Climate Smart Agriculture (CSA) programme aims to make agriculture regenerative, productive, sustainable, remunerative, and climate-resilient, which help farmers in adaptation, and the practices being GHG efficient also helps in mitigating climate change. The CSA programme covered over 2.794 million acres, benefitting over 1.05 million farmers during the year across 19 States.

For further details, refer 'Biodiversity Management' & 'Sustainable and Climate Resilient Agriculture' Section in ITC Sustainability Report 2024

#### Transition Risk

**Challenges in adoption of new technologies for value chain with more stringent requirements in nature and sustainability action**

**Our Response**

To power next-generation agriculture, ITC launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) to bring the benefits of state-of-the-art digital technologies to farmers. This crop agnostic 'phygital' ecosystem is embedded with a full stack Agri-tech platform with farmer producer organisations (FPOs) as the pivot.

The digital platform provides farmers with AI/ML-driven value-added, personalised, and hyperlocal crop advisories. These include a customised 'Crop calendar' for scientific planning of crop cycles, a 'Crop Doctor' function for real-time resolution of crop infestation, real-time soil testing, a 'Fertiliser Calculator' to optimise nutrition, precision farming, access to good quality inputs and market linkages, and so on. ITCMAARS provides assorted agricultural and allied services to farmers on the digital platform. From the supply of seeds, farm inputs and services like soil testing to weather forecasts, credit, and market linkages, the ITCMAARS app is ITC's key contribution towards 'Next Gen' agriculture.

For further details, refer 'Sustainable and Climate-Resilient Agriculture' Section in ITC Sustainability Report 2024

Note: Risk types and risk descriptions are as per the TNFD risk registry

# Risk and Impact Management

## Nature-related Opportunities

### Resource Efficiency

**Actions an organization can take within its own operations in order to avoid or reduce impacts and dependencies on nature, while achieving co-benefits such as improved operational efficiency or reduced costs**

**ITC's Initiatives that Leverage Nature-related Opportunities**

- Robust Environment Management System across locations covering key impact parameters like GHG emissions, non-GHG air emissions, water, waste, and effluents that enables robust compliance management as well as achieving resource efficiency.Accelerated adoption of renewable energy (electrical and thermal) across businesses with over 50% energy sourced from renewable sources.
- Improving water-use efficiencies by adopting the latest technologies and increasing reuse and recycling practices in operations.
- Recycling 99.8% of waste generated across operations, and reducing specific waste generation at all ITC units through constant monitoring and improvement of material utilisation efficiency.
- All units ensure compliance with Indian and International standards on hygiene, lighting, ventilation, and effective controls on noise and dust.

For more details, refer
ITC Sustainability Report 2024

### Resource Efficiency

**Actions an organization can take within value chain in order to avoid or reduce impacts and dependencies on nature**

**ITC's Initiatives that Leverage Nature-related Opportunities**

- The organic certification in crops like Wheat, Chilli, Turmeric, and Mango helps reduce the usage of chemical fertilisers and crop protection chemicals, decrease nitrate leaching into ground and surface water, reduce soil erosion, and improve soil organic carbon. These encourage soil fauna and flora, thus improving soil formation and structure and creating more stable systems.
- Certifications such as the Rain Forest Alliance (RFA) certification in Coffee, Chilli and Turmeric; Global GAP in Chilli, and Turmeric and Fairtrade in Fruit and Vegetable value chains, helps build the capacity of farmers around avoiding child labour and promoting gender equality and non-discrimination. It also helps optimise the use of inputs such as fertilisers and chemicals, prevent pollution, and manage waste. These certifications also help in safeguarding forests and conserving biodiversity.
- Water-efficient agri-practices promoted by ITC have been adopted by farmers in close to 1.5 million acres during the year across 15 crops such as Paddy, Wheat, Soya, Sugarcane, Chilli, Banana, Coconut and Vegetable crops. These practices have potentially saved around 1,090 million kl during FY 2023-24, based on calculations done as per various studies.
- The social and farm forestry programme by ITC's Paper Business was started to promote sustainable forest management practices in the value chain and secure the supply of pulpwood for its paper mills. Apart from sequestering carbon, this programme provides significant environmental benefits, such as improving the productivity of the wasteland. The programme also helps in de-risking poor rural households by diversifying farm portfolios through the promotion of tree-based farming.

# Risk and Impact Management

## Nature-related Opportunities

### Products and Services

**Value Proposition related to the creation or delivery of products and services that protect, manage or restore nature, including technological innovations**

**ITC's Initiatives that Leverage Nature-related Opportunities**

- 85% Paperkraft Notebooks SKUs are FSC® Certified, supported by Paper Business's FSC® Forest Management Certified plantations & FSC® Chain of Custody certification of all four paper mills.
- ITC Spices Value Chain: Sustainable farm certifications like Rainforest Alliance, Global GAP, Fairtrade and USDA Organic.
- Leaf Tobacco Business complies to Global Tobacco standard like Sustainable Tobacco Programme (STP 2.0) covering the farm value chain.
- ITC is expanding its products that offer sustainable alternative such as barrier coated boards that replaces single-use plastic. ITC's Paper business extended its product portfolio to replace single use plastics and now offering products such as antifungal soap packaging paper designed to replace single use plastics, 'Filo' series is certified as recyclable and 'Omega' series is certified biodegradable.
- ITC commissioned a manufacturing facility in Madhya Pradesh that will specialise in moulded fibre products made from renewable natural fibres and offer sustainable packaging solutions across industries.
- LSTC's Centres of Excellence in Biosciences, Agri-sciences & Materials sciences, and future-ready platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry, Crop Sciences, Consumer and Sensory Sciences and Sustainable Materials & Packaging continue to drive world-class innovation.

### Sustainable use of natural resources

**Substitution of natural resources by recycled, regenerative, renewable, and/or ethically responsibly sourced organic inputs**

**ITC's Initiatives that Leverage Nature-related Opportunities**

- ITC has the distinction of being the first in India to have obtained the Forest Stewardship Council®-Forest Management (FSC®-FM) certification, which confirms compliance with international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit, and economic viability
- During FY 2023-24, over 485,000 tonnes of FSC®-certified wood was procured from these certified plantations
- ITC is scaling up sustainable farming certifications across key agri-value chains. Approximately 32,166 acres of land is Certified Organic.
- ITC's Paper Mill in Kovai utilised nearly 89,000 tonnes of external wastepaper as raw material in FY 2023-24.

### Ecosystem protection, restoration and regeneration

**Activities that support the protection, regeneration or restoration of habitats and ecosystems, including areas both within and outside the organisation's direct control**

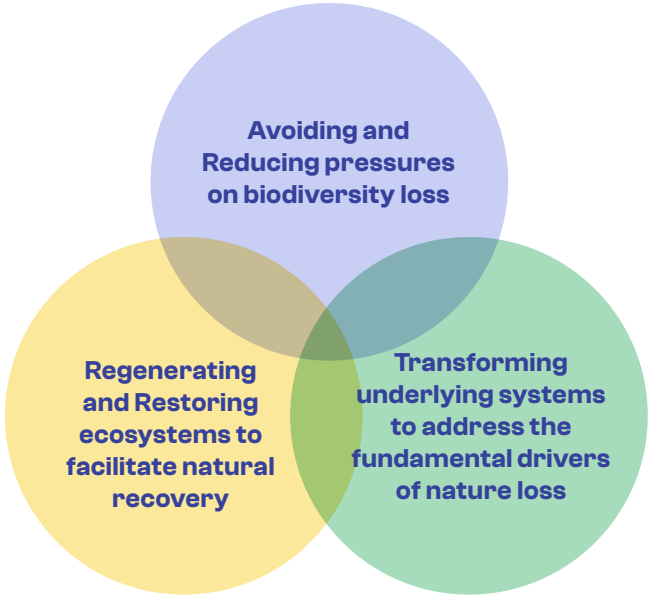
**ITC's Initiatives that Leverage Nature-related Opportunities**

- Climate-smart agriculture practices over 2.79 million acres
- Regeneration and replenishment of common resources like water, village commons and biodiversity – ITC's biodiversity conservation spans across 0.47 million acres.

Note: Opportunities and descriptions are as per the TNFD risk registry

# Mitigating Risks and Leveraging Opportunities: Strategy in Action

The 'AR3T' framework was introduced by the Science-Based Targets Network (SBTN) in its Initial Guidance for Business (2020), outlining a structured approach for corporate actions, focusing on:




For more details, please refer 'Biodiversity Management' section of ITC Sustainability Report 2024.

This is in line with the UN Mitigation Hierarchy (Avoid, reduce, restore, regenerate, offset and transform) and the Convention on Biological Diversity's Conservation Hierarchy (to avoid, minimise, restore, and offset). Accordingly, ITC Businesses as well as ITC's Social Investment Programme have implemented a bouquet of large scale and sustained set of initiatives towards managing biodiversity-related impacts in line with the approaches recommended in the given frameworks.

Based on the impact-dependency assessment and subsequent mapping of risks and opportunities, the impacts, dependencies, risks and opportunities associated with the realms of land, water and air are found to be material. Accordingly, the actions taken by ITC's Agri, Foods and Paper businesses for addressing issues across the realms of land, water and atmosphere are detailed out in the following section on 'ITC's Nature Strategy in Action'.

With respect to oceans, the potential impact related to marine litter and marine biodiversity on account of plastic packaging waste has been identified and is addressed along with land-related impacts. In terms of ocean-related dependencies, ITC's approach recognises the paramount role oceans play in regulating climate as well as its influence on local weather resulting in myriad of impacts including cyclones, flooding and erratic weather patterns. Nature based solutions like mangrove forests, seagrass meadows and tidal marshes provide natural mitigation against tidal floods and are also powerful carbon sinks.

ITC is implementing interventions for the conservation of vital coastal ecosystems like the mangroves around some of the operating sites near the coast. ITC's Social Investment Programme has initiated a project for restoration of degraded mangroves and planting of new mangroves. As part of this, ~500 acres have been covered in the Bapatla district of Andhra Pradesh till date.


# ITC's Nature Strategy in Action: Agri Business

# ITC's Nature Strategy in Action: Agri Business

ITC is committed to increasing agricultural productivity in a manner which is sustainable, scientifically planned and follows the key principles of 'regenerative agriculture'.

Also, the Company is developing 'climate-smart' agriculture systems that address the environmental and social impacts of climate change and enable its agri-value chains to withstand the climatic impacts. These practices ensure improved productivity, enhanced resilience and reduced emissions, and support sustainable livelihoods. At the same time, ITC is also focussing on building new and diverse farm value chains for crops like millets for improving climate adaptability and ensuring nutrition and food security.

For more details. refer to 'Sustainable and Climate-resilient Agriculture' section of ITC Sustainability Report 2024.

## ITC's approach to managing nature-related dependencies and minimising impacts in farm value-chains is shown below:


### Key Enablers

- Research & Development
- ITCMAARS - Digital Platform for Farmer Empowerment
- Farmer Collectives
- Partnerships with Scientific Institutions

ITC's Nature Strategy in Action: Agri Business

# Managing Water-related Impacts in Agriculture

## Promoting Water-positive Agri-value Chains

ITC has embarked on a mission to create positive water footprint across its key agri value chains - wheat, tobacco, and pulpwood, which together account for around 75% of ITC's total embedded water consumption from agri-based raw materials. Promoting water use efficiency during cultivation is the foundation of this endeavour Besides substantial water savings, these practices also contribute towards enhancing farmer livelihoods by improving yields and consequently farmer income as well as reducing costs, and are also carbon-efficient as compared to conventional practices.

## The crop-wise approach is presented below:

| Key Crop | Water Efficient Practices for Key Crop | Water Efficient Practices for Other Crops (Cultivated in the Same Catchments) | Geographic Focus |
|---|---|---|---|
| | Zero tillage and Broad Bed Furrow for Wheat | Direct Seeding of Rice (DSR) and Alternate Wetting & Drying (AWD) for Rice and Broad Bed Furrow method for Soya, the two major Kharif season crops cultivated in wheat catchments. | Sourcing regions in UP, Bihar, MP, Rajasthan, Maharashtra and Punjab |
| | Similar to Pulpwood, Tobacco is also mostly rainfed, leaving little room for water conservation in irrigation practices except at the nursery stage. | Micro-irrigation in chilli and other orchard crops and Seedling Plantation in Sugarcane. | Sourcing regions in Andhra Pradesh & Karnataka |

Till date, efficient water management practices promoted by ITC have been adopted by farmers across nearly 1.5 million acres spanning 15 crops. These practices have potentially saved ~1090 million kl of water till date, as compared to conventional practices.

ITC's Nature Strategy in Action: Agri Business

# Managing Land-related Impacts in Agriculture

## Interventions for improving soil organic carbon

To make agriculture sustainable and future-ready, ITC adopts a variety of practices that lead to optimal use of resources. ITC's extension programmes with farmers focus on technology-based practices across multiple crops. With reduced requirements for external inputs, 'regenerative agriculture' empowers farmers and local communities. Among other benefits, regenerative agriculture also helps in the decarbonisation of agriculture by rebuilding soil organic matter and restoring degraded soil biodiversity, resulting in both carbon sequestration and improving the water cycle.

- **Crop Diversification in Wheat Value Chain:** The crops that help augment the soil, such as summer moong (green Gram) are promoted amongst the farmers. This crop also acts as a source of additional income for farmers. With its nitrogen-fixing ability and cover crop function, summer moong also contributes towards soil conservation.
- **ITC limited- Agri Business Division's Wheat Development Program** is primarily aimed at increasing productivity and profitability of Wheat, through popularization of latest sustainable and climate smart solutions, which include varietal and technological interventions. These interventions are spread over 3.7 lakh acres across Madhya Pradesh, Maharashtra, Uttar Pradesh, Bihar, Rajasthan, Punjab, Gujarat and West Bengal. As per the agronomical requirements of these geographies, the interventions are customized and promoted among the farmers. Adoption of these interventions have proven to impact the overall productivity and profitability of Wheat farmers across the targeted geographies, providing them with scientific solutions to mitigate losses induced due to extreme climate.
- ITC has supported Tobacco farmers in Karnataka and Andhra Pradesh in adopting green manuring initiatives on 3,083 acres. This has helped in improving soil structure, increasing water holding capacity, decreasing soil loss by erosion, and reducing the use of inorganic fertilisers.
  - Sub-soilers are deployed in the identified regions to break compact sub-soil, enabling increased water-holding capacity and better root penetration.
  - Tobacco farmers are encouraged to practice crop rotation with pulse crops to improve soil fertility and support soil microbial activity.

For more details. refer to 'Sustainable and Climate-resilient Agriculture' section of ITC Sustainability Report 2024.

## Zero Deforestation Tobacco Value-chain

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

To embrace a self-sustaining model for fuel sourcing, ITC has taken up energy plantations that covered 2.29 lakh acres till date. Grow your own fuel models have been deployed, wherein farmers are encouraged to grow trees for energy wood on farm bunds and agro forestry models. The energy plantations programme is also being reinforced by establishing Chain of Custody from the wood production source to consumption at farm level.

In addition, ITC promotes practices that help reduce usage of chemical fertilisers and crop- protection chemicals, decreasing nitrate leaching into ground and surface water, reducing soil erosion and improving soil organic carbon.

# ITC's Nature Strategy in Action: Agri Business

## Promoting Sustainable Agriculture by Sourcing Certified Agri Commodities

The organic certification in crops like Wheat, Chilli, Turmeric, and Mango helps reduce the usage of chemical fertilisers and crop protection chemicals, decrease nitrate leaching into ground and surface water, reduce soil erosion, and improve soil organic carbon. These encourage soil fauna and flora, thus improving soil formation and structure and creating more stable systems.

Similarly, other certifications, such as the Rain Forest Alliance (RFA) certification in Coffee, Chilli and Turmeric; Global GAP in Chilli, and Turmeric and Fairtrade in Fruit and Vegetable value chains also helps optimise the use of inputs such as fertilisers and chemicals, prevent pollution, and manage waste. These certifications also help in safeguarding forests and conserving biodiversity.

With support from ITC, the farmers in Andhra Pradesh, Karnataka, Rajasthan and Punjab undertook effective planning and farm management systems that benefit communities, forests, native vegetation, ecosystem services and wildlife. ITC's community-centric Biodiversity conservation helps in restoring degraded village commons, promoting the plantation of native species, and in reducing pressures on forests.

**32,166 acres**

**Key Crops**
Cereals, Spices, Fruits & Vegetables (F&V)

**Certification**
Organic

**12,202 acres**

**Key Crops**
Coffee, Spices, Fruits & Vegetables

**Certification**
Rain Forest Alliance (RFA)

**1,847 acres**

**Key Crops**
Spices

**Certification**
Global GAP

**872 acres**

**Key Crops**
Fruits & Vegetables

**Certification**
Fairtrade

**173 acres**

**Key Crops**
Aqua: Value-added shrimp portfolio

**Certification**
Best Aquaculture Practices (BAP)

**66 acres**

**Key Crops**
Aqua: Value-added shrimp portfolio

**Certification**
Aquaculture Stewardship Council (ASC) Certification

ITC's Nature Strategy in Action: Agri Business

# Managing Atmosphere-related Impacts in Agriculture

## Sustainable Farming Practices for Decarbonising Agriculture

Agri-based raw materials embody significant GHG emissions owing to on-farm operations as well as the usage of inputs like fertilisers. This is especially a challenge in the Indian context, as small landholdings result in farm-level inefficiencies concerning input usage and often limit the application of low-carbon interventions. Based on internal estimates, most of ITC's value chain emissions (Scope 3) lie in its agri-value chains, such as wheat, rice, pulpwood, and tobacco, amongst others. It is estimated that nearly 60% of these emissions are attributable to farm-related practices such as fertiliser application, electricity for irrigation, and land use management. The remaining 40% of emissions are estimated to be attributable to the embedded emissions of fertilisers used.

ITC follows a methodical science-based approach for decarbonising agri-value chains by accounting for regional differences in farm practices and the associated emissions while also considering the farmers' perspectives. ITC directly works with farmers to address some of these challenges by transferring technical know-how related to regenerative and climate smart agriculture practices and enabling the aggregation of small farmers by working with Farmer Producer Organisations (FPOs) and leveraging digital platforms like ITCMAARS.

ITC's large-scale Social Investment Programmes help farmers adopt and scale up regenerative agricultural practices, like zero tillage, soil and moisture conservation, and nutrient management, that not only help in reducing GHG emissions but also contribute significantly towards enhancing their income levels.

**Climate Smart Agriculture (CSA) programme for major crops as part of ITC's Social Investment Programme (SIP), has covered 2.79 million acres, impacting over 1.05 million farmers till date across 19 States.**

GHG emissions of select crops reduced by **13% to 66%** while farmer incomes increased up to **90%** over a five-year period.

ITC is targeting covering **4 million acres** by 2030 under this programme.

# ITC's Nature Strategy in Action: Agri Business

## Select highlights from key value chains

### Wheat Value Chain

**Zero Till:** In the case of Wheat, zero-tillage sowing using zero-till seed drill or happy seeder is promoted to reduce the number of tillage operations compared to conventional cultivation, thus substantially reducing the cost of cultivation and GHG emissions without significantly changing the yield.

Zero Tillage (ZT) method, Broad Bed Furrow (BBF) method of sowing, and other standard packages of practices in Wheat in close to **1.5 million acres**.

**Nutrient Management:** Various practices such as Soil Testing, Leaf Colour Charts (LCC), and Nano Fertilisers are promoted during the crop life cycle, optimising the number of fertilisers used per unit area.

Estimates suggest that the optimised fertiliser dosages result in around a **15% reduction** in fertiliser-related emissions.

For more details, refer to 'Sustainable and Climate Resilient Agriculture' section of ITC Sustainability Report 2024.

### Paddy Value Chain

**Direct Seeded Rice (DSR):** This method in Paddy is used to shorten the crop duration, reduce cost, and save water. This practice of sowing rice seeds directly into the field instead of nursery raising and transplanting helps farmers reduce the duration of the crop cycle, the cost of cultivation especially sowing, and water consumption, thereby reducing GHG emissions without significantly affecting the yield.

Direct Seeding of Rice (DSR), Alternate Wetting and Drying (AWD) (also referred to as Pani Pipe), and Crop Residue Management (no stubble burning) in **472,000 acres**

**Crop Residue Management (CRM):** Avoiding paddy stubble burning in the areas where it is prevalent, especially Punjab, by promoting both in-situ (incorporating stubble into soil) and ex-situ (sale of stubble for fodder, ethanol production, etc.) solutions. In-situ solutions include promotion of use of happy-seeder, super-seeder, and rotavators to add paddy stubble back to soil, and exsitu includes collection of paddy stubble by baling and sale as fodder, biomass for power generation purposes, etc.

As a result, no stubble burning has happened in **94% (230,000 acres)** of the targeted area **(250,000 acres covered)**.


# ITC's Nature Strategy in Action: Foods Business

# ITC's Nature Strategy in Action: Foods Business

ITC is one of the largest and fastest growing branded packaged foods businesses in India, leveraging a robust portfolio of brands, first-to-market offerings,

a range of distinctive products customised to address regional tastes and preferences, supported by an efficient supply chain and distribution network that leverages the agri-commodity sourcing expertise resident in ITC's Agri Business to procure high quality raw materials, thereby ensuring the highest level of quality, consistency and safety in its products. Wheat, potato and spices constitute some of the major agri commodities sourced by ITC and a bouquet of regenerative and sustainable agriculture interventions across these crops help straddle the value chains supporting ITC's leading brands like Aashirvaad and Bingo.

## Managing Water-related Impacts in Foods Business

All ITC manufacturing plans including food factories focus on both demand side and supply side measures as part of ITC's integrated water stewardship approach.

### Demand side management

- Improving water-use efficiencies by adopting the latest technologies and increasing reuse and recycling practices in operations.
- Continual improvement in specific water withdrawal and adoption of benchmarked practices
- Making water security assessments an integral part of greenfield / brownfield project design and development.

### Supply side management

- Establishing Rainwater harvesting systems thereby, reducing reliance on other freshwater / groundwater resources.
- Constructing structures for rainwater recharge to facilitate the infiltration of rainwater into the ground, consequently enhancing groundwater levels.

# ITC's Nature Strategy in Action: Foods Business

For manufacturing units in high water stress areas, the given measures are supported by catchment level initiatives for managing water risk which include implementation of integrated watershed level programmes to augment water availability in the entire catchment and up to the river basin level, as well as working with farmers for creating rainwater harvesting structures to enhance the availability of water in agri-catchments. As a result of the above approach:

Specific water consumption across foods **business has reduced by 27%** between FY2018-19 and FY 2023-24.

**ITC's Foods unit at Malur became the first foods processing facility in Asia** to be awarded the **Alliance for Water Stewardship (AWS) Platinum level certification** in FY 2022-23, the highest recognition for water stewardship in the world.

Subsequently, **Food factories in Ranjangaon and Kapurthala have also received the AWS Platinum level certification**.

## Water Risk Management at ITC's food factory in Malur, Karnataka

The Malur region was classified as an over-exploited groundwater block by the Central Ground Water Board (CGWB) due to severe water scarcity. This presented significant challenges for ITC's food factory. With a daily water requirement of 180 kl, the facility was entirely reliant on an external supplier, while incurring additional cost of ₹185 per kl.

To address both the water crisis and high expenses, the Malur Unit implemented a rainwater harvesting system, constructing underground tanks with a total capacity of 430 kl. This initiative now captures an estimated 16,000 kl of rainwater annually.

**16,000 kl**
Rainwater captured annually

ITC's Nature Strategy in Action: Foods Business

# Managing Land-related Impacts in Foods Business

## Food Loss and Waste (FLW) Management

In line with ITC's Sustainability 2.0 vision, the Foods Business Division along with Agri Business systematically works toward the management of food loss and waste with multiple stakeholders across key agri-value chains. This includes initiatives like improving crop productivity in agri-value chains of wheat, spices and potato, improving operational efficiency, partnering with suppliers and farmers and reducing wastage at the production and distribution end. Appropriate labelling and consumer education on portion sizes also support the goal of reducing food loss and waste.

ITC Foods Division also has a robust system for tracking and monitoring the wastes in its manufacturing units. This helps to identify areas where food waste is being generated and track progress for reducing wastage over time. ITC has also developed a guideline for its suppliers and vendors to help them act to reduce food loss and waste. ITC Foods Division also facilitates independent third-party webinars / trainings for key suppliers and vendors to increase awareness on food loss and waste management.

**ITC Food Division has set an interim target to reduce the Food Loss and Waste (FLW) Intensity (generation of food-related waste per tonne of production) by 30% by 2027-28 from the 2018-19 baseline.**

## Sustainable Packaging & Plastic Waste Management Strategy

In ITC's Foods business, plastic packaging is utilised for safely delivering Company's world-class products to its consumers. Therefore, in addition to sustainably managing waste generated within manufacturing facilities, management of post-consumer plastic packaging waste and making packaging more sustainable are also key elements of business' sustainability strategy. The focus areas include:

### Better Plastics

Improving recyclability of multi-layer laminates

Exploring sustainable alternatives including bio-based compostable plastics

Exploring reusable / refillable models

### Less Plastics

Progressive reduction in plastic packaging intensity

Introducing recycled content in plastic packaging

Leveraging Life Cycle Assessments

### No Plastic

Complete or partial substitution of plastics with sustainable alternatives

Exploring paper as a substrate for packaging

# ITC's Nature Strategy in Action: Foods Business

## Key sustainable packaging interventions are shown below:

### Bingo Large Packs

Bingo Large Packs have made a shift from Multi-Layered BOPP / Metallised PET / PE to polyolefin recyclable laminates in certain variants, thereby enhancing the packaging's recyclability.

### Aashirvaad Namma Chakki Customised Atta

In an industry-first initiative, a premium paper-based pack for Aashirvaad Namma Chakki Customised Atta was developed, replacing over 70% of the plastic content using special kraft paper

### Launch of Sunfeast Farmlite Core Digestive 800g in Paper Outer Bag

ITC Foods Business launched the Sunfeast Farmlite Core Digestive (800g Pack) in a 100% paper outer bag.

### ITC's Sunfeast Dark Fantasy Choco Fills

Phased out the use of PET film in the secondary packaging of ITC Dark Fantasy, replacing it with metallic ink through the advanced Sheet-fed Gravure printing technology.

## ITC's Foods business also leverages its brands to raise consumers' awareness of responsible waste management.

### 'YiPPee! A Better World: Trash to Treasure'

This comprehensive school outreach programme has successfully mobilised students to collect and responsibly dispose of plastic waste wrappers while educating them on plastic waste management practices.

### 'Terra By YiPPee! A Better World'

This initiative focusses on upcycling YiPPee! wrappers into fashionable and practical merchandise like laptop sleeves and tote bags.

### 'YiPPee! A Better World: Create Magic'

This initiative, carried out in collaboration with the Times of India, was aimed at transforming public spaces. Under the initiative, 16 parks (4 each in Kolkata, Bengaluru, Mumbai, and Delhi) were successfully renovated with new park equipment made from upcycling 10,300 kg of plastic waste.

Under the YiPPee! initiative, a total of **3.2 million students** were engaged across **5,982 schools**, and **42,000 kg of Plastic Waste** was collected. The collected waste was subsequently upcycled into benches and desks, which were donated to schools. **~2,485** such benches were distributed

# ITC's Nature Strategy in Action: Foods Business

## Managing Atmosphere-related Impacts in Foods Business

ITC Foods Business has been pioneering the adoption of renewable energy technologies to meet its energy requirements. In FY 2023-24, 52% of its total energy consumption was met through renewable sources.

Additionally, Specific GHG emissions across foods business has reduced by 43% between 2018-19 and 2023-24 primarily driven by rapid adoption of biomass boilers and renewable energy.

## ITC's Nature Strategy in Action:

# Paperboards & Specialty Papers Business

# ITC's Nature Strategy in Action: Paperboards & Specialty Papers Business

ITC's Paperboards and Specialty Papers Division (PSPD) is India's largest, technologically advanced and most eco-friendly, paper and paperboards business.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with the focus on sustainable business practices.

The **Bhadrachalam Unit is the first pulp & paper plant and the second in the country overall, to be rated 'GreenCo Platinum+' by CII**, as part of the Green Company rating system.

The **Kovai Unit has also been rated GreenCo Platinum+ by CII**. The Unit is the **first site in India and the first paper mill in the world to achieve the highest platinum certification under the 'Alliance for Water Stewardship Standards'**.

**Bhadrachalam Unit has also received the Platinum certification under the 'Alliance for Water Stewardship Standards'.**

**Specific water consumption across paper business has reduced by 11% between 2018-19 and 2023-24**

## Managing Land-related Impacts in Paper Business

### Solid Waste Management in Operations

Solid waste is a key nature-related impact identified (by tools such as ENCORE) for Pulp & Paper Operations. Accordingly, the business focusses on sustainable process waste management across operations through:

- Segregation of waste at source, and channelising it to suitable recycling streams.
  - All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, cement, grey boards, egg trays etc.
- Reducing specific waste generation at all Units through constant monitoring and improvement of material utilisation efficiency.
- Utilisation of Wastepaper as Raw Material at ITC's Paperboards and Specialty Papers Units.
  - The Business recycled around 1.1 lakh tonnes of waste paper till date

# ITC's Nature Strategy in Action: Paperboards & Specialty Papers Business

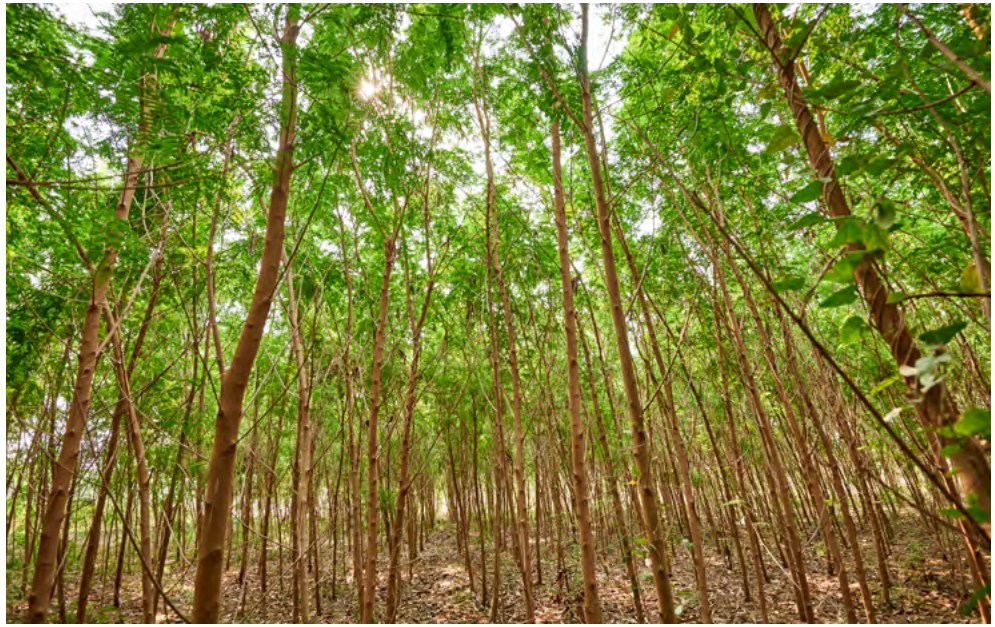
## Sustaining and Enhancing Carbon Sequestration in Value Chain

The social and farm forestry programme by ITC's Paper Business was started to promote sustainable forest management practices in the paper value chain and secure the supply of pulpwood for its paper mills. Apart from sequestering carbon, this programme provides significant environmental benefits, such as improving the productivity of the wasteland. ~78% of the fibre produced in Bhadrachalam is from wood sourced from ITC's Forestry initiatives.

For more details, refer 'Sustainable Supply Chain and Responsible Sourcing' section of ITC Sustainability Report 2024.

## Deforestation-free Pulpwood Value chain

ITC's Paperboards and Specialty Papers Business has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC®-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. To date, ITC has received Forest Stewardship Council® - Forest Management (FSC®-FM) certification for over 149,000 acres of plantations involving over 25,000 farmers, as per which all rare, threatened, and endangered species are conserved in the areas considered under the scope of certification.



# ITC's Nature Strategy in Action: Paperboards & Specialty Papers Business

## Managing Water-related Impacts in Paper Business

### River Basin Revival Programmes Covering the Catchment of Paper Units

ITC's paper mills in Kovai and Bhadrachalam are situated close to Godavari River basin and Kaveri River basin respectively. ITC has initiated river basin revival programmes to achieve water-positive status in Murreru sub-river basin (tributary of Kinnersani-Godavari) having catchment area of ~200,000 acres, as well as in Upper Bhawani (tributary of Kaveri) having catchment area of ~51,000 acres. The Company has commissioned hydrogeological studies and implemented rainwater harvesting, managed aquifer recharge, and demand-side interventions in these basins.

### ITC's Interventions for Reviving Nature & Biodiversity in the Catchment of Kovai Mill

Coimbatore falls under the 'over-exploited zone' as per Central Ground Water Board classification (2016) despite receiving 950 mm of average rainfall per year. River Bhawani is the major source of water in the catchment. The district is dependent on River Bhawani for its drinking water requirements. Also, due to poor management of crop-water use and agricultural demand in the basin, disturbing the water-balance of the basin.

To overcome the challenges, ITC conducted a baseline assessment through WWF-India to understand the current water balance of the basin and measures required to overcome the current challenges. The baseline study revealed water deficit of ~ 26 million kl in the basin. Based on these findings, the programme was framed to create the additional water harvesting volume of ~ 26 million kl in the basin through demand-and supply-side management. To bridge the gap, ~1 million kl of Supply Side interventions along with ~26 million kl of demand side management Interventions were planned and executed in collaboration with local communities. Around, 900 water harvesting and groundwater recharge structures were built and over 20,000 acres of land was covered under plantations as part of demand management practices under this programme.

The programme benefitted communities residing in the catchments of the factory and other agricultural areas in the river basin. ITC partnered with multiple agencies including Tamil Nadu Agriculture University (TNAU), for capacity building of the farmers and for encouraging adoption of agronomic measures to optimise crop water use.

Additionally, biodiversity conservation and restoration activities were also implemented which contributed to water conservation. **Over 2,500 acres area** was covered under biodiversity conservation for this programme. With the project interventions, an **overall yield improvement of 12-15%** was observed for crops like banana, coconut and curry leaf, with a cost reduction of **25-30%.**

# Managing Atmosphere-related Impacts in Paper Business

## Accelerated Adoption of Renewable Energy

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, high efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel.

The recently commissioned state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit's operations by significantly lowering coal consumption by ~25% i.e., 1,50,000 tonnes of coal per year (due to an increase in the energy recovered from black liquor).

ITC's Bollaram Paper Mill already consumes 100% of electricity from renewable sources. Overall, renewable sources presently account for more than 50% of total energy consumed at the four manufacturing units of the Business.

# Targets and Metrics

As part of its Sustainability 2.0 strategy, ITC has set specific and time-bound goals across key nature realms: atmosphere, freshwater and land.

To track the achievement of these goals, a set of targets and metrics have been adopted to guide the Company's efforts to mitigate environmental impacts and enhance the ecosystems surrounding its operations, by focussing on material nature-related impacts, dependencies, risks and opportunities.

## The focus areas for each realm are summarised below:

### Atmosphere

- Reducing GHG emissions in alignment with climate targets.
- Increasing share of renewable energy.
- Lowering energy consumption through efficiency measures.
- Improving air quality by managing emitted pollutants.
- Minimising noise pollution to protect human health and wildlife.
- Sustain and enhance carbon sequestration by expanding forestry projects through ITC's Social and Farm Forestry programmes and other such initiatives

### Water

- Ensuring sustainable withdrawal and consumption of water resources in own operations.
- Improve crop water use efficiency in agri-value chains through demand side management.
- Effluent management for reducing pollution into water bodies to safeguard water quality.
- Ensure water security for all stakeholders through watershed development & managed aquifer recharge

### Land

- Managing and minimising the impact of land-use changes on ecosystems.
- Mitigating soil pollution and rehabilitating contaminated lands.
- Reducing waste generation and improving waste management systems.
- Revive and sustain ecosystem services provided by nature and provisioning of products through adoption of nature-based solutions and biodiversity conservation.

Targets and Metrics

# ITC's Nature-related Targets

## Listed below are some of ITC's Sustainability 2.0 targets pertaining to various realms of nature.

**Nature Realm**
Atmosphere

**Driver of Nature Change**
Climate change

### Target

**50%**
reduction in Specific GHG emissions (Scope 1, 2) per unit of production by 2030

**30%**
reduction in specific energy consumed per unit of production by 2030 (from FY 2018-19)

**50%**
of Total Energy from Renewable Energy by 2030

Sustain and enhance carbon sequestration by expanding forestry projects through ITC's Social and Farm Forestry programme and other such initiatives covering over **1.5 million** acres by 2030.

### Progress FY 2023-24

**Reduction of:**

**25%** (Paperboards and specialty papers)

**43%** (Branded packaged foods)

**11%** (FMCG cigarettes)

**Reduction of:**

**11%** (Paperboards and specialty papers)

**25%** (Branded packaged foods)

**6%** (FMCG cigarettes)

**% Share of renewables in Total energy:**

**51%** (Paperboards and specialty papers)

**52%** (Branded packaged foods)

**55%** (FMCG cigarettes)

**1.16 million**
acres (cumulative) covered under ITC's Social and Farm Forestry programme

# Targets and Metrics

| Nature Realm | Driver of Nature Change |
|---|---|
| Water | Resource use / replenishment |

| Target | | | |
|---|---|---|---|
| **40%**<br>reduction in water consumed per unit of production by 2030 (from FY 2018-19) | Watershed development and managed aquifer recharge across **2.2 million acres** by 2030, targeting **50,000 water harvesting** structures and creating **60 million kl storage** potential | Rainwater harvesting potential equivalent up to **5X the net water consumption** from operations by 2030 | Improve crop water use efficiency in agricultural value chains through demand side management interventions and save **2000 million kl water** by 2030 |
| **Progress FY 2023-24** | | | |
| **Reduction of:**<br>**11%**<br>Paperboards and specialty papers<br>**34%**<br>Branded packaged foods<br>**27%**<br>FMCG cigarettes | **1.63 million**<br>Acres Watershed area covered<br>**32,400**<br>water harvesting structures created<br>**54.26 million kl**<br>storage potential created | Attainment of rainwater harvesting potential equivalent to 4X the consumption created | Potential annual savings of<br>**1090 million kl water** |

# Targets and Metrics

| Nature Realm | Driver of Nature Change | | Driver of Nature Change |
|---|---|---|---|
| Land | Land use change | | Pollution Removal |
| **Target** | | | **Target** |
| Deforestation free agri value chains | Revive and sustain Ecosystem Services provided by Nature and provisioning of products through adoption of Nature-based Solutions and Biodiversity Conservation and cover **1-million-acres area** of land by 2030 | Promote climate smart agricultural practices covering **4 million acres** by 2030 | Sustain Plastic Neutrality (attained in FY 2021-22) by enabling sustainable management of waste over the amount of packaging utilised |
| **Progress FY 2023-24** | | | **Progress FY 2023-24** |
| To ensure self-sufficiency in fuelwood requirement, ITC has taken up energy plantations (wherein farmers grow trees for energy wood on farm bunds and agro-forestry models) that have covered **2.29 lakh acres** to date.<br><br>ITC has received FSC®-FM certification for close to **1.49 lakh acres** of pulpwood plantations involving over **25,000 farmers**<br><br>Over **485,000 tonnes** of FSC®-certified wood were procured from these certified plantations | Covered<br>**0.47 million acres**<br>through Biodiversity Conservation programmes | Area covered till date:<br>**2.79 million acres** | Collected and sustainably managed **~70,000** tonnes of plastic waste in FY 2023-24<br><br>Plastic Neutral for third year in a row |

For TNFD's Core Disclosure Metrics, please refer to Annex-1 of this Report.

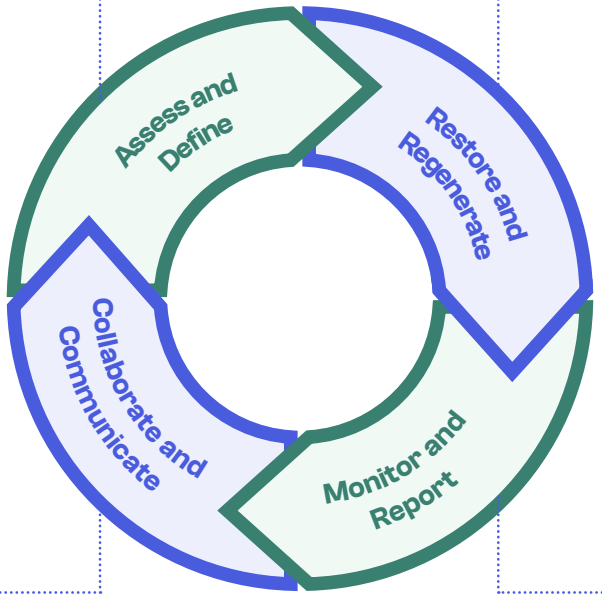
# Way Forward

## ITC has long recognised the importance of preserving natural ecosystems.

Its extensive efforts in afforestation, water stewardship, and biodiversity conservation have already made significant contributions towards safeguarding and replenishing natural capital.

Going ahead, ITC will continue to focus on deepening the integration of nature-related considerations into its overall business and sustainability strategy. Implementation of the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) further reinforces ITC's resolve to build a competitive, innovative, climate-positive, and inclusive enterprise that inspires trust amongst stakeholders. To achieve this, ITC will continue to work towards the following:

ITC will systematically map the impacts and dependencies, including the underlying nature-related risks and opportunities, across key locations and value chains. For high priority locations, site-specific detailed assessments will continue to inform nature-related action plans.




ITC will continue to manage nature-related impacts in line with the mitigation hierarchy i.e., protect, restore and regenerate nature and biodiversity, by further scaling up its efforts as part of its Mission Sunehra Kal (Social Investments Programme) initiatives in line with ITC's 2030 commitments:

- Climate-smart village approach over 3 million acres
- Watershed development to over 2.2 million acres
- Social and farm forestry programmes to over 1.5 million acres
- Biodiversity conservation to over 1 million acres by 2030

Continue to engage with key stakeholders including government, experts and NGOs to not only communicate ITC's approach and progress but also foster collaboration and partnerships for larger impact.

Continue to integrate nature-related risks and opportunities into ITC's existing risk management processes to enable enhanced reporting. ITC will continue to publish disclosures aligned to the Locate, Evaluate, Assess, and Prepare (LEAP) approach enshrined in the Task Force on Nature-Related Financial Disclosures (TNFD) framework for strengthening its nature-related disclosures.

# Annexures

## Annex 1: TNFD Core Disclosure Metrics

| Metric No.[1] | Nature Realm | Driver of Nature Change | Indicator | Metric | Status (2023-24) | Connection to GBF[2] targets |
|---|---|---|---|---|---|---|
| | Atmosphere | Climate change | GHG emissions | Scope 1 and 2 GHG emissions | Refer Focus Area- 'GHG Emissions' in ITC ESG Factbook 2024 (Page 8) | Target 7 |
| C1.0 | Land | Land use change | Total spatial footprint | Total rehabilitated/ restored area ($km^2$). | ITC promotes sustainable agricultural practices through its climate smart agriculture program covering 2.79 million acres till date | Target 1 (A.2 Extent of natural ecosystems), Target 2, Target 5, Target 11 (B.1 Services provided by ecosystems) |
| C1.1 | Land | Land use change | Extent of land / freshwater / ocean-use change | Extent of land / freshwater / ocean ecosystem conserved or restored | Retained and sustained 0.47 million acres as a part of biodiversity conservation | Target 1 (A.2 Extent of natural ecosystems), Target 2, Target 5, Target 11 (B.1 Services provided by ecosystems) |
| C2.0 | Land | Pollution/ pollution removal | Pollutants released to soil by type | Pollutants released to soil by type | Refer Focus Area- 'Waste' in ITC ESG Factbook 2024 (Page 8) | Target 7 (7.2 Pesticide environment concentration), Target 11 |
| C2.1 | Water | Pollution/ pollution removal | Wastewater/treated effluent discharge | Volume of treated effluent discharged (total, freshwater, other) | Refer Focus Area- 'Water' in ITC ESG Factbook 2024 (Page 8) | Target 7 (7.1 Index of coastal eutrophication potential), Target 11 (B.1 Services provided by ecosystems) |

[1]Metric number mapped to **TNFD core global disclosure indicators and metrics** table in Annex 1 of the official TNFD Recommendation document

[2]Kunming-Montreal Global Biodiversity Framework

# Annex 1: TNFD Core Disclosure Metrics

| Metric No.[1] | Nature Realm | Driver of Nature Change | Indicator | Metric | Status (2023-24) | Connection to GBF[2] targets |
|---|---|---|---|---|---|---|
| C2.3 | Land | Pollution/ pollution removal | Plastic Pollution | Percentage of plastic that is Reusable, Recyclable or Compostable / Bio-Degradable | Refer Focus Area- 'Plastic Packaging' in ITC ESG Factbook 2024 (Page 9) | Target 7, Target 11 (B.1 Services provided by ecosystems) |
| C2.4 | Atmosphere | Pollution/ pollution removal | Non-GHG air pollutants | Non-GHG air pollutants (tonnes) by type | Refer 'Air Emissions Management' in ITC Sustainability Report 2024 (Page 107) | Target 7, Target 11 (B.1 Services provided by ecosystems) |
| C3.0 | Water | Resource use / replenishment | Water withdrawal and consumption | Water withdrawal and consumption from areas of water scarcity including water source | Refer Focus Area- 'Water' in ITC ESG Factbook 2024 (Page 8) | Target 11 (B.1 Services provided by ecosystems) |
| C3.1 | Land/ Water | Resource use / replenishment | Natural commodities sourced from land/ ocean/ freshwater | Quantity of commodities (tonnes) sourced under a sustainable management plan or certification programme, including proportion of total high-risk natural commodities. | Refer 'Managing water-related Impacts in Agriculture' and 'Managing land-related Impacts in Agriculture' in the 'ITC's Nature Strategy in Action: Agri business' section of this report | Target 5 (5.1 Proportion of fish stocks within biologically sustainable levels), Target 9, Target 11 (B.1 Services provided by ecosystems) |

[1]Metric number mapped to **TNFD core global disclosure indicators and metrics** table in Annex 1 of the official TNFD Recommendation document

[2]Kunming-Montreal Global Biodiversity Framework

# Annex 2: Key Terms

| Terms | Definitions |
|---|---|
| Impact Driver | An impact driver is a measurable input (e.g., water usage, land area) or non-product output (e.g., pollutants) from business activities that affects natural resources or the environment. Key types include ecosystem use (land, water, sea), resource use, pollution, invasive species, and GHG emissions [Source: TNFD ] |
| Impact on Nature | Changes in biodiversity and ecosystem conditions that may alter nature's ability to provide social and economic functions. Impacts can be positive or negative, direct or indirect, and a single impact driver can cause multiple effects [Source: TNFD] |
| Impacts | Impacts include both actual and potential sustainability-related effects from business activities, identified through impact materiality assessments. This term covers both the drivers and their consequences on nature [Source: ESRS 1.3.14] |
| Dependency upon Nature | Dependencies are aspects of environmental assets and ecosystem services that a company relies on to operate, including provisioning, regulating, maintenance, and cultural services [Source: TNFD] |
| Ecosystem Services | Ecosystem services are benefits provided by ecosystems used in human activities, including provisioning (e.g., water, genetic material), regulating (e.g., pollination, climate regulation), and cultural services (e.g., recreational value) [Source: TNFD] |
| Nature-Related Risk | These are potential financial threats arising from a company's value chain and society's impacts on nature |
| Risks | As per ESRS guidance, risks are sustainability-related financial threats identified through financial materiality assessments, including those from natural resource dependencies [Source: ESRS 1.3.14] |
| Nature-Related Opportunity | Opportunities are activities that enhance financial outcomes by positively impacting nature or mitigating negative effects. These include managing nature-related risks or transforming business practices to benefit nature [Source: TNFD] |
| Opportunity | According to European Sustainability Reporting Standards (ESRS), opportunities are financial prospects related to sustainability, derived from resource dependencies, and may include those not directly linked to business impacts [Source: ESRS 1.3.14, ESRS 3.3.38] |

# Annex 3: TNFD Index

| Pillar | TNFD Recommended Disclosures | Section |
|---|---|---|
| **Governance** | Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities | Governance: ESG and Sustainability Governance at ITC Pg. 10 |
| | Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities | Governance: ESG and Sustainability Governance at ITC Pg. 10 |
| | Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, local Communities, affected and other stakeholders, in the organisation's assessment of and response to, nature-related dependencies, impacts, risks and opportunities | Governance: Engagement with Stakeholders and Safeguarding Human Rights Pg. 13 |
| **Strategy** | Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term | Strategy: Evaluate Pg. 16 |
| | Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place | Risk and Impact Management: Risk Management Processes Pg. 19 |
| | Describe the resilience of the organisation's strategy to nature-related risks and opportunities into consideration different scenarios | Risk and Impact Management: Risk Management Processes Pg. 19 |
| | Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations | Strategy: Locate Pg. 15 |

# Annex 3: TNFD Index

| Pillar | TNFD Recommended Disclosures | Section |
|---|---|---|
| **Risk and Impact Management** | Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in its direct operations | Strategy: ITC's Approach to Nature and Biodiversity Pg. 14 |
| | Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) | Risk and Impact Management: Risk Management Process Pg. 19 |
| | Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities | Risk and Impact Management: Mitigating Risks and Leveraging Opportunities: Strategy in Action Pg. 24 |
| | Describe how processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management | Risk and Impact Management: Risk Management Process Pg. 25-42 |
| **Metrics and Targets** | Disclose the metrics used by the organisation to assess and manage nature-related risks and opportunities in line with its strategy and risk management process | Targets and Metrics Pg. 43 |
| | Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature | |
| | Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these | |

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