SHAPING THE FUTURE

INNOVATIVE. INCLUSIVE. IMPACTFUL.

Sustainability Report

2023

SUSTAINABILITY 2.0

Building Back Better

ITC

Enduring Value

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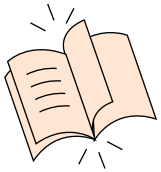

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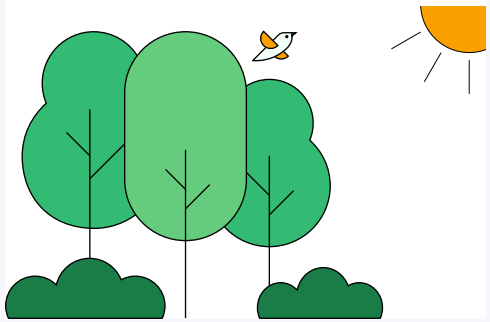

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Chairman's Message

Sanjiv Puri

Chairman & Managing Director

It is with a deep sense of satisfaction and pride that I present ITC's 20th Sustainability Report, combined this year again with our Integrated Report, now in its sixth year. As in the previous years, this report has received the "In Accordance" rating of GRI Standards and is externally verified by Deloitte Haskins & Sells.

ITC's sustainability performance continues to be acknowledged across the globe. We have sustained our 'AA' rating by MSCI-ESG, for the 5th consecutive year. We have also featured in the Dow Jones Sustainability Emerging Markets Index. Additionally, ITC has been rated

'A -' at the Leadership Level for Climate Change, Supply Chain and Water Security by CDP.

Two Glorious Decades of Sustainability Reporting

This Report marks a momentous occasion in ITC's sustainability journey as we complete 2 decades of reporting. The theme "Shaping the Future" encapsulates the pathways that we have defined to pursue our vision of "Responsible Competitiveness" and contribute to a world that's greener and cleaner while supporting livelihoods at scale. It is immensely heartening that ITC is today recognised as a global exemplar in sustainability, having achieved many a milestone over the years with multi-dimensional interventions that have been innovative, inclusive and impactful.

It is a matter of pride that our innovative business models have enabled ITC to achieve the global environmental distinction of being carbon, water and solid waste re-cycling positive enterprise for over 18, 21 and 16 years respectively and support sustainable livelihoods of over 6 million people. It is immensely satisfying that the first 12 LEED Zero Carbon hotels in the world and the first 2 LEED Zero Water properties are ITC Hotels. ITC's Foods unit at Malur became Asia's first food processing facility to be awarded the AWS Platinum level certification, the highest recognition for water stewardship in the world, which follows a similar achievement for our Paperboards Unit in Kovai, the first site in India and the first paper mill in the world to achieve this certification. ITC Sankhya in Bengaluru became the first data centre in the world to be awarded the LEED Zero Carbon certification. ITC has also implemented large-scale interventions for empowerment of farmers and rural communities. Today, many corporates are mainstreaming sustainability - some even embracing it as their core brand identity. However, it is evident that our collective efforts need to be scaled up further to address the risks posed by the mounting sustainability threats.

A world in permacrisis

We live today in a world of permacrisis and uncertainty. Unprecedented change is upon us given the mega threats of geopolitical dynamics, existential climate crisis, reglobalisation as well as technological advancements and digital acceleration. The consequences are starkly visible- be it in supply chain disruptions, structural inflation, the danger of food and livelihood security and indeed widening inequality. Terming 2023 as the year of 'polycrisis', the World Economic Forum has called out several areas, like climate change, food and energy shortages, etc, where the world is at an inflection point.

The threats of livelihood generation and growing inequalities are also making societies vulnerable. The stark inequalities of income and wealth are reflected in the fact that the top 1% of the world's adults own around 48% of total global wealth, while the bottom 53% own around 1%. Nearly 345 million people face acute food insecurity worldwide. Such challenges are threatening the very fabric of society, triggering dissonance and unrest. As reports have pointed out, between 2011 and 2019, there was significant increase in riots, general strike and anti-government demonstrations around the world.

Climate change has spiralled into an existential threat, despite the heightened awareness and efforts by nations across the globe. Its impact is borderless. The recent IPCC Synthesis Report on Climate Change has warned that current policies could take global warming to 3.2°C rise by 2100. To limit temperature rise to 1.5°C, emissions would have to be reduced by at least 43% by 2030 compared to 2019 levels, and at least 60% by 2035. New research suggests

climate change could push up to 132 million people into extreme poverty by 2030. Between 2030 and 2050, climate change can cause approximately 250,000 additional deaths per year from malnutrition, malaria, diarrhoea and heat stress alone. The WEF Global Risks Report 2023 has highlighted that climate change and related issues are the top 3 risks in terms of severity facing the world in the next decade. The IPCC has pointed out that globally nearly 3.6 billion people were 'dangerously exposed and vulnerable to climate impacts.

We are already witnessing the catastrophic effects of climate change. In 2022, Europe experienced the worst drought since the Middle Ages, resulting in the loss of thousands of lives. Rivers ran at historic low levels compromising agri yields and disrupting supply chains. Drought-stricken waters of river Danube ran so low that 20 hulks of explosives-laden German warships sunk during World War Two were exposed. Erratic rainfall also led to devastating floods across the world. A cyclone of record-breaking duration devastated parts of south-eastern Africa.

India is also reeling under the effects of climate change. In 2023, the country experienced its hottest February in the past 122 years. The IPCC report has warned that India is among the countries that face the highest risk from climate change related events like heat waves to cyclones and displacement. India experienced extreme weather events on 84 of the 120 days in the first four months of 2023. Cities like Kolkata, Mumbai, Chennai, Goa and Kochi will be adversely affected by sea-level rise.

Pathways to greener, cleaner and inclusive world

The enormous environmental and social challenges make it evident that progress cannot take place unless we redefine our strategies for growth and competitiveness to make sustainability and inclusivity the core of business transformation. Reimagining a cleaner and greener future will necessitate giant strides in transitioning to a net zero economy together with large-scale adaptation measures. The world over, nations and policymakers are accelerating mitigation and decarbonisation initiatives to battle climate change. However, it is clear that breaching 1.5 degrees is an inevitability in the short term. Therefore, solutions for better adaptation must find equal focus as mitigation measures. The IPCC report has emphasised 'climate resilient development' that integrates adaptation and mitigation to safeguard against the inevitable climate hazards. A sustainable future will also necessitate adoption of green technologies, implementation of nature-based solutions, building resilience while simultaneously scaling up investments in R&D to define new pathways to address climate risks. R&D and Innovation, particularly in agriculture and hard-to-abate sectors, joint efforts in carbon capture, usage and storage, green energy and mobility will enable a cost-efficient energy transition. Collaboration among nations and enterprises, removal of barriers to knowledge sharing and transfer of technology including intellectual property rights will ensure a just transition, particularly for developing nations.

It is indeed heartening to note how India is leading in climate action. The nation ranks first among all G20 members in terms of overall climate performance in the Climate Performance Index. India's updated NDCs also reinforce its commitment to climate action. India has already forged a global collaboration "One Sun, One World, One Grid" to promote solar energy. A National Hydrogen Mission has also been launched. India's G20 presidency, with the theme of "One Earth, One Family, One Future" which is extremely relevant in today's context, also provides the nation with a huge opportunity to lead the world in climate action and promote a new dimension of global progress though collaboration.

ITC – Vision and Strategy

It is ITC's firm belief that businesses exist to serve society. Enterprises with their immense and multi-dimensional resources can play a significant role in alleviating societal challenges. In their own enlightened self-interest, corporates must not only be agile, consumer centric and innovative, but also purpose-driven and responsibly competitive.

Inspired by its credo of Nation First: Sab Saath Badhein, ITC has made sustainable and inclusive growth the bedrock of its corporate strategy. ITC has crafted innovative business models that work towards building economic, environmental and social capital as a unified strategy. ITC's large-scale programmes address the challenges of climate change with focus on both mitigation and adaptation measures, replenish the environment, create sustainable livelihoods and empower rural communities. ITC is now actively working towards Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change and social inequity. The goals envisaged in S2.0 will further strengthen ITC's large-scale efforts to combat climate change, enable the transition to a net zero economy, work towards ensuring water security for all, restore biodiversity through adoption of nature-based solutions, create an effective circular economy for post-consumer packaging waste and scale up programmes that support large-scale sustainable livelihoods.

ITC's Climate Action

Recognising the urgent need to combat climate change for building a more secure future, ITC has crafted a comprehensive climate action plan that includes pursuing a low carbon growth strategy through extensive decarbonisation programmes across its operations and value chains, increasing the share of renewable energy, reduction of specific energy, adoption of circular economy models, construction of green buildings and greening logistics. Accelerating adaptation efforts, ITC is building climate resilience by promoting regenerative agriculture practices in agri value chains and stepping up nature-based solutions, among others.

ITC has undertaken comprehensive climate risk assessments with the help of climate experts to identify site-specific solutions for adaptation and the same is also being spearheaded to enable mitigation measures.

Building Climate Resilience in Agriculture

One of our major efforts is the Climate Smart Agriculture programme that aims to de-risk farmers from erratic weather events through the promotion of Climate Smart Agriculture practices. The initiative focuses on promoting high yielding & climate resilient crop varieties, adoption of appropriate mechanisation, reduction in stubble burning, and provision of institutional services. The initiative has benefitted 740,000 farmers, covering 2.3 million acres in 17 states. As per a study of 43 villages across 3 states in the first phase, 70% of the villages have moved into the High-Resilience, High-Yield category. GHG emissions of select crops reduced by 13% to 66% as per assessment done in 2021. Net returns of farmers increased upto 90%, over a period of five years from 2016 to 2021. We expect to achieve our target of making 3 million acres climate-resilient much ahead of time.

In order to sharp target research and crop development efforts aligned to the changing conditions in the identified climate hot spots, ITC has been undertaking climate risk modelling across key agri value chains. ITCMAARS, the 'phygital' ecosystem with FPOs at the core, are supported by field demonstrations, which enable farmers to adopt recommended practices to combat the threat of climate change.

It would be appropriate to make a special mention of ITC Mission Millets, a programme that we have launched recently, recognising the immense benefits of the crop for the planet, the farmer and the consumer. ITC Mission Millets encompasses development of a 'good-for-you' foods portfolio, implementation of sustainable farming systems as well as enhancing consumer awareness on the benefits of millets, a nutritionally superior food option. Indeed, with low carbon and water footprint, greater resilience to high temperatures and the ability to grow in poor soils, millets are a comprehensive answer for sustained food security in the face of drought, water shortage and climate change. Millets are nutrient-dense super foods that are rich in protein, fibre, calcium, iron, vitamins and can help address micronutrient deficiency in developing countries. ITC Mission Millets is aligned to the Government's vision to introduce India's 'super-grain' to the global audience.

Biodiversity

ITC has also spearheaded a holistic Biodiversity Conservation programme that aims to protect and enrich biodiversity, including in catchments linked to its agri value chains. The focus of the programme is on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. We also involve communities in landscape restoration & rehabilitation of degraded plots. I am pleased to announce that we have restored 290,000 acres in 12 States. We are committed to restoring degraded village commons & pasturelands and enrich biodiversity across 1 million acres by 2030.

Water Stewardship

Currently, 54% of India is confronted with high water stress and almost 600 million people are at higher risk of surface-water supply disruptions. Given the critical role water plays in sustaining life and agriculture, ITC has implemented an integrated water stewardship programme that includes both demand side and supply side management initiatives. ITC's Integrated Watershed Development Programme has cumulatively covered around 1.47 million acres of water-stressed area, benefitting over 400,000 people. Over 28,000 water harvesting structures have been built, creating storage capacity of over 48.9 million kl of water in our catchment areas. In addition, to reduce water use in agriculture, we have launched a focused demand side management programme that has led to potential water savings of over 780 million kl. ITC has also undertaken 4 river basin regeneration projects, including one in the river Ghod in Maharashtra which turned water positive in 5 years. ITC's water stewardship programme is aligned to the Government initiatives of 'Jal Shakti Abhiyan' and 'More Crop Per Drop'.

ITC also works to maximise water-use efficiency across its operations through adoption of water-efficient technologies, minimising water withdrawal, enhancing recycling and reuse, and continuous reduction in specific water intake. Today, it is a matter of great pride that ITC's unit at Malur became the first foods processing facility in Asia to be awarded the AWS Platinum level certification, the highest recognition for water stewardship in the world. ITC's Kovai unit was the first site in India and the first paper mill in the world to achieve this AWS Platinum certification. We aim to get all water-stressed sites AWS Platinum certified by 2035.

Decarbonisation and Green Infrastructure

ITC has adopted a low carbon growth path through extensive decarbonisation efforts. During the year, around 43% of ITC's total energy requirements were met from renewable sources. In addition, 12 ITC units met more than 90% of their electrical energy requirements from renewable sources. ITC is at the forefront of Green Infrastructure movement in India with 40 Platinum certified green buildings. 12 of ITC's hotels were the first in the world to be LEED Zero Carbon certified while ITC Mughal in Agra and ITC Sonar in Kolkata are the first two hotels in the world to be LEED Zero Water certified.

In addition, ITC's largescale Afforestation initiatives, besides mitigating the impact of increasing levels of GHG emissions, help green degraded wasteland, prevent soil erosion, and enhance organic matter content in soil. Cumulatively, ITC has greened more than 1 million acres, generating over 190 million person-days of employment among small and marginal farmers.

Circular Economy and Sustainable Packaging

Waste management has assumed critical importance in the past decade or so, posing increasing pressure on landfills, clogging

rivers and polluting oceans. For more than a decade, ITC has implemented a unique Well-being Out of Waste (WOW) programme that has covered over 22 million citizens in over 5.5 million households. It has promoted sustainable livelihood for over 17,750 waste collectors.

To tackle the growing challenge of plastic waste, ITC has spearheaded a first-of-its-kind Multi-Layer Plastic collection and recycling programme in Pune. ITC has sustained its plastic neutrality status for the 2nd year in a row by collecting and sustainably managing more than 60,000 tonnes of plastic waste in 2022-23. In addition, ITC's Paperboards and Specialty Papers Division has been relentlessly developing sustainable packaging solutions on laminated and moulded fibre platforms. Our sustainable products portfolio comprises recyclable paperboards, 'FiloPack' and 'FiloServe', and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications. To replace plastic containers in Food delivery, we have introduced the paperboard-based 'IndoBowl'. We also innovated the 'WrapWell' food wrapping paper roll, which is food-grade and eco-friendly. In the Personal Care space, ITC's brands such as Vivel and Fiama are progressively adopting recyclable packaging options.

ITC - Supporting Livelihoods

Rural India is home to two-thirds of the country's population. Aligned to the national priorities of empowering rural communities, ITC has adopted a 2-horizon approach to support livelihood generation and inclusive growth. While the first horizon aims at securing and strengthening the dominant sources of livelihood through extensive programmes for farmer empowerment, the second focuses on building capabilities for the future in areas such as primary education, vocational training, women empowerment, healthcare and so on. It is a matter of immense satisfaction that over the years, women are playing a larger role in ITC's Social Investments Programme, branded Mission Sunehra Kal. Our women focused initiatives catalyse a range of gainful opportunities in areas such as economic empowerment, agri-entrepreneurship, financial inclusion, skilling, health and well-being. These multi-dimensional interventions have reached out to over 5 million women so far across different parts of the country.

Towards a better future – Building a Competitive, Climate Positive & Inclusive Enterprise

A few years ago, when the disruptions and devastations caused by the pandemic jolted the world into reimagining the future, ITC orchestrated an extensive strategy reset titled 'ITC Next', strengthening its vision to become a Competitive, Climate Positive and Inclusive enterprise. Accordingly, we are providing accelerated impetus to digital transformation, agile and purposeful innovation, resilient supply chains, talent empowerment as well as sustainability leadership. Recognising that the mega trends of digital and sustainability will be the defining pivots of competitiveness, we are pursuing business opportunities that lie in the intersection of these trends and our enterprise strengths. Examples include ITCMAARS that bring the power of digital revolution to farmers, tech-enabled cloud kitchens in the food service space, sustainable packaging solutions with innovative plant-based moulded fibre technology, focussing on plastic substitution. With its bold Sustainability 2.0 agenda, ITC remains committed to making a meaningful contribution across all the three sectors of the economy – Agri, Manufacturing and Services, while strengthening its status as a sustainability exemplar and a competitive enterprise.

As we move into the future, it will be our constant endeavour to dial up our efforts to build an exemplary Indian enterprise that will create sustained value for all our stakeholders and shape pathways to building a brighter future for the generations to come. We will look forward to your support, as always.

Sanjiv Puri
Chairman & Managing Director,
ITC Limited

About this report

Reporting Framework

ITC has been reporting its sustainability performance annually for the last 20 years, and the Sustainability & Integrated Report 2023 covers the sustainability performance for the period April 1, 2022 to March 31, 2023.

ITC's Sustainability & Integrated Report 2023 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. Reporting on sustainability topics continues to be on the basis of materiality. The Reporting Principles, Universal Standards and Topic Standards detailed in the GRI Standards have been considered while preparing the Report. Additionally, the Report has also been prepared in line with the requirements of the International <IR> Framework published by the Value Reporting Foundation. It presents a range of financial and non-financial disclosures to inform its stakeholders about how different 'capitals' are being deployed to enable the creation of enduring value.

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

Independent Audit and Assurance

The financial data included in the report is excerpted from the Company's Report & Accounts 2023, audited by independent External Auditors – Messrs. S R B C & Co LLP.

ITC has obtained independent third-party assurance for its Sustainability Reports since it started reporting in 2004. In the reporting year, authenticity of the data and systems disclosed in the Sustainability Report 2023 has been assured by Messrs. Deloitte Haskins & Sells LLP, an independent third-party assurance provider. They have provided the assurance as per the International Standard for Assurance Engagements (ISAE) 3000 at a 'Reasonable Assurance' level. The assurance statement of Messrs. Deloitte Haskins & Sells LLP is included in the report and covers the summary of the work performed, the manner in which the assurance engagement has been conducted, the extent to which ITC has applied GRI Standards, and their conclusions on the Report.

ITC has computed its greenhouse gas (GHG) inventory, including GHG emissions, biogenic emissions and GHG removals, in accordance with ISO 14064:2018. The GHG inventory of FY 2022-23 has been verified by Messrs. Deloitte Haskins & Sells LLP at the 'Reasonable Assurance' level. ITC accounts for the following gases in its GHG inventory: Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF_6) and CO_2 Sequestration.

Contact Point

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

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

Reporting Boundary

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

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

For the current reporting period, the reporting boundary has been further expanded to incorporate performance of newly commissioned factories namely Spices factory in Guntur, Packaging and Printing Factory at Nadiad- Gujarat, Integrated Consumer Goods Manufacturing and Logistics (ICML) facility at Medak-Telangana, and Hotel namely ITC Narmada at Gujarat. The state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF) at Pudukkottai and Kapurthala co-located with the respective ICMLs are also included in this year's reporting boundary.

In line with ITC's Policy on Sustainable Supply Chain and Responsible Sourcing, the Company continues its efforts to encourage best-in-class sustainability practices along the value chain. In the current year, ITC continues to incorporate the performance of four TPMs of Cigarette Business, eight TPMs of the Notebooks segment of Education and Stationery Products Business and two Associate Companies. ITC intends to progressively include more supply chain members in the reporting boundary, and will continue to build capacity of its key supply chain partners and regularly review their sustainability performance.

CSR programmes: ITC's CSR footprint is spread across 27 States/ Union Territories.

ITC Registered Office: Kolkata (West Bengal).

About this report

ITC's Businesses

FMCG Cigarettes
INDIA TOBACCO DIVISION (ITD)

Divisional Headquarters: Kolkata *(West Bengal)*
Units: Kolkata *(West Bengal)*, Bengaluru *(Karnataka)*, Munger *(Bihar)*, Saharanpur *(Uttar Pradesh)* and Pune *(Maharashtra)*
Third Party Manufacturers (TPMs): Four nos.

FMCG-Others
Branded Packaged Foods Businesses

Divisional Headquarters: Bengaluru *(Karnataka)*
Units: Haridwar *(Uttarakhand)*, Pune *(Maharashtra)*, Munger *(Bihar)*, Panchla, Uluberia and Sankrail[$] *(West Bengal)*, Guwahati *(Assam)*, Kapurthala *(Punjab)*, Pudukkottai *(Tamil Nadu)*, Malur & Mysuru *(Karnataka)*, Medak *(Telangana)*, Bikaner[$], Reengus[$] & Jaitpura[$] *(Rajasthan)* and Agra[$] *(Uttar Pradesh)*

[$] *For these factories, data related to materials, energy and social indicators have been included in the report. Other parameters will be included in subsequent years.*

Personal Care Products Business Division (PCPBD)

Divisional Headquarters: Kolkata *(West Bengal)*
Units: Haridwar *(Uttarakhand)*, Manpura *(Himachal Pradesh)* and Guwahati *(Assam)*

Education and Stationery Products Business (ESPB)

Headquarters: Chennai *(Tamil Nadu)*
Third Party Manufacturers (TPMs) of Notebooks: 8 nos.

Incense Sticks (Agarbattis) and Safety Matches

Headquarters: Chennai *(Tamil Nadu)*

Hotels Division

Divisional Headquarters: ITC Green Centre, Gurugram *(Haryana)*
Hotels: ITC Maurya *(New Delhi)*, ITC Maratha and ITC Grand Central *(Mumbai)*, ITC Sonar and ITC Royal Bengal *(Kolkata)*, ITC Mughal *(Agra)*, ITC Grand Bharat *(Gurugram)*, ITC Windsor and ITC Gardenia *(Bengaluru)*, ITC Rajputana *(Jaipur)*, ITC Grand Chola *(Chennai)*, ITC Grand Goa Resort and Spa *(Goa)*, ITC Kohenur *(Hyderabad)*, ITC Narmada *(Gujarat)*, Sheraton New Delhi *(New Delhi)*, Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar, Welcomhotel Guntur

Agri Business Division (ABD)

Divisional Headquarters: Guntur (Andhra Pradesh)
Units: Anaparti, Chirala, Mysuru *(Karnataka)* and Research Centre, Rajahmundry *(Andhra Pradesh)*, Spices Factory *(Guntur)*

Paperboards and Specialty Papers Business

Divisional Headquarters: Secunderabad *(Telangana)*
Units: Tribeni *(West Bengal)*, Bhadrachalam *(Telangana)*, Bollaram *(Telangana)* and Kovai *(Tamil Nadu)*

Packaging and Printing Business (PPB)

Headquarters: Chennai *(Tamil Nadu)*
Units: Haridwar *(Uttarakhand)*, Munger *(Bihar)*, Nadiad *(Gujarat)* and Tiruvottiyur *(Tamil Nadu)*

Others
Trade Marketing and Distribution (TM&D)

TM&D Headquarters: Kolkata *(West Bengal)*
District Offices: Kolkata *(West Bengal)*, Mumbai *(Maharashtra)*
Owned Warehouses: Ambernath (Maharashtra), Hyderabad *(Telangana)*, Malur *(Karnataka)*, Chennai *(Tamil Nadu)*, AMLF Pudukkottai *(Tamil Nadu)* and AMLF Kapurthala *(Punjab)*

ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)

Central Projects Organisation, Bengaluru (Karnataka)

Subsidiaries
ITC Infotech India Limited

Units: Bengaluru *(Karnataka)*, Kolkata *(West Bengal)* and Pune *(Maharashtra)*

Technico Agri Sciences Limited

Units: Chandigarh and Manpura *(Himachal Pradesh)*

Srinivasa Resorts Limited

Hotel: ITC Kakatiya, Hyderabad *(Telangana)*

Bay Islands Hotels Limited

Hotel: Welcomhotel Bay Island in Port Blair

Landbase India Limited

Classic Golf & Country Club, Gurugram (Haryana)

North East Nutrients Private Limited

Unit: Mangaldoi *(Assam)*

Surya Nepal Private Limited

Units: Simara and Seratar *(Nepal)*

Associates
ATC Limited

Unit: Hosur *(Tamil Nadu)*

Gujarat Hotels Limited

Hotel: Welcomhotel Vadodara *(Gujarat)*

About this report

Reporting Scope Exclusions**

The following subsidiaries included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2023.

Names of Subsidiaries	% of Shares Held by Listed Entity*
ITC Infotech Limited	100
ITC Infotech (USA), Inc.	100
Indivate Inc.	100
ITC Infotech Do Brasil LTDA.	100
ITC Infotech Malaysia SDN. BHD.	100
ITC Infotech France SAS	100
ITC Infotech GmbH	100
Technico Pty Limited	100
Technico Technologies Inc.	100
Technico Asia Holdings Pty Limited	100
Technico Horticultural (Kunming) Co. Limited	100
Fortune Park Hotels Limited	100
WelcomHotels Lanka (Private) Limited	100
Russell Credit Limited	100
Greenacre Holdings Limited	100
Wimco Limited	100
Gold Flake Corporation Limited	100
ITC Integrated Business Services Limited (formerly known as ITC Investments & Holdings Limited)	100
MRR Trading & Investment Company Limited	100
Prag Agro Farm Limited	100
Pavan Poplar Limited	100
ITC IndiVision Limited	100
ITC Fibre Innovations Limited	100

The following jointly controlled entities (incorporated Joint Ventures) included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2023:

Names of Joint Ventures	% of Shares Held by Listed Entity*
Espirit Hotels Private Limited	26
Logix Developers Private Limited	27.9
ITC Essentra Limited	50
Maharaja Heritage Resorts Limited	50

The following Group's Associates included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2023:

Names of Associates	% of Shares Held by Listed Entity*
International Travel House Limited	48.96
Russell Investments Limited	25.43
Divya Management Limited	33.33
Antrang Finance Limited	33.33
Delectable Technologies Private Limited	33.42#
Mother Sparsh Baby Care Private Limited	22.00#

** held directly or through subsidiary companies.*

 # on a fully diluted basis.

Note: Refer Note 28(iii) of Consolidated Financial Statements forming part of Report and Accounts 2023 for further details on subsidiaries, associates and joint ventures.

***ITC developed the process of defining the system for inclusion/ exclusion of these entities in the Sustainability Reporting boundary. Going forward, the performance of these entities against identified material topics will be reported in a progressive manner.*

About ITC

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

Driven by the 'Nation First: Sab Saath Badhein' philosophy and the abiding strategy of 'Responsible Competitiveness', ITC has brought about transformational change in society by pursuing innovative business models that synergise creation of shareholder value with social and natural capital. 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.

₹69,480.89 crores
Gross Revenue

₹18,573.31 crores
Profit After Tax

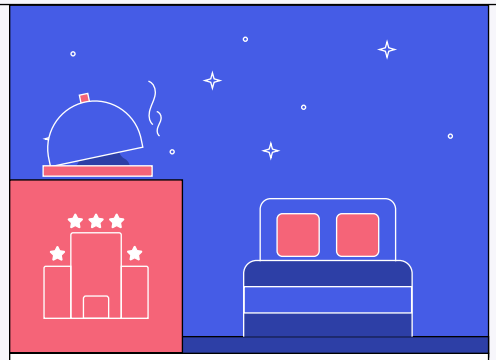
12
Future Ready Businesses across 5 Segments

23,725
Full Time Employees

Fast Moving Consumer Goods

With over 25 mother brands, ITC's FMCG businesses are present in:

- Cigarettes
- Branded Packaged Foods
- Education and Stationery Products
- Personal Care Products
- Incense Sticks and Safety Matches

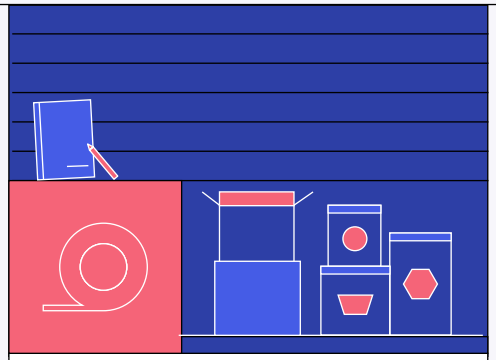


Hotels

ITC's Hotels Business is a trailblazer in 'Responsible Luxury'.

It is one of world's pre-eminent and fastest growing hospitality chains with over 120 properties and 11,500 rooms under distinguished and distinctive brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

Further expanding its footprint, the Business launched two new brands in the previous year - 'Mementos' in the Luxury Lifestyle segment and 'Storii' in the Premium segment, targeting new age travellers looking for varied experiences.



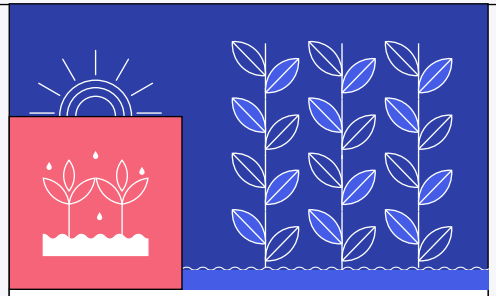
Paperboards and Packaging

ITC's Paperboards and Specialty Papers Business is a leader in the Value-Added Paperboards (VAP) segment.

The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.

ITC's Packaging & Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability-set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines.

About this report



Agri Business

A pioneer in rural transformation, ITC is one of India's largest exporters of agri commodities.

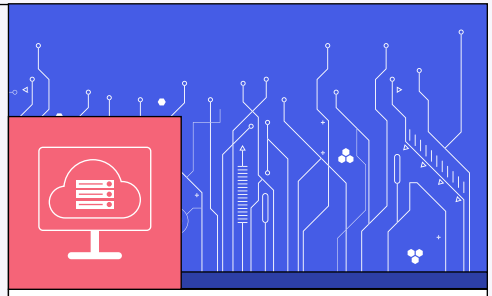
The scale of operations encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains.

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.

The Business is powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture.



Information Technology

ITC Infotech – a wholly-owned subsidiary of ITC.

Leading global technology services and solutions provider with presence in 40 countries.

Partner of choice for customers in their Digital Transformation and Software as a Service (SaaS) adoption journey.

A Bouquet of leading FMCG Brands

AASHIRVAAD	#1 in Branded Atta
Atta, Salt & Spices	
Sunfeast	#1 in Cream Biscuits
Biscuits & Cakes	
BINGO!	#1 in Bridges Segment
Bridges, Potato chips & Namkeen	
Sunfeast YiPPee!	#2 in Noodles
Noodles & Pasta	
classmate	#1 in Notebooks
Educational & Stationery products	
MANGALDEEP	#1 in Dhoop, #2 in Agarbattis
Matches, Dhoop & Agarbatti	
nimyle	#2 in Floor Cleaner
Floor Cleaner	

Source: Nielsen, Kantar Household Panel

20 years of Sustainability Reporting at ITC

ITC has traversed an incredible journey of transformation over the past quarter of a century, achieving several defining milestones in its endeavour to create enduring value for the nation and its stakeholders.

As ITC marks two glorious decades of its Sustainability Report, here are some of the milestones that have made ITC not only one of India's foremost private sector enterprises but also a global exemplar in Sustainability

2003

ITC brings out Environment, Health and Safety Report

ITC turns water positive

ITC Foods launches Sunfeast

ITC launches Classmate notebooks

ITC forays into Agarbatti segment

2004

ITC releases 1st Sustainability Report as per GRI guidelines

'e-Choupal' wins inaugural UNDP World Business Award

'e-Choupal' becomes a Case Study at Harvard Business School

ITC Green Centre, Gurgaon is world's largest green building to win LEED Platinum Rating

ITC Hotels Limited merges with ITC

Launches 'Let's Put India First' campaign

ITC acquires Paperboards Mill at Kovai

Inaugurates 1st Choupal Saagar

2005

Sunfeast breaks Guinness World Record for simultaneous tree plantation

Forays into Personal Care with launch of Essenza Di Wills

ITC pioneers ECF packaging for the Foods and Pharma sectors

ITC Grand Central opens in Mumbai

2006

CII-ITC Centre of Excellence for Sustainable Development set up

ITC turns carbon positive

2007

ITC becomes first in India to publish Sustainability Report as per GRI G3 guidelines

ITC Sonar is 1st hotel in the world to receive carbon credits for energy efficiency

Personal Care brand, Fiama launched

Mission Sunehra Kal launches Sustainable Agriculture Programme

2008

ITC wins UNIDO Award for e-Choupal

ITC turns solid waste recycling positive

Launches 'Well Being Out of Waste (WOW)' initiative

ITC ranks 2nd in S&P ESG India Index

Forays into wind energy for meeting energy requirements in Packaging and Printing Business

Eco-friendly Paperkraft Premium Business Paper launched

Personal Care brand, Vivel launched

2009

ITC is first Indian company to gain WWF GFTN membership for responsible forestry

ITC's market capitalisation touches ₹100,000 crores

ITC Gardenia opens in Bengaluru

2010

ITC completes momentous milestone of 100 glorious years

BCG ranks ITC as the world's 6th largest sustainable value creator

ITC Gardenia becomes the world's largest LEED Platinum rated Green Hotel

Afforestation initiative crosses 2.5 Lakh Acres

Bhadrachalam Facility gets FSC® Certification

ITC Hotels adopts credo of 'Responsible Luxury'

ITC Foods launches Sunfeast YiPPee!

20 years of Sustainability Reporting at ITC

2011
ITC Hotels becomes the greenest luxury hotel chain in the world

2012
HBR ranks then ITC Chairman YC Deveshwar as the 7th Best Performing CEO in the World

ITC conferred World Business and Development Award by UNDP

2013
ITC adopts "CII Code of Conduct for Affirmative Action"

Iconic hotel ITC Grand Chola opens in Chennai

2014
ITC's Sustainability Report among first in India to follow GRI G4 guidelines

Announces Board approved sustainability policies

ITC Grand Chola secures 5 Star GRIHA rating, highest national rating for green buildings

ITC Hotels forays into hospitality in Colombo

ITC acquires Juice Brand, B Natural

2015
ITC acquires 'Savlon'and 'Shower to Shower'

ITC Grand Bharat opens in Gurugram

2016
Over 47% of ITC's total energy requirements met from renewable sources

ITC Sankhya is world's first LEED Platinum certified data centre

ITC unveils 2 new factories in West Bengal

Bukhara recognised amongst 'best restaurants in the world'

ITC launches Sunbean Gourmet Coffee

2017
Foods factory in Kapurthala unveiled

Forays into fresh fruits and vegetables segment with launch of brand, Farmland

Wins Porter Prize for Corporate Governance and Creating Shared Value

Paperboards Business commissions India's first Bleached Chemical Thermo Mechanical Pulp mill at Bhadrachalam

2018
Commits to making 100% of product packaging reusable, recyclable, compostable or biodegradable

ITC receives AA rating by MSCI

Collaborates with NITI Aayog for Aspirational Districts Programme

Signs voluntary pledge with FSSAI to support The Eat Right Movement on product reformulations

Ventures into frozen snacks with launch of ITC MasterChef

ITC's Personal Care business launches the premium skincare brand, Dermafique

ITC unveils Pudukkottai factory

ITC acquires floor-cleaning brand, Nimyle

Savlon wins Grand Prix for 'Creative Effectiveness' at Cannes Lions

ITC sets up Consumer Data Hub, Sixth Sense

ITC Kohenur opens in Hyderabad

ITC Grand Goa opens in Goa

ITC builds 25,000+ toilets as part of its Health and Sanitation programme

2019
ITC ranks 1st globally amongst peers for ESG models by Sustainalytics

Paperboards factory in Kovai is first factory in India to get AWS Platinum certification for water stewardship

Watershed Development Programme covers 10 Lakh Acres

ITC ranks 3rd globally in ESG performance in Food Products industry by Sustainalytics

ITC launches MLP (Multi-layered Plastic) Collection Programme in Pune

ITC Royal Bengal opens in Kolkata

ITC Foods launches Aashirvaad Natures Superfoods

ITC Foods launches world's most expensive chocolate, Fabelle

Accelerates digital adoption for efficiency in distribution

Accelerates Industry 4.0 adoption leading to increased efficiency

2020
ITC Mission Sunehra Kal (MSK) completes twenty years

ITC launches digital farmer training initiatives during COVID-19

D2C platform, ITC e-Store launched

ITC acquires Sunrise Foods

20 years of Sustainability Reporting at ITC

2021

ITC articulates targets for Sustainability 2.0 vision

- Unveils extensive strategy reset with ITC Next
- ITC launches ITCMAARS, 'Phygital' farmer empowerment platform
- ITC Foods launches Nutrition strategy – Help India Eat Better
- ITC Windsor becomes 1st LEED Zero Carbon certified hotel in the world
- ITC launches 110 products during COVID-19
- Sets up Covid Contingency Fund of ₹215 crores
- ITC helps set up 200-bed Covid-19 medical facility in Kolkata
- ITC's Bhadrachalam unit supplies medical oxygen to Telangana hospitals
- Mission Sunehra Kal launches Integrated Rural Healthcare Programme, 'ITC Swaasth Kiran'

ITC स्वास्थ किरण ग्रामीण निरोग योजना

- ITC Hotels announces two new brands, Mementos and Storii
- ITC Foods business launches India's 1st Fruit Beverages with goodness of clinically proven ingredient that supports immunity

- ITC commissions first offsite solar plant in Tamil Nadu
- ITC Paperboards Business launches sustainable packaging solutions
- Collaborates with D2C brands – Amway, McDonald's to launch specialized products
- ITC Paperboards Business commissions High Efficiency Recovery Boiler to increase renewable energy share
- ITC turns Ghod river basin in Maharashtra water positive through supply and demand management

2022

- ITC turns Plastic Neutral
- ITC Malur is the first Foods Factory in Asia to get Platinum level AWS Certification
- Two decades of being water positive
- ITC strengthens its Diversity & Inclusion policy
- ITC wins 'Leadership Level' score for climate change, water security by CDP
- ITC sustains AA rating by MSCI for 5th consecutive year
- ITC's Solid Waste Management programme including WoW, covers 5 million households
- ITC's Afforestation Programme greens 10 Lakh Acres

- ITC's Biodiversity Conservation programme covers 1 lakh acre
- ITC's demand side management of water leads to water savings of nearly 500 million kl
- Over 5 lakh women, adolescents and children benefited under its Mother & Child Health interventions including Swasthya Choupal
- Crosses milestone with 40 LEED Platinum certified green buildings
- ITC Foods forays into food service online space
- ITC Foods launches India's first pouch packaged lactose free milk under Aashirvaad Svasti
- ITC Foods launches nutrition projects, Project Samposhan & Project Balposhan
- ITC Foods launches plant-based meat products
- ITC Narmada opens in Ahmedabad
- ITC unveils Global Spices Processing Facility in Guntur
- ITC's Chirala factory completes 100 glorious years
- ITC's Trichy plant employs around 75% women in its workforce
- ITC's Mysuru factory employs 50% women in its workforce

2023

- **ITC brings out its 20th Sustainability Report**
- **World's first 12 hotels to receive LEED Zero Carbon Certification are ITC hotels**
- **World's first 2 hotels to receive LEED Zero Water Certification are ITC hotels**
- ITC's Climate Smart Village programme covers 10 Lakh Acres
- ITC's Vocational Training initiative benefits over 1 lakh candidates
- ITC's Women Economic Empowerment programme covers over 1 lakh women
- ITC's Primary Education initiative helps over 10 lakh children
- ITC launches 'Mission Millets'
- ITC unveils Foods factories in Medak, Khordha
- ITC acquires Yoga Bar
- ITC Hotels launches first Mementos property in Udaipur

ITC's Approach to Value-creation

Strategic Framework

Driven by the vision of being an Agile, Future ready and Consumer Centric enterprise, ITC's Corporate Strategy is anchored around 6 key pillars of creating Multiple Drivers of Growth, focussing on Purposeful Innovation and R&D, bringing in structural interventions across each element of the supply chain for Agility, Resilience and Efficiency, nurturing World-class talent, and crafting new business models at the intersection of Digital and Sustainability, leveraging institutional strengths. ITC's vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy - agriculture, manufacturing and services, ensures seamless access to institutional strengths resident across various businesses of the Company to drive synergistic growth and enhance the competitive power of the portfolio.

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

ITC's Corporate Strategy leverages the competitive advantages based on strong foundation of institutional strengths. The Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. At ITC, this paradigm is called **'Responsible 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.

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

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

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

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

- Trusteeship
- Excellence
- Customer focus
- Innovation
- Respect for people
- Nation orientation

- Multiple Drivers of Growth
- Innovation and R&D
- Agile, Resilient and Efficient Supply Chains
- Sustainability 2.0
- Harnessing power of Digital
- World-class talent

ITC's Approach to Value-creation

Operating Environment

Operating in large consumer market - India
- Rising disposable income
- Over 60% working population
- Emerging aspiring and affluent class

Evolving Consumer Behaviour
- Elevated demand for Health & Hygiene, Immunity, and Natural products
- With growing urbanisation and higher disposable incomes, discretionary consumption gaining momentum
- Preference for responsible and sustainable products and brands
- Relatively stronger rural demand

Impacts of Climate Change
- Physical risks on operating assets and value chains, especially agri-value chainst
- Transition risks to business models

Evolving regulatory environment
- Evolving national and international regulations on sustainability issues, including climate change,circularity, biodiversity,human rights, among others

Rising social inequality, economic disparity amidst geopolitical instability

Emergence of Stakeholder Capitalism
- Investment decisions increasingly integrating environmental, social and governance (ESG) criteria

Read more in the ITC Report and Accounts 2023 here

Elements of competitive advantage

- Deep consumer insights
- Brand building capability
- Innovation and digital focus
- Extensive rural linkages and agri sourcing
- Product Packaging excellence
- Engaged and empowered teams
- Agility and flexibility in manufacturing capability
- Cutting edge R&D and Innovation
- Globally benchmarked manufacturing infrastructure
- Efficient trade marketing and distribution
- Service Excellence

Strategic Pillars of ITC Next - Future Ready | Consumer Centric | Agile

- Multiple Drivers of Growth
- Innovation and R&D
- Agile, Resilient and Efficient Supply Chains
- Digital
- World-class talent
- Sustainability 2.0

Corporate Strategy Cascades Down to Businesses

A vibrant and synergistic Portfolio of Businesses

- Fast Moving Consumer Goods
- Paper-boards, Paper and Packaging
- Hotels
- Agri Business Division
- Information Technology

Creating enduring value

World Class Products & Services

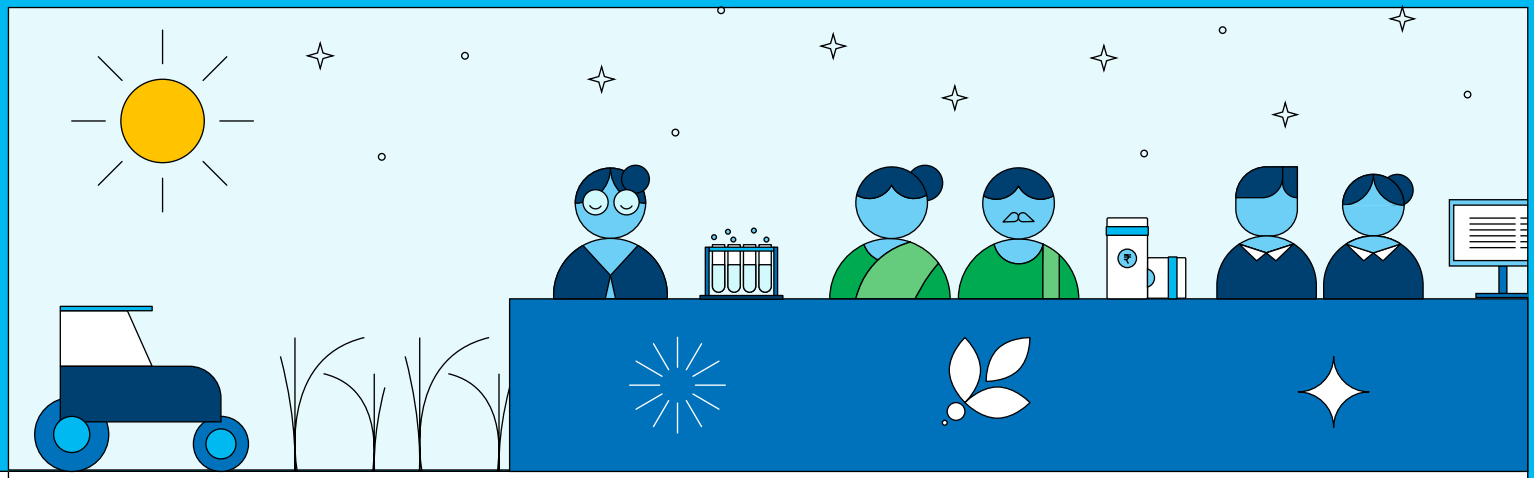
ITC's FMCG products reach over 200 million households in India

- Consumers & Customers — Page 111
- Shareholders — Page 48
- Communities — Page 148
- Environment — Page 51
- Our People — Page 133
- Value Chain Partners — Page 103

Six Capitals
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Natural Capital
- Social and Relationship Capital

Strategic Pillars

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



Multiple Drivers of Growth
Innovation and R&D
Agile, Resilient and Efficient Supply Chains
Sustainability 2.0
Digital
World-class talent

Strategic Pillars

1. Multiple Drivers of Growth
2. Innovation and R&D
3. Agile, Resilient and Efficient Supply Chains
4. Sustainability 2.0
5. Harnessing power of Digital
6. World-class talent

Multiple Drivers of Growth

- Create multiple drivers of growth by developing a portfolio of world-class businesses that best matches organisational capability with market opportunities
- Enhance the competitive power of the portfolio by blending diverse skills and capabilities residing across businesses
- Extend and defend core businesses while rapidly scaling up adjacencies
- Incubate and build emerging businesses
- Craft disruptive business models and value propositions anchored at the intersection of Digital and Sustainability leveraging the Company's institutional strengths
- Proactively pursue acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation
- Map risks and opportunities arising out of climate crisis and other external shocks; build adaptive capacity and invest in mitigative measures to strengthen resilience across the value chain; identify global hot spots that could potentially provide new vectors of growth

Market Standing

- Build scale and develop economic moats in each business to drive sustainable competitive advantage and profitable growth
- Strengthen and expand the Company's portfolio of brands and multichannel distribution network to serve consumers across market segments
- Build a future-ready product portfolio in each business to cater to relevant and emerging segments through continuous innovation

Business Success | ESG Risk Management | Innovation

Innovation and R&D

- Focus on agile and purposeful innovation sharply aligned with business strategy
- Continue to strengthen and leverage LSTC platform to build a robust pipeline of innovative products, thereby securing long-term competitiveness
- Drive cutting-edge innovation to scale up portfolio of sustainable products such as bio-degradable and recyclable paperboards, bio-compostable solutions, plastic substitution; focus on the key vectors of Coating, New Materials, Technology Platforms and Packaging Formats to accelerate adoption of sustainable product portfolio by end-users

Innovation | Sustainable Products and Brands

Agile, Resilient and Efficient Supply chains

- Continuously build adaptive, agile and resilient supply chains to effectively manage complexities arising from evolving consumer preferences, increasing salience of alternate channels, geopolitical dynamics etc.
- Drive cost agility by adopting a multi-pronged approach centered around '3Rs': Remove, Reduce, Re-engineer
- Continuously focus on enhancing supply chain agility, responsiveness and market servicing by leveraging digital technologies and best-in-class planning, manufacturing, logistics and distribution processes

Responsible Sourcing | Business Success

Material Issues Addressed

Strategic Pillars

Sustainability 2.0

- Sustain the Company's status as a global exemplar in sustainable business practices by pursuing the S2.0 vision through multi-dimensional interventions
  - Build climate resilience and adaptive capacity of value chains
  - Develop inclusive value chains that support 10 million livelihoods
- Enhance the Company's renewable energy footprint in line with 2030 S2.0 targets of achieving 50% of total energy and 100% of grid purchased electricity requirements from renewable sources; improve energy efficiency of own operations.
- Enhance the Company's resilience against climate change; climate proof agri-value chains and physical assets based on detailed risk assessments through climate modelling
- Spearhead water stewardship to address water security risks of units located in high water stress areas; scale up interventions to augment water supply in catchment areas
- Build on the Company's existing solid waste recycling initiatives and sustain the 'plastic neutrality' status achieved in 2021-22, while also implementing sustainable packaging initiatives across Businesses
- Build capacity of value chain partners to ensure adoption of sustainable business practices in their operations

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

Digital

- Institutionalise a data driven and digital-first culture across the organisation through structural interventions such as Digital Council and Young Digital Innovator's Lab (YDIL)
- Build a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain to create unique sources of competitive advantage
- Deploy robust, scalable and secure digital technologies and infrastructure to enhance agility, accelerate innovation and drive impactful business outcomes
- Build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies and 'human-centred design' & visualisation tools
- Reimagine consumer engagement using digital technologies to deliver delightful brand experiences
- Transform supply chain, sourcing, logistics, manufacturing and warehousing systems into a resilient and agile next-generation connected platform
- Continuously strengthen the cybersecurity practices across the Company's operations, assets, devices and network perimeter

Innovation | Consumer Experience

World-class talent

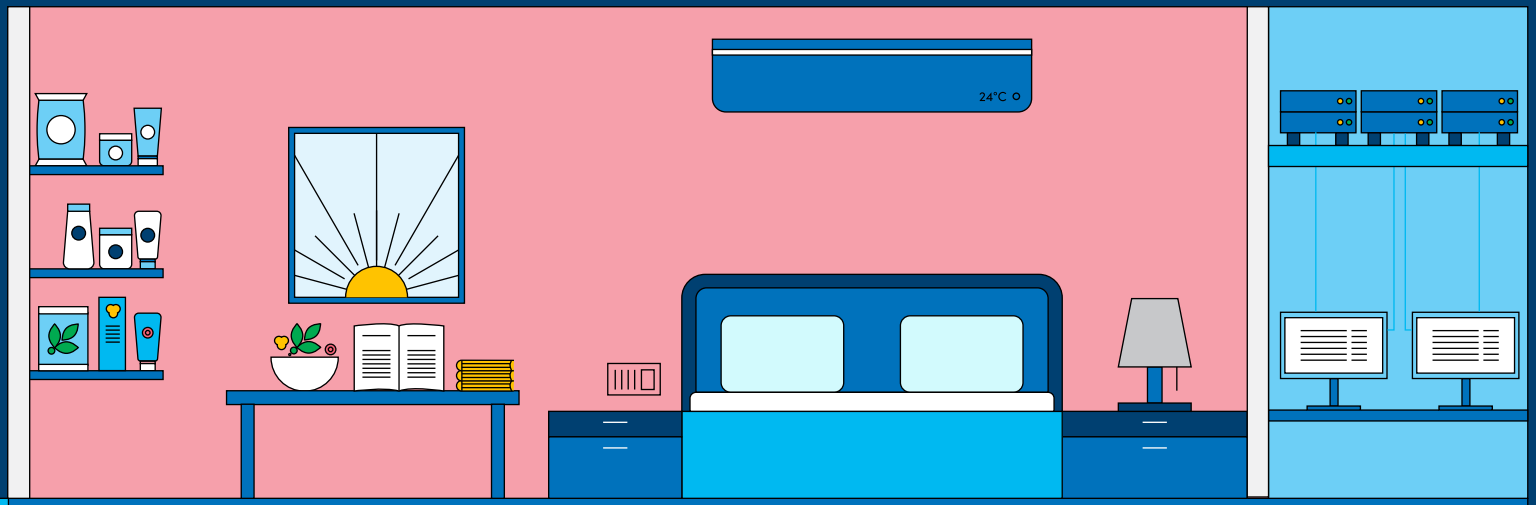
- Create a shared mindset across the organisation where people are inspired, engaged and aligned to the Company's Mission, Vision, Values and Strategic Agenda
- Reinforce the Company's standing as a top employer through the value proposition of building diverse businesses, creating winning Indian brands and embedding sustainability in value chains
- Champion the Diversity, Equity & Inclusion agenda through various enabling measures and focused actions
- Build a high performance, nimble and customer-centric organisation while nurturing a culture of creativity and innovation that enables the organisation to respond proactively and with agility
- Build a pipeline of highly engaged and aligned talent pool across responsibility levels in an extremely competitive talent market

Diversity and Inclusion | Learning and Development

Material Issues Addressed

ITC Businesses

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



- Fast Moving Consumer Goods
- Paperboards, Paper and Packaging
- Hotels
- Agri Business
- Information Technology

ITC Businesses

Fast Moving Consumer Goods

Multiple Drivers of Growth

Build a robust FMCG Business anchored on strong growth platforms and a future-ready portfolio, focused on categories with significant addressable market expansion potential

- Fortify the Core: Scale-up and strengthen market standing in existing categories and expand to newer regions/channels.
- Address adjacent opportunities by leveraging powerful mother brands.
- Incubate/validate business models and establish 'right to win' in newer categories prior to full-scale roll out; build categories of the future by progressively scaling up select nascent businesses.
- Proactively pursue value accretive acquisitions, Joint Ventures and collaboration opportunities towards accelerating growth and value creation.
- Rapidly scale up exports as a potential vector of growth leveraging the equity of its world-class brands; explore opportunities for organic/inorganic growth in proximal markets.

Sustainability 2.0

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

Innovation and R&D

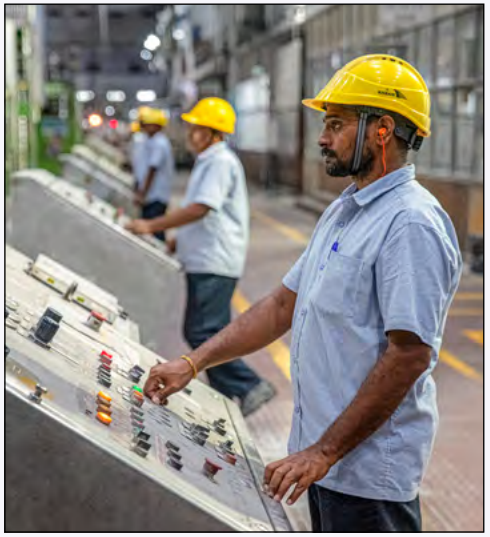
Build purpose-led brands powered by agile innovation

- Leverage deep consumer insights and cutting-edge R&D capability to fuel growth by addressing present and emergent consumer need spaces.
- Anchor innovation on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc.
- Drive purposeful innovations that fulfil the needs of the Indian consumer through superior offerings leveraging the Company's Life Sciences and Technology Centre.

Agile, Resilient and Efficient Supply Chains

Leverage multi-channel Go-to-Market capability to drive penetration and accessibility by strengthening core channels, winning in emerging channels, scaling up D2C & 'Digital First' brands, enhancing omni channel capability and pioneering new routes to market .

Sustain improvement in profitability through multiple levers of margin expansion – purposeful innovation, portfolio premiumisation, supply chain efficiencies and power of digital.



Harnessing power of Digital

Leverage the power of digital and cut-through communication to drive superior consumer insights & innovation, deepen consumer engagement and enhance brand loyalty.

Drive structural competitive advantage by leveraging world-class distributed infrastructure, multi-channel distribution network, delayering operations, smart buying & value engineering and smart manufacturing.

Invest in smart & agile value chains anchored on best-in-class digital technologies to drive operational efficiencies in planning, manufacturing, distribution and delivery.

ITC Businesses

Paperboards, Paper and Packaging

Multiple Drivers of Growth

Sustain market leadership and competitive advantage by augmenting the value-added portfolio.

Focus on growing exports leveraging value added portfolio, sustainability credentials and strong customer relationships.

Pursue Greenfield/Brownfield expansion opportunities to create viable growth options for the future; explore value accretive inorganic opportunities to accelerate growth.

Foray into the fast-growing premium Moulded Fibre Products (MFP) space.

Scale up bio-degradable and recyclable paperboards; bio-compostable solutions; plastic substitution.

In the Packaging and Printing Business, focus on accelerating growth in sustainable product portfolio, while continuing to leverage world class infrastructure to grow existing lines of business.

Innovation and R&D

Drive cutting-edge innovation towards developing differentiated paperboards and packaging solutions for specific end-user segments leveraging LSTC capability and external collaborations.

In the Paperboards Business, strengthen the end-user reach with key customers by offering differentiated and innovative products.

Pioneer several innovative solutions towards 'Reducing, Reusing and Recycling' of plastic substrates and continue to invest resources to develop sustainable packaging solutions.

Agile, Resilient and Efficient Supply Chains

Build sustainable competitive advantage through structural interventions across the value chain

- Focus on expanding plantations of new and superior clones.
- Enhance productivity through introduction of high yielding and, pest and disease resistant clone.
- Augment value added paperboard and in-house pulp manufacturing capacity.
- Scale-up capacity utilisation of the recently commissioned Nadiad Printing Factory.

Continue to practice the principles of Total Productive Maintenance (TPM), Lean and Six Sigma reaping substantial benefits through Business Excellence initiatives.

Leverage comprehensive Digital Transformation Programme across the vectors of manufacturing, supply chain and support services to achieve operational excellence and drive improvement in profitability.

Sustainability 2.0

Reduce the carbon footprint of operations

- Leverage investments in green boiler, solar and wind energy.
- Leverage the recently commissioned state-of-the-art and future-ready high pressure recovery boiler to enhance share of renewable energy and reduce fossil fuel consumption.
- Continuously scan and identify technologies to decarbonize operations, enhance resource efficiency, reduce emissions intensity and scale up carbon sequestration.

Harnessing power of Digital

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

Leverage digital and emergent technologies towards enhancing operational efficiency, reducing wastages, enabling cost optimisation and improving safety across the value chain.

Leverage multi-dimensional digital interventions encompassing Industrial IoT for Smart Operations, Integrated Data Platform, AI/ML algorithms for optimisation in the manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory, computer vision-based solutions to improve workforce safety.

ITC Businesses

Hotels

Multiple Drivers of Growth

Offer a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. These include, introduction of special packages offering distinct value propositions and flexibility, targeting short getaways/staycations, revamped packages for the MICE (Meeting, Incentives, Conferencing, Exhibition) & wedding segments and extension of exclusive privileges to members of the Club ITC Loyalty programme.

Strengthen the positioning of 'ITC Hotels' and 'Welcomhotel' brands in their respective market segments.

Adopt an 'asset-right' strategy to accelerate growth while reducing the capital intensity of the business

- Drive growth through management contracts.
- Leverage recently launched brands, 'Storii' and 'Mementos'.

Innovation and R&D

Be at the forefront of presenting gastronomical delights to food connoisseurs leveraging culinary excellence, illustrious brands, dishes and concepts revolving around indigenous ingredients and signature dining experiences

- Expand the range of millet-based gourmet cuisine across its signature restaurants.

Agile, Resilient and Efficient Supply Chains

Focus on sweating existing assets and creating additional revenue streams to enhance capital productivity and profit pool.

Maintain extreme cost focus and continue to deploy structural interventions across all nodes of operations towards enhancing profitability and returns.

Sustainability 2.0

Leverage Green credentials of ITC hotels.

Continue being a leader in 'Responsible Luxury' with focus on green buildings, achieving zero carbon certifications for hotels, and sustain efforts on waste management and water security.

Harnessing power of Digital

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

Continue to promote full stack ITC Hotels App for Food Delivery, Room & Table Reservations, Loyalty Benefits, Exclusive Offers and more.

ITC Businesses

Agri Business

Multiple Drivers of Growth

Develop a future ready portfolio of value added agri products to accelerate growth and enhance value capture

- 'Produce the Buy' - strengthen and customise supply chains for traceable and identity preserved sourcing of agri-commodities.
- Enhance scope of operations to include fresh, processed and branded products.
- Build scale and improve profitability in niche segments.
- Leverage the multi-dimensional capabilities of the new state-of-the-art value-added spices processing facility in Guntur.

Agile, Resilient and Efficient Supply Chains

Re-engineer commodity sourcing through a robust network of Farmer Producer Organisations (FPOs) – facilitate efficient price discovery for farmers, reduce transaction costs, drive supply chain efficiency and higher levels of traceability in the supply chain.

Deliver sustainable competitive advantage to ITC's FMCG Businesses straddling multiple agri value chains through high quality and cost competitive agri-sourcing leveraging the Company's strong farm linkages, focused crop development programmes and agile supply chain operations.

Harnessing power of Digital

ITCMAARS: create a robust 'phygital' eco-system anchored by FPOs to seamlessly deliver customised solutions to farmers, while creating new revenue streams, strengthening sourcing efficiencies and powering the Company's world-class FMCG brands.

Leverage smart / digital technologies to deliver hyperlocal / personalised solutions to the farming community (e.g. access to inputs, market linkages, advisory services etc.).

Innovation and R&D

Leverage ITC LSTC's expertise in the Agri-sciences domain to address future demand for food security, improving yields & quality and developing new varieties.

Focused crop development initiatives to enable expansion of crop size across both FCV and Burley crops to meet internal and export requirements leveraging climate resilient crop production techniques.

Sustainability 2.0

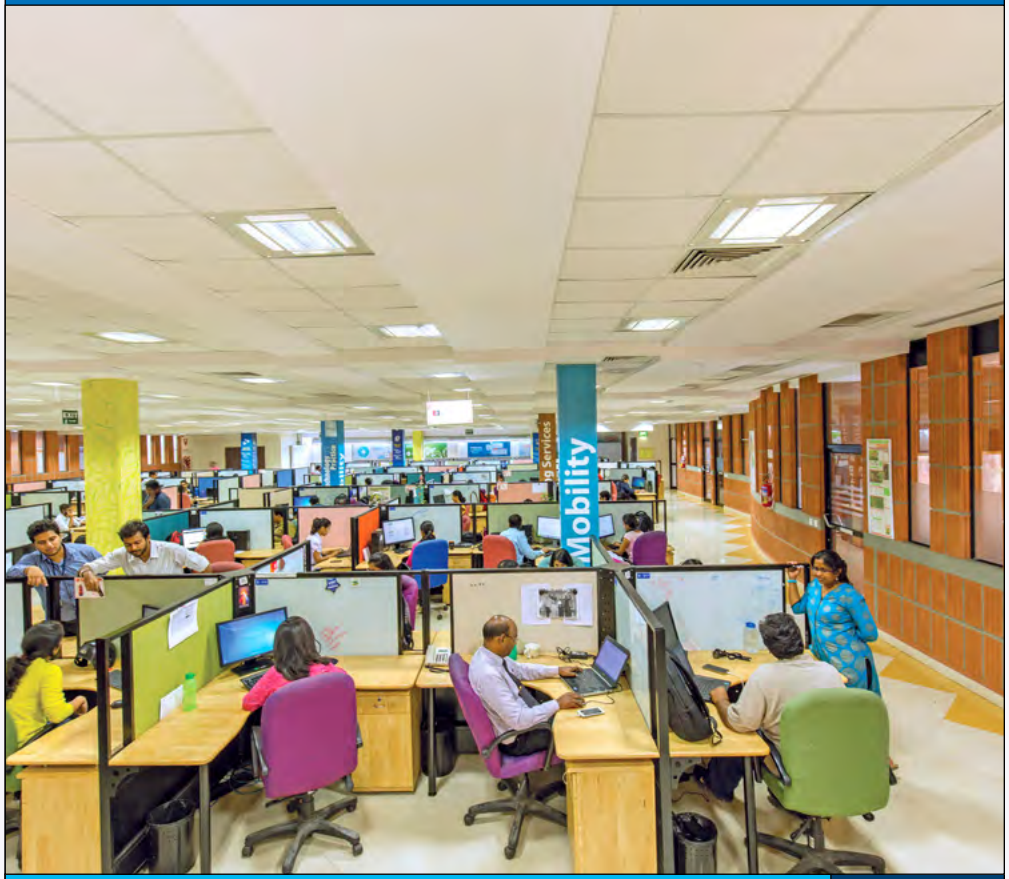
Strengthen rural engagement and farmer linkages to enhance societal value and build competitive & sustainable platform.

Leverage strong customer relationships, deep domain knowledge and stellar Sustainability credentials to address opportunities emanating from global supply chain re-alignment on account of climatic change, focus on sustainable supply chains and geopolitical developments.

Continue to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability.

ITC Businesses

Information Technology



Multiple Drivers of Growth

Continue to sharpen focus on the strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, while building differentiated offerings around the strategic areas of Cloud Technologies, Digital Workplace Solutions, Digital Manufacturing, Customer Experience and Data Analytics.

Pursue opportunities identified in strategic priority areas including Cloud, Data/Analytics, Industrial IOT.

Strategic partnership with PTC Inc., (US-headquartered, global technology company) to start new Service Line, DxP Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts.

Innovation and R&D

Build Business friendly solutions and new age capabilities especially in the areas of automation, digital workplace and digital manufacturing to drive cost efficiencies while sustaining growth momentum, for clients.

Continue to make client and employee-focused investments to enable clients accelerate journey of growth and differentiation.

Capability-led differentiation through portfolio of client and industry-led capabilities including PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud, and Sustainability.

Agile, Resilient and Efficient Supply Chains

Strengthen industry-defining 'ITC Infotech Work From Anywhere' (IWFA) framework which provides employees the flexibility to work from anywhere, with a sustained focus on client priorities and security.

Harnessing power of Digital

Leveraging Industry 4.0 solutions, Global In-house Centre services and Digital Experience using data analytics and Infrastructure services.

Forging new alliances and strengthening existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics.

Taking a leadership role in enabling the Digital Transformation and Software as a Service (SaaS) adoption of its clients.

Amplifying new-age Digital capabilities with sustained Analyst recognition across CPG Digital Services, Digital CX Services, Digital Workplace Services, Manufacturing Digital Solutions and Intelligent Automation Services.

[1]ITC Infotech provides business-friendly solutions to help clients succeed and be future-ready and sustainable, by bringing together digital expertise, strong industry specific alliances and the unique ability to leverage deep domain expertise from ITC Group businesses.

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

Value creation model

Inputs

Financial capital
₹67,594 crores
Shareholders' funds

₹48,000+ crores
Revenue Expenditure

₹10,400+ crores
Capital expenditure over last 5 years

Manufactured capital
200+
Manufacturing units

120+
Hotels

Intellectual capital
₹806 crores
R&D Spend in last 5 years(cumulative)

800+
Patents filed

400+
Scientists

Human capital
23,725
Full Time Employees*

₹3,569.46 crores
Employee benefits expense

*ITC Standalone

Social capital
₹365.5 crores
CSR Expenditure across, more than 300 districts in 27 states/ Union territories

15,400+
Grass-root institution/ Community-based Organisations(CBOs) created

Relationship capital
₹17,500+ crores
Spend on indegenous procurement of raw materials, stores & supplies (86% of total procurement)

160,000+
Markets-Distribution Network

~7 million
Retail Outlets

Natural capital
26,885 TJ
Total energy consumed

14.5 million KL
Net water consumption

2.7 million tonnes
Raw materials processed with 97% from agri/forestry based renewable sources

11,505 TJ
Total energy from renewable sources

Business Activities

Strategic Pillars of ITC Next
- Multiple Drivers of Growth
- Innovation and R&D
- Agile, Resilient and Efficient Supply Chains
- Digital
- World-class talent
- Sustainability 2.0

Outputs

Business Segments

Agri Business Division
- Sourcing and supply operations in 22 states encompassing over 20 agri-value chain clusters
- No.1 Leaf Tobacco exporter in India

Hotels
- 120 Properties and over 11,500 rooms

Fast Moving Consumer Goods
- Cigarettes
- Branded packaged foods
- Personal Care Products
- Incense Sticks
- Safety Matches
- Education and Stationery Products

Paper-boards, Paper and Packaging
- In-house pulp manufacturing
- Value-added paperboards
- Specialty Papers

Information Technology
- Global technology services and solutions with presence in 40 countries
- Business and technology consulting

Business Activities
- Sustainable Sourcing
- R&D
- Manufacturing
- Transportation and Logistics
- Warehousing and Distribution
- Delighting Customers Marketing
- End-of-life Management

Outcomes

Financial capital
₹24,678 crores
PBT

₹18,753 crores
PAT

22.7 %
Total Shareholders' Return CAGR over the last 2 decades

Intellectual capital
90+
New Product Launches

25+
World Class Indian Brands

Human capital
94 %*
Employee Satisfaction score

0.019
Injury rate

*proud to be associated with ITC

Social capital
6 million+
Sustainable livelihoods supported

190 million
Person days of employment generated through social and farm forestry initiatives

Natural capital
5,993 kilo tCO_2e
GHG Removals

99%
of the total solid waste generated in ITC units was either reused or recycled

49.83 million KL
Rainwater Harvesting Potential created

60,000+ tonnes
Post-Consumer Plastic Waste, sustainably managed by ITC's programmes - Achieved 'Plastic Neutrality'

Contributing to UN SDGs

Strengthening Relationships with All Stakeholders

As an Enterprise of Tomorrow, ITC acknowledges its responsibility in meeting stakeholder expectations in today's evolving business and regulatory landscape. An increasing stakeholder awareness on effective engagement with stakeholder groups plays an important role in ensuring that ITC continues to create larger societal value.

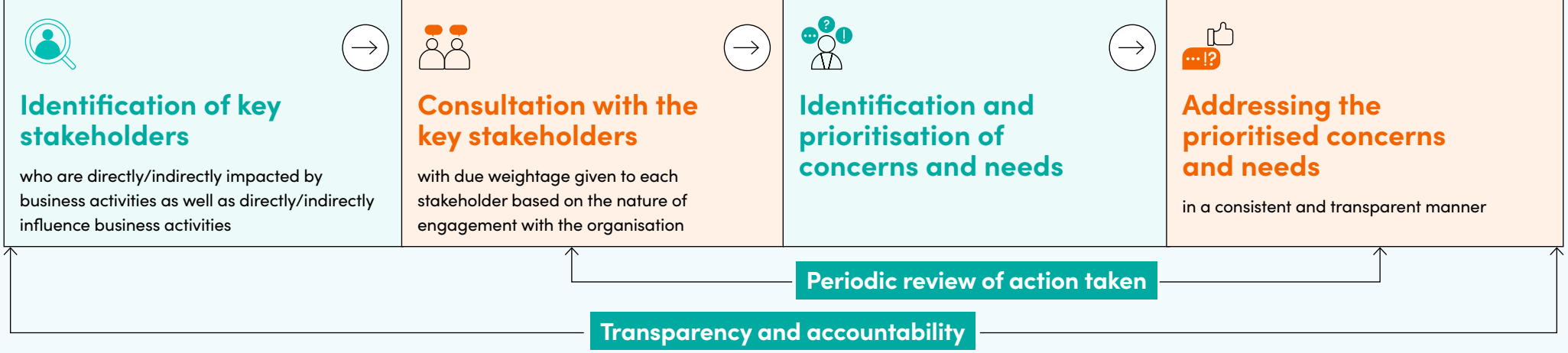
In line with the Board approved Policy on Stakeholder Engagement, ITC has evolved a structured framework for engaging with its stakeholders and fostering enduring relationships with each one of them. ITC's engagement approach is anchored on the principles of materiality, completeness and responsiveness.

ITC's key stakeholder groups include:

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

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

ITC's Process of Stakeholder Engagement



Strengthening Relationships with All Stakeholders

Consultation with Key Stakeholders for Sustainable Solutions

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

Providers of financial capital/Shareholders

Ongoing

- Annual General Meeting
- Exclusive section in Corporate Website on 'Investor Relations' which serves to inform and service shareholders
- Exclusive e-mail id: isc@itc.in for direct interaction with shareholders and for receiving investor complaints
- Regular interaction with institutional investors

- Improved profitability and growth of the organisation
- Transparent and effective communication
- Investor servicing
- Sound corporate governance mechanisms
- Providing deeper insights into the Company's Corporate Strategy and operating segments
- Sustainability 2.0

- Annual General Meeting of the Company held on 20th July, 2022 through virtual mode
- Communicating quarterly performance takeaways through press releases, followed by presentations and post-result calls with analysts.
- Key performance highlights shared with all shareholders via e-mail.
- More than 200 meetings with analysts representing institutional equity investors, fund/portfolio managers in top FIIs, Domestic Mutual Funds, FPIs, Private Insurance Companies etc. were organized in FY 2022-23 in physical and virtual mode.
- The Company engaged on one-on-one basis with ESG specialists of fund houses/ brokerage firms covering, inter alia, progress towards achieving its ambitious Sustainability 2.0 goals by 2030.

Government and regulatory authorities

Ongoing

- Representation on policy issues through industry associations and other bodies
- Participation in policy advocacy discussions at various forums
- Periodic meetings related to collaborations and Public Private Partnership (PPP) programmes

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

- Representations on policy issues submitted to regulatory authorities through industry associations and other bodies
- 86 PPPs signed till date of which 25 were operational in 2022-23.

Customers

Ongoing

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

- Product/ service quality and safety
- Adequate information on products
- Transparent communication
- Product/ service availability
- Timely delivery of product/ service
- Maintenance of privacy/ confidentiality
- Fair and competitive pricing

- Dedicated Consumer Response Cell for capturing customer complaints, queries, feedback and suggestions
- Rapidly evolving consumer needs are constantly being monitored through social listening, in-depth immersions and are being carefully synthesised to transform into relevant solutions
- Collaborative engagements on sustainability with key B2B Customers
- Sustainable Tobacco Programme (STP 2.0) Assessments by Global Tobacco Majors, Participation in 'Thrive' programme with British American Tobacco (BAT), and Leaf Partnership Programme with Imperial Group – 5,043 beneficiaries under Energy Conservation & School Infrastructure up-gradation programme

Frequency of engagement | *Consultation Mechanism* | *Key issues* | *Select stakeholder engagements conducted during FY 2022-23*

Strengthening Relationships with All Stakeholders

Employees

Ongoing

Consultation Mechanism

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

Key issues

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

Select stakeholder engagements conducted during FY 2022-23

- Studio One Chairman's townhall
- Studio One Xchange – Personalised interactions of employees with senior leadership
- Townhalls with Business Heads and Leadership Teams
- Grievance redressal platforms
- Skip level meetings
- ITC's employee engagement survey, namely iEngage
- Interactions with Employee Resource Groups, Diversity Councils, Reflections 360° feedback system
- Trade Union Meetings
- Comprehensive induction programmes for new employees
- Ongoing Sustainability 2.0 culture building efforts for engaging employees on dedicated days of national & international significance like World Water Day, Global Recycling Day, and World Wetlands Day.
- ITC Annual Sustainability 2.0 Strategy Meet

ITC Annual Sustainability 2.0 (S2.0) Strategy Meet

In January 2023, ITC organised Sustainability 2.0 Strategy Meet in Kolkata which had participation from senior leadership, functional experts and sustainability practitioners from across ITC Businesses. The meeting served as a collaborative platform for brainstorming, and jointly working towards devising short-medium term strategies and action plans for all S2.0 priority areas.

Sustainability Strategy Meet -2023 at Kolkata

Farmers

Continuous

Consultation Mechanism

- Regular formal/ informal conversations
- Farmer training programmes and workshops
- Agreements for all procurement activities
- e-Choupal and Choupal Pradarshan Khets (demonstration farms)
- Participatory rural appraisals to identify needs and challenges

Key issues

- Sustainable and accelerated growth in livelihoods and farm incomes
- Know-how on improvement of productivity and profitability
- Capacity development for enabling further investment
- Easy, affordable and reliable access to inputs such as quality seeds, fertilizers, pesticides etc.
- Regeneration and replenishment of common resources like water, village commons, biomass and biodiversity
- Building resilience against emerging sustainability risks like climate change and water stress.

Select stakeholder engagements conducted during FY 2022-23

- More than 8,200 Farmer Field Schools and over 2,300 Choupal Pradarshan Khets were capacitated to disseminate Knowledge to farmers
- 916 Agri-business Centres, and over 1,150 Farmer Producer Organisations (FPOs) were created or strengthened to facilitate extension services to farmers, equipment hiring, aggregation of produce, collective procurement and sales, etc
- Aimed at boosting agricultural and allied activities in 81 districts of 17 states benefitting over 7.4 lakh farmers. Out of these districts, 27 are the Aspirational Districts programme in 8 states where the engagement is in partnership with NITI Aayog
- Over 10 lakh farmers have been trained using physical mode as well as leveraging digital modes through over 8,000 WhatsApp groups, in collaboration with NITI Aayog. Farmers have been covered through physical trainings as well

Page 148

Refer 'Sustainable Agriculture' and 'Mission Sunehra Kal' section of this Report

Frequency of engagement | *Consultation Mechanism* | *Key issues* | *Select stakeholder engagements conducted during FY 2022-23*

Strengthening Relationships with All Stakeholders

Value chain partners (Suppliers and Service Providers)

Ongoing

- Manufacturers' meets
- Vendor meets
- Pre-agreement negotiations
- Procurement agreements
- Reporting of Breaches
- Capacity Building Programme
- Assessment of sustainability risks

- Knowledge and infrastructure support
- Resource-use efficiency, including sustainable natural resource management, greenhouse gas reduction and sustainable waste management
- Regular communication and updates on business plans
- Inclusion of local medium and small-scale enterprises in vendor base
- Competency development of local vendors
- Stability/ tenure of relationship
- Ordering and payment routines
- Purchase prices
- Corrective action plans to address the sustainability risks

- ITC has a robust process of evaluating its Suppliers and Service Providers before engaging with them, proactively making them aware of its expectations / requirements, and seeking commitment for compliance through contractual agreements.
- ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified critical suppliers. Accordingly, all ITC businesses have identified Critical Tier-1 suppliers based on factors like ITC's buy value, ESG risk exposure, importance to business continuity, among others.
- Various tech-enabled avenues have been deployed to constantly receive feedback and ideas from value chain partners.
- ITC facilitated 4 capacity building workshops covering ~ 60% of the identified Critical Tier-1 vendors on Environmental Compliance, Fair Business Practice, Corporate Governance and Ethics, Occupational Health and Safety and Fair Labour Practices and Human Rights.
- Supplier sustainability assessments for Critical Tier 1 suppliers (across Businesses) are being conducted.

Media

Ongoing

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

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

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

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

Civil society

Need Based

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

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

- ITC's Social Investments Programme has established implementation partnerships with 78 NGOs for execution of the 129 projects pan-India.
- Two engagements were organised during the year in Vijayawada and Jaipur for capacity building of 102 representatives from NGO partners in Telangana, Andhra Pradesh, Rajasthan and Madhya Pradesh states on company's Financial Systems & Procedures, due diligence requirements, etc.

Frequency of engagement | *Consultation Mechanism* | *Key issues* | *Select stakeholder engagements conducted during FY 2022-23*

Strengthening Relationships with All Stakeholders

Local communities

Continuous

Consultation Mechanism

- Community needs assessment activities undertaken in collaboration with independent parties/ civil society organisations
- Formation of village institutions and regular meetings thereon
- Public hearings for greenfield/ expansion projects
- Assessment of direct and indirect impacts of ITC's social investments on communities

Key issues

- Community development programmes based on local communities' needs
- Strengthening of livelihood opportunities
- Improvement of social infrastructure for hygienic and healthy living environment
- Dignity of life through economic and social empowerment

Select stakeholder engagements conducted during FY 2022-23

- Comprehensive needs assessment exercise was revisited in 2021-22, referred to as Core Area Perspective Plan (CAPP 2.0) in 21 factory and 7 agri catchments. As a continuation to CAPP 2.0 exercise, 26,000 household surveys were taken up in 14 states by SIP team members and NGO partners to estimate the household level gaps that need to be addressed.
- In addition to the other community interactions and stakeholder engagements, 66 community engagements were held across 14 states where ITC's Social Investments Programme (SIP) is implemented to discuss and capture views, issues and complains, if any, of the community members.
- Over 15,400 grassroots institutions have been strengthened so far including Water User Groups, Vanikaran Sanghas, Self-help groups, Agri-business Centres, School Management Committees, etc.

Page 148 *Refer Mission Sunehra Kal section of this Report for details*

Experts & Knowledge Partners

Need Based

Consultation Mechanism

- Expert Forums & Knowledge Platforms
- Events & Conferences
- Collaborative Platforms like the India Plastics Pact, CII- ITC Centre Of Excellence For Sustainable Development, Global Reporting Initiative (GRI), Alliance for Water Stewardship (AWS)
- Ongoing Discussions & Scoping Meetings for developing projects aligned with Sustainability 2.0

Key issues

- Sustainability 2.0 priority areas like climate change, water security, sustainable packaging, biodiversity and human rights.

Select stakeholder engagements conducted during FY 2022-23

- To plan and collaborate for undertaking need-based studies, planning interventions, providing technical support in guiding an intervention plan, design, validation of impacts and outcomes.
- Engagement with the agencies for various activities including field assessments, capability building of Government, ITC and partner NGO teams and beneficiaries.
- Knowledge partnerships are with Indian Agri Institutes – Tamil Nadu Agricultural University, Indian Institute of Rice Research, Indian Institute of Soyabean Research and Vasant Dada Sugar Institute etc. and with Krishi Vigyan Kendras in the districts where Climate Smart Agri programmes are implemented.
- Partnerships are also with CRISIL for women financial literacy, CGIAR for Climate Smart Village and IWMI for drought proofing framework.

Page 148 *Refer Mission Sunehra Kal section of this Report*

Frequency of engagement | *Consultation Mechanism* | *Key issues* | *Select stakeholder engagements conducted during FY 2022-23*

ITC's Materiality Analysis

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

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

Identification of Material Topics and Assessment of Impacts

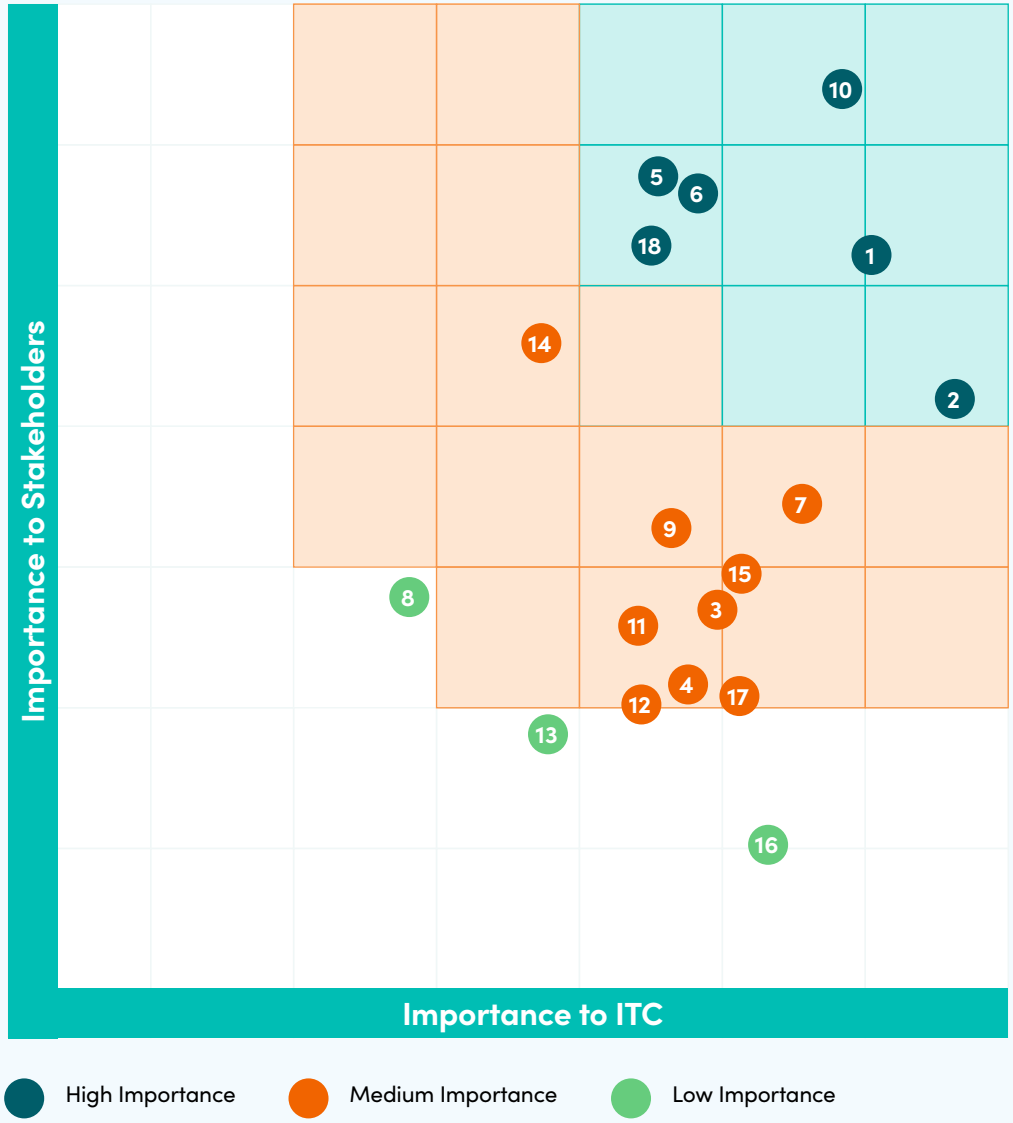
- Periodic testing of existing relevance of material topics in terms of boundary of impacts
- Periodic scan of sector specific issues using formal and informal processes
- Evaluation of relevance to stakeholders

Determination of Material Topics

- Evaluation of stakeholders' perception of ITC's impact with respect to material topics
- Prioritization of a particular topic (as high, medium or low) based on stakeholder engagement
- Significance of a material topic to ITC's business based on corporate strategy, policies, risks and opportunities identified
- Periodic consultation with the internal and external experts
- Organisational level aggregation and prioritization of material topics

Validation of material topics

- Periodic Review by Management on mitigation strategy and its impact on stakeholders



Disclosures on Material Topics

Material issues are one of the key inputs for medium and long-term planning. The sensitivity of an issue to stakeholders and to ITC, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing and devising specific action plans for addressing them. ITC's approach towards managing each material issue has been presented throughout this report. A mapping of all the material issues with respective sections of the report is available in the table below:

1	Ethics and Governance
2	Business Success
3	Innovation
4	ESG risk Management
5	Climate Resilient Agriculture
6	Water Security for all
7	Sustainable Packaging
8	Biodiversity management
9	Climate Resilient Operations
10	Consumer Experience
11	Sustainable Products and Brands
12	Responsible Marketing
13	Responsible Sourcing Practices
14	Health and Safety
15	Human Rights
16	Learning and Development
17	Diversity and Inclusion
18	Sustainable Livelihoods

Strategic Risk Management

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

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

- The Corporate Governance Policy approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational.
- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of ITC as a whole and provides necessary directions on the same. It also reviews the implementation, effectiveness and adequacy of the risk management policy, plans and systems of the Company.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Risk Management System

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

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

Corporate IT Steering Committee

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

Cyber Security Committee

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer is responsible for ensuring that the Cyber Security systems of the Company remain effective and contemporary. He is also invited to the meetings of the Risk Management Committee of the Company, whenever matters relating to cyber security are considered. For more information on the Risk Management Framework, please refer to the Risk Management section of the Report of the Board of Directors forming part of ITC's Report and Accounts 2023.

CSR and Sustainability Committee

Page 47 *Refer to ESG and Sustainability Governance in Governance section in this Report*

Business Continuity Management (BCM)

Designed to address the threat of disruptions to business activities or processes, Business continuity and resilience planning validates the adequacy of the existing systems and processes to prevent and recover from potential threats.

It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident.

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

Strategic Risk Management

Key Risks

- Climate Change & Sustainability
- Cyber Security and Information Technology Systems
- Talent Management
- Discriminatory taxation and stringent regulations on legal cigarette industry
- Innovation and Consumer/ Brand Preference
- Corporate and Brand Reputation
- Heightened uncertainty in the macro-economic and operating environment
- Black Swan Event
- Diversified business portfolio
- Product and Plastic Packaging

Climate Change & Sustainability

Risk Description

Climate related physical and transitional disruptions may impact business operations, sourcing, supply chain and increase compliance costs.

Potential impact

- As average temperatures rise, extreme weather events are expected to grow in terms of severity and frequency which could have significant impact on the Company's operations, its physical assets and agri value chains. These may lead to complete or partial outage of operations. Further, these events may also adversely impact the availability and quality of agri raw materials and consequently, the production and sales of the Company's products.
- Vagaries of weather caused by climate change impact crop cycles, output and productivity resulting in disruption of operations / supply chain.
- Availability of water for own operations as well as farm value chains also get impacted by erratic precipitation patterns.
- Besides physical risks, there are also transition risks associated with climate change, that can impact the Company's operations:
  - Additional levies may be imposed by regulatory authorities for emission/water intensive industries to address climate change, this will lead to higher cost of compliance, and potential regulatory penalties and reputational risk in case of non-compliance.

Risk Mitigation Strategy

Physical Risk Management:

- Climate risk modelling 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.
  - Micro segmentation of growing zones and developing appropriate package of practices and precision farming techniques to mitigate impact of weather.
  - Enhancing climate resilience of farmers through capacity building programmes including leveraging ITCMAARS app together with the FPO (Farmers' Producer Organisation) ecosystem, and supported by field demonstrations under Choupal Pradarshan Khets.
  - Comprehensive programmes on social forestry, soil and moisture conservation and biodiversity conservation.
  - Adoption of water stewardship approach to achieve water security for all stakeholders within the defined catchment areas of units located in high water stress areas.
- Diversifying the supply chain, and contingency planning in supply chain.
- Map risks arising out of climate crisis, build adaptive capacity and invest in mitigative measures to strengthen resilience across the value chain.

Transition Risk Management:

- Continue to focus on energy conservation, improving energy productivity and enhancing the share of renewables in ITC's total energy requirement as part of ITC's Sustainability 2.0 targets. Strengthen enterprise sustainability and governance mechanisms for reviewing performance and progress against Sustainability 2.0 targets through the Sustainability Compliance and Review Committee (SCRC).

Adopt the life-cycle assessment (LCA) approach for identifying environmental impact across a product's lifecycle; leverage the same for sustainable design and product innovation.

Strategic Risk Management

Cyber Security & Information Technology Systems

Risk Description

Significant disruption of business operations and loss of data integrity due to increase in sophisticated cyber-attacks resulting in non-availability of Information Technology systems and Information Assets.

Potential impact

With accelerating adoption of new digital technologies such as Cloud, AI, ML, Robotic Process Automation along with increasing inter connectedness with partners and remote working, the Company's operations are vulnerable to cyber attacks, the impact of which can be on multiple dimensions:

- Unavailability of IT Systems and Infrastructure causing significant disruption to business operations
- Theft of personal information of customers eroding consumer confidence
- Data destruction resulting in shutting down of business activities
- Regulatory non-compliance
- Reputational damage and financial loss.

Risk Mitigation Strategy

- Comprehensive Information Policy detailing practices and procedures for acquisition, deployment, use and retirement of all information assets with specific focus on access authorizations, data storage and backups, incident response and recovery. The policy is reviewed on a regular basis to align with contemporary and evolving best practices, standards and technologies.
- Identification of critical IT systems and information Assets, and establishing robust IT Continuity Plans along with periodic review and testing thereof.
- Dedicated security team under the leadership of Chief Information Security Officer (CISO) to track operations, learn from ecosystem on emerging threats & mitigations and fine tune the practices, technologies and skills to ensure security of the information assets.
- Centralized supervision of software updates, advanced threat intelligence and continuous real-time security monitoring, enabled by best-in-class security technologies and tools, across end points, network, cloud, email, web and data centres to ensure threats are detected and responded to appropriately.
- Vulnerability Assessment and Penetration Testing by independent third party for all Internet facing applications and IT infrastructure including assessment of security architecture and controls of Industrial control systems (IT-OT).
- Intensify Cyber security awareness campaigns and training for all users across the organization.
- Policies covering the protection of personal information of consumers, employees and business partners are in place.
- Periodic assessment of ITC's IT security posture by an independent third-party expert specialising in Information Security to validate adequacy of policy, practices and controls.
- ISO 27001 certification of ITC Corporate Data Centres providing an independent third-party assurance of the effectiveness of the Company's Information Security Management System (ISMS).

Talent Management

Risk Description

Inability to attract and retain high quality talent in a highly competitive market.

Potential impact

- Lack of requisite quality of management personnel could adversely affect operations and thereby long-term business performance.
- Talent attrition beyond acceptable levels may impact ability to effectively fulfil Organisational goals and Customer expectations.

Risk Mitigation Strategy

- Strengthening and communicating ITC's talent proposition about 'Building Winning Businesses. Building Business Leaders Creating Value for India'.
- Providing meaningful and challenging roles which enrich individual capability and act as a powerful incentive to stay, learn and grow.
- Building a robust talent pipeline across responsibility levels through requisite quality in key roles, depth of bench and reliable succession plans.
- Investments in capability building of managers through access to the best-in-class upskilling programmes and development interventions.
- Recognising and nurturing Specialism so that employees who wish to focus on niche, business critical skills can continue to grow in their area of expertise.
- Benchmarking compensation to the relevant market periodically, ensuring strong alignment with short term and long-term performance, particularly at senior levels and ring- fencing top talent.
- Ensuring the talent quotient in the Company remains healthy and vibrant through annual segmentation supported by differential rewards and progression opportunities for industry leading talent.
- Energising and nurturing pride in membership through frequent leadership outreach to managers.
- Engaging with the country's premier academic institutions to communicate the Company's talent proposition through case-study competitions, knowledge-sharing programmes by senior managers and the annual internship programmes creating a compelling proposition for the best candidates to aspire for a career with the Company.
- Promotion of Diversity, Equity and Inclusion through supportive polices based on principles of equity,
- Implement measures to ensure sufficient representation of women in selection pools and deployment of the differently-abled across suitable opportunities in the value chain towards meeting the diversity and inclusion goals of the organisation.
- Agility in adjusting HR practices and providing contemporary and relevant work policies to employees such as flexible work arrangements.

Strategic Risk Management

Discriminatory taxation and stringent regulations on legal cigarette industry

Risk Description

Inequitable and high taxation coupled with stringent regulations adversely impacts the legal cigarette industry.

Potential impact

- Discriminatory and punitive taxation on cigarettes leading to progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax evaded forms of tobacco products leading to sub-optimisation of revenue potential of the tobacco sector.
- Fillip to contraband cigarette trade in India due to attractive arbitrage opportunities; significant loss of revenue to the exchequer.
- Subdued demand for Indian tobacco due to pressure on legal cigarette industry volumes; adverse impact on farmer earnings and livelihoods dependent on tobacco value chain.

Risk Mitigation Strategy

- Engagement with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India; highlighting the growing threat of illegal and smuggled cigarettes.
- Regular interaction with enforcement authorities for actions against illicit trade such as seizure operations of counterfeit/smuggled/duty evaded cigarettes.
- Counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution.

Innovation and Consumer/Brand Preference

Risk Description

Failure to adequately anticipate evolving consumer preferences and inability to proactively innovate and remain competitive.

Potential impact

Failure to track consumer trends and innovate may lead to the inability to meet changing consumer requirements with consequential decline in market share / demand for Company's products and services.

Risk Mitigation Strategy

- Deep understanding of consumer preferences and needs by synthesising information from multiple sources & crystallising the same for agile marketing actions, product development and innovation.
- Focus on agile and purposeful innovation sharply aligned with business strategy; strengthen and leverage ITC Life Sciences and Technology Centre (LSTC) science platforms to build a robust pipeline of innovative products, thereby securing long term competitiveness.
- Future-ready portfolio to address existing and emergent consumer needs anchored on purpose-led brands.
- Leverage digital technologies and platforms to deliver personalised brand experiences. The Company's 'Sixth Sense' Marketing Command Centre and Consumer Data Hub (an AI powered personalised platform) gains insights on market trends and consumer behaviour and synthesises the same to craft personalised brand communication and product development.
- Continuous measurement of performances related to brand inputs, against set objectives and relative to competition, using a host of data scraping and social listening tools.
- Contemporary brand marketing interventions to deepen consumer engagement and sharply communicate brand proposition and purpose. These are supported by micro segmentation and sharp targeting the consumer cohorts with hyper personalised content.
- Geographical analytics (at a pin code level of granularity) of consumer buying preferences for each product category to offer the right portfolio to the right micro market.
- Leverage Customer Relationship Management (CRM) platform for capturing customer complaints, queries, feedback and suggestions received across channels.
- Leverage multi-channel go-to-market capability to drive penetration and accessibility by strengthening core channels, winning in emerging channels, scaling up D2C and digital first brands.
- Focus on product safety to ensure world-class quality standards across the portfolio.
- Continuous monitoring (using Machine Learning & Natural Language Processing based tools) of trademark infringement, brand safety and advertisement frauds to protect the brands and business.

Corporate and Brand Reputation

Risk Description

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

Risk of the Company's brands and reputation getting impacted if it is construed that the Company's operations/products & services are inconsistent with the expectations of stakeholders.

Potential impact

- Reduced stakeholder confidence on the Company due to misleading or malicious information on social media/other media channels regarding the Company's operations and activities
- Reduced customer confidence due to posts/ articles relating to quality and performance of Company's products and services leading to tarnishing of image and reputation with consequent revenue loss.
- Loss of time and resources on dispute resolution.

Strategic Risk Management

Heightened uncertainty in the macro-economic and operating environment

Risk Description

Heightened uncertainty in the macro-economic and operating environment resulting in fluctuation in demand for the Company's products and services, inflationary pressures, volatility in financial and commodity markets.

Potential impact

- In a globalised environment, economic/geopolitical developments may lead to inflationary pressures, supply chain disruptions, volatility in interest and exchange rates, and commodity prices. These could also cause significant fluctuation in the demand for the Company's products and services.
- Government actions such as imposition of price controls, ban on import/export of raw materials/finished products related to the Company, or other similar restrictions could impact business operations and profitability.

Risk Mitigation Strategy

- Continuously build adaptive, agile and resilient supply chain to effectively manage complexities arising from geo-political dynamics.
- Regular scanning of the environment to track key macro-economic developments.
- Measures taken to ensure continuity in operations and servicing the customers include increasing safety stock levels, leveraging alternate channels of distribution.
- Broad-base pool of vendors and activating alternate suppliers of key materials and thereby increase the resilience of supply chain.
- Ensure that supply chain is not concentrated in any single region or supplier.

Risk Mitigation Strategy

- Structured and targeted media-engagement plan in place.
- Effective engagement and responsible advocacy with stakeholders on issues relating to ITC's products, services, initiatives, and business practices.
- Leveraging publicly available web applications and dedicated brand advocacy platforms to disseminate information about ITC and its brands digitally.
- Sustained communication of ITC's commitment to the protection of the environment and well-being of society and stakeholders.
- Mechanisms to respond to any fake or malicious posts (including social media) impacting the reputation of ITC, its businesses and brands.
- Compliance to best practice guidelines laid down by Advertising Standards Council of India.
- Familiarisation programs and periodical updates for employees on ITC's Code of Conduct. The governance framework continuously reinforces and helps realise highest standards of ethical and responsible conduct to create enduring value for all stakeholders.
- Capacity building workshops for key value chain partners to educate, and create shared awareness on key areas like human rights, labour practices and sustainability.
- Ensure marketing claims made by the organisation are backed **by** adequate **substantiation** and credible research.
- Stringent product performance checks prior to launch in the market.
- Detailed Standard Operating Procedures/process guidelines to ensure uniformity of services/products and adherence to quality standards.

Black Swan Event

Risk Description

Disruption across the value chain arising out of unforeseen events like the COVID-19 pandemic.

Potential impact

- Disruption in supply chain including volatility in commodity prices, non-availability of raw materials and challenges in product manufacture and distribution leading to stock-outs and inability to service the market.
- Business loss due to change in composition of consumer consumption basket including decline in demand for discretionary products.

Risk Mitigation Strategy

- Learnings from the Covid pandemic have been seamlessly incorporated in the day-to-day procedures as part of the 'new normal'. Processes and protocols have been institutionalised including safety and security of personnel across all nodes of operations to deal with the outbreak of the pandemic situation.
- Cross-functional Crisis/Contingency Management Teams, both at the Business as well as at the corporate level for continually reviewing strategic, operational, and financial matters.
- Business continuity plans for securing key material supplies including usage of substitute materials, increasing safety stock levels, identification of alternate/domestic vendors, identification and activation of potential alternative manufacturing capacities to supplement existing facilities.
- ITC Agri Business's wide geographical spread, multiple sourcing models, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages.
- Leveraging alternate channels of distribution to assist in uninterrupted supply of Company's products.
- Agile innovation and dynamic manufacturing capacities to quickly launch product offerings in line with the changing consumer requirements.
- Close monitoring of emergent consumer trends backed by robust innovation and research platforms of ITC's Life Sciences & Technology Centre (LSTC) along with strong product development capabilities at the Business level.

Strategic Risk Management

Diversified business portfolio

Risk Description

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

Potential impact

- Diversified portfolio may lead to inadequate focus on key businesses.

Risk Mitigation Strategy

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

Product and Plastic Packaging

Risk Description

Inability to comply with current or future regulation on plastic packaging and/or failure to meet commitments on packaging and the environment.

Potential impact

- Non-compliance to plastic waste management regulations could lead to imposition of environmental compensation, that may negatively impact Company's reputation. Additionally, stricter government laws around usage of plastics including bans may give rise to multiple challenges such as redesign of product packaging, shelf life-related issues and product distribution issues.
- Disruptions in the supply chain for recycled plastic or plastic packaging substitutes as required by law, can impact the Company's ability to comply, produce and distribute products.
- Inability to provide sustainable alternatives could have a negative impact on consumer sentiment.

Risk Mitigation Strategy

- Going beyond compliance wherever possible:
  - Ensuring plastic neutrality ahead of regulatory targets through source segregation programmes, creating replicable, scalable and sustainable models of solid waste management, and developing viable recycling options for multi-layered plastic (MLP) packaging.
  - Ensuring that 100% of packaging is reusable, recyclable or compostable/biodegradable.
- Partnering with upstream players and suppliers for ensuring supply of recycled plastic for meeting regulatory/market demand for increasing recycled content in plastic packaging.
- 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, improving recyclability of plastic packaging.

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

Sustainability 2.0 Management Framework

Vision

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

Mission

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

Values

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

- Trusteeship
- Excellence
- Customer focus
- Innovation
- Respect for people
- Nation orientation

Foundation

- ITC's 'Nation First: Sab Saath Badhein' Philosophy
- ITC's Triple Bottom Line Approach
- ITC's Sustainability Policies

Management Systems

- Guidelines, Standards & Assurance System for Sustainability Management
- Sustainability Performance Monitoring & Management System across Businesses

Stakeholder Engagement

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Materiality Assessment

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Risks and Opportunities

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Sustainability 2.0 Priorities

- Climate Change
- Water Security
- Sustainable Agriculture
- Sustainable Packagin and Circular Economy
- Sustainable Livelihoods
- Sustainable Supply Chain and Responsible Sourcing
- Biodiversity
- Product Sustainability
- Human Rights
- Occupational Health and Safety
- Learning and Development
- Diversity and Inclusion

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Sustainabiliy 2.0 Ambitions

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Transparency and Disclosures

- **ITC's Sustainability Report** Aligned to GRI Standards, IIRC Framework
- **ITC's Business Responsibility & Sustainability Report** (BRSR) Aligned to SEBI's Framework
- **ESG Frameworks**

Enablers

ESG and Sustainability Governance

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

ITC-wide Sustainability Culture

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

ITC's Sustainability Centres of Excellence

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

Partnerships and Collaborations

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

Innovation and Digital

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

Sustainability 2.0 Ambitions: 2030 Targets

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

Climate Change

50% of Total Energy Consumed from Renewable Sources

% of Total Energy Consumed from Renewable Sources	
Performance (2022-23)	**43%**
Target (2030)	**50%**

100% Purchased Grid Electricity Requirements[1] from Renewable Sources

% of Total Electrical Energy (Grid Purchased) from Renewable Sources	
Performance (2022-23)	**47%**
Target (2030)	**100%**

50% reduction in Specific GHG Emissions[2]

% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production	
Baseline year	**2018-19**
Performance (2022-23)	
Paperboards & Specialty Papers Business	11% ↓
Branded Packaged Foods Businesses	38% ↓
Agri Business Division	2%↑
Hotels	9% ↓
Packaging and Printing Business (PPB)	41% ↓
FMCG Cigarettes	15% ↓
Target (2030)	**50%**

30% reduction in Specific Energy Consumption

% Reduction in Energy Consumed per Unit of Production	
Baseline year	**2018-19**
Performance (2022-23)	
Paperboards & Specialty Papers Business	9% ↓
Branded Packaged Foods Businesses	25% ↓
Agri Business Division	6% ↓
Hotels	13% ↓
Packaging and Printing Business (PPB)	16% ↓
FMCG Cigarettes	12% ↓
Target (2030)	**30%**

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

Area under Social and Farm Forestry (Acres)	
Performance (2022-23)	**1 million acres***
Target (2030)	**1.5 million**

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

[2]↑ Decline in KPI, ↓ Improvement in KPI

Plastic Waste & Circular Economy

100% of Packaging to be Reusable, Recyclable or Compostable/Bio-Degradable

% of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/ Bio-degradable	
Performance (2022-23)	99.9%

99.9% (less than 0.1% of Packaging Portfolio is Non- Recyclable or Hard to Recycle – Phase out plans in place).

ITC is also actively working to increase the collection and recycling rates for Multi-Layered Plastic (MLP) packaging waste by implementing replicable, scalable and sustainable models of solid waste management.

Target (2028)	**100%**

Plastic Neutrality: Enable Sustainable Management of Waste in Excess of the Amount of Packaging Utilised

% of Plastic Packaging Waste Sustainably Managed	
Performance (2022-23)	**>100%** **Achieved Plastic Neutrality**
Target (2021)	**>100%**

On Track (OT) KPI **Cumulative*

Sustainability 2.0 Ambitions: 2030 Targets

Water Stewardship

40% reduction in Specific Water Consumption[3]

% Reduction in Water Consumed per Unit of Production	
Baseline year	2018-19
Performance (2022-23)	
Paperboards & Specialty Papers Business	9% ↓
Branded Packaged Foods Businesses	31% ↓
Hotels	17% ↓
FMCG Cigarettes	24% ↓
Target (2030)	40%

Creation of Rainwater Harvesting Potential equivalent to over 5 times the Net Water Consumption from Operations

Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations.	
Performance (2022-23)	3X
Target (2030)	5X

Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions

Million KLs of Potential Water Usage Saved	
Performance (2022-23)	780
Target (2030)	2000

[3] ↑ *Decline in KPI,* ↓ *Improvement in KPI*

All Sites in High Water Stressed Areas to be certified as per the International Water Stewardship Standard by AWS (Alliance for Water Stewardship)

No. of AWS Certified Sites	
Performance (2022-23)	
2 Sites-Food Factory in Malur, Karnataka and Paper Mill at Kovai, Tamil Nadu, have received Platinum-level certification.	
Certification of other Units in Progress.	
Target (2035)	8 sites by 2024 All high-risk sites by 2035

Ensure Water Security for All Stakeholders through Watershed Development & Managed Aquifer Recharge

Watershed Area (Acres)	
Baseline year	2016-17
Performance (2022-23)	1,470,000*
Target (2030)	2,200,000

Water Harvesting Structures (Nos)	
Baseline year	2016-17
Performance (2022-23)	28,300*
Target (2030)	50,000

Storage Potential (Million KL)	
Baseline year	2016-17
Performance (2022-23)	48.9*
Target (2030)	60

Sustainable Agriculture

Promote climate smart village approach in core agri-business catchments

Area Covered (Acres)	
Baseline year	2016-17
Performance (2022-23)	>1 million acres
Target (2030)	3 million

Biodiversity Conservation

Revive and Sustain Ecosystem Services Provided by Nature and Provisioning of Products through Adoption of Nature-based Solutions and Biodiversity Conservation.

Area Covered (Acres)	
Baseline year	2016-17
Performance (2022-23)	290,000 acres*
Target (2030)	1 million

Sustainable Livelihoods

Supporting sustainable livelihoods for 10 million people by 2030

Sustainable Livelihoods supported (no.)	
Performance (2022-23)	6 million
Target (2030)	10 million

On Track (OT) KPI **Cumulative*

Governance

ITC's Corporate Governance Philosophy

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

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

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

01
Management must have the executive freedom to drive the enterprise forward without undue restraints.

02
This freedom of management should be exercised within a framework of effective accountability.

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

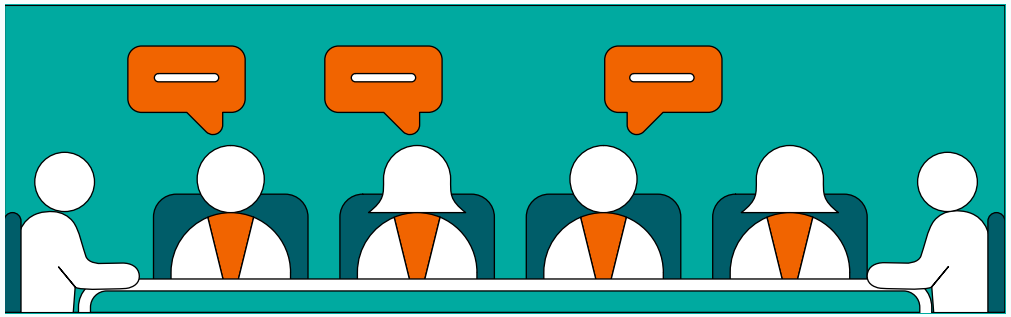
Strategic supervision
by the Board of Directors (the Board)

Strategic management
by the Corporate Management Committee (CMC)

Executive management
by the 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.

For more details on ITC's governance structure, refer to the Company's Report and Accounts 2023 and the Company's corporate website.



Strategic Supervision by the Board of Directors

Name	Designation
Mr. Sanjiv Puri	Chairman & Managing Director
Mr. Nakul Anand	Executive Director
Mr. Supratim Dutta	Executive Director & Chief Financial Officer
Mr. Sumant Bhargavan	Executive Director
Mr. Shilabhadra Banerjee	Independent Director
Mr. Hemant Bhargava	Independent Director
Mr. Peter Rajatilakan Chittaranjan	Non-Executive Director
Mr. Arun Duggal	Independent Director
Mr. Mukesh Gupta	Non-Executive Director
Mr. Shyamal Mukherjee	Independent Director
Mr. Anand Nayak	Independent Director
Mr. Sunil Panray	Non-Executive Director
Ms. Nirupama Rao	Independent Director
Mr. Ajit Kumar Seth	Independent Director
Ms. Meera Shankar	Independent Director
Mr. David Robert Simpson	Non-Executive Director

Data as on 31.03.2023

Governance

Strategic Management

by the Corporate Management Committee Members

Name	Designation
Mr. Sanjiv Puri	Chairman & Managing Director
Mr. Nakul Anand	Executive Director
Mr. Supratim Dutta	Executive Director & Chief Financial Officer
Mr. Sumant Bhargavan	Executive Director
Mr. Sandeep Kaul	Group Head - India Tobacco Division, Matches and Agarbatti Business, Start Up-Ventures, LSTC & Quality
Mr. Hemant Malik	Divisional Chief Executive - Foods Business Division
Mr. Anil Rajput	President, Corporate Affairs
Mr. S. Sivakumar	Group Head - Agri & IT Businesses, Sustainability & CSR and Chairman of the Management Committee of the Social Investments Programme
Mr. R. K. Singhi	Secretary to the Corporate Management Committee

Data as on 31.03.2023

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

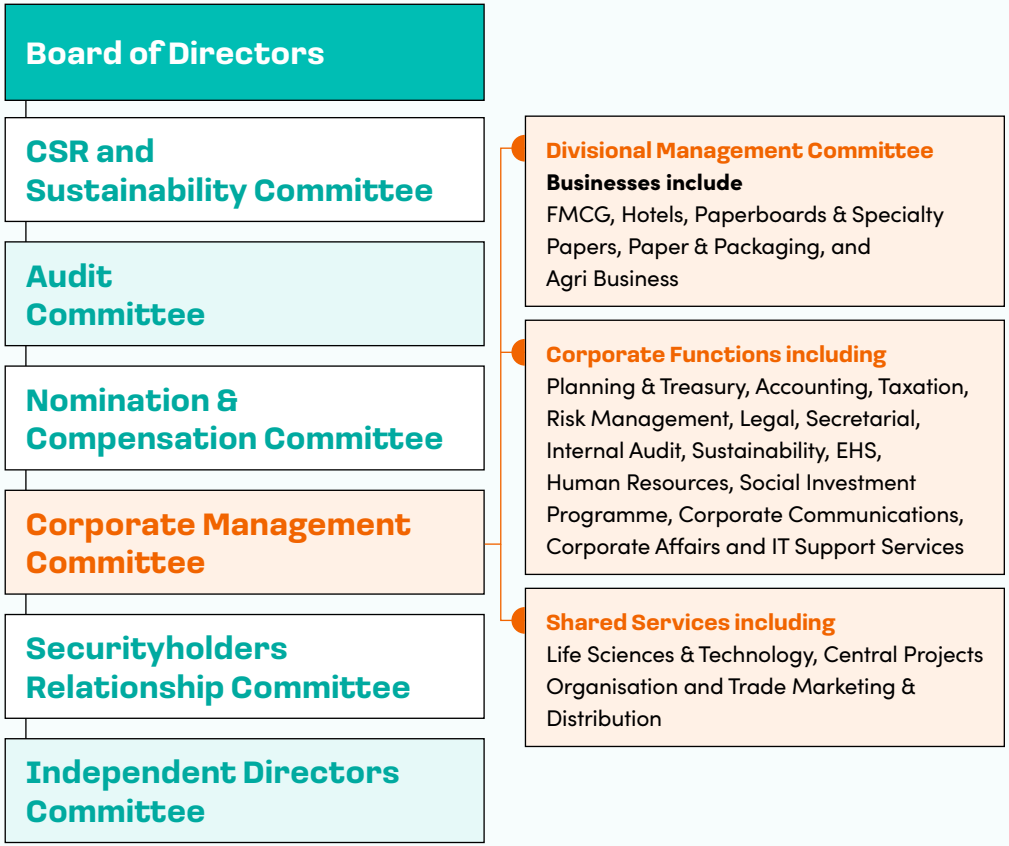
Business Divisions	Name	Designation
India Tobacco Division	Mr. Devraj Lahiri	Divisional Chief Executive
Foods Division	Mr. Hemant Malik	Divisional Chief Executive
	Mr. S. Ganesh Kumar	Chief Operating Officer - Staples, Snacks & Meals
	Mr. Sanjay Singal	Chief Operating Officer - Dairy & Beverages
	Mr. Ali Harris Shere	Chief Operating Officer - Biscuits & Cakes
	Ms. Kavita Chaturvedi	Chief Operating Officer - Snacks
	Mr. Anuj Kumar Rustagi	Chief Operating Officer - Chocolates, Coffee, Confectionery and New Category Development
Personal Care Products Division	Mr. Sameer Satpathy	Divisional Chief Executive
Education and Stationery Business	Mr. Vikas Gupta	Divisional Chief Executive
Matches and Agarbatti Business	Mr. Gaurav Tayal	SBU Chief Executive
Hotels Division	Mr. Anil Chadha	Divisional Chief Executive
Packaging and Printing Business	Mr. S. N. Venkatraman	SBU Chief Executive
Agri Business (including Agri Business SBU)	Mr. Rajnikant Rai	Divisional Chief Executive and SBU Chief Executive – Agri Business SBU
Agri Business - Tobacco SBU	Mr. H. N. Ramaprasad	SBU Chief Executive
Paperboards and Speciality Papers Division	Vadiraj Kulkarni	Divisional Chief Executive
Trade Marketing & Distribution (TM&D) of ITC FMCG	Mr. Sandeep Sule	Chief Executive Officer - TM&D
Life Sciences & Technology Centre	Mr. Suresh Ramamurthi	Chief Scientist & Head of Corporate R&D (LS & T)
Central Projects Organisation (CPO)	Mr. Sandeep Chandrashekar	Head - CPO

Data as on 31.03.2023

Read more about our Divisional Management Committees here

Governance

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

Board of Directors

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC and its wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth.

The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role, and evaluates its performance and that of the Board Committees & the Directors.

Selection of Directors

The Corporate Governance Policy of the Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business / finance / law / public administration and enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and independence of Directors (including Independent Directors).

The Policy on Board Diversity of the Company requires the Board to have balance of skills, competencies, experience and diversity of perspectives appropriate to the Company. For this purpose, diversity is considered from a number of aspects including, but not limited to, educational & cultural background, nature of professional, administrative & industry experience, skills, knowledge, and gender representation. **The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of the Company, are provided in the Company's Report and Accounts 2023.** The said skills, expertise and competencies include the ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's Triple Bottom Line philosophy of building synergy between serving the society and creating economic value for the Company.

In terms of the applicable regulatory requirements read with the Articles of Association of your Company, the strength of the Board shall not be fewer than six nor more than eighteen. Directors are appointed / re-appointed with the approval of the Shareholders for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Shareholders.

In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the statute and are independent of the management of the Company.

Governance

Composition of the Board

The strength of the Board as on 31st March, 2023 was sixteen comprising the Chairman & Managing Director, three Executive Directors, eight Non-Executive Independent Directors, of which two are Women Directors, and four other Non-Executive Directors. The composition of the Board, including other Directorship(s)/Committee Membership(s) and tenure of the Directors as on 31st March, 2023, was as follows:

Director	Category	No. of other Directorship(s)	Tenure on the Board (years) *	No. of Membership(s)/Chairmanship(s) of Audit Committee/Stakeholders Relationship Committee of other Indian public limited companies
S. Puri	Chairman & Managing Director	5	7	Nil
N. Anand	Executive Director	8	12	Nil
S. Dutta	Executive Director & Chief Financial Officer	9	1	2 [also as Chairman]
B. Sumant	Executive Director	2	4	Nil
S. Banerjee	Independent Director	Nil	9	Nil
H. Bhargava	Independent Director	5	1	3
A. Duggal	Independent Director	3	9	3
S. Mukherjee	Independent Director	2	2	2
A. Nayak	Independent Director	Nil	4	Nil
N. Rao (Ms.)	Independent Director	3	7	2
A. K. Seth	Independent Director	Nil	4	Nil
M. Shankar (Ms.)	Independent Director	3	9	1
P. R. Chittaranjan	Non-Executive Director *Representative of the General Insurers' (Public Sector) Association of India as Investor*	1	...	Nil
M. Gupta	Non-Executive Director *Representative of the Life Insurance Corporation of India as Investor*	2	1	1
S. Panray	Non-Executive Director *Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor*	Nil	1	Nil
D. R. Simpson	Non-Executive Director *Representative of TMI as Investor*	4	6	Nil

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

6 meetings of the Board were held during the year ended 31st March, 2023.

Board Committees

- **CSR and Sustainability Committee**
- **Audit Committee**
- **Nominational & Compensation Committee**
- **Securityholders Relationship Committee**
- **Independent Directors Committee**

The composition and the terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under the statute.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided in the Company's Report and Accounts 2023.

Governance

Ethics and Integrity

The ITC Code of Conduct, as adopted by the Board, is applicable to the Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles viz., good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation.

The Code covers ITC's commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance, avoidance of conflict of interest and the philosophy of leading by personal example. The Code is shared with all new employees at the time of joining the Company and a copy thereof is signed by them affirming compliance with the Code. In addition, all Directors and senior management affirm compliance with the Code on an annual basis. Further, the Code is also shared with the existing employees periodically and their affirmation is taken to reinforce the Code and ensure its Company-wide implementation.

The Head of Human Resources (HR) of the respective Business / Head of Corporate HR, as applicable, has been empowered to address any queries from employees pertaining to the ITC Code of Conduct. Any violation of the Code by an employee renders the person liable for disciplinary action.

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

Chair of the highest governance body

Chairman

The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and also presides over General Meetings of Shareholders.

His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and that all Directors and CMC Members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for the balance of membership of the Board, subject to Board and Shareholder approvals.

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

Performance of the highest governance body

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.

In pursuit of this, the Directors of the Company are updated on material changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters including risk assessment & minimisation procedures, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time. During the year, the Directors attended a 'Strategy Session' where the Company's overall strategy, including ITC Sustainability 2.0 vision and goals, were discussed / reviewed.

The Nomination & Compensation Committee has formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board on an annual basis. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the role and responsibilities of the Board as provided in the statute and the Company's Governance Policy.

The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company. These parameters include securing alignment of the Company's goals with the nation's economic, ecological and social priorities, ensuring that the Company has a clearly defined strategic direction for realisation of its vision, and supporting the Company's management to meet challenges arising from the operating & policy environment in the country.

Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of the Company.

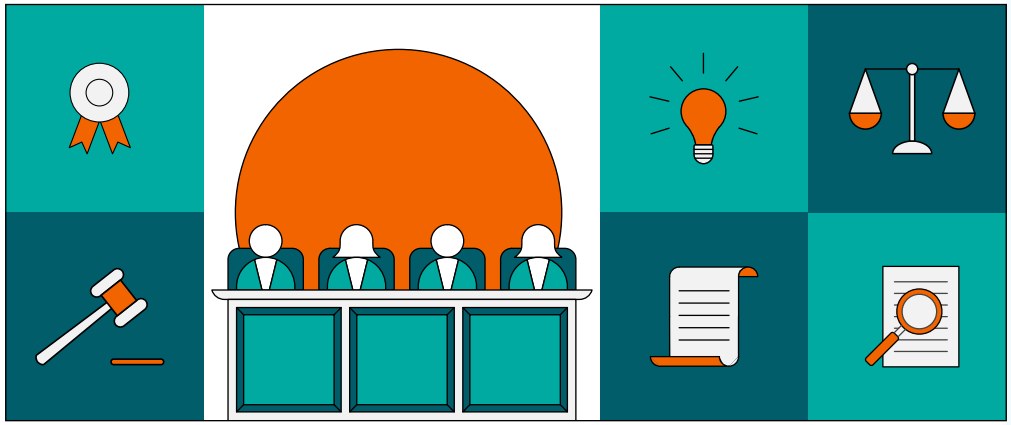
Governance

Code of Conduct

Avoidance of conflict of interest

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

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



The Company also has a Whistleblower Policy which encourages Directors and employees to bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact the Company's operations, business performance and/or reputation.

The Directors and Key Managerial Personnel are required to disclose to the Board whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company. Senior management is also required to confirm on an annual basis that no material transaction has been entered into by them which could have potential conflict with the interests of the Company at large; such disclosures and confirmations are placed before the Board annually.

All transactions of the Company with related parties and their subsequent modifications are approved by the Audit Committee in terms of the applicable regulatory provisions. Further, transactions with related parties which are not in the ordinary course of business or not at arm's length also require the approval of the Board or Shareholders, as applicable. Disclosures of related party transactions, as required, are made in the Company's Report & Accounts 2023, and also to the regulatory authorities on a half yearly basis.

The Company also has a code of conduct for prevention of insider trading in the securities of the Company. The ITC Code of Conduct for Prevention of Insider Trading - 2019, inter alia, prohibits trading in the securities of the Company by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

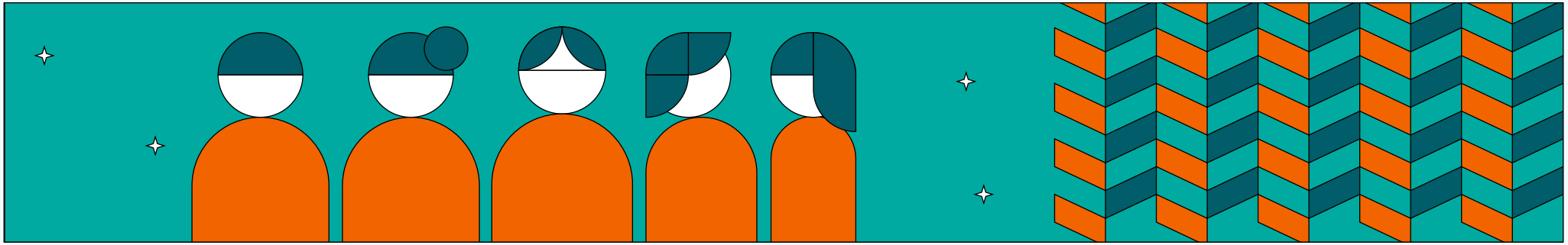
Remuneration Policy

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

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

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on its corporate website. The Board determines the remuneration of the Chairman, other Executive Directors, Key Managerial Personnel and Senior Management (i.e. CMC Members), on the recommendation of the Nomination & Compensation Committee; further, the remuneration of the Chairman and other Executive Directors is subject to the approval of the Shareholders. Such remuneration is linked to the performance of the Company inasmuch as the performance

Governance



bonus is based on various qualitative and quantitative performance criteria. Apart from fixed elements of remuneration and benefits / perquisites, the Chairman, other Executive Directors, Key Managerial Personnel and Senior Management are also eligible for Long Term Incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee and / or the Board; such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals.

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

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

Remuneration to Non-Executive Directors, including Independent Directors, is by way of commission for each financial year; such commission is determined by the Board within the limit approved by the Shareholders. Their remuneration is based, inter alia, on Company performance and regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility.

Non-Executive Directors are also entitled to coverage under Personal Accident Insurance and sitting fees for attending meetings of the Board and its Committees, the quantum of which is determined by the Board.

The ratio of remuneration of the highest paid employee to the median remuneration for the year 2022-23 was 326:1. During the financial year 2022-23, the total remuneration of the highest paid employee increased by 52%, while the median remuneration of employees decreased by 3%.

Anti-Competitive Behaviour

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

Further, in terms of the Company's Code of Conduct for Suppliers and Service Providers, all Suppliers and Service Providers of the Company are required:

- to avoid any actual or potential conflicts of interest in their business dealings with the Company that could create a perception of unfairness or lead to uncompetitive favours;
- to disclose any such situation of conflict of interest, including involvement or interest of any employee of the Company or his/her immediate family members in their business;
- not to indulge in any form of bribery or corruption that is intended to induce or reward improper conduct or influence any decision.

One legal proceeding under the Competition Act, 2002 is pending as follows:
The Competition Commission of India has registered two cases against 22 paper mills / paper manufacturing companies including the Company, on the allegation of simultaneous increase in prices of few varieties of paper. The increase in price was market led and mainly related to increased cost of wood pulp, the primary raw material. The Company is contesting the matter.

Basis legal advice, the Company believes that the aforesaid proceeding is without substance.

Governance

ESG and Sustainability Governance at ITC

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

Sustainability Governance Structure

Board of Directors
Headed by Chairman & Managing Director

Board Committee on CSR and Sustainability
Headed by Chairman & Managing Director

Corporate Management Committee
Headed by Chairman & Managing Director

Sustainability Compliance Review Committee
Chaired by Group Head - Sustainability, and CMC Member

Divisional CEO & Divisional Management Committees

Unit Level Responsibility
Sustainability Coordinators across Divisions

CSR and Sustainability Committee

The CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy, the Sustainability Policies 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 & Integrated Report of the Company.

The CSR and Sustainability Committee comprises the Chairman of the Company and seven Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. During the year, three meetings of the Committee were held, inter alia, to review the CSR and sustainability initiatives of the Company.

The names of the members of the Committee and the details of meetings held during the year are provided in the Company's Report & Accounts 2023.

Sustainability Compliance Review Committee (SCRC)

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

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

Chief Sustainability Officer

The Chief Sustainability Officer (CSO) of the Company is, inter alia, responsible for periodic review of material issues, scanning 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. The CSO reports to the Group Head of Sustainability who is also a CMC Member and the Chairman of the SCRC. The CSO provides progress reportbacks on the Company's sustainability initiatives to the senior leadership at ITC.

Sustainability Policies

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

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

Please check the following link for details | ITC's Sustainability Policies.

Implementation

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

Creating Sustained Economic Value

Value Creation Track Record of ITC

Non – Cigarette Businesses	25 World Class Indian Brands	Shareholder Returns	EBITDA margin expansion in FMCG – Others Segment
Grown ~ 31x in last 2 decades (over two-thirds of Net Segment Revenue)	Annual consumer spends ~ ₹ 290 Billion and reach over 230 million households in India	CAGR ~ 22.7% p.a. in last 2 decades	620 bps over the last five years

The Company's 'Triple Bottom Line' philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. The superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Competitiveness' - that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The strategic Vision of creating multiple drivers of growth through the pursuit of market opportunities that best match institutional strengths, has resulted in the development of strong Businesses of the future anchored on a portfolio of purpose-led brands, future-ready products and world-class quality.

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

ITC aims for

1	Strengthening its position as one of India's most valuable corporations.
2	Achieving leadership in each of the business segments within a reasonable time frame.
3	Achieving a Return on Capital Employed (ROCE) in excess of the Company's cost of capital, at all times.

Key Developments & Outlook

After two years of pandemic-led disruptions, FY 2022-23 marked a return to normalcy in operations. However, geopolitical tensions, continued supply chain dislocations and climate crisis resulted in unprecedented inflation and volatility in global commodity and energy prices. Central Banks across the world responded swiftly with sharp increase in interest rates within a relatively short time frame.

The Indian economy remained a bright spot in FY 2022-23 amidst the global slowdown. Real GDP growth for the year is estimated at 7.0% (first half: 9.6%; second half: 4.8%) with Nominal GDP growth at 15.9% (first half: 22.3%; second half: 10.5%), reflecting the inflationary pressures in the economy. While Agriculture grew by 3.3% in real terms, Services and Industry sectors grew by 9.4% and 3.6% respectively, on a soft base. With steep inflation eating into household budgets, consumption demand remained subdued in rural markets and for discretionary categories in urban markets.

Amidst a challenging operating environment, the Company's consumer-centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post strong performance across all its operating segments.

- The FMCG-Others Segment registered strong growth amidst subdued demand conditions. Robust growth was witnessed across all major categories of Branded Packaged Foods viz. Staples, Biscuits, Snacks, Noodles, Beverages.
- FMCG-Cigarettes Segment witnessed sustained claw back of volumes from illicit trade on the back of deterrent actions by enforcement agencies and relative stability in taxes.
- The Hotels Segment witnessed a stellar recovery during the year, clocking robust growth in Revenue and Profits buoyed by weddings, leisure and MICE (Meeting, Incentives, Conferencing, Exhibition) segments along with progressive pick-up in business travel.

Creating Sustained Economic Value

- The Agri Business Segment delivered a resilient performance despite Segment Revenue getting impacted by restrictions imposed on wheat & rice exports.
- The Paperboards, Paper & Packaging Segment demonstrated strong performance during the year on the back of robust growth across end-user segments.

ITC Financial performance

For FY 2022-23, Gross Revenue at ₹ 694.81 billion increased by 17.6%, while EBITDA increased by 26.5% to ₹ 239.44 billion. Profit Before Tax and Exceptional items at ₹ 246.78 billion grew by 24.4% over previous year and Profit After Tax stood at ₹ 187.53 billion (previous year ₹ 150.58 billion). Total Comprehensive Income for the year stood at ₹ 187.83 billion (previous year ₹ 156.32 billion). Earnings Per Share for the year stood at ₹ 15.15 (previous year ₹ 12.22).

For more details, refer to the Management Discussion and Analysis section of the ITC Annual Report 2022-23

Snapshot

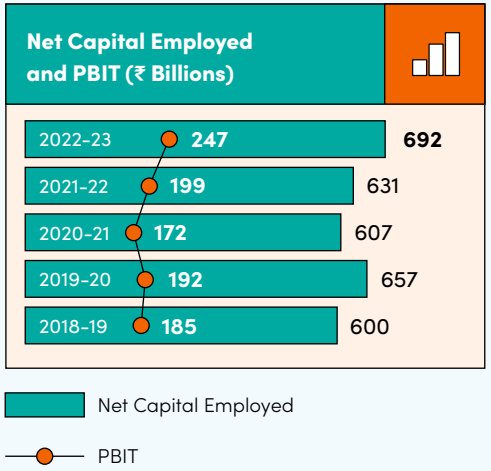
KEY ECONOMIC INDICATORS (₹ Billion)	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Income	482.69	498.21	517.76	623.35	726.89
Profit Before Interest and Taxes (PBIT)	184.78	192.23	172.12	198.71	247.19
Cost of Bought out Goods and Services	229.64	232.47	251.02	326.76	369.12
Employee Benefits Expense	27.28	26.58	28.21	30.62	35.69
Payments to Providers of Capital	110.50	151.92	130.79	151.00	188.16
- Dividend/ Interest to Providers of Capital	70.83	125.32	132.78	142.13	192.97
- Retained Profits	39.67	26.59	(1.99)	8.86	(4.81)
Financial Assistance received from Government due to be paid *(Outstanding Balance of Deferred Sales Tax for Paperboards and Specialty Papers Business, by State of Andhra Pradesh - interest free deferral period of 14 years)*	0.11	0.08	0.06	0.05	0.05
Financial Assistance received from Government *(on account of fiscal and export incentives etc.)*	1.00	1.20	0.43	2.59	3.01

Total assets and returns

The net capital employed stood at ₹692 Billion as at 31st March, 2023 (previous year ₹631 billion) generating profit before interest and taxes (PBIT) of ₹247 billion (previous year ₹199 billion).

ITC's diversified portfolio of businesses, position it to contribute meaningfully to the growth and development of the country, spanning across all the three sectors of the economy: agriculture, manufacturing and services. ITC's interventions across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution, creating national brands to maximise value capture in India, accelerating growth in tourism, increasing Indian agri exports and promoting sustainable business practices. Investments made are guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'Atmanirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

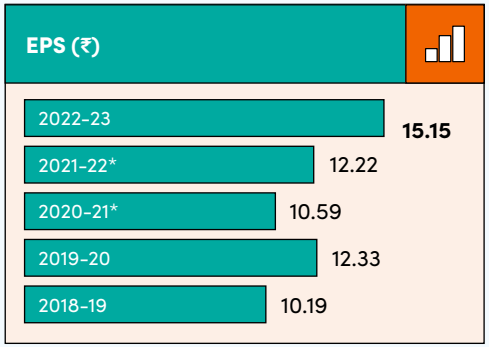
In recent years, the strategy in respect of Hotels Business has been reset to pursue an 'asset-right' growth path and augment revenue streams while simultaneously leveraging the Company's world-class properties and iconic cuisine brands to drive growth.



Creating Sustained Economic Value

Shareholder returns & earnings Per Share

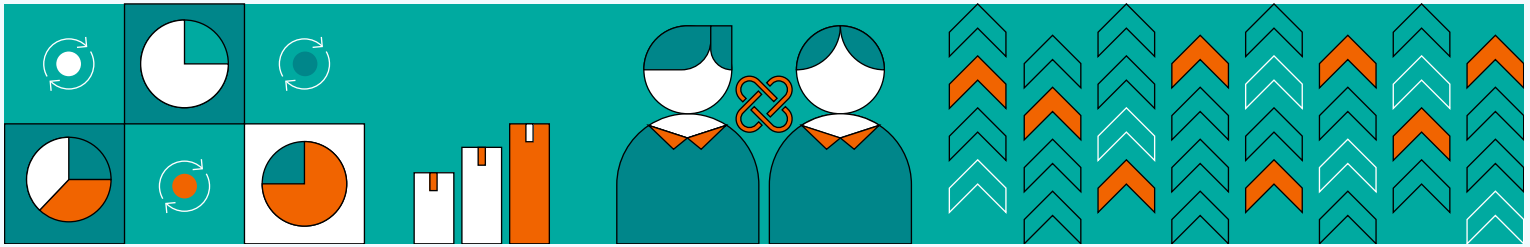
In the last two decades, ITC's non-cigarettes businesses have grown over 31-fold and presently constitute over two-thirds of Net Segment Revenue. Earnings Per Share stood at ₹ 15.15 for the FY 2022-23 (previous year ₹ 12.22). Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 22.7% per annum during this period, placing the Company amongst the foremost in the country in terms of efficiency of servicing financial capital.



Financials for FY 2020-21 & FY 2021-22 were impacted by unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic.

Value addition and contribution to the National Exchequer

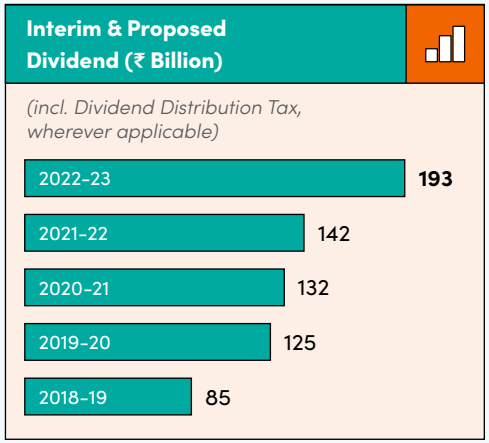
Over the last five years, ITC's value addition, i.e. the value created by the economic activities of the Company and its employees, aggregated over ₹2,710 billion of which over ₹1,830 billion accrued to the Exchequer. Including the share of dividends paid and retained earnings attributable to government owned institutions, ITC's contribution to the Central and State Governments represented over 75% of its Value-Added during the year. **ITC remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.**



Dividend

A Special Dividend of ₹2.75 per Ordinary Share in addition to the Final Dividend of ₹6.75 per Ordinary share for the financial year ended 31st March, 2023 (Final Dividend for the financial year ended 31st March, 2022 - ₹6.25 per Ordinary Share) has been recommended by the Board of Directors.

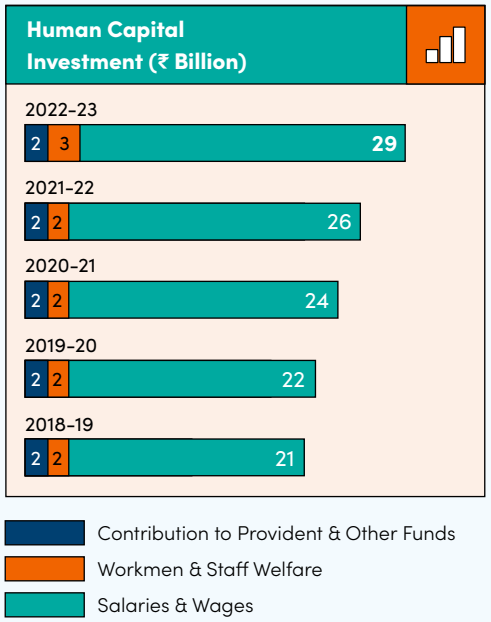
Together with the Interim Dividend of ₹6.00 per Ordinary share (previous year ₹5.25 per Ordinary share), the total Dividend for the financial year ended 31st March, 2023 amounts to ₹15.50 per Ordinary share (previous year ₹11.50 per Ordinary share).



Employee benefits

The employees are entitled to retirement benefit schemes which include employee pension, provident fund and gratuity. All statutory payments, as applicable, e.g., Provident Fund and Family Pension contributions, are deposited with the Government in a timely manner. The pension plans and other applicable employee benefits obligations are determined and funded in accordance with independent actuarial valuation. The assets of the trust funds are well diversified and investments are made within the prescribed statutory pattern with the objective of protecting capital and optimising returns within acceptable risk parameters.

The Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce. The Company's policy on Diversity, Equity and Inclusion articulates and institutionalises this conviction. The Company's endeavour to enhance Diversity, Equity and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions and is integral to serving customers better while creating value for all stakeholders.



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Environmental Stewardship

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Biodiversity Management	73
Water Security	81
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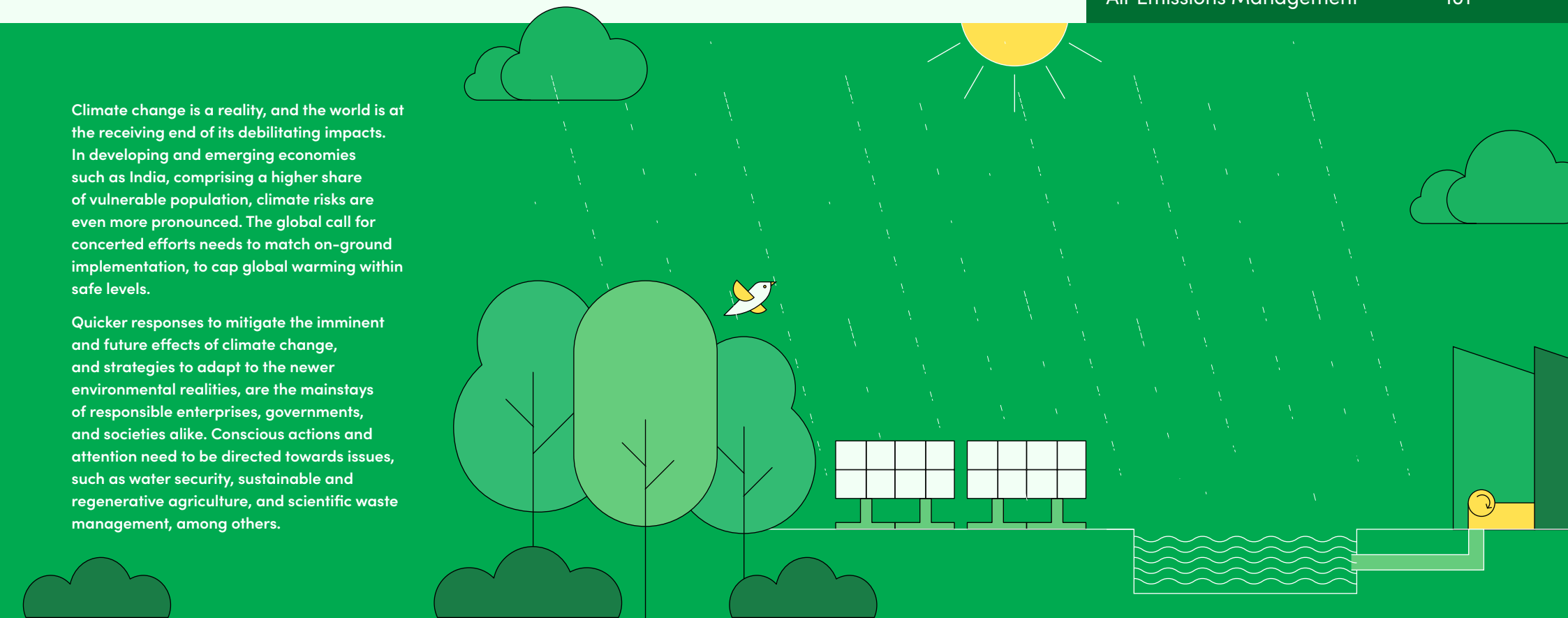
Chemical Safety Management	101
Air Emissions Management	101

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

Quicker responses to mitigate the imminent and future effects of climate change, and strategies to adapt to the newer environmental realities, are the mainstays of responsible enterprises, governments, and societies alike. Conscious actions and attention need to be directed towards issues, such as water security, sustainable and regenerative agriculture, and scientific waste management, among others.



Environmental Management

ITC's Approach

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

Policies

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

Practice

In line with ITC's sustainability roadmap, Businesses are moving ahead in a phase-wise manner to implement the aforementioned policies. The overall responsibility for ensuring implementation of Policies and Standards on environmental performance rests with the Divisional/ Strategic Business Unit's (SBU) Chief Executives, who work with their respective management teams. Various committees designated with specific responsibilities have

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

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

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability. Furthermore, the Company continues to focus on raising internal and external stakeholders' awareness of environment management through ongoing training programmes. Some of the aspects covered as part of training programmes carried out during the year include:

- Alliance for Water Stewardship Standard
- Climate Risk Assessments
- Life Cycle Assessments
- Environment, Health & Safety Management
- Sustainable Supply Chain
- Human Rights

In 2022-23, 36,948 man hours of training were provided to employees on EHS related matters, and around 60% of the identified Critical Tier-1 suppliers received training on aspects like environmental compliance, fair business practices, corporate governance and ethics, occupational health and safety and fair labour practices and human rights.

Climate Change

The sixth Assessment Report (AR6) by United Nation's Intergovernmental Panel on Climate Change (IPCC) states that the global temperatures have already increased by 1.1 degree Celsius resulting in significant increase in both frequency and severity of extreme weather events globally. This is further corroborated by the fact that in 2022, India experienced an extreme weather event in one or more parts of the country on 314 out of 365 days[5]. Consequently, Climate Change has emerged as an existential risk requiring coordinated efforts from all stakeholders. Industry needs to accelerate its actions towards not only decarbonizing faster, but also adapting to the worst impacts of climate change.

ITC's operations including factories, warehouses and hotels are spread across the country, and depend on agri and forestry-based value chains for sourcing key raw materials. Accordingly, Company's approach focusses on mitigation of both transition risks as well physical risks of climate change, and effective climate risk management also offers opportunities for ITC to become a future-ready climate-resilient organization.

ITC is pursuing a multi-pronged climate strategy as a part of its Sustainability 2.0 vision. This strategy addresses transition risks through extensive decarbonisation across the value chain, and physical risks through implementation of location-specific adaptation strategies for vulnerable sites and value chains.

Highlights

43%
of ITC's energy is from renewable sources

40
buildings of the Company are Platinum rated green buildings by USGBC-LEED/ IGBC (as on 31st March, 2023)

12
Hotels and one data centre are certified as LEED Zero Carbon buildings (as on 31st March, 2023)

12
ITC units met more than 90% of their electrical energy requirements from renewable sources in FY 2022-23

100%
renewable electricity consumption at Bollaram Paper Mill

With investments over the years, ITC has installed
178 MW
of renewable energy assets across States

>1 million acres
under forest cover with more than 90,000 acres of plantation being added during the year that resulted in:

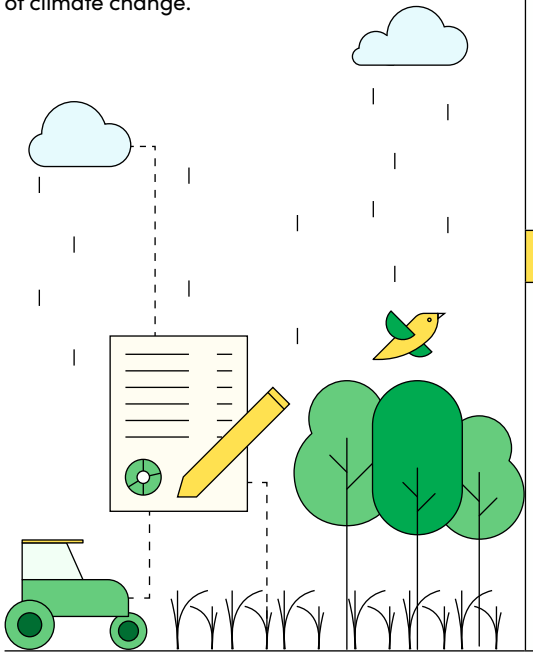
~6 million tonnes
CO_2 sequestered

[5] *India's Atlas on Weather Disasters by Centre for Science and Environment (CSE) and Down to Earth (DTE)*

Climate Change

ITC's Approach: Managing Climate Risks Across the Value Chain

ITC remains committed to steering its course towards a low carbon pathway. ITC has mapped its greenhouse gas (GHG) emissions (Scope 1,2 and 3) across the entire value chain, and is in the process of developing its Net Zero plan to reduce the risk of transition to low carbon economy. In addition, ITC continues to work on improving the resilience of its own Units as well as value chain to minimise the risk of disruption due to acute and chronic impacts of climate change.



Summary of ITC's strategies and major interventions:

Upstream → Operations → Downstream

Material Sourcing and Transportation	Manufacturing	Outsourced Manufacturing, Downstream Logistics and Product Sustainability
Addressing Transition Risk of Climate Change: Decarbonization Approach Across Value Chain		
ITC's key upstream emission sources, and the corresponding mitigation approach includes: • Promotion of regenerative agriculture in key **agri value chains**. • **Sustainable packaging** initiatives. • Green logistics and optimising 'distance-to-premises' in **upstream transportation**. • Large scale forestry programme that **sequesters carbon**. In addition, ITC is undertaking a detailed study to understand its value chain GHG emissions, and identifying levers for mitigating the same.	Approach for mitigating Scope 1, 2 GHG emissions across ITC's own premises includes: • Investment in **energy efficiency** measures. • Accelerated adoption of **renewable energy**. • Building **future-ready green infrastructure** with low energy and emissions attributes.	ITC's key downstream emission sources, and corresponding mitigation approach includes: • For **third party manufacturers**, ITC will work towards facilitating adoption of cleaner technologies. • Green logistics and optimising 'distance-to-market' in **downstream transportation**. • **Sustainable product innovation** based on life cycle assessments (LCA) for identifying emission hotspots. • Sustainably **managing post-consumer plastic packaging waste** in excess of packaging utilised by ITC.
Addressing Physical Risk of Climate Change: Building Climate Resilience Across Value Chain		
• Continue to expand coverage of **regenerative and climate smart agriculture** programmes. • Conduct **detailed farm level climate risk** and **vulnerability studies** to identify major climate risks. • Integrate **region and crop-specific adaptation strategies** within the regenerative and climate-smart agriculture programmes for addressing the identified risk.	• Conduct **detailed assessments** based on climate science for understanding long term climate risks for ITC's operating assets, and identifying high risk sites. • For high-risk sites, **conduct site-specific studies**, and develop **contextual and location-specific adaptation plans** and strategies.	• Conduct **detailed climate risk assessments** for **value chain assets** like warehouses, third party manufacturers and franchisee Hotels. • **Engage with value chain partners** for undertaking adaptation strategies.

Climate Change

Decarbonization Across the Value Chain

Governments around the world are actively working towards transitioning their economies to a low carbon state, and India is no exception. India has significantly enhanced its Nationally Determined Contributions (NDC), which includes even more ambitious renewable energy targets, transitioning to Net Zero by 2070 and introduction of a domestic carbon market for incentivising and accelerating decarbonisation of Indian industries. ITC, through its ambitious Sustainability 2.0 commitments, is well positioned to address the Net Zero challenge. The Company is focussing on enhancing its understanding of value chain emissions, and identifying appropriate levers for facilitating the Net Zero transition. ITC 's large scale value chain decarbonisation programmes are a testament to this commitment.

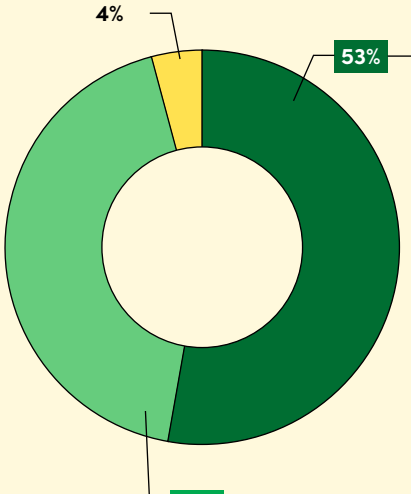
Own Units

ITC's 2022-23 Performance

Energy

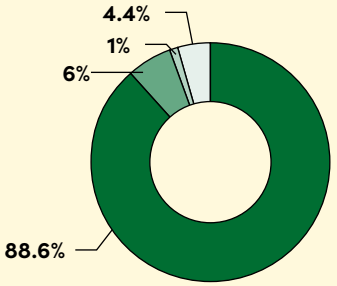
During the year, ITC Units consumed 26,885 Terra Joules (TJ) of total energy with 43% energy coming from renewable sources.

Break-up of Energy Sources



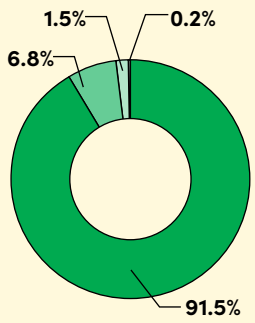
Energy from fossil fuels
Energy from renewables
Electricity from Grid

Break-up of Non-Renewable Sources



Coal
FO
HSD
Others

Break-up of Renewable Sources

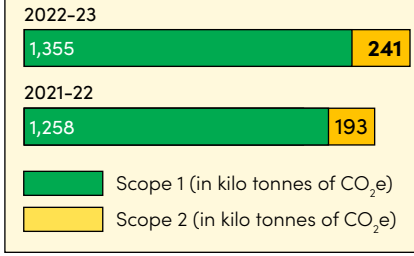


Biomass
Wind
Solar
Others

Greenhouse Gas (GHG) Emission - Performance

For 2022-23, ITC's Scope 1 and Scope 2 emissions (market-based) are 1,354,662 tCO_2e and 241,113 tCO_2e respectively. In addition, location-based Scope 2 emissions, which excludes the contribution of purchased renewable electricity, are 251,236 tCO_2e.

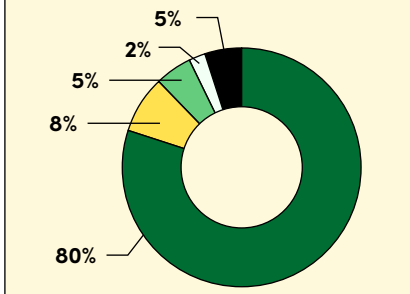
ITC's Scope 1 and 2 GHG emission performance



Scope 1 (in kilo tonnes of CO_2e)
Scope 2 (in kilo tonnes of CO_2e)

Share of Scope 1+2 GHG emission across ITC Businesses

Business-wise breakup of GHG emissions



PSPD
FBD
Hotels
ITD
Others

Climate Change | Decarbonization Across the Value Chain

Managing GHG emissions

Managing Scope 1 and 2 emissions require investment in energy efficiency, adoption of renewable energy, and building green infrastructure with low energy and emissions attributes.

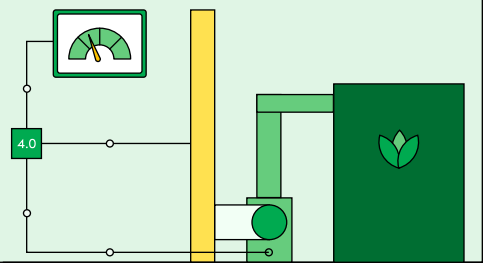
Energy Conservation Measures

ITC Units focus on energy efficiency through process improvements, and investing in low carbon technologies. Over the years, ITC has taken major measures like installation of Vapour Absorption Machines (VAM), automation of HVAC tube cleaning system, and installation of energy efficient equipment such as boilers, chillers, AHUs, motors, fans, pumps and agitators. In FY 2022-23, investments in energy conservation equipment resulted in savings of more than 200 TJ, equivalent to more than ~24,000 tonnes CO_2e emissions.

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

In line with ITC's focus on accelerating digitalization across businesses, Paperboards & Specialty Papers Business is implementing several transformative projects leveraging Industry 4.0 technologies across key business areas, to enhance productivity, reduce carbon footprint, achieve strategic cost efficiencies and superior product performance.

One such project implemented at PSPD Bhadrachalam during the year focused on leveraging data for enhancing biomass share in the green boiler that uses both biomass and coal. Typically, frequent variation in biomass attributes like size and ash content are difficult to adjust by the operator thereby resulting in high temperatures in the superheater and limiting further increase in biomass share. Using historical data, the Unit team linked the control parameters such as fuel feed rates and tertiary air flow with various process parameters like superheater tube temperature and flue gas temperature for better feed management. This initiative resulted in improving biomass consumption by more than 22,000 tonnes, and avoiding over 14,000 tonnes CO_2e emissions.



Renewable Energy Adoption

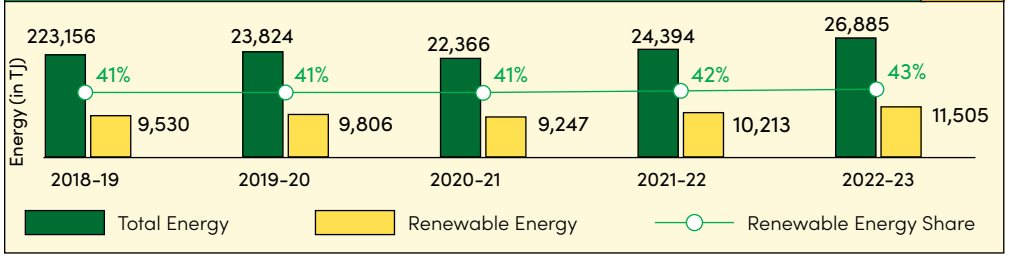
ITC has been investing in renewable energy projects for both renewable electricity and renewable thermal requirements. In FY 2022-23, ITC commissioned five biomass boilers, primarily in Foods Business, for replacing existing fossil fuel fired boilers. In addition, ITC has also invested in several solar electricity projects including capacity augmentation at offsite solar power plant in Tamil Nadu from 14.9 MW to 17.9MW. With investments over the years, ITC has increased its renewable energy capacity to 178MW. Based on the investments in renewable electricity and renewable thermal projects, ITC has been able to its increase its renewable energy share to 43% despite significant expansion in scale.

Renewable Energy adoption at ITC Foods

Foods factories require electricity for running the equipment, and steam for various process requirements. Earlier, electricity was primarily sourced from the grid, and steam was supplied mainly from fossil fuel fired boilers. In line with the Sustainability 2.0 agenda, ITC's Foods Business has been transforming its operations by shifting to renewable energy in a big way.

For electricity, the focus has been on augmenting solar capacity which has grown from 4.7MW to 32.7MW in the last five years, thereby increase the share of renewables in electricity consumption from 28% to 34% despite significant expansion in scale of operations. For steam, fossil fuel boilers are getting replaced with biomass ones with four new boilers getting commissioned in FY2022-23 alone, resulting in increase of the renewable thermal share to 45% from 22% in the previous year.

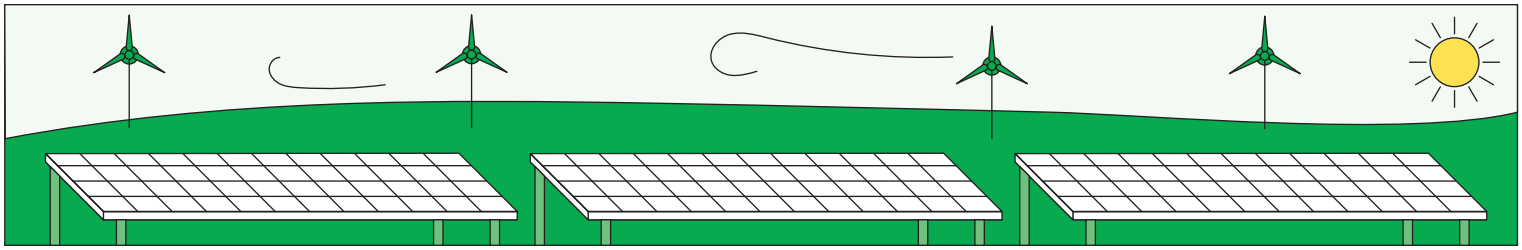
Progress: Share of Renewable Energy



Climate Change | Decarbonization Across the Value Chain

Sustainability 2.0 – Climate Change Targets

As part of its Sustainability 2.0 vision, ITC is targeting 50% share of renewables in total energy, and 100% of purchased grid electricity requirements from renewable sources by 2030. Accordingly, all ITC Businesses are progressively working towards improving their performance and achieving these targets.



All ITC businesses are pursuing renewable energy initiatives across their operations.

Business	% Purchased Grid Electricity from Renewables	% Share of Renewables in Total Energy
Paper Business	61%	44%
Foods Business	32%	41%
Hotels	45%	38%
FMCG Cigarettes	67%	57%
Others	47%	27%

In addition to renewable energy targets, ITC Businesses are also targeting a reduction of 50% in Specific GHG Emissions and 30% reduction in Specific Energy Consumption by 2030 (FY2018-19 baseline).

Energy and emissions efficiency performance of key ITC businesses is presented below:

Business	% Reduction in Specific Energy Consumption from 2018-19	Specific Energy Consumption (2018-19)	Specific Energy Consumption (2022-23)	% Share in Total Energy
Paper Business	9%	26.0 GJ/tonne	23.6 GJ/tonne	86%
Foods Business	25%	4.1 GJ/tonne	3.0 GJ/tonne	6%
Hotels[6]	13%	0.9 GJ/m^2	0.8 GJ/m^2	3%
FMCG Cigarettes	12%	5.7 GJ/MNC	5.0 GJ/MNC	1.4%

MNC: Million Cigarette

Business	% Reduction in Specific GHG Emissions from 2018-19	Specific GHG (Scope 1+2[7]) Emissions (2018-19)	Specific GHG (Scope 1+2[8]) Emissions (2022-23)	% Share in GHG emissions (Scope 1+2[7])
Paper Business	11%	1.5 tCO_2e/tonne	1.3 tCO_2e/tonne	80%
Foods Business	40%	0.4 tCO_2e/tonne	0.2 tCO_2e/tonne	8%
Hotels[8]	9%	0.1 tCO_2e/m^2	0.09 tCO_2e/m^2	5%
FMCG Cigarettes	15%	0.4 tCO_2e/MNC	0.3 tCO_2e/MNC	1.5%

[6]From FY2022-23 onwards, specific GHG emissions and specific energy consumption for Hotels Business will be reported relative to 'built-up area' instead of 'per room nights sold' used earlier. This is in line with reporting under India's Performance, Achieve and Trade (PAT) scheme, and industry standard practice.

[7]Scope 2 market based GHG emissions

[8]From FY2022-23 onwards, specific GHG emissions and specific energy consumption for Hotels Business will be reported relative to 'built-up area' instead of 'per room nights sold' used earlier. This is in line with reporting under India's Performance, Achieve and Trade (PAT) scheme, and industry standard.

Climate Change | Decarbonization Across the Value Chain

Developing Green Infrastructure for a Net Zero Future

Globally, the buildings sector contributes to 39% of all energy-related GHG emissions, and will therefore play an essential role in the global net zero transition. This will entail mitigating emissions during use-phase of buildings as well as the embodied carbon of materials used during construction.

ITC's growing footprint requires rapid development of new infrastructure like new factories, expansion of existing factories, new Hotels and offices. Accordingly, Company's approach towards built infrastructure focuses on reducing embodied carbon footprint of its new facilities as well as designing facilities with globally benchmarked energy efficiency attributes in line with Standards like LEED®. This approach is operationalised by ITC's in-house team through best-in-class value engineering and sustainability practices. These practices include optimising design, designing buildings for longevity, and using recycled materials for construction and interiors. As a result, ITC is pioneering the green building movement in India. This is reflected in the fact that currently, 40 ITC buildings are platinum rated green buildings. In addition, the first twelve LEED® Zero Carbon hotels in the world are ITC properties, and ITC Sankhya is the first LEED® Zero Carbon data centre in the World.

Building Low Carbon Infrastructure

Based on Life Cycle Assessments (LCAs), the recently constructed warehouse at Kapurthala and foods factory at Khorda have been built with a lower carbon footprint (pertaining to civil, structural and architectural works) as compared to similarly benchmarked global facilities. This is on account of adoption measures like value engineering principles for reducing material consumption, using recycled waste products as construction material, and building for longevity.

- Footprint of warehouse at Kapurthala is 531 $kgCO_2e/m^2$ against a global benchmark of 625 $kgCO_2/m^2$,
- Footprint of Khorda factory is 452 $kgCO_2e/m^2$ against the global benchmark of 575 $kgCO_2/m^2$.

Value Chain (Scope 3) GHG Emissions

ITC remains focused on measuring and managing its environmental footprint across the value chain. In FY2022-23, 3,792 TJ of energy was consumed outside the organisation. Further, Scope 3 GHG emissions stood at 295 kilo tCO_2e which includes emissions from the sources listed below:

129,470
Inbound transportation of raw materials

145,737
Outbound transportation of products and wastes

5,903
Employee commuting

2,141
Employee business travel by air

510
Pick-up and drop of guests in ITC Hotels

11,669
Exclusive third-party manufacturers (TPMs) catering to notebooks segment of the Education and Stationery Products Business and Cigarette Business.

Associate companies: ATC Limited and Gujarat Hotels Limited

**Above figures are in tonnes of CO_2e*

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

Managing Value Chain GHG Emissions

ITC is also working with its value chain partners, both upstream and downstream, for decarbonizing their operations, improving efficiency and working towards progressively including their emissions in the reporting boundary. Some of these initiatives are listed below:

Decarbonising Agri Value Chains

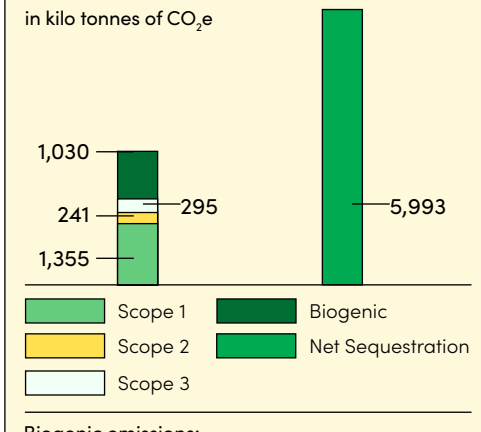
Agri based raw materials embody significant GHG emissions owing to on-farm operations as well usage of inputs like fertilisers. This is especially a challenge in the Indian context as small landholdings result in farm level inefficiencies with respect to input usage, and often limits the application of low-carbon interventions.

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 aggregation of small farmers by working with Farmer Producer Organisations (FPOs) and leveraging digital platforms like ITCMAARS. ITC's large-scale 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. ITC's farm level interventions for major crops cover over 1.6 lakh acres. For details, refer "Sustainable Agriculture" chapter of this report.

Sustaining and Enhancing Carbon Sequestration

The social and farm forestry programme by ITC's Paper Business was started for promoting sustainable forests management practices in the value chain, and securing the supply of pulpwood for its paper mills. Apart from sequestering carbon, this programme provides significant environmental benefits such as improving productivity of wasteland. The programme also helps in de-risking poor rural households by diversifying farm portfolios through the promotion of tree-based farming. For details, refer "Sustainability Agriculture" and "Mission Sunehra Kal for Sustainable & Inclusive Growth" Chapters of this report.

Comparing ITC's GHG emissions with sequestration



Biogenic emissions:
Scope 1 - 1,007,890 tCO_2e
Scope 2 - 21, 578 tCO_2e
Scope 3 - 100 tCO_2e

Climate Change | Decarbonization Across the Value Chain

Sustainable Packaging

As part of its ITC's Sustainability 2.0 vision, ITC's approach focusses on ensuring 100% of packaging is reusable, recyclable or compostable/biodegradable. This entails improving recyclability of multi-layer laminate packaging by reducing the complexity of the structure, phasing-out hard to recycle plastics and identifying alternative packaging material with lower environmental impact including bio-based compostable plastics. ITC is also exploring potential applications of refillable/ reusable models.

Another element of the approach is optimising packaging in a way that reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product. This includes progressive reduction in plastic packaging intensity over time, examining the possibility of introducing recycled content in plastic packaging, wherever permitted by regulations, and evaluating the life cycle impacts of packaging and identifying opportunities for improvement using tools like Life Cycle Assessment studies.

As a leading Paperboards, Paper & Packaging company, ITC is also leading the way by introducing more recyclable and sustainable packaging solutions in the market including innovative paperboard-based plastic substitution solutions.

Page 93 *Refer "Towards Circularity" chapter of this Report*

Transportation

'ITC One Supply Chain' initiative aims at optimization routes, deploying higher capacity vehicles and shifting to lower emissions modes like rail, waterways and sea routes to reduce transportation related GHG emissions. ITC has also strategically located its Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities of FMCG businesses closer to the market, allowing direct shipments to customers. The Company has also been working on introducing electric vehicles for last mile delivery.

Case Study: Scaling Up Adoption of Electric Vehicles (EV)

ITC has been piloting EVs for last mile delivery of FMCG products. This leg of the value chain has been prioritized as it requires relatively smaller sized vehicles for shorter travel distances. Currently, pilots are active in seven metro cities with EVs covering ~3,200 trips annually. Based on the current market scenario, carrying capacity and range remains a challenge, and may require reworking route plans for future scale up. Based on these learnings, the current pilot will be gradually scaled up.

Product Sustainability

ITC leverages Lifecycle Assessment (LCA) studies identifying product level footprint including hotspots where interventions are required for making the product more sustainable. This may include changing product formulations, product packaging and product delivery models.

Page 93 *For details, refer to "Towards Circularity" Chapter of this report*

Case Study: Slashing Product Footprint by Two-Thirds - Savlon Powdered Handwash

ITC's Savlon powdered handwash has a much lower footprint compared to conventional liquid handwash. This handwash comes in concentrated form and hence requires less packaging. This format also results in lower transportation related emissions as compared to equivalent liquid handwash.

As per LCA studies carried out with third party experts, the lifecycle emissions of powdered handwash are only one third of the equivalent liquid handwash, thereby representing a two-thirds reduction in footprint on a lifecycle basis.

Third-Party Manufacturing Partners

ITC has been working towards progressively increasing the coverage of key third-party manufacturing facilities in its Scope 3 emissions boundary, as this enables benchmarking their key performance indicators and develop action plans. In addition, ITC also provides technical guidance to its key third-party manufacturing partners for identifying and implementing improvement areas.

Page 103 *For details related to ITC's engagement with its suppliers, refer "Sustainable Supply Chain" chapter of this Report*

End-of-life Management of Post-Consumer Packaging Waste

ITC collects and sustainably manages postconsumer plastic packaging waste across India. Through these programmes, ITC has been able to collect and sustainably manage over 60,000 MT of plastic packaging waste which is more than the plastic packaging of its products.

Page 93 *For details, refer to "Towards Circularity" Chapter of this Report*

Climate Change

Managing Physical Risk of Climate Change: Building Climate Resilience Across the Value Chain

Some of the worst impacts of climate change are already being felt around the world and are expected to further intensify even as the world readies to moves towards Net Zero. Therefore, even for businesses, the unprecedented and unpredictable climate change-linked extreme weather events necessitate a focus on building resilience with respect to physical impacts of climate change. ITC is systematically working towards building climate resilience across its physical assets as well as key agri value chains.

Own Assets

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

Additionally, in order to identify long-term physical risks of climate change, ITC is working with climate experts to conduct comprehensive climate risk and vulnerability assessments using climate models across its operating locations (like factories, hotels and warehouses). These assessments consider impact of climate hazards related to changes in temperature, precipitation, sea level rise, flooding and other extreme weather events over different time frames under various Representative Concentration Pathways (RCP)/ Shared Socioeconomic Pathways (SSPs) scenarios. In line with the findings of these assessment, detailed site-specific assessments are then undertaken for developing contextual location-specific adaptation plans and strategies.

Value Chain

Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done by ITC on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas.

Detailed farm-level studies have been conducted to understand the potential adverse impacts of climate change on your Company's key agri-value chains. These risk assessments help further calibrate the climate resilience measures that are being implemented across your Company's value chains. Some of these interventions include developing climate tolerant seed/seedling varieties, agro-chemical management, and propagating micro zone-specific agricultural practices.

Page 63 *For more details, refer "Sustainable Agriculture" chapter for this Report*

Climate Change

Road Ahead

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

Accelerated Decarbonization

Accelerating towards achieving ITC's Sustainability 2.0 goals through continued investment in green infrastructure and energy efficient technologies.

While ITC has already taken on ambitious targets, the Company is working towards estimating its full value chain emissions including scope 3, and developing a Net Zero plan covering all major businesses.

Climate Adaptation Strategy

Enhance the understanding of potential impacts of climate change on ITC's operations and its value chain through science-based climate risk assessments.

Develop and implement robust and inclusive adaptation strategies for own operations and value chain in consultation with key stakeholders - farmers, NGO's and local Governments, thereby ensuring a climate resilient future for everyone.

Disclosures

Transparently communicate ITC's approach, strategy and performance on climate change to key stakeholders including investors through disclosures aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Partnerships and Collaboration

Promote thought leadership and industry-wide collaboration on climate change through 'CII–ITC Centre of Excellence for Sustainable Development'.

Sustainable and Climate Resilient Agriculture

Leveraging the Company's enterprise strengths and its large presence in rural communities, ITC has, over the years designed and implemented large-scale programmes on sustainable agriculture. With the burgeoning evident impacts of climate change on agricultural productivity, and a constant deterioration in the state of natural ecosystems, **sustainable and climate resilient agriculture** for ITC entails adoption of science and innovation for **conserving natural resources and at the same time enhancing climate-resilience and decarbonising agriculture.** For the Indian farmer, this entails supporting sustainable livelihoods while enhancing their resilience.

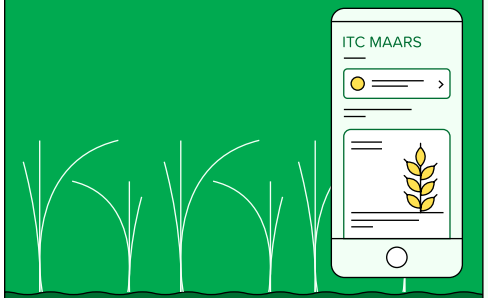
ITC is focussed on developing 'climate-smart' agriculture systems that address the environmental and social impacts of climate change and enable its agri-value chains to withstand the changing climatic patterns and extreme weather events, such that the losses to farmers get minimised in a bad year, and they experience relatively higher gains in a good year. 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 food security. ITC's initiatives for increasing agricultural productivity in a sustainable manner are scientifically planned and follow the key principles of 'regenerative agriculture'. **Regenerative agriculture leads to development of healthy soil, capable of producing high quality nutrient dense food while simultaneously improving, rather than degrading the land, and ultimately leading to productive farms, healthy community and economies.**[9]

Moreover, with the unique set of challenges that Indian farmers anyway face, farmer wellbeing stays at the core of ITC's portfolio of large-scale farm interventions. ITC works towards creating an **enabling environment** for farmers by providing **technical assistance and extension services for improving yields, streamlining access to input markets including credit through aggregation, establishing market linkages, and extend assistance to transition to sustainable practices.** Further for securing farmer livelihoods, ITC's Agri Business Division and the Social Investments Programme (ITC's Mission Sunehra Kal) focus on mechanisms to make the dominant sources of income for farming communities more sustainable.

Page 148 *For more details, refer "Mission Sunehra Kal for Sustainable & Inclusive Growth" section of this Report*

[9]*Source : Indian Council of Agricultural Research*

Highlights



ITCMAARS (Meta Market for Advanced Agricultural Services) - a crop agnostic 'phygital' eco-system has now been launched in 9 states with

>500,000

farmers empowered through 1100+ FPOs

ITC launched 'Mission Millets' for Sustained Food Security and Enhanced Climate Resilience

ITC's Climate Smart Agriculture programme covered

2.3 million acres

impacting over 740,000 farmers during the year across 17 States

Sustainability 2.0 Target: Promote Climate Smart Village approach in core agri-business catchments on

3 million acres

of land by 2030

9,458 acres

of farms across ITC's Agri Value Chains covered under Sustainable Certifications like Organic, Rain Forest Alliance (RFA), Global GAP and Fairtrade

Sustainable and Climate Resilient Agriculture

Approach

Sustainable and Climate Resilient Agriculture

Focus Areas

Conservation of Natural Resources in Agri-Systems	Climate Resilience & 'Decarbonisation' of Agriculture
Watershed Management	R&D Driven Location-specific, Improved & Climate Resilient Varieties
Soil Health and Biodiversity Conservation	Customised Crop & Weather Advisory using Digital Platforms
Integrated Nutrient Management, Soil Testing and Nut.rient Advisory	Carbon Sequestration through Practices like Zero Tillage and Balanced Crop Nutrition
Precision Agriculture	Resource Optimisation & Energy Efficient Practices
Integrated Pest Management	
Organic Cultivation and Agri-Sustainability Certifications	
Livelihood Diversification: On Farm (Agro and Social Forestry) and Off Farm (Livestock)	

Initiatives for Resource Conservation, Creating climate resilient agri-systems and 'Decarbonising' Agriculture are closely inter-related.

Enablers

- Inclusive Farm-systems
- Farmer Collectives
- Scientific Know-how
- ITCMAARS - Digital Platform for Farmer Empowerment
- Partnerships

Outcomes

- Sustainable Farmer Incomes
- Improved Climate Resilience

Sustainable and Climate Resilient Agriculture

Conservation of Natural Resources in Agri-systems

With reduced requirement of external inputs and shortened value chains, 'regenerative agriculture' empowers farmers and local communities. Among other benefits, regenerative agriculture also helps in decarbonisation of agriculture by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon sequestration and improving the water cycle.

ITC adopts several principles of regenerative agriculture across its interventions and encourages conservation of natural resources. Additionally, ITC promotes crop management practices such as use of climate resilient varieties, biotic and abiotic stress tolerant varieties, soil and moisture conservation, micro irrigation, agricultural practices such as zero tillage, direct seeding of rice, broad bed furrow method of planting, green manuring etc. among other practices. In addition, ITC promotes practices like Integrated Pest Management (IPM) which have multiple benefits. Some of the benefits which farmers realised include: reduction in pesticide use, conservation of underlying natural resource base (i.e. soil, water and biodiversity) and enhanced ecosystem services (i.e. pollination, healthy soils, diversity of species). Moreover, other Precision Agriculture practices help farmers conserve resources through efficient programmes. At ITC, multiple initiatives on Agroforestry are being taken through Farm Forestry and Social Forestry programmes for creating sustainable wood source for pulp, energy and agarbatti which helps in improving farmer livelihoods.

Page 73 *More details can be referred to in Biodiversity Management Section of the Report*

Regenerative/Conservation Agriculture Practices in Field Crops – Wheat, Rice, Soybean, Spices

ITC's Agri Business Division (ABD) promotes various regenerative or resource conservation cultivation practices across key crop value chains such as Wheat, Rice, Soybean, Chilli, Turmeric and Cumin. Following practices help in optimising the use of resources during crop life cycle thus facilitating the reduction in cost of cultivation as well as improving yield.

Varietal Selection – Based on local agro climatic conditions and yield potential, relevant crop varieties are selected in consultation with local and State-level agricultural research institutes. The high yielding varieties are promoted on field through crop demonstrations to help farmers improve their yield per unit area under cultivation.

Seed Treatment – In order to improve the germination rate and to reduce incidence of diseases, seed treatment is promoted amongst farmers thus positively affecting overall yield.

Nutrient Management – Various practices such as Soil Testing, use of Leaf Colour Charts (LCC) are promoted during crop life cycle, optimizing the quantity of fertilizers used per unit area. It helps farmers in administering the required nutrition at crop growth stages and achieve better yield. In case of spices value chains, Integrated Nutrient Management (INM) practices are promoted to help farmers comply with the regulations and requirements as per market demand.

Integrated Pest Management (IPM) – Best practices of managing various pests and diseases are promoted amongst spices farmers to optimize the use of various crop protection chemicals and to meet the chemical residue level requirements in the final produce.

Crop Diversification – The crops which help in augmenting the soil such as Summer Moong (Green Gram), are promoted amongst the farmers. This crop also acts as a cover crop and helps farmers to earn additional income.

Customized Crop Advisory through ITCMAARS – Crop, location and weather based specific crop advisory is being disseminated through ITCMAARS in a 'phygital' manner, wherein relevant information is provided through mobile application, real time query resolution is done through a call centre and on field support is provided through field teams.

Regenerative Agriculture Practices in Tobacco Farming

Some of the key Regenerative Agriculture practices, which help in resource conservation and enhance soil carbon sequestration potential in ITC's Tobacco agri value chains include:

- ITC supported Tobacco farmers of Mysore region of Karnataka in adopting Green Manuring initiative in 20,000 acres. This helped in improving soil structure, increasing water holding capacity, decreasing soil loss by erosion and also reducing the use of inorganic fertilizers.
- Sub-soilers are deployed in the identified regions to break compact sub-soil and enabling increased water holding capacity and better root penetration.
- Soil and Moisture conservation work done in Tobacco growing tracks of Andhra Pradesh and Karnataka to provide irrigation support to nurseries and standing crop.
- Nearly 20,000 acres of land in West Godavari region of Andhra Pradesh is covered with drip irrigation technique which avoids loss of fertile top soil through run off and enables increased water use efficiency.
- Tobacco farmers are encouraged to practise crop-rotation with pulse crops to improve soil fertility and support soil microbial activity.
- Responsible usage and safe disposal of agro-chemicals waste is implemented across the Tobacco regions to eliminate contamination in to local water / soil sources and minimise adverse impact on human health.

Promoting Certified Sustainable Farm Value Chains: Organic, Rain Forest Alliance (RFA), Global GAP and Fairtrade

ITC's Agri Business Division (ABD) helps farmers to implement various certification programmes to sustainably cultivate the crops with an objective of conserving resources, adhering to social safeguards and increasing the potential of value realization. The organic certification in crops like Wheat, Chilli, Turmeric, Mango helps reduce usage of chemical fertilizers and crop protection chemicals, decreases nitrate leaching into ground and surface water, reduce soil erosion and improving 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 & Turmeric and Fairtrade in Fruit & Vegetable value chains helps build the capacity of farmers around avoiding child labour, promoting gender equality and non-discrimination. It also helps optimizing the use of inputs such as fertilizers & chemicals, prevent pollution and manage waste. These certifications also help in safeguarding the forests and conservation of biodiversity. **9,458 acres of farms across ITC's agri value chains are covered under these certifications.**

Next-Gen Tech - Agri-Drones: Leveraging Technology for Driving Efficiency, Product Integrity & Human Rights

ITC deployed drones on large scale covering 5,535 acres across Tobacco farms. A total of 2350 acres were covered under Drone Spray in Wheat, Chilli, Cumin across MP, UP, Bihar, Rajasthan, Punjab, Andhra Pradesh and Karnataka in collaboration with Agri-Start-ups. The use of drones for Agro-chemical spraying has demonstrated nearly 90% of water savings and substantial reduction in labour requirement compared to conventional method of spraying. Besides these, the technology is enabling farmers to take up prophylactic sprays after extreme weather events, even when field conditions prevent movement of man and ground machines. The technology ensures farm safety by evading direct human exposure to Agro-chemicals during spraying activity.

Sustainable and Climate Resilient Agriculture

Building Climate Resilience and 'Decarbonising' Agriculture

To build adaptive capacity and increase climate resilience of its agri value- chains, ITC adopts a systematic approach that includes:

- Climate risk assessment of key crop value chains including Pulpwood, Tobacco and Wheat for identifying hotspots

Page 53 *Refer 'Climate change' section of this report*

- Sustained work on promoting climate-resilient practices and crop varieties across key value chains
- Deploying agronomical practices to conserve soil and carrying out watershed-level conservation measures

ITC's Climate Smart Agriculture (CSA) programme aims to make agriculture regenerative, productive, sustainable, remunerative and climate resilient which is closely aligned to Indian Government's PM KUSUM, Sustainable Agriculture, Natural Farming and Millet Mission programmes which focus on improving farmer incomes, minimizing climate related risks and decarbonizing agriculture. The CSA programme covered **2.3 million acres** impacting over **740,000 farmers during the year across 17 States. ITC is targeting to cover 4 million acres by 2030 under this programme.** Additionally, in the core agricultural catchments, ITC has been working to convert entire village as **Climate Smart Village (CSV).**

Page 148 *More details can be referred to in Mission Sunehra Kal for Sustainable and Inclusive Growth section.*

ITC's businesses build 'Climate Resilient Farm Value chains' with a short and long-term approach.

A plethora of measures are undertaken geared towards addressing climate risks in the short term like impacts of drought and erratic precipitation levels as well as building long term resilience across key value chains like tobacco, wheat and soya.

Initiatives for Managing Climate Risks in the Short-term	Initiatives for Building Long Term Climate Resilience
• Promotion of climate resilient varieties • Promotion of climate smart practices across crop cycle • Weather forecasting and customised crop advisory using ITCMAARS	• Long-term climate risk modelling and scenario analysis • Expansion to low climate-risk geographies • Technology deployment for mitigation of climate impact • R&D efforts for development of new climate smart varieties in collaboration with national and regional agricultural research institutions • Scaling up of watershed management initiatives including river-basin level interventions

One of the key climate smart crops identified is Millets. Millets generally thrive in regions with, warm temperatures, and drier climates and have higher potential for withstanding global warming conditions. In line with the Government of India's initiative on millets, ITC has launched an ambitious plan – ITC Mission Millets, that leverages cross-business synergies for strengthening the millet farm value chain.

ITC Mission Millets: Addressing Climate Resilience, Nutrition & Food Security

In India, Millet is traced back to the Yajurveda. The Finger Millet was said to be a staple of Karnataka in the Neolithic era. A large body of scientific research recognises Millets as superfoods. Nutritionally dense, low in calories and a fighter against 21st century lifestyle conditions such as diabetes and heart disease, and is hence recommended by dieticians and medical experts. Millets are now seen by the scientific community as food of the future. Millets have earned the reputation of being 'nutri-cereals', as they provide most of the nutrients required for normal functioning of the human body. India is a leading producer of millets worldwide.

Climate Resilience of Millets

ITC's Mission Millets is designed as a transformative and cohesive approach to build awareness and adoption of Millets and enhance both the demand and consumption, as well as the production and supply aspects of this smart crop. Not only 'superfood', Millets crops are known to be inherently climate resilient. As per the International Crops Research Institute for the Semi-arid Tropics, **Millets have higher efficiency in absorbing and utilizing carbon dioxide. Most varieties of Millets are well known for their hardiness and have the capacity to withstand prolonged periods of drought, high temperatures and still produce grains and fodder.**

The campaign is inspired by the Company's Vision to contribute in equal measure to people, planet and profit. This Vision is embedded in the Company's credo of 'Nation First: Sab Saath Badhein.'

ITC's Mission Millet Approach

Educate
Educate consumers on the benefits of the nutritionally dense Millets and build awareness on how to consume millets, experiment with recipes, etc.

Empower
Empower farmers with knowledge on soil, crop, production & farming techniques, facilitate better production, build supply and enhance livelihoods of farmers.

Encourage
Encourage trials through various Millet-based range of products and formats to help build the taste; make Millets more palatable and tastier by sharing healthy recipes, tips, hacks, etc.

ITC's engagement in agriculture has, over the years, enhanced farm productivity and market access, whilst enabling sustainable farming and conservation of natural resources.

- ITC encourages and supports the production of Millets as they are a climate smart crop.
- ITC's Agri Business Division with its current e-choupal and other farmer network including FPOs, is working with farmers across various crop value chains including Millets.
- To cater to the demand for its own products, ITC is currently sourcing required Millets (Sorghum, Pearl Millet, Ragi etc.) from 3 key States of Karnataka, Maharashtra and Andhra Pradesh
- As a part of developing Millet value chains, ITC's Agri Business has implemented two Public Private Partnership (PPP) projects, one each in Maharashtra and Andhra Pradesh in partnership with Indian Institute of Millets Research (IIMR), Hyderabad and Government of Andhra Pradesh respectively. In these projects, improved varieties and knowledge on crop cultivation practices are disseminated through Crop Demonstrations.
- Similar Millet development initiatives are also rolled out in States like Rajasthan and Uttar Pradesh.

Climate Smart Practices in Field Crops - Wheat, Rice, Soybean, Spices

ITC promotes climate resilient and/or climate smart practices in key field crop value chains such as Wheat, Rice, Soybean, Chilli etc. These practices help farmers to build capability for mitigating the effect of climate change, help resource conservation and/or reduce Green House Gas (GHG) footprint.

Climate Resilient Varieties – Use of climate resilient varieties in crop value chains such as Wheat, Rice, Soybean helps farmers to reduce the possibility of reduction in yield due to change in weather conditions, especially temperature. The varieties tolerant to various biotic as well as abiotic stress are also promoted.

Zero Tillage – In case of Wheat, Zero Tillage sowing using zero till seed drill or happy seeder is promoted to reduce number of tillage operations compared to conventional cultivation, thus reducing cost of cultivation, reducing GHG emission without significantly affecting the yield.

Direct Seeded Rice (DSR) – This practice of sowing rice seeds directly into the field in lieu of nursery raising and transplanting, helps farmers to reduce the duration of crop cycle, reduces cost of cultivation especially sowing, helps reducing water consumption and reducing GHG emission without significantly affecting the yield.

Broad bed Furrow (BBF) – This technique of sowing is promoted in Soybean where it helps farmers to improve soil moisture, reduces possibility of yield loss in case of excess rainfall and overall reduces the water requirement for the crop.

Murate of Potash (MoP) spray – The practice of foliar application of MoP on Wheat during crop cycle helps the crop to manage heat stress especially in January to February months and thus reducing the possibility of yield loss.

Plant Growth Regulator (PGR) spray – In case of Sharbati variety of Wheat, the application of PGR helps in controlling the plant height and thus avoiding lodging of the crop. It helps in reducing the potential loss of yield due to erratic weather such as wind and excess rainfall.

Mulching – In case of Spices, mulching helps in increasing water availability, maintaining soil temperature and suppressing weed growth, thus positively affecting the overall yield as well as mitigating the effect of climate change.

Climate Smart Practices across Tobacco Farms

ITC takes a multi-faceted approach towards building climate smart Tobacco production systems. With an integrated 'Lab to Land' approach, there are multiple scientific interventions which are undertaken for improving climate-resilience of Tobacco farmers:

Developing high yield varieties tolerant to biotic stress factors such as, pests and weeds, as well as abiotic stress factors such as drought and excess moisture.

Seed and seedling adequacy for facilitating prompt measures for crop recovery post an extreme weather event such as heavy rainfalls.

Climate smart agronomic production practices such as, use of intact root seedlings, providing starter nutrition to overcome early drought conditions and foliar application of Potassium fertilizers during critical stages of crop growth period and micro-zone-specific agronomic package of practices for various cropping phases within a region to facilitate staggered operations are devised and deployed.

Scaling up water efficient technologies such as, smart irrigation, drone-based spraying, and taking up integrated watershed management programme in ensuring availability of water for critical irrigation in rainfed regions.

The deployed resource use & energy efficient initiatives like drip irrigation, barn insulation and turbo ventilators, smart curing, drone spraying potentially reduce carbon emissions at farm level.

Sustainable and Climate Resilient Agriculture

Creating an Enabling Environment for Farmers

Indian agriculture faces some unique challenges. Through decades of interventions in Indian rural environment, ITC understands these unique challenges very well. And has created innovative business model, backed by digital innovation to overcome these unique challenges. A vast majority of small landholding farmers, who constitute a key part of ITC farm value chains, face challenges of inadequate financing solutions and limited infrastructure. Hence, ITC has created mechanisms for reaching out to farmers with efficient market linkage solutions, institutional support, scientific expertise, predictive analysis of commodity markets, and scientifically backed weather related information, among others.

'Baareh Mahine Hariyali': New Horizons in Multiplying Farm Incomes

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

Over 200,000 farmers have already benefited from the interventions under the 'Baareh Mahine Hariyali' programme, out of which over 35,000 farmers who have adopted the package of practices have reported doubling of their incomes while others who have implemented the programme partially reported increase in their incomes by 30% to 75%. The programme, which aims to multiply incomes of farmers through a wide spectrum of interventions in climate-smart and sustainable agriculture.

Enabling Market Access and a Digital Driven Agri-Transformation

E-Choupal

Launched in June 2000, ITC e-Choupal is today India's largest initiative among internet-based interventions in rural India. The ITC e-Choupal network leverages information technology to empower farmers, through a rich repertoire of agri based interventions. Initiatives like the 'Choupal Pradarshan Khet' bring suitable agricultural best practices to farmers and have demonstrated significant productivity gains. These interventions have helped to transform village communities into vibrant economic organisations by enhancing incomes and co-creating markets. Empowerment and building trust amongst the farming community remains at the core of this model.

4 million
Farmers served through e-Choupal till date

35,000+
Villages served through internet-based interventions in rural India till date

6,100
E-Choupal kiosks spanning 10 States

ITCMAARS

To power next generation agriculture, ITC has launched ITCMAARS (Meta Market for Advanced Agricultural Services) to bring in the benefits of state-of-the-art digital technologies to farmers. This crop agnostic 'phygital' eco-system is embedded with a full stack AgriTech platform with FPOs as the pivot. ITCMAARS has now been launched in 9 States with over 500,000 farmers empowered through 1,100+ FPOs.

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, 'Fertiliser Calculator' to optimise nutrition, precision farming, access to good quality inputs and market linkages, and so on. It also makes available allied services such as pre-approved loans and over time will also provide insurance, amongst others. The scaling up of ITCMAARS will contribute significantly to national priorities of Digital India, Doubling Farmer Incomes and enhancing livelihood opportunities.

ITCMAARS provides assorted agricultural and allied services to farmers on the digital platform. From supply of seeds, farm inputs, services like soil testing to weather forecast, credit and market linkages – ITCMAARS app is ITC's key contribution towards 'Next Gen' agriculture. **ITCMAARS app will progressively cover as many as 4,000 FPOs, empowering 10 million farmers by 2030.**

For more information on the above initiatives and the work being done with grassroots institutions like Water User Groups (WUGs), Agri Business Centres (ABCs) and creation of rural infrastructure for improving adaptive capacity, refer to 'Mission Sunehra Kal for Sustainable & Inclusive Growth' and ITC's Sab Saath Badhein, ITC e-Choupal and ITC Watershed microsites.

Sustainable and Climate Resilient Agriculture

Road Ahead

A more sustainable and resilient agriculture sector will be at the core of India's net zero roadmap and climate change agenda. ITC, with its deep linkages to rural India and agri value chains, and sustained long term interventions with Indian farmers, is committed to accelerating the sustainable transformation of Indian agriculture. As part of its Sustainability 2.0 vision, ITC's approach will focus on:

Climate Risk Assessments for Key Agri Value Chains

ITC will continue to utilise advanced climate modelling tools for identifying hot spots and major climate hazards impacting key crop value chains across various scenarios and time horizons. Based on the findings, location-specific and farmer-centric solutions will be curated improving the adaptive capacity of farm value chains and farmers.

Promotion and Development of Climate Smart Varieties

ITC's state-of-the-art Life Sciences and Technology Centre (LSTC), equipped with world class scientific platforms and centres of excellence including Agroforestry and Crop Sciences, is at the forefront of leading R&D efforts towards building climate smart varieties. This will be supplemented with collaborations with various national and international research institutes, and technology deployment for sustainable and climate-smart agricultural practices.

Scaling up Sustainable & Climate Smart Agriculture Programmes for Indian Farmers

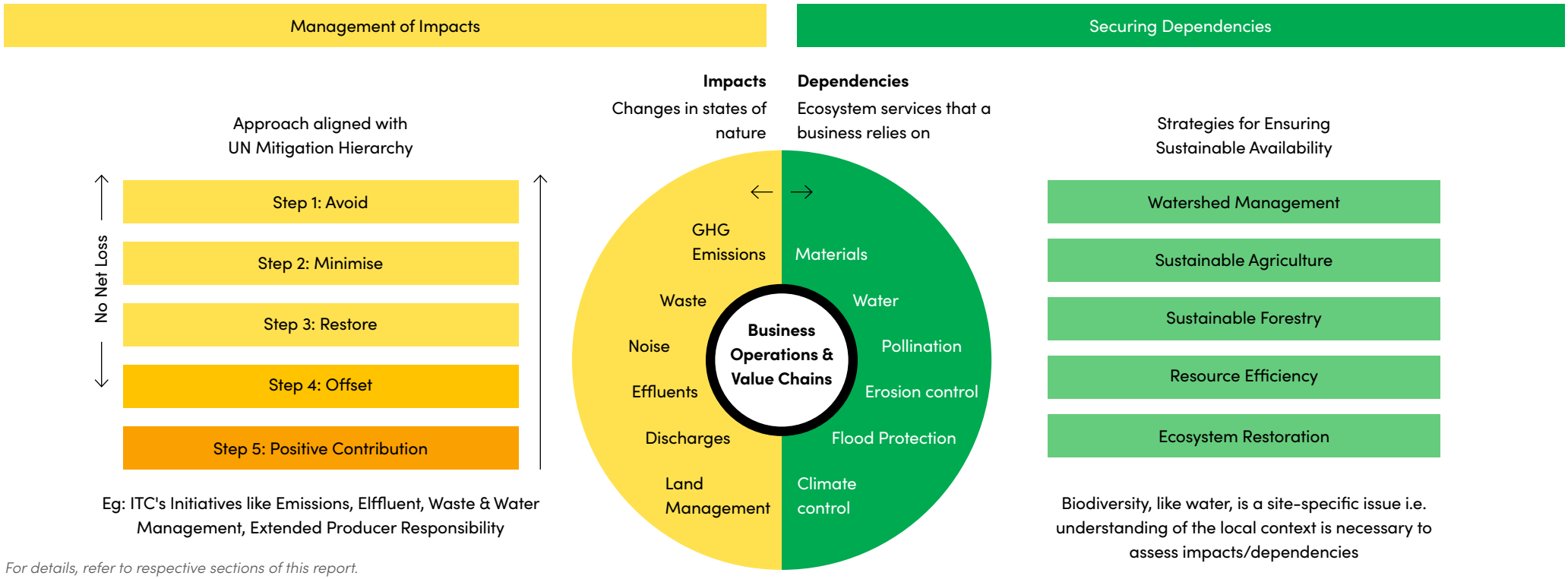
ITC will strengthen its engagement with farmers for conserving natural resources, building climate resilience and decarbonising the agri sector, while focussing on supporting sustainable livelihoods and enhancing national food security. ITC is targeting to promote climate smart village approach in core agribusiness catchments across 3 million acres by 2030.

Biodiversity Management

Biodiversity provides essential resources and ecosystem services for ensuring 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, control of local micro-climate, regulation of 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 and hence bear responsibility for its protection. The role of businesses in protecting biodiversity has also been highlighted in the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at the United Nations Biodiversity Conference (COP15).

ITC's operations and value-chains too depend on nature, and accordingly location-specific and contextual biodiversity management plans are developed and implemented across key locations. Given the linkages between agriculture and the essential ecosystem services that nature provides, **ITC recognises that the preservation and nurturing of biodiversity is crucial for long-term sustainability of its business, and is committed to conducting its operations in a manner that protects, conserves and enriches biodiversity in line with the Board-approved Policy on Biodiversity Conservation.** As part of ITC's Sustainability 2.0 Vision, ITC also recognises the potential of nature-based solutions for carbon sequestration and building climate resilience, and prioritises actions to minimise impacts across realms of land, freshwater and atmosphere, and manage dependencies in a sustainable manner.

ITC's framework for managing key biodiversity impacts and dependencies is depicted below:



For details, refer to respective sections of this report.

Biodiversity Management

ITC's Approach

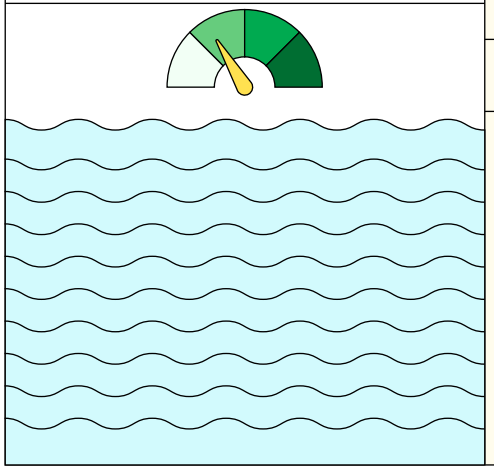
Assessing Nature-related Risks & Opportunities

Conducting Biodiversity Risk and Opportunity Assessments across:

- Operations near key biodiversity & eco sensitive areas
- Core agri catchments covering key crop value-chains

Assessing other biodiversity-linked risks like:

- Water risk assessment using science-based hydrogeological studies across sites located in high water stressed areas
- Climate risk assessments



Managing Biodiversity Impacts in line with the Mitigation Hierarchy

Implementing Robust Environmental Management System across locations

Location-specific and Contextual Biodiversity Management Plans & Initiatives:

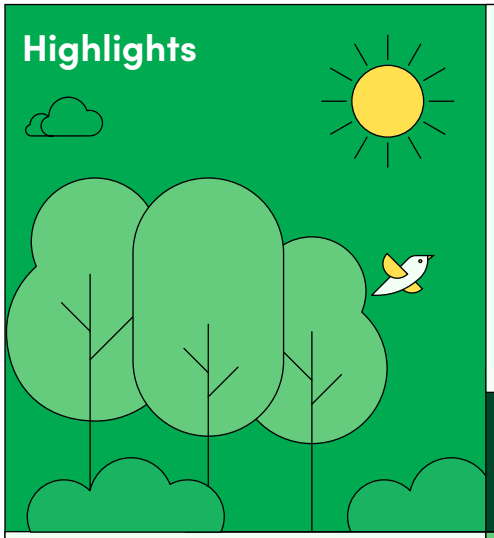
- Large scale ecosystem restoration and sustainable agriculture programmes in agri catchments
- Community-based biodiversity conservation initiatives
- Large scale soil & moisture conservation programme
- Sustainable forest management
- Climate change adaptation plans

Deforestation-free value chains

Implementing relevant global standards and certifications like Forest Stewardship Council (FSC) and Alliance for Water Stewardship (AWS).

FSC®

Highlights



ITC's Biodiversity Conservation initiative has covered

290,000 acres

of land till date

Cover 1 million acres
Sustainability 2.0 Target (2030)

ITC's Paper and Specialty Papers Division committed to principles of Forest Stewardship Council (FSC):

>426,000 tonnes
of FSC® certified wood were procured from these certified plantations, during FY2022-23

24%
of the wood consumed by ITC is (FSC®-FM) certified

Higher Carbon Stocks across ITC's biodiversity conservation plots
(As per a study covering 1 lakh+ acres across different agro-climatic zones):

Above ground carbon stocks were higher in the range of 15% to 148%, and

Average soil organic carbon was higher in the range of 20% to 38% (compared to control areas)

Assessing Nature-related Risks & Opportunities

For both greenfield and brownfield operations, processes are in place for assessing any actual or potential biodiversity related risk or impact including conducting environmental impact assessments wherever required by environmental regulations. Moreover, location-specific exposure including proximity to Key Biodiversity Areas is assessed periodically. Basis these assessments, key nature-related risks that are material to ITC businesses/locations are identified, and mitigation plans are developed and implemented. Location specific risks covered in these assessments include water stress, climate risks including extreme weather events like droughts and floods, land-use changes, soil quality and productivity, among others. Comprehensive set of measures are undertaken to optimise the use of natural resources, as well as, minimise emissions and effluents, by deploying Environmental Management Systems in line with global standards like ISO 14001.

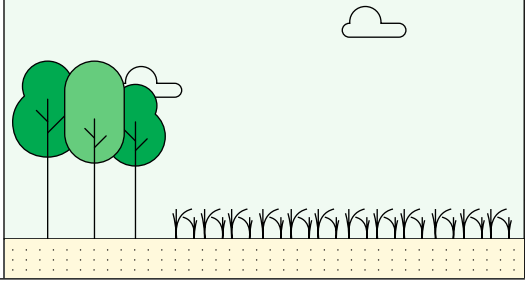
Biodiversity Risk and Opportunity Assessment

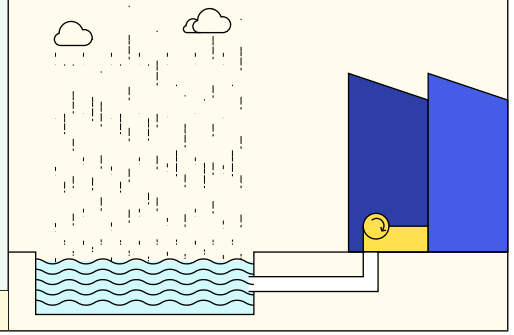
The Biodiversity Risk and Opportunity Assessment (BROA) tool was deployed by ITC's Agri Business Division in its core crop growing regions to identify impacts and dependencies of business operations on biodiversity of a given agricultural landscape. Based on the risks identified, ITC's programmes on micro-irrigation, agro-chemical management, soil protection and conservation, energy conservation etc. were introduced.

Managing Biodiversity Impacts

The following table summarises a bouquet of sustained initiatives implemented by ITC's businesses and under the Social Investment Programme towards managing biodiversity related impacts in line with the mitigation hierarchy.

Avoid & Minimise	Restore	Offset & Positive Contribution
• Robust Environment Management System across locations covering key impact parameters like GHG, air emissions, water, waste and effluents. • 43% of total energy from renewable sources, and focus on reducing specific energy, GHG and water consumption. • Climate smart agriculture practices over 2.3 million acres. • Recycling 99.9% of waste generated across operations. • Sustainable packaging strategy that entails ensuring 100% of packaging is reusable, recyclable or compostable/ biodegradable, optimising packaging and introducing recycled plastic content for replacing virgin plastics. • Improving crop water use efficiency across 1.18 million acres land covering 15 crops resulting in potential annual savings of 780 million kl of water usage. • Grow your own fuel programme for energy plantations over 73,000 acres in Karnataka, creating potential for 2.41 million MT of sustainable wood generation, thus reducing pressures on forests and other unsustainable wood sources.	• Catchment treatment work done as part of water stewardship facilitates control of top soil run-off. 948,000 acres covered through catchment treatment till date of which over 61,900 acres was done during the year. • No till / Zero tillage practices to add crop stubble back to soil helps in retaining soil moisture and reduces soil erosion. During the year, as part of MSK interventions, 6.6 lakh acres of wheat was covered through zero tillage cultivation. • Community driven biodiversity efforts have conserved more than 290,000 acres till date. • ITC's Farm and Social forestry programmes have together greened over 1 million acres till date.	• Expanding forestry projects on wastelands through ITC's Social and Farm Forestry resulting in sequestration of 5.9 million MT of CO_2e during the year. • Creating rainwater harvesting potential equivalent to over 3 times the net water consumption in operations. • Enabling sustainable management of more than 60,000 MT of plastic waste in excess of the amount of packaging utilised. • Focus on recycling ~100% waste generated at ITC Units combined with utilisation of externally generated paper waste as a source of fibre at PSPD Kovai, enabled ITC to recycle 112% of the waste generated across ITC.





Biodiversity Management | Managing Biodiversity Impacts

Promoting Sustainable Agriculture through Recognised Standards

During FY 2022-23, ITC's Agri Business Division increased the scale and scope of crops covered under various sustainability certifications. Crops such as chilli, cumin, turmeric, celery, coffee and mangoes were covered under Rain Forest Alliance (RFA), Global GAP and Fairtrade certifications. Several of these crops are also certified as organic under Indian and US standards. Under these certifications, the farms are audited regularly to verify that farmers are compliant to the standard's comprehensive requirements, which require continuous improvement on the journey to sustainable agriculture. The farmers follow the principles of sustainable farming, which include Biodiversity conservation, improved livelihood and human well-being, and natural resource conservation.

With support from ITC, the farmers in Andhra Pradesh, Karnataka, Rajasthan and Punjab undertook effective planning and farm management systems that benefit communities, forests, native vegetation, ecosystem services and wildlife.

ITC's Paperboards and Specialty Papers Business is committed to Forest Stewardship Council® (FSC®) principles. Till date, ITC has received Forest Stewardship Council® - Forest Management (FSC®-FM) certification for over 1.49 lakh 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. It also provides assurance that methods for enhancing the biodiversity potential of the planted areas like retention of old growth / snag trees, retention of large woody debris, creation of water bodies, and agro-chemical management etc., are being practiced. During FY 2022-23, over 426,281 tonnes of FSC® certified wood were procured from these certified plantations.

Deforestation-free Wood Value Chain

ITC has implemented forestry programmes for sustainable cultivation of wood as a fibre source. In this programme, high yielding clonal saplings are provided to farmers along with technical support and extension services for tree farming. This helps alleviate risks to farmers by providing alternate tree-based revenue. For ITC, it ensures supply of deforestation free wood fibre for Paperboards and Specialty Papers Business, which is in turn supplied to ITC's printing and packaging as well as FMCG businesses. The entire value chain is mapped using tech-based solutions to ensure full traceability.

Enabling a 'Deforestation free' Leaf 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.

- **Energy conservation measures** (Barn Roof Insulation and turbo ventilators) which can reduce nearly about 27% of energy requirement during curing are being deployed on a large scale, spanning 39,815 barns till date in Andhra Pradesh and Karnataka. In addition, close to 100 farmers were supported with 'Venturi Furnace' which helps in improving fuel efficiency during the year.
- To embrace a **self-sustaining model for fuel sourcing,** ITC has encouraged the planting of trees that cover 194,600 acres till date. Grow your own fuel models are deployed, wherein farmers are encouraged to grow wood in farm bunds and agro forestry models.
- Encouraging farmers to use **alternate fuels for curing** like coffee husk, coffee stems, coconut fronds and eucalyptus roots.

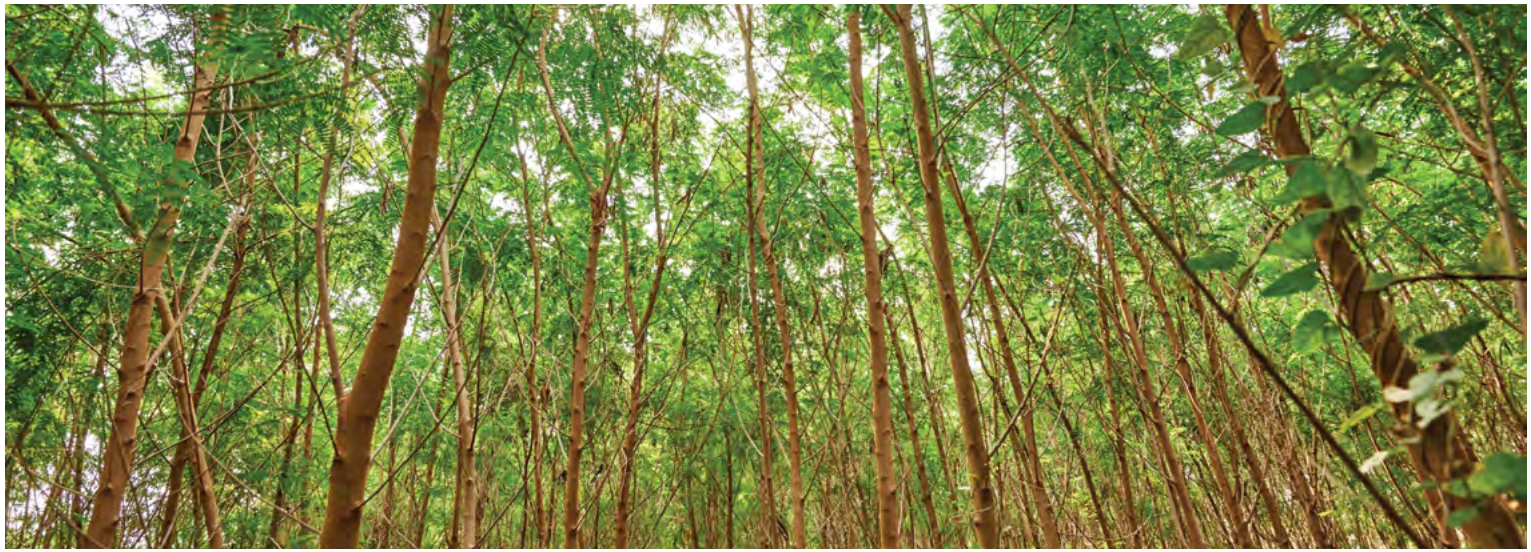
Smart Curing Technology

The Business is promoting adoption of Smart Curing technology by the farmers which saves around 40% fuel in curing and substantial reduction in labour requirement during tobacco post-harvest management. The technology uses digital sensors and control panel in making tobacco curing user-friendly, efficient and environmentally sustainable. Till date, 100 smart curing barns have been deployed across tobacco growing regions.

Conserving and Restoring Biodiversity

Restoration and rehabilitation of degraded plots - Mosaic restoration

ITC under Mission Sunehra Kal implements community driven biodiversity conservation to revive and sustain ecosystem services provided by nature through adoption of Nature Based Solutions which is also an integral component for supporting climate resilient agriculture. ITC focusses on biodiversity conservation at landscape level by restoring degraded village commons, promoting native species tree plantation and reducing pressures on forests. Commons restoration is currently the major component and the work includes, social protection by communities to expedite in-situ native root stock regeneration, soil and moisture conservation work to enable growth of biomass, and plantation of native species trees in highly degraded patches where in-situ regeneration is not possible.



Revival of ecosystem services provided to agriculture by nature – Sustainable Agriscapes

In addition to the work done on biodiversity conservation in plots, ITC has also collaborated with the International Union for Conservation of Nature (IUCN) to develop a template for 'Sustainable Agriscape for Future'. As part of Sustainable Agriscapes, the eco-system services provided by nature for the benefit of agri and other livelihoods are mapped and the key issues that are, and will in future, affect those ecosystem services are assessed. Subsequently, plans to revive those services are designed and implemented. The typical eco-system services provided by nature include regulating hydrological cycle to ensure water flows throughout the year in streams, hosting pollinators and predator birds (on crop pests), improving soil microbial health, and enabling food, fodder and fuelwood to the dependent local communities. Sustainable Agriscape was first piloted in Munger district (Bihar) and is now being scaled-up across other catchments.

Till date, ITC has taken up revival and conservation work in more than 5,100 biodiversity plots covering 2.9 lakh acres spread across 12 States by involving famers and community members. ITC has partnered with various Government agencies to replicate the mosaic restoration and Sustainable Agriscape templates. In Maharashtra and Telangana, ITC has partnered with Forest Departments to improve green cover and biodiversity in forest and fringe areas. As part of the partnership, ITC prepared soil and moisture conservation plan for the forest and fringe areas and trained department staff in implementing the work. Post training, forest department took up soil and moisture conservation work and tree planting directly.

These two partnerships aim to cover around 79,000 acres under forest conservation planning by Forest Department. Planning has been completed for over 14,100 acres, and planned activities completed in over 3,700 acres till date. In Rajasthan, ITC has partnered with Wasteland Development Board to revive and conserve 2.5 lakh acres of degraded village commons through village pastureland committees (Charagah Vikas Samitis), of which 70,000 acres has been conserved so far.

Impacts of ITC's Biodiversity Conservation Efforts

Two technical studies were done during the year through The Energy and Resources Institute (TERI) & IORA Ecological Solutions. These studies covered over 1 Lakh Acres of biodiversity conservation work done by ITC in two years spread over seven States. The studies assessed carbon stocks and biodiversity health in ITC's conservation plots and has set baselines for measuring futuristic improvement and also assess the impact in comparison with control plots in the vicinity.

Overall, the studies have recorded improvement in carbon stocks as well as floral and faunal biodiversity compared to control areas.

Above ground carbon stocks were higher in the range of 15% to 148%, and average soil organic carbon was higher in the range of 20% to 38% across different agro-climatic zones compared to that in control areas. The wide range of impact is because of the work being spread across different agro-climatic zones starting from Rajasthan to Karnataka and because of the wide variety of tree and grass species planted across regions. In total, 91 tree and grass species were planted based on the nativity of the species to that particular region.

The Simpson index (Homogeneity of species) for flora was close to 10 and Shannon Index (Diversity of species) was in range of 2.55 to 3.87 (measurement range is 0.1 to 5). Presence of wide variety of fauna was also documented in the conservation plots.

Biodiversity Plot_Pre

Biodiversity Plot_Post

Institutional Partnerships

ITC is a member of the India Business and Biodiversity Initiative (IBBI), which is a multi-stakeholder initiative with leading Indian businesses making commitment for biodiversity conservation and sustainable resource use. As a member of IBBI, ITC is actively involved in consultations and piloting of The Nature-related Financial Disclosure (TNFD) framework and is proactively working towards aligning its reporting, and calibrating its practices in line with the evolving stakeholder expectations.

IBBI
INDIA BUSINESS & BIODIVERSITY INITIATIVE

Biodiversity Management

Road Ahead

In the backdrop of the landmark COP 15 of the Convention on Biodiversity and the 2030 targets adopted by nations, ITC is committed to:

Managing Biodiversity Impacts and Dependencies

ITC will systematically map the impacts and dependencies including the underlying nature-related risks and opportunities across key locations and value chains. The Company will continue to manage the impacts in line with the mitigation hierarchy.

Meeting 2030 Sustainability 2.0 Commitments

Continue to expand ITC's large-scale programmes for conserving and replenishing nature by expanding the climate smart village approach to over 3 million acres, watershed development to over 2.2 million acres, social and farm forestry programmes to over 1.5 million acres, and biodiversity conservation to over 1 million acres by 2030.

TNFD aligned Nature-related Disclosures

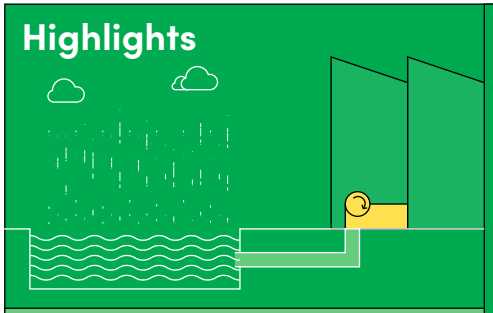
ITC will adopt the Locate, Evaluate, Assess and Prepare (LEAP) approach enshrined in the upcoming Task Force on Nature-Related Financial Disclosures (TNFD) framework for strengthening its nature-related disclosures.

Water Security

Factors like rapid growth in population, urbanisation and water-intensive patterns of growth coupled with climate change have a significant impact on availability, quality as well as access to water around the world. In India, the situation is further exacerbated on account of dependence on an increasingly erratic monsoon, rapidly depleting groundwater resources driven by growth in population as well as over consumption across agricultural and industrial sectors, and rampant changes in land-use patterns.

ITC's operations, spread across the country, have dependency on continuous availability of water for continuous operation of its manufacturing units. Besides direct water consumption, ITC's operations are also dependent on multiple agri-value chains. Hence, ensuring water availability not only for its own operations but also for catchments from where agri commodities are sourced, is of utmost significance. Accordingly, **ITC's Sustainability 2.0 approach endeavours to ensure water security for all stakeholders in its catchments.** Farmers constitute a vital part of ITC's supply chain, and the Company facilitates farmers to conserve and replenish water by promoting water-efficient agronomical practices like micro irrigation techniques that save water during cultivation along with working with them for creating infrastructure for harvesting rainwater.

Highlights



Total rainwater harvesting potential (RWH) of nearly

50 million kl

(cumulative) created, which is over 3 times the net water consumed by ITC's operations in FY 2022-23

ITC Mughal & ITC Sonar - First two hotels in the world to receive the LEED ZERO Water certification by US Green Building Council

ITC is working on 4 River Basin Revival Programmes to achieve Water Positive Status in those River Basin/ Sub Basin Areas spread

>11 Lakh Acres

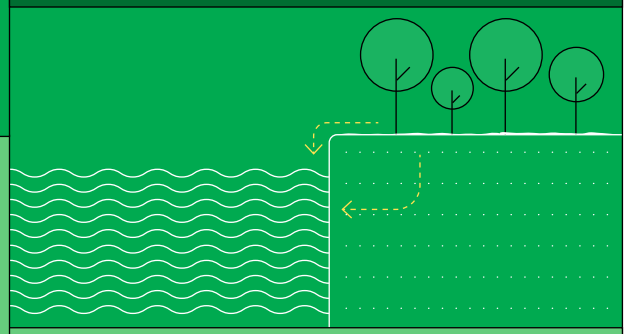
across 4 States

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

Water Use Efficiency Improvement. All Businesses progressing towards meeting S2.0 target of 40% reduction in specific water intake by 2030

46%, 18%, 18% reduction

in water intake (2022-23 vs. 2018-19) across Foods, Paper and Hotels Businesses respectively, which constitute ~98% of ITC's total water consumption



Integrated Watershed Development Projects across 45 districts of 16 States in India benefiting

>1.47 million acres

Water Security

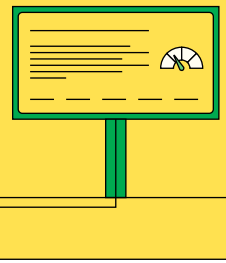
ITC's Integrated Water Stewardship Approach in Action

Upstream- Agri Value Chains — **Operations – Physical Assets (like Manufacturing Units, Hotels)**

Supply Side Management — **Demand Side Management**

Supply-Side Augmentation through Managed Aquifer Recharge, and Soil & Moisture Conservation Measures	Demand-Side Measures to Improve Water Use Efficiencies in Agriculture	Maximise Water Use Efficiency across Operations including Key Value Chain Partners (Third Party Manufacturers)
Identification of high water stressed areas, implementation of integrated watershed level programmes at river basin level to augment water availability in the entire catchment.	Improving crop water use efficiency in agriculture by promoting water efficient agri practices that save water, and also helps improve yields.	ITC Units focus on optimising use to minimise withdrawal, at the operating plant level as well as the sub-catchment or micro-watershed level where it is located.
Working with farmers for creating rainwater harvesting structures for enhancing the availability of water in core agri catchments		Improving water-use efficiencies by adopting the latest technologies, and increasing reuse and recycling practices in operations.
		Continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting.
		Making water security assessments an integral part of greenfield/ brownfield project design and development.

The Alliance for Water Stewardship (AWS) framework has been adopted by ITC to ensure water security for all stakeholders at the catchment level, and continuously monitor and review the efficacy of its water stewardship programmes. As part of its S2.0 target, ITC is targeting AWS certification of 8 sites in high water stressed areas by 2024, and all such sites by 2035.



Water Security

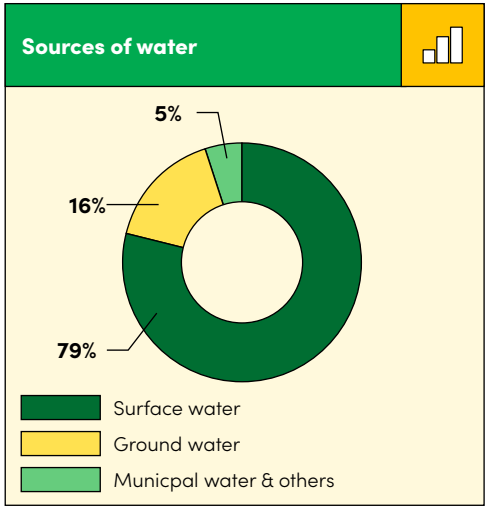
Demand Side Management

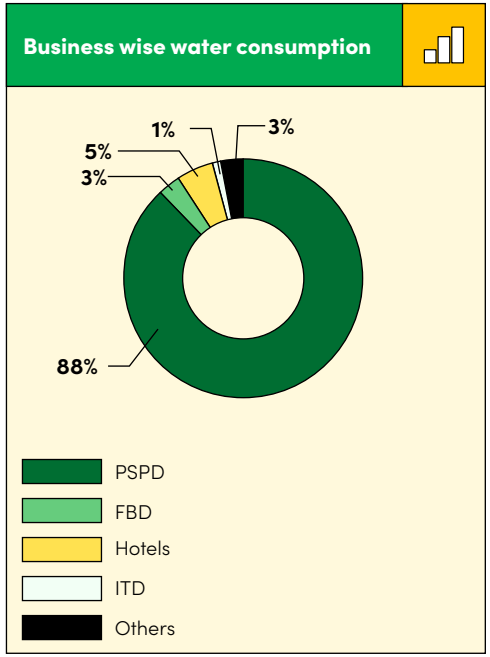
Water Performance in own Operations

In FY 2022-23, ITC's total water intake was around 34.5 million kilolitres (kl)), a marginal increase of 3% from previous year due to delay in stabilisation of turbo-generator system at Bhadrachalam Paper Unit, resulting in a temporary increase in water required for steam generation, and commissioning of new factories and a Hotel.

Total Water Intake by Source

In FY 2022-23, out of the total water intake of 34.5 million kl, around 79% was sourced from surface water, 16% from ground water sources and the remaining 5% from municipal and other water sources. In order to drive continuous improvement, all ITC units have systems to monitor specific water intake (total water intake per unit of product/service).





Sustainability 2.0 Targets

To pursue continuous improvement in water performance in line with the Sustainability 2.0 ambitions, ITC Businesses are targeting a reduction of 30% in Specific water consumption by 2030 compared to an FY 2018-19 baseline.

ITC Business*	Specific Water Consumption Performance	
	% Reduction as compared to a FY 2018-19 baseline	Business' Share (%) in ITC's Total Water Consumption
Paperboards and Specialty Papers	9% ↓	88%
Foods	31% ↓	3%
Hotels	17% ↓	5%
Tobacco	24% ↓	1%

↓ Improvement in KPI , ↑ Decline in KPI

**Smaller businesses such as Personal Care, Matches & Agarbatti, Education and Stationery, Agri Business, Packaging and Printing businesses in total contribute to around 3% of total water consumption.*

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

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

Water Security | Demand Side Management

Case Study: Water Use Efficiency Improvement at Bhadrachalam Paper Mill

The paper unit at Bhadrachalam contributes to nearly 76% of ITC's total water intake. In line with Sustainability 2.0 targets, the Unit continuously looks for opportunities to improve its specific water intake. During the year, several initiatives were undertaken for reusing discharge water from one process in another. For instance, Bhadrachalam Unit has several pumps where freshwater is utilized for gland sealing and cooling of mechanical seal. The return water from this process was earlier getting discharged to the Effluent Treatment Plant (ETP). The Unit has been utilizing the return sealing water from pumps in cooling towers thereby reducing freshwater intake by around 1,500 kl/day.

Case Study: ITC Mughal Resort & Spa, Agra - World's First LEED ZERO Water Certified Hotel

ITC Mughal Resort & Spa, Agra received the LEED Zero Water certification by US Green Building Council, becoming the first hotel in the world to be awarded the landmark certification. The recognition validates its 'Responsible Luxury' ethos that seeks to integrate planet positive experiences in various facets of hotel operations. In LEED Zero Water, a balance is maintained between total potable water consumption and sum of total alternative or recycled water and water returned to its original source. ITC Mughal follows a sustainable approach which ensures that water requirements for its buildings and processes are primarily met by harvesting rainwater through recharge pits, and reuse of treated waste water for appropriate usage.

Case Study: Recovering Water from Air at ITC Grand Chola

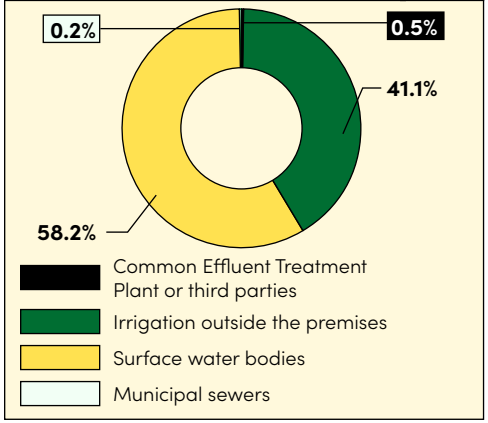
ITC Grand Chola is located in Chennai, a water-stressed metropolis with ongoing water-related challenges. The hotel has identified a unique technology to condense moisture from atmospheric air using an energy-efficient process. The atmospheric air is circulated through an atmospheric water harvesting system, where surface temperature is dynamically maintained below the ambient dew point for condensing moisture to water. The collected water is then filtered through a multi-stage filtration process to ensure purity and maintain pH.

Additionally, essential minerals are added back to produce healthy drinking water which is used by the Hotel. At present, the hotel has deployed this technology with an installed capacity to condense about 2,000 liters/day.

Effluent Discharge

All ITC units met their regulatory requirement related to effluent discharge quality and quantity in FY 2022-23. In FY 2022-23, around 20 million kl of treated effluent was discharged outside the premises by ITC units.

Treated Effluent Discharge by Destination



Water Performance of Select Supply Chain Members

In FY 2014-15, ITC had initiated the process of accounting for water intake of supply chain members[10]. In line with ITC's Policy on Sustainable Supply Chain and Responsible Sourcing, the Company continues its efforts to enable sustainability practices along the value chain. In FY 2022-23, total water intake by supply chain members is 105,062 kl (vs. 150,000 kl reported in FY 2021-22). ITC intends to progressively include more supply chain members in the reporting boundary. Capacity building and regular review of performance data will be continued with key supply chain partners in coming years.

[10]Details of supply chain members is included in the reporting boundary in 'About this Report' section

Water Security

Supply Side Management

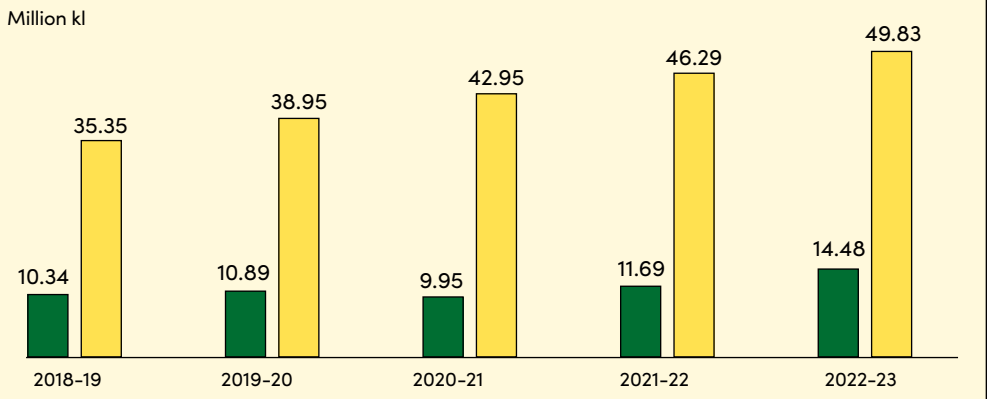
Integrated Watershed Development

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

The coverage of the Integrated Watershed Development projects extends to 45 districts across 16 States in India, covering over 1.47 million acres of land. So far, the Company has created over 28,300 water harvesting structures in agri-catchments. As on 31st March, 2023, a total rainwater harvesting potential (RWH) of nearly 50 million kl has been created, which is over three times the net water consumed by ITC's operations in FY 2022-23.

ITC is targeting the creation of rainwater harvesting potential equivalent to over 5 times the net water consumption from operations by 2030. To achieve this, ITC's Mission Sunehra Kal will create a total rainwater harvesting potential (RWH) of 60 million kl by 2030.

Water Balance



Reviving India's River Basins: Targeting Water Positivity at Scale

Increasing demands on water resources from various sectors including agriculture, and global warming induced patterns are impacting many of India's river basins by turning water balance negative, thus impacting agriculture and leading to water stress and depletion in groundwater tables in catchments including where ITC's production units are present. Over the years, ITC has created rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. However, given the scale of adverse impacts and the velocity of change, ITC has redesigned its strategy to accelerate the achievement of scale and impact by working at the river basin level as river basins are independent hydrological units, and work done at the basin level is designed to be sustainable over a longer period. ITC has now embarked upon an ambitious plan of achieving water positive status at river basin level.

Accordingly, ITC has initiated four exclusive river basin revival programmes to achieve water positive status in river basin/ sub basin areas spread over 11 lakh acres across 4 States where ITC has business presence. The Company has commissioned hydrogeological studies to estimate water balance and map high potential recharge zones, and accordingly implemented rainwater harvesting, managed aquifer recharge and demand side interventions.

Objectives of the River Basin Revival Programme

Create an eco-system wherein, at basin level, all stakeholders are aware of available water resources, competing demands and future risks to make informed decisions to ensure that current and future needs of all stakeholders are equitably addressed.

Augment supply through rainwater harvesting and enhanced groundwater recharge i.e. managed aquifer recharge.

Enhancing agricultural water use efficiency.

Achieve water positive status, ensure environmental flows in the basin and aim at river basin revival.

Water Security | Supply Side Management

Details of River Basin level work:

Main River Basin	Sub River Basin *(where ITC is working)*	Districts	ITC's Presence	Catchment Area	Ongoing Impact Created
Bhima-Krishna	Ghod (Tributary of Bhima-Krishna river) Page 87 *Read more about this*	Pune and Ahmed Nagar district, Maharashtra	Cigarette Factory and Foods Factory in Pune	**~ 8.8 Lakh Acres area**	**Supply side augmentation** ITC has till date created 5.28 million cubic metre of water storage in these four basins as part of supply side augmentation interventions. **Demand side management** Water use efficiency in agriculture is promoted in 1.52 lakh acres of agricultural land, which has created potential water saving of around 210 million kl in crops such as paddy, soyabean, sugarcane, onion, banana and coconut.
Godavari	Murreru (Tributary of Kinnerasani - Godavari)	Bhadradri Kothagudem, Telangana	Paperboards and Specialty Papers Division in Bhadrachalam	**~ 2 Lakh Acres area**	
Kaveri	Upper Bhawani (Tributary of Kaveri)	Coimbatore district, Tamil Nadu	Paperboards and Specialty Papers Division in Kovai	**~ 0.51 Lakh Acres area** (Upper Bhawani)	
Kolans	Catchment of Upper Bhopal lake	Sehore and Bhopal district, Madhya Pradesh	Agri Business Division Catchment	**~ 0.49 Lakh Acres area**	

Water Security

Case Study: Ghod River Basin Water Stewardship Programme

ITC has two manufacturing units in Ranjangaon, Pune which is an Industrial Zone with presence of multiple Industries. The industrial area gets water from Ghod River basin which is dominated by water intensive sugarcane and onion as key crops.

Actions taken to make the Ghod River Basin 'Water Positive'

Supply Side Management: Focus on 'Managed Aquifer Recharge' interventions for replenishing groundwater and conserving biodiversity.

- Deep recharge pit, sub surface barriers and well recharge - Over 2,400 water harvesting and ground water recharge structures.
- **Surface storage**: Check dams, percolation tanks in recharge zone.
- **Catchment treatment:** Water absorption trenches and core-wall gabion – 78,000 acres covered.
- **Green cover improvement:** 49,600 acres under biodiversity conservation.

Demand side management: Focus on improving water use efficiency in agriculture.

- Over 73,600 acres under sugarcane practices – seedling plantation with drip and trash mulching.
- Over 22,300 acres under onion practices – raised bed plantation with drip irrigation.

Knowledge partnership: Vasantdada Sugar Institute & Krishi Vigyan Kendra (KVK)

Public Private partnership: Water Resources Dept., Forest Dept. & State Rural Livelihood Mission (MSRLM)

Stakeholder Engagement: Engagement with external stakeholders like sugar mills for adoption of water efficient practices

Community at the Core

64
Women Groups

127
Water User Associations

38
Joint Forest Management Committees

Outcomes of Interventions in Ghod River Basin

In a span of 5 years from 2016, the Ghod River Basin has turned Water Positive

8.8 Lakh Acres
Ghod Basin Area

62 Million kl
Ghod Basin Water Balance Gap in 2016 (Demand Vs. Supply)

166 Million kl
Demand Management: Potential Agri Water Savings (post monsoon)

1 Million kl
Supply Side: Rain Water Harvesting Potential Created

~167 Million kl
vs. ~62 million kl gap i.e. 169% higher than the gap

Total Net Water Addition: Demand + Supply

Water Security

Spearheading Adoption of Alliance for Water Stewardship (AWS) Approach

ITC has adopted the AWS framework, a globally acknowledged gold standard for assessment of water stewardship approach and initiatives. The framework cognizes for interventions undertaken both within the fence, as well and outside the fence at the catchment level.

ITC is committed to undergoing AWS assessment of all its high water stressed sites by 2035, and for eight sites by 2024. Till date, two sites - Paper Mill at Kovai (Tamil Nadu) and Foods Factory at Malur (Karnataka) have been assessed, and both sites have been awarded the 'Platinum Rating' based on an independent assessment by a third party.

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level interventions	Demand Side Management		WASH and Water Governance	Water utilized
			Water Efficiency Measures at ITC units	Catchment level Interventions		
Paper Mill at Kovai, Tamil Nadu	Site lies in the Upper Bhawani River Basin. Over 51,000 acres covering 149 villages.	Created 201 water harvesting and ground water recharge structures to harvest rainwater, increase filtration rate & improve quality of water. Total water storage potential created: ~1.02 million kl.	Optimisation of fresh water utilisation in process through kaizen approach leading to a daily saving of roughly 85 kl.	Promotion of Split dose and drone spray application across more than 3,100 acres to address high level of phosphorous and nitrate in the catchment. Total potential water savings in agricultural practices in 2022-23: ~18 million kl.	350 Awareness campaigns done on WASH. Created 45 Water User Groups to strengthen water governance in the catchment.	**Withdrawal:** **10 Million kl** **Discharge:** **0 kl**
Foods Factory at Malur, Karnataka	Site lies in the South Pennar River Basin. Over 40,200 acres covering 168 villages.	Created a cumulative of 468 water harvesting and ground water recharge structures. Total water storage potential created: ~0.5 million kl.	Implementation of Roof top Rain Water Harvesting system leading to an estimated annual water saving potential of 15,900 kl.	Adoption of climate-smart and good agriculture practices has reduced fertiliser and pesticide application, leading to a decrease in agriculture return flows into the aquifers. Total potential water savings in agricultural practices in 2022-23: ~2.5 million kl.	36 schools and 30 Anganwadis covered under WASH interventions. Created 18 Water User Groups to strengthen water governance in the catchment.	**Withdrawal:** **59 Thousand kl** **Discharge:** **0 kl**

Water Security

Spearheading Adoption of Alliance for Water Stewardship (AWS) Approach

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level interventions	Demand Side Management		WASH and Water Governance	Water utilized
			Water Efficiency Measures at ITC units	Catchment level Interventions		
ITD Factory at Bangalore, Karnataka	Site lies in the South Pennar River Basin. Over 24,700 acres covering 64 villages.	Created a cumulative of 119 water harvesting and ground water recharge. Total water storage potential created: ~0.6 million kl.	Reduction in water consumption through aerated nozzles, using recycled and treated water for cleaning and gardening, and recovering condensate from various processes for reuse. Total rain-water harvested in FY23 was about ~200,000 kl.	Adoption of climate-smart and good agriculture practices has reduced fertiliser and pesticide application, leading to a decrease in agriculture return flows into the aquifers. Total potential water savings in agricultural practices in 2022-23: ~0.78 million kl.	21 schools and 12 Anganwadis covered under WASH interventions.	**Withdrawal:** **94 Thousand kl** **Discharge:** **0 kl**
Leaf Threshing Unit at Mysuru, Karnataka	Site lies in the Kabini River Basin. 38,000 acres covering 61 villages.	Created a cumulative 191 water harvesting and ground water recharge. Total water storage potential created: ~0.8 million kl.	Treatment of primary RO reject water, controlling water flow for domestic usage, installing foot operated and sensor-based taps. These interventions resulted in a total daily water saving of 28 kl. Total rain-water harvested in FY23 was 3,774 kl.	Various demand side interventions undertaken have led to an annual (2022-23) potential water savings in agricultural practices of about: ~2.5 million kl.	41 schools and 39 Anganwadis covered under WASH interventions.	**Withdrawal:** **33 Thousand kl** **Discharge:** **0 kl**
Integrated Paper Mill at Bhadrachalam, Telangana	Site lies in the Mureru River Basin (Tributary of Kinnerasani-Godavari). 1.4 Lakh Acres covering 104 villages.	Created 1,915 recharge structures to harvest rainwater, recharge ground water, increase filtration rate and improve quality of water. Total water storage potential created: 1.8 million kl.	Daily water savings of 2,900 kl achieved through recovering and reuse of water in plant processes.	Promotion of Split dose and drone spray application across over 4,900 acres to address high level of phosphorous and nitrates in catchment. Total potential water savings in agricultural practices in 2022-23: 11 million kl.	150 Awareness campaigns done on WASH. Created 104 Water User Groups to strengthen water governance in the catchment.	**Withdrawal:** **26.1 Million kl** **Discharge:** **18.4 Million kl**

Water Security

Spearheading Adoption of Alliance for Water Stewardship (AWS) Approach

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level interventions	Demand Side Management		WASH and Water Governance	Water utilized
			Water Efficiency Measures at ITC units	Catchment level Interventions		
1) ITD and 2) Foods Factories at Ranjangaon, Maharashtra	Site lies in the Ghod River Basin. 9.68 Lakh Acres covering 461 villages.	Focus on 'Managed Aquifer Recharge' interventions for replenishing groundwater and conserving biodiversity. Constructed over 2,500 water harvesting and ground water recharge structures to harvest rainwater, increase infiltration rate and improve quality of water. Total water storage potential created: ~1.1 million kl. Catchment treatment: Water absorption trenches and core-wall gabion – around 78,000 acres covered. Green cover improvement: over 49,600 acres under biodiversity conservation	Cigarettes Factory: Improvement in water use efficiency and reduction in freshwater consumption through mechanised cleaning processes, condensate recovery, reusing RO reject and ETP treated water, and various other interventions. Total rain-water harvested in FY23 was ~58,000 kl. Foods Factory: Various interventions for improving water use efficiency like using backwash and ETP treated water for gardening, flushing and cleaning purposes, reusing RO reject in the process line for cleaning raw material and in utilities. Rainwater Collection system has been installed and will be used to replace raw water.	Focus on improving water use efficiency in agriculture. Over 73,600 acres under sugarcane practices – seedling plantation with drip and trash mulching. Over 22,300 acres under onion practices – raised bed plantation with drip irrigation. Total potential water savings in agricultural practices in 2022-23: ~166 million kl.	136 Awareness campaigns done on WASH with the coverage of over 12,700 children. Trained 127 Water User Associations on efficient water utilisation to strengthen water governance in the catchment. Around 84 Child Cabinets and Water & Sanitation (WATSAN) Committees and 58 School Development and Management Committees (SDMCs) strengthened. Over 110 Mohalla Committees formed Around 331 Household toilets, 35 School toilet blocks and 75 hand washing units constructed in schools Over 20,100 Households covered under Solid Waste Management	**Foods factory** **Withdrawal:** **174 Thousand kl** **Discharge:** **60 Thousand kl** **ITD factory** **Withdrawal:** **27 Thousand kl** **Discharge:** **0 kl**

Water Security

Spearheading Adoption of Alliance for Water Stewardship (AWS) Approach

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level interventions	Demand Side Management		WASH and Water Governance	Water utilized
			Water Efficiency Measures at ITC units	Catchment level Interventions		
ITD Factory at Saharanpur, UP	Site lies in the Hindon River Basin. 1.07 Lakh Acres covering 74 villages.	Renovated and constructed 52 water harvesting and ground water recharge structures. Total water storage potential created: 0.31 million kl.	Improvement in water use efficiency using high pressure-low volume cleaning machines, reusing water in RO plant and ETP, condensate recovery, Scale and Bio Removal in cooling tower and various other interventions. Total rain-water recharged in FY 22- 23 was ~11,300 kl Total rain-water harvested in FY 23 was ~14,000 kl.	Various demand side interventions undertaken have led to a total potential water savings in agricultural practices in 2022-23: ~3.6 million kl.	88 Toilets and 75 Handwash stations have been constructed in schools as part of WASH initiatives. 4,098 programmes promoting WASH undertaken. Trained 42 Water User Groups on efficient water utilisation. 1.49 lakh household covered under solid waste management program.	**Withdrawal:** **35 Thousand kl** **Discharge:** **0 kl**
Foods Factory at Kapurthala, Punjab	Site lies in the Kali Bein River. Over 95,800 acres covering 133 villages.	Rejuvenated 117 water harvesting and ground water recharge structures. Total additional water storage created: ~0.4 million kl.	Installation of additional piezometers and flow meters for improving water level and water balance monitoring. Using Rain water in utilities like cooling towers and boiler feed water. Total rain-water harvested in FY23 was about ~103,000 kl.	Various demand side interventions undertaken have led to a total potential water savings in agricultural practices in 2022-23: ~38 million kl.	321 WASH awareness campaigns undertaken and 30,579 households covered under Solid Waste Management programme. Created 73 Water User Groups to strengthen water governance in the catchment.	**Withdrawal:** **236 Thousand kl** **Discharge:** **0 kl**

Water Security

Road Ahead

Demand side Management:

Continued efforts to minimise fresh water consumption, while maximising reuse and recycling of treated effluent across all manufacturing units and hotels.

Working with farmers to reduce water consumption through water efficient irrigation and farm practices.

Periodic site-level vulnerability assessment to identify high water stressed sites, and deployment of interventions for mitigating water stress.

Supply Side Management:

Strengthen the integrated watershed management programme, and further expand coverage in line with S2.0 targets.

Continuous Assessment for Validating the Efficacy of Interventions:

Expand coverage of Alliance for Water Stewardship (AWS) Certification for all facilities in high water-stress areas by 2035.

Towards Circularity

According to the latest Circularity Gap Report, the global economy has achieved only 7.2% circularity. Which means, of the 100+ billion tonnes (World Resources Institute) of resources that enter the global economy every year, more than 90% of materials is either wasted, lost or remain unavailable for reuse. Even in India, waste generation has risen considerably due to increasing population, rapid urbanisation and rising consumption levels. This coupled with inadequate source segregation and lack of infrastructure has culminated in a massive waste management problem especially with respect to plastic waste.

Given ITC's significant presence in the FMCG space, 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 ITC's Sustainability 2.0 Vision. As a leading Paperboards, Paper & Packaging company, ITC is also leading the way by introducing more recyclable and sustainable packaging solutions in the market including innovative paperboard-based renewable plastic substitution solutions.

ITC's Approach

As part of its Sustainability 2.0 vision, ITC takes a holistic approach towards enabling the circular economy for waste by focussing on the entire waste value chain.

Sustainable Packaging Strategy	Sustainable Waste Management & Plastic Neutrality	Sustainable Process Waste Management across Operations
Ensuring 100% of packaging is reusable, recyclable or compostable/ biodegradable – improving recyclability of multi-layer laminates. – exploring sustainable alternatives – piloting refillable/reusable models	Running behavioral change programmes to ensure segregation of waste at source.	Segregation of waste at source, and channelizing it to suitable recycling streams.
Optimising packaging, – progressive reduction in plastic packaging intensity, – introducing recycled content in plastic packaging – Leveraging Life Cycle Assessments	Creating replicable, scalable & sustainable models of solid waste management.	Reducing specific waste generation at all ITC Units through constant monitoring and improvement of material utilisation efficiency.
Exploring sustainable alternatives to plastics – Complete or partial substitution of plastics with sustainable alternatives. – Exploring paper as a substrate for packaging.	Enabling the creation of viable recycling options for post-consumer multi-layered plastic packaging waste.	Utilisation of Post-consumer Waste Paper as Raw Material at ITC's Paperboards and Specialty Papers Units.

Towards Circularity

ITC's Sustainable Packaging Strategy

ITC's Packaging Footprint

ITC's annual packaging footprint, from its FMCG businesses, across primary, secondary and tertiary packaging formats is around 210,000 tonnes and is primarily composed of paper/paperboard-based packaging (73%), followed by plastic packaging (27%). Glass, wood and metal form a small portion of the overall packaging footprint, contributing to less than 1%. Around 21% of paper packaging is FSC certified and another 56%, in the form of Corrugated Fibre-board Cartons (CFCs), is made from recycled material. In terms of plastic packaging, around 88% is in the form of multi-layered/thin film plastic packaging and the balance is composed of PET and other rigid plastics.

Sustainable Packaging Strategy

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

- Centre of Excellence in material Sciences and recycling at Life Sciences and Technology Centre (LSTC), ITC' Research & Development Centre.
- Sustainable and Circular Design Expertise of packaging experts from Paperboards & Specialty Papers Division, Packaging and Printing Division and FMCG businesses.
- Consumer insights of FMCG businesses.
- Sustainable Waste Management experience developed within the Company through the WoW initiative.
- Leveraging synergies between LSTC, paper and packaging, and FMCG businesses for developing solutions that enable complete or partial substitution of plastics with sustainable alternatives.
- Exploring paper as a substrate for packaging.

Towards Circularity

Sustainable Packaging Initiatives

Select Highlights from 2022-23

Savlon Glycerine Soap Wrapper with 70% PCR in PET Layer

Fiama Handwash Portfolio with 50% PCR in PET Bottles

Vivel Ved Vidya Soap with 100% Recyclable Packaging

Engage Cologne in 100% Paper-based Recyclable Cartons after complete elimination of 12-micron Metallized PET Film Layer

Bundling Shrink Wrap used for Secondary Packaging Applications in Personal Care Business with 50% Recycled Plastic Content

Aashirvaad Iodized Salt: Transitioned to 100% Mono Material PE Laminate from Multi Layered PET/PE Laminate in select variants

ITC MasterChef Frozen Snacks: Transitioned to 100% Mono Material PE Laminate from Multi Layered PET/PE Laminate in select variants

B Natural Juices with 25% Recycled Content Shrink Wrap in Secondary Packaging

Sunfeast Yippee! Power Up Noodles: Transitioned to 100% Mono Material PP Laminate (Outer Pack and Inner Sachet) from Multi Layered PET/PE Laminate Outer Pack and PET/Met PET/PE Inner Sachet.

PCR - Post-consumer recycled plastic

Towards Circularity

Sustainable Packaging Initiatives

50% R-PET in Fiama Shower Gel Bottles

During the year, ITC Personal Care Business successfully enhanced the PCR (post-consumer recycled plastic) content in Fiama Shower Gel bottles from 30% to 50% R-PET, thereby resulting in reducing virgin plastic use without affecting product integrity and consumer experience.

Aashirvaad Organic Atta in Paper-based Packaging

ITC Foods Business launched Aashirvaad Organic Whole Wheat Atta (1kg Pack) in a paper-based bag made from 55% paper compared to the earlier format of 100% plastic pack with PET/PE Laminate. The special paper for this application was developed by ITC's Paperboards & Specialty Papers Business, a perfect example of intra-ITC synergies being leveraged for sustainability. Overall, this packaging has enabled replacement of 25% plastic with paper. This is the first paper-based pack launched in the Indian Branded Atta industry with atta packed on machine, and was developed after extensive trials involving achieving requisite barrier properties, drop tests and shelf life studies.

Sustainability Meets Innovation: ITC's Paperboards, Paper and Packaging Business

Plastic used in earbuds and lollypop sticks is used only once and then discarded by the consumer leading to widespread plastic pollution. To address this challenge, ITC's paperboards business has launched food grade paper sticks that are alternative to the single use plastic sticks. Unlike plastic sticks, these are fully biodegradable. This alternative is specially designed to meet the functional requirements of the product like food grade quality and wet strength.

ITC's paperboards business also offers other unique solutions that help substitute plastics in packaging. For example, its fully recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and paperboards, 'OmegaBev' and 'OmegaBev Vio', which are industrially compostable alternatives to plastic coated containers, cups, bowls and other deep freeze applications.

ITC's printing and packaging business works with its customers to help make their packaging more sustainable across both laminates and fibre-based packaging formats. Several initiatives on substituting plastics with paper, reducing plastics and reducing complexity of multi-layered plastics were undertaken during the year. The business jointly worked with LSTC for developing next generation coatings and new laminate structures and has launched innovative products like Bioseal, Germfree for Tea Envelopes and QSR segments. For instance, the business worked with its customer, a leading tea brand and eliminated plastic (which was 30% of total packaging by weight) in tea envelope by introducing Bioseal, a heat sealable compostable coating. **The business has won three prestigious World Packaging Organisation awards (WPO) selected by an international jury, for developing sustainable packaging for beverages and Ice-cream segments.**

Towards Circularity

Sustainable Waste Management & Plastic Neutrality

ITC's Holistic Approach for Plastic Waste Management

The collection and recycling for multi-layered laminates/ plastic packaging has always been a challenge in India due to improper segregation of waste at source, inadequate collection and recycling infrastructure and lack of market incentives. Accordingly, ITC is actively working on behavioural change programmes to ensure source segregation and implementing replicable, scalable and sustainable models of solid waste management. This ensures higher collection and recycling of solid wastes including multi-layered laminates/plastic packaging, thereby enabling a more circular economy for plastic waste as well as creating opportunities for supporting sustainable livelihoods in the waste economy.

Running Behavioural Change Programmes to Ensure Source Segregation

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

ITC's programmes have reached out to more than 8 million households till date. Additionally, ITC also leverages its brands to raise consumers awareness on responsible waste management.

Creating Replicable, Scalable and Sustainable Models of Solid Waste Management

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

- Partnering with Urban Local Bodies (ULBs) and Panchayats for facilitating door-to-door collection of segregated waste.
- Supporting sustainable livelihoods for waste collection workers.
- Identifying and implementing suitable end-of-life solutions for each waste stream

Sustaining Plastic Neutrality for 2nd Year in a Row

ITC achieved Plastic Neutrality in FY 2021-22 by implementing an integrated solid waste management programme that incorporates unique and multi-dimensional initiatives including the Company's flagship waste management initiative 'ITC WOW – Well Being Out of Waste'. In FY 2022-23, the Company collected and sustainably managed more than 60,000 tonnes of plastic waste across 36 States and Union Territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to maintain the milestone of Plastic Neutrality.

Towards Circularity

Sustainable Waste Management & Plastic Neutrality

From sprawling metros to small and medium towns, different models of waste management were implemented under ITC's flagship 'Well-Being Out of Waste' (WOW) programme. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Delhi, major towns of Telangana and several districts of Andhra Pradesh, collecting about 64,000 MT of dry waste from 1,270 wards.

WOW's outreach spans over 5.5 million households, 5.7 million school children and over 2,100 corporates since its inception. The programme has supported sustainable livelihoods for over 17,750 waste collectors and has also created 150 social entrepreneurs. In Pune, ITC is supporting a circular economy based first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

ITC's Mission Sunehra Kal programme has SWM models for Towns, Villages and Temples. The intervention manages both wet and dry waste, close to the generator. The programme spanned 18 districts across 10 States covering 2.53 million households and collected 260,000+ MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. During the year,

source segregation and home composting was practised by over 2 million and 0.5 million households, respectively. In the current year, about 160,000 tonnes of wet-waste was composted and 64,000 tonnes of dry-waste was recycled. As a result of this decentralised model, 87% of the total waste was avoided from going to landfills.

Based on the above programmes, ITC has been able to collect and sustainably manage more than 320,000 MT of total waste.

Page 160 *Refer to "Horizon I - Strengthen Current Dominant Source(s) of Livelihoods" section of this Report*

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

ITC's LSTC, with its research capability in material sciences and recycling, has been helping recycling partners by providing knowledge and technical support to recycle MLP packaging and enable multiple end uses. These include conversion into granules through extrusion and using compression moulding techniques for developing other articles of utility like recycled plastic lumber for boards, benches etc., plastic rods, stationery items among others. ITC, through its various partners, has collected and managed around 60,000MT of plastic waste during the year, with approximately 46% getting channelised for recycling, and remaining being sent for energy recovery.

Towards Circularity

Sustainable Management of Process Waste across Operations

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

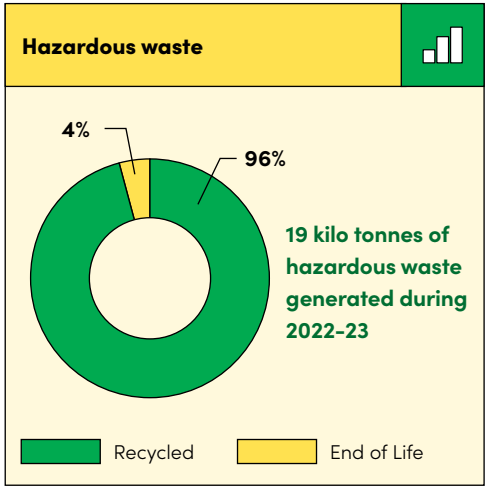
ITC's performance

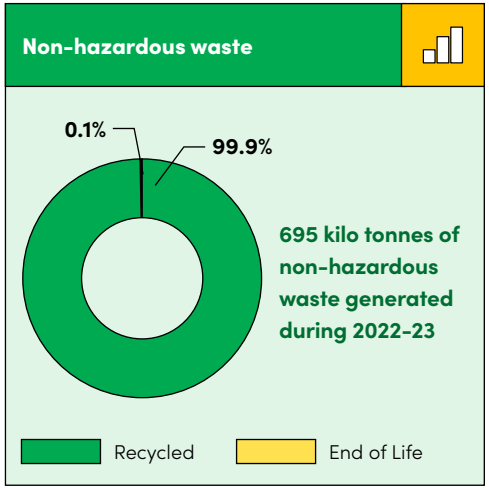
During the year, ITC units generated around 714 kilo-tonnes of waste.
Further breakup of waste is mentioned in below figures.

Hazardous Waste
During the year, ITC generated about 19 kilo-tonnes of hazardous waste, and 96% of this was sent for recycling*, and the remaining was treated in line with authorised norms.

Non-hazardous Waste
During the year, ITC generated about 695 kilo-tonnes of non-hazardous waste, and close to 99.9% of this was sent for recycling*.

** The waste was sent for recycling within the premises as well as outside to recyclers*





** Total waste sent for processing = waste generated + carry forward from last year – In-house storage*

ITC has systems in place to ensure that all waste - Hazardous and non-hazardous, is sent to authorised agencies only, in line with relevant regulatory requirements. In addition, ITC also tracks the end application of all waste, both hazardous and non-hazardous.

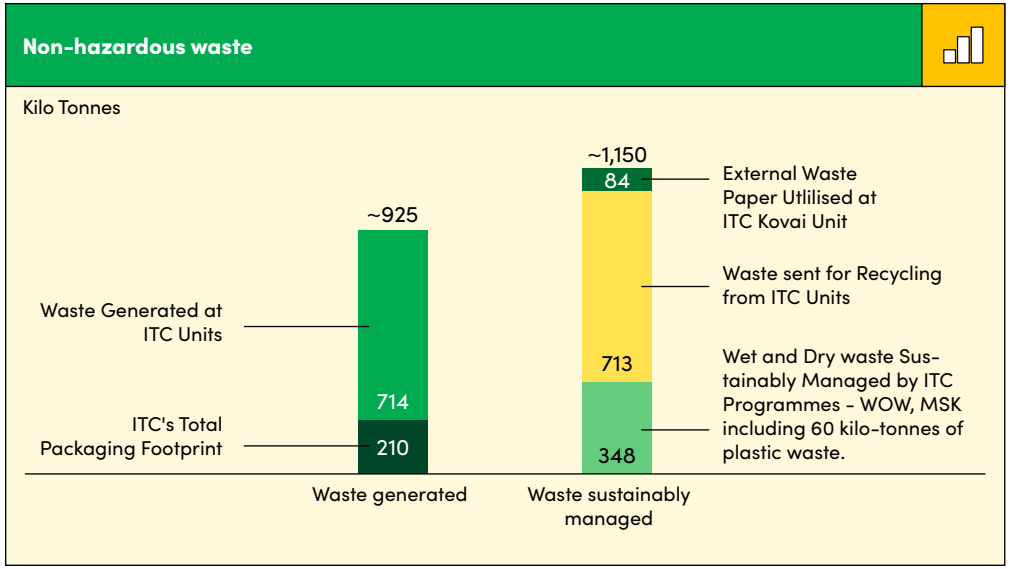
Recycling Post-Consumer Waste Paper

In addition to segregation of waste at source, and sending it to authorised recyclers, ITC's Kovai Unit utilised nearly 84,000 tonnes of external waste paper as raw material in FY 2022-23.

Focus on recycling ~100% waste generated at ITC Units combined with utilisation of externally generated paper waste as a source of fibre at PSPD Kovai, enabled ITC to recycle 112% of the waste generated across ITC.

Creating an Overall Waste Positive Circular Footprint

Efforts at ITC units to recycle 100% of waste generated, utilisation of externally generated paper waste as a source of fibre at PSPD Kovai, amount of waste sustainably managed through ITC's large scale solid waste management programmes like WOW and MSK's decentralised waste management models, and ITC becoming plastic neutral by sustainably managing post-consumer plastic packaging waste in excess of packaging utilised in its operations, contribute to ITC's endeavours of enabling a circular economy and an overall waste positive footprint. Through these efforts, the total waste managed by ITC far exceeded the waste generated directly at ITC Units and indirectly through ITC's overall packaging footprint.



Towards Circularity

Road Ahead

According to Ellen Macarthur Foundation, the road to net zero is intrinsically linked to achieving a more circular economy. While switching to renewable energy would only address 55% of global emissions, remaining 45% emissions will get addressed by adopting principles of circular economy i.e. eliminate waste and pollution, circulate products and materials, and regenerate nature. For ITC, this means:

Accelerating the Implementation of Sustainable Packaging Strategy

- Ensuring that 100% of Packaging is Reusable, Recyclable or Compostable/Biodegradable
- Utilise internal synergies to develop and utilise sustainable packaging alternatives
- Leverage life-cycle approach for evaluating alternative packaging solutions
- Scale up ITC's innovative sustainable packaging solutions portfolio.

Sustaining Plastic Neutrality and Continue to Recycle more than 100% of the Waste Generated across Operations

- Continue to scale up ITC's sustainable solid waste management models
- Continue to redesign processes and eliminate waste to the extent possible
- Continue working on segregation of waste at source, and recycling more than 100% of the waste generated in operations.

Chemical Safety Management

ITC's Approach

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

This approach is demonstrated in pioneering practices like elemental chlorine free (ECF) bleaching and then ozone bleaching in India as a part of Paper business, and switching from solvent-based inks to water-based ones in its Packaging and Printing business.

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

Managing hazardous chemicals is not only important within ITC factories but also in the supply chain. Within the supply chain, farmers working with hazardous pesticides is an area of special attention. ITC's approach is firstly to eliminate or reduce the use of hazardous pesticides. Intensive training is conducted on Integrated Pest Management (IPM), which helps advocate a holistic approach in reducing pesticide usage as well as substituting such pesticides with nature-based solutions.

The training programmes also cover the safe handling of pesticides used and the responsible management of wastes generated.

Page 63 *Refer to 'Sustainable Agriculture' chapter of this Report*

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

Air Emissions Management

ITC's Approach

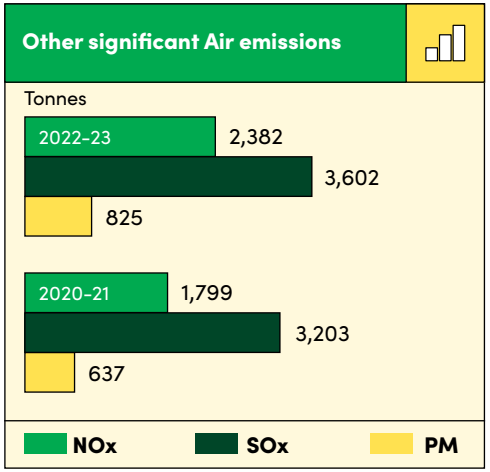
Air pollution, primarily caused by vehicular and industrial emissions, has become a major public health issue in recent times. Despite sustained efforts by the government in the form of stricter emission norms in industries and improving vehicular emissions standards, air pollution continues to remain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

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

ITC's approach of proactively pursuing energy conservation through audits and benchmarking against industry standards, and increasing the share of alternate energy in its energy portfolio contributes to a reduction in air emissions. ITC also appropriately invests in state-of-the-art pollution control equipment and a robust system of monitoring, measuring and reporting is in place to ensure conformity with environmental standards. For ODS management, ITC will phase out the use of ODS well before the timelines stipulated under International agreement on ODS.

Performance

All ITC units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) on a regular basis to ensure compliance with applicable norms and regulations including meeting prescribed limits and other requirements stated in Units' consent to operate like monitoring mechanism and frequency to be followed.



Above emissions levels are well within the applicable prescribed regulatory limits.

Ozone Depleting Substances (ODS)

During FY 2022-23, the total consumption of ODS across units stood at 85 kg of CFC-11 equivalent. ITC is working at phasing out ODS from its operations through the following interventions:

Replacement of all existing equipment using ODS well before the stipulated phase-out period.

Ensuring disposal of equipment undergoing replacement to authorised recycler which will lead to safe disposal of ODS as well.

Social Stewardship

Sustainable and Inclusive Growth

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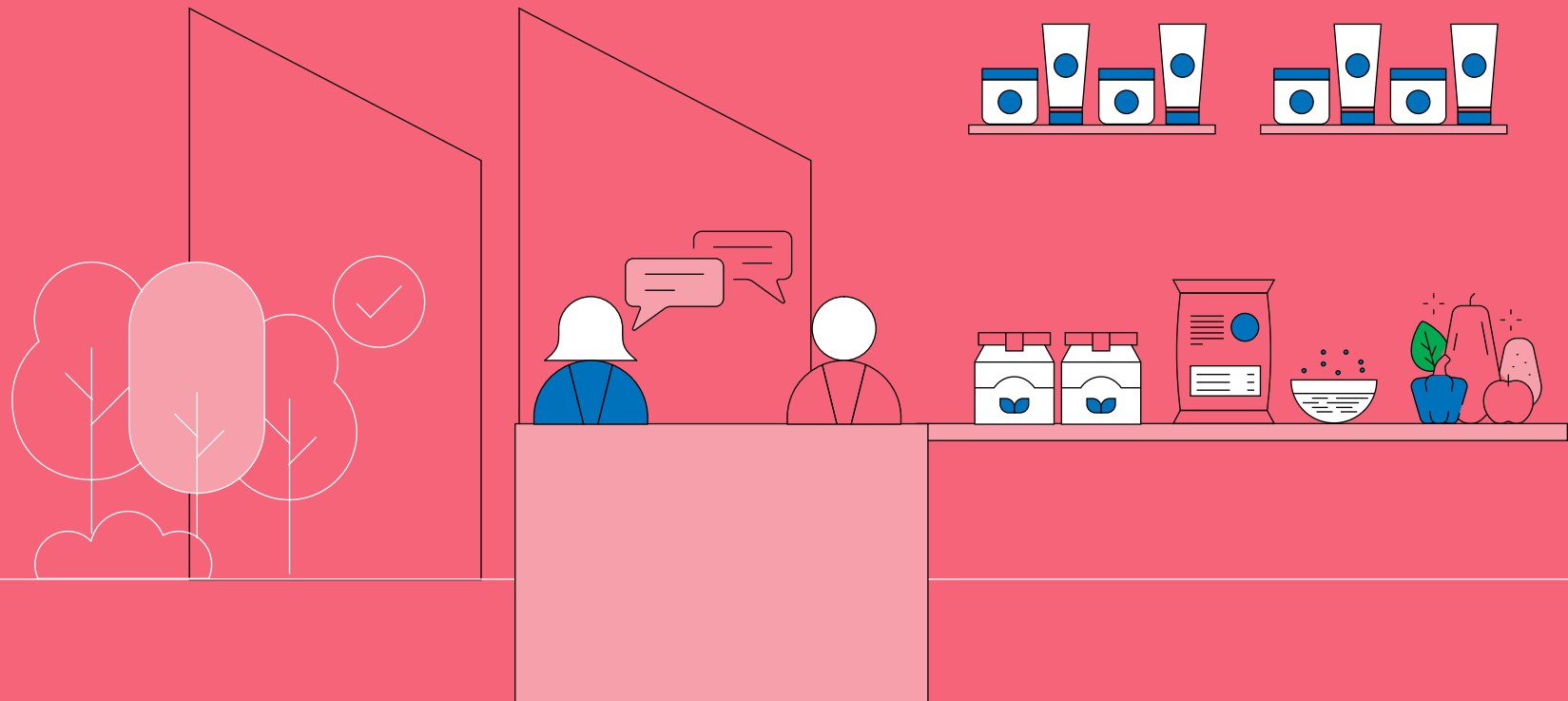
In a dynamic, connected yet defragmented world, the need to strike a delicate balance between economic prosperity, social inclusivity and environmental impact has never been so apparent. It also calls for conserving resources for the future generation while emphasising the need to ensure that the benefits of economic advancements are shared among all, including the vast segment residing on the margins. Social inclusivity encompasses access to quality education, affordable healthcare and livelihood opportunities. For that to have a meaningful impact, the world needs concerted efforts, collaborate and partner at a scale never imagined, and build resilient communities that can withstand external shocks and thrive.



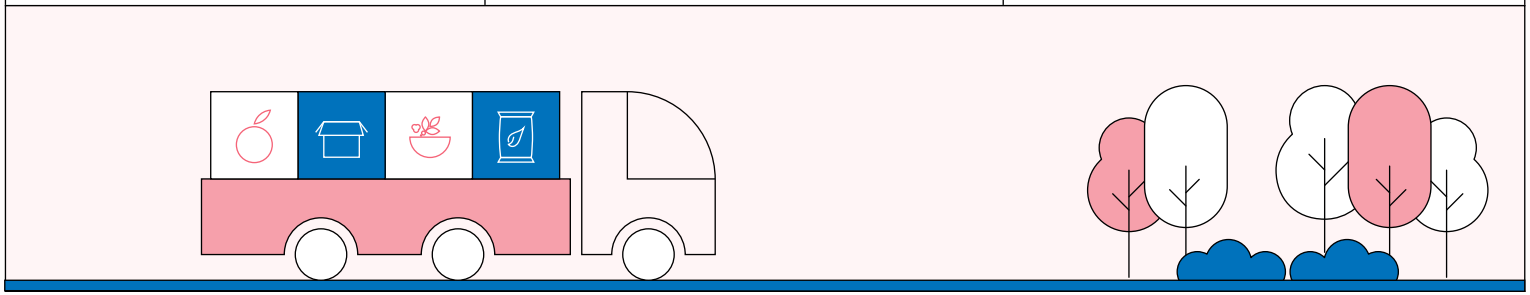
Sustainable Supply Chain and Responsible Sourcing

Global supply chains continue to evolve across industries with rising digitalisation, integration of sustainability and strong emphasis on responsible sourcing. Massive supply chain disruptions experienced around the world in recent years, some of which were rooted in unprecedented climate change-related events, have brought supply chain sustainability even more to the fore. Additionally, the global movement towards net zero, and the underlying thrust on mapping and mitigating Scope 3 emissions is also driving massive supply chain transformations. Given the complexity and scale of supply chains, technology is emerging as a key enabler for exercising oversight, demonstrating traceability and driving meaningful action across the value chain. Addressing these trends is therefore key to building resilience and embedding sustainability in the supply chain.

ITC, with its diverse and expanding portfolio of businesses, is working towards scaling up its sustainable supply chain initiatives as part of its Sustainability 2.0 Vision. ITC has a Board-approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' that lays down the foundation for ITC's engagement with its suppliers including farmers, third party manufacturers, service providers, transporters, suppliers of agriculture/non-agriculture materials and capital goods, franchisees, dealers and distributors.

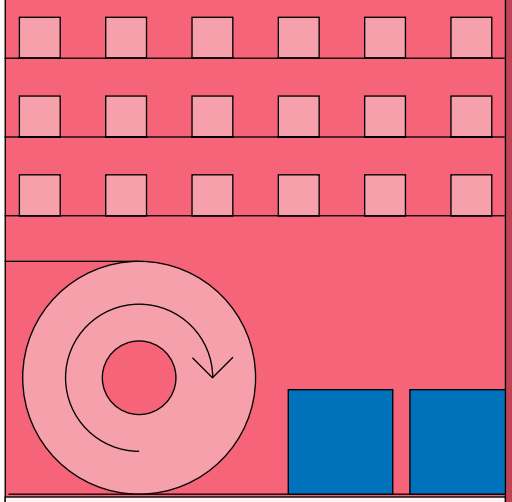
ITC's Approach

Advocate	Assess	Address
Continuous engagement with value chain partners for raising awareness and building their capacity on ITC's sustainable supply chain philosophy, expectations and compliance requirements, and emerging and relevant sustainability topics.	Identification of sustainability risks and opportunities through ongoing assessment of key value chain partners. Conducting third party assessments in line with international standards and obtaining certifications like Sustainable Tobacco Programme, Rain Forest Alliance and Forest Stewardship Council®. Implementing systems and processes for enabling supply chain oversight, transparency and traceability.	Implementing measures for addressing identified risks and opportunities: • Technical support for adoption of management practices as per International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guideline. • Implementing a bouquet of regenerative and sustainable agriculture interventions across agri-value chains that support ITC's leading brands. • Providing grievance redressal mechanism for suppliers, and addressing their grievances, if any.



Sustainable Supply Chain and Responsible Sourcing

Highlights



During FY 2022-23, ITC processed around

2,732 Kilo Tonnes

of raw materials, out of which around 97% were from agro/forestry based renewable sources

~84%

of the fibre produced in Bhadrachalam is from Wood sourced from ITC's Social and Farm Forestry initiatives. All four manufacturing units of the PSPD have obtained the FSC ® Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining ITCs position as the leading supplier of FSC® – certified paper and paperboards in India

60%

of ITC's identified Critical Tier-1 Suppliers were trained on ESG and ITC's Code of Conduct in FY 2023

Sustainable Farm Certifications in Place for Key Agri Commodities:

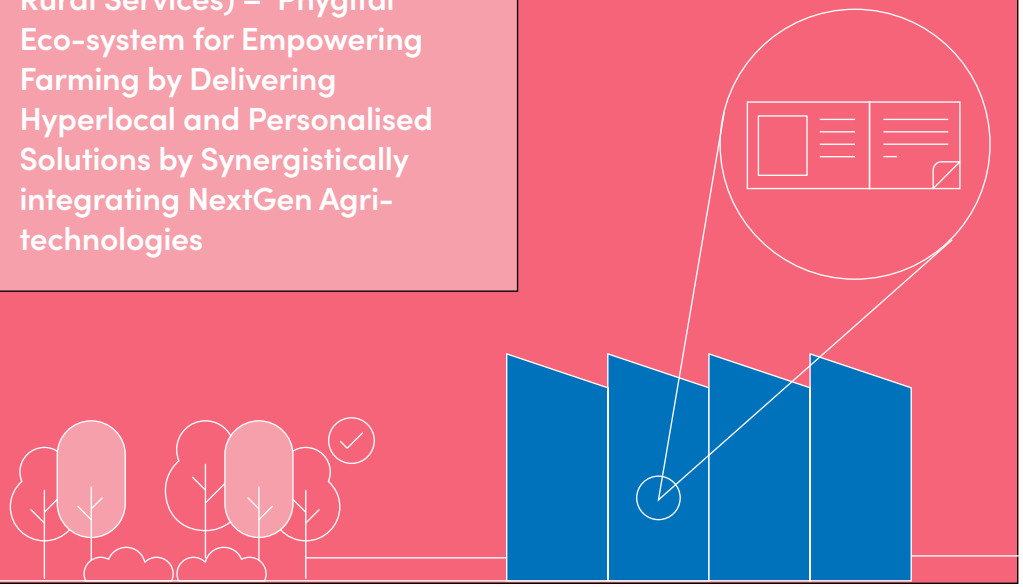
Rainforest Alliance, Forest Stewardship Council, Global G.A.P. (Good Agriculture Practices), Union for Ethical Bio Trade (UEBT), Fairtrade, Certified Organic and NPOP, NOP and EU certifications

ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – 'Phygital' Eco-system for Empowering Farming by Delivering Hyperlocal and Personalised Solutions by Synergistically integrating NextGen Agri-technologies

>86%

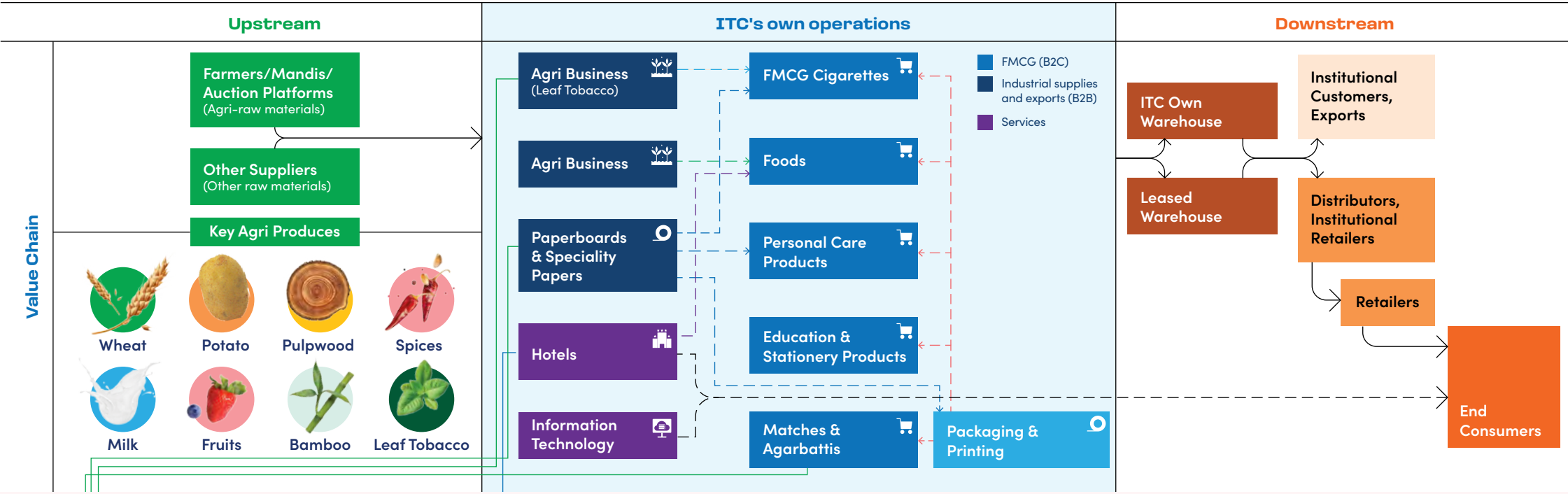
Raw materials and Stores & Spares Locally Procured over the Years, consistently

Processes in Place for Ongoing ESG Assessment of identified Critical Tier-1 Suppliers



Sustainable Supply Chain and Responsible Sourcing

ITC's Supply Chain



Elements of Sustainable Value Chain

Value Created

1 Responsible Sourcing

- Regenerative & Climate-Resilient Agriculture
- Sustainable Forestry
- Sustainable Bamboo Plantations
- Responsible Sourcing in line with ITC's Code of Conduct for Suppliers and Service Providers

2 Sustainable Manufacturing & Services

- Optimal Resources
- Climate Resilience & Water Risk Management
- Investments in Renewable Energy & Energy Efficiency
- Green Buildings
- Health & Safety, & Employee Well-Being
- Commitment to Highest Standards of Quality & Product Safety
- Cutting-Edge R&D and Innovation
- ITC Hotels 'We Assure' Focus on Health, Hygiene & Safety
- Managing Talent, Upholding Human Rights & Fostering Diversity

3 Sustainable Packaging

- Improving Recyclability of Packaging
- Phasing our Hard to Recycle Plastics
- Sustainable Packaging Solutions for the industry: Omega & Filo Series
- F5C® Certified Paper and Parperboards for Packaging

4 Sustainable Logistics & Warehousing

- Strategically Located Manufacturing Units: Optimising Distance to Market
- Strategically Located Automated Warehouses

5 Delighting Consumers and EPR*

- Sustainable Models for managing Post-Consumer Packaging Waste
- Responsible Marketing
- Consumer Satisfaction & Feedback Management

EPR - Extended Producer Responsibility

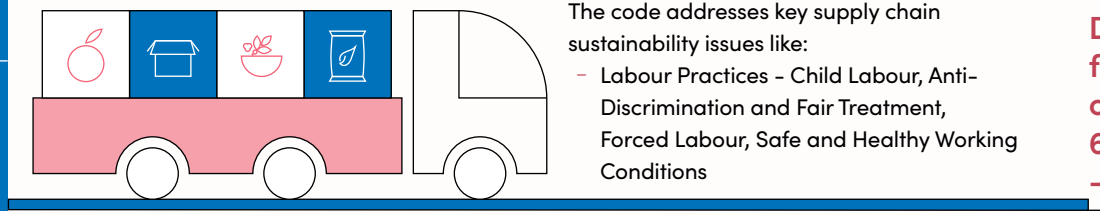
Sustainable Supply Chain and Responsible Sourcing

As a conglomerate with diversified presence across agriculture, manufacturing and services, ITC maintains a vertically integrated supply chain for most of its businesses, which facilitates optimum utilisation of raw materials, as well as efficient logistic operations. It also builds on intra-group synergies, which further adds to organisational efficiency. The vertical integration not only provides competitive advantage but also enables effective control and oversight over majority of upstream value chains for driving sustainable practices like sustainable sourcing, transparency and traceability, and sustainable packaging. Particularly in the FMCG segment, ITC is powered by:

- Building of digitally-powered and climate-smart agri value chains
- Next generation, smart and agile supply chain
- Distributed manufacturing and sustainable operations
- Resilient, technology-driven and robust sales & distribution network

Sustainable Supply Chain Initiative at ITC

ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing'. In line with this policy, ITC engages with its supply chain members to assess their sustainability risks, and support them in building resilience against such risks. The policy also encourages suppliers to work towards resource-use efficiency, including sustainable natural resource management, GHG emission reduction and sustainable waste management. ITC's approach towards building a sustainable supply chain is summarised below.



Advocate

To enable effective implementation of ITC's policies on sustainable supply chain, the Company facilitates capacity building workshops for its key supply chain partners to educate, and create shared awareness on key areas like human rights, labour practices and environmental sustainability.

In addition to the Policy on 'Sustainable Supply Chain and Responsible Sourcing', ITC also has a 'Code of Conduct for Suppliers and Service Providers'. This requires suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. All Suppliers are expected to meet the requirements of this Code. ITC also expects its Suppliers to hold their business associates to the same standards as enshrined in this Code. The Code also reflects ITC's commitment to respect human rights across the supply chain. It upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations Guiding Principles on Business and Human Rights.

The code addresses key supply chain sustainability issues like:

- Labour Practices - Child Labour, Anti-Discrimination and Fair Treatment, Forced Labour, Safe and Healthy Working Conditions
- Environment
- Human Rights
- Business Integrity - Conflict of Interest, Anti-Bribery and Corruption, Hospitality and Gifts

ITC engages with its supply chain partners periodically to build awareness on the Suppliers Code of Conduct.

Moreover, during the year training on ESG aspects of suppliers' programmes were conducted by external expert agencies for the procurement and sustainability practitioners of the Company.

Identification and Engagement with Critical Tier-1 Suppliers

For focussed engagement with key suppliers, ITC has created a framework for identifying its critical Tier-1 suppliers based on multiple criteria like value of the business with these suppliers, ESG risk exposure, substitutability of the supplier, among others.

During FY2022-23, the ESG focussed training programmes organised by ITC covered around 60% of the identified Critical Tier -1 Suppliers across Businesses.

Sustainable Supply Chain and Responsible Sourcing

Sustainable Supply Chain Initiative at ITC

Assess and Address

ITC's approach entails identification of its key supplier chain partners, assessment of their material sustainability risks, and further collaboration with the suppliers for mitigating the identified risks. ITC conducts structured ESG assessment of identified critical tier-1 suppliers by a third party. Findings from these assessments further guide implementation of corrective action plans in consultation with respective supply chain partners.

Select supply chain sustainability practices across ITC's major businesses are summarised below:

Supplier Category	Interventions
Third-party manufacturers	• Continuous engagement and assessment on applicable labour laws, quality standards • Environment, Health and Safety guidelines with sectors specific requirements • SA8000 standards for select businesses
Raw material/ packaging producers	• Monitored for applicable industry certifications or standards (e.g. IFRA standards for fragrance manufacturers, FSC certified wood and paper, Organic Farm produce, among others) • Preference given for onboarding suppliers with established environmental, safety management systems
Farmers	• Large scale sustainable agriculture programmes across key value chains • Certifications like Rainforest alliance (RFA), Forest Stewardship Council (FSC), Global Agricultural Practices (G.A.P) for identifying and addressing environmental risks and human rights related issues
Service Provider Employees/ Contract Workers	• Assessed for compliance to applicable labour laws • Trained for health and safety practices

Agri-Sourcing Practices

Agri Business Division (ABD) primarily engages in sourcing of agri-commodities like wheat, coffee, spices, maize, soybean, mustard, rice, maida, fruits, prawns. The portfolio continues to be rapidly scaled up, leveraging ITC's deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceability.

Page 63 *For more information, Refer to the 'Sustainable Agriculture' section of the Report*

Sustainable Supply Chain and Responsible Sourcing

Sustainable Supply Chain Initiative at ITC

Leaf Tobacco Supply Chain

ITC collaborates with farmers in implementing international sustainability certification and verification programmes such as Sustainable Tobacco Programme (STP 2.0), Thrive programme, Compliance to Agriculture Labour Practices (ALP) Code, where the production practices are in alignment with defined environment and labour standards.

The global Sustainable Tobacco Programme (STP 2.0) has been implemented across the leaf producing regions. The programme focussed on 8 themes demanding leaf suppliers' commitment on – Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. The Business deployed the required systems, process, project and reporting mechanism in alignment with the Customer requirements.

Integrated Adarsh Gram Programme (Model Village Programme)

Ensuring Human Rights in the Supply Chain is a part of ITC's Integrated Adarsh Gram Strategy (Model Village Approach). The programme focuses on building economic, environment and social capital in 350 villages of Andhra Pradesh & Karnataka. ITC's agri-extension and field teams play a critical role in understanding the needs and grievances of farmers and supply chain partners. ITC conducts human rights due diligence in farm supply chain to identify the human rights challenges and impacts covering 28,814 farmers, associated farm workers and communities in Tobacco regions.

Human Rights Impact Assessment in Leaf Tobacco Supply Chain

ITC conducts human rights due diligence in farm supply chain to identify the human rights challenges and impacts covering farmers, labours and communities in Tobacco regions. Customized action programmes are devised and implemented to support human rights and social development through engagement with rightsholders & stakeholders across the farm supply chain.

Through structured unannounced visits by crop development managers, Prompt Actions (PA) related to farm safety, labour rights and crop management are identified and highlighted which require immediate attention and action. During 2022-23, 12 Prompt Actions were identified on farm and closed with appropriate remedial actions.

ITC implements strategic initiatives and programmes in Tobacco regions focussing on human rights compliance on farm:

Training and Awareness on Human Rights: 350 Village level training programmes were conducted covering subjects such as Farm Safety, Child Labour, Wages, Fair Treatment, Freedom of Association, WASH, No Discrimination and other areas pertaining to Human Rights.

Farm Safety: ITC undertakes a holistic approach that address the farm safety challenges in Indian Farming. Close to 1000 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and Secured Storage Box for safe storage of chemicals were provided to 2,000 farmers. Drone Technology was scaled up covering 5,535 acres minimizing human interference while chemical spraying besides increasing the efficacy of operation and water saving.

Drinking Water: For drinking water access, ITC set up community level water plants which are operated on a self-sustaining model. 9 new Reverse Osmosis plants were established in FY 2022-23 taking the total current operational plants to 160 units, which provide safe drinking water to over 2.1 lakh rural people.

Sustainable Supply Chain and Responsible Sourcing

Sustainable Supply Chain Initiative at ITC

Responsible Sourcing of Fibre by Paperboards and Specialty Papers Division

The Paperboards and Specialty Papers Division (PSPD) processed 2.03 million tonnes of raw materials (about 74% of the total raw material procured by ITC), out of which over 99% were from renewable sources. The Kovai unit of the Paperboards and Specialty Papers Business utilised nearly 84,000 tonnes of post-consumer paper waste as raw material in FY 2022-23.

Approximately 59% of the total fibre requirements of ITC's PSPD is met by pulp, manufactured at the Bhadrachalam unit. Another 14% comes from recycled fibre processed at the unit in Kovai. The balance 27% is imported pulp used at Bhadrachalam and Tribeni units.

In terms of traceability:

- Approximately 84% of the fibre produced in Bhadrachalam is from wood sourced from ITC's Social and Farm Forestry initiatives.
- The fibre used at the Kovai unit is either recycled or reclaimed fibre.
- Overall, 100% of the fibre used by ITC's PSPD is of known and legal origin. All four manufacturing units of the PSPD have obtained the FSC ® Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining ITCs position as the leading supplier of FSC® – certified paper and paperboards in India.

Engaging with Third Party Manufacturers

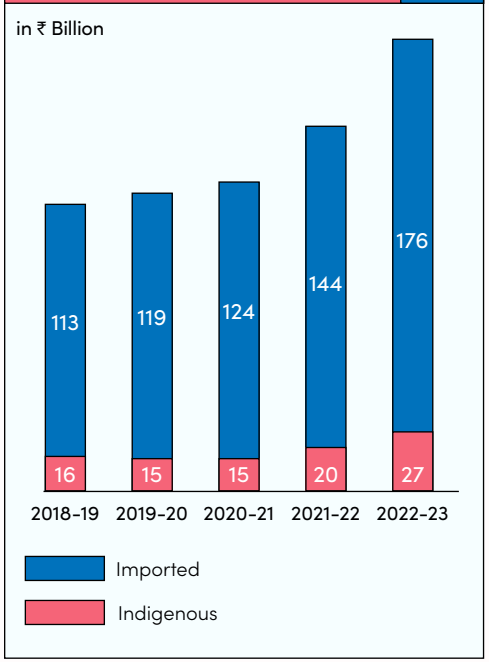
The Company's suppliers, both local and international, constitute one of its important stakeholder groups. Critical value chain partners like third party manufacturers are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices.

Supporting a Local and an Inclusive Value Chain

ITC encourages competency development among local vendors and its vendor base includes medium and small-scale enterprises that are proximate to its manufacturing locations. These initiatives are aligned to national priorities of 'Make in India', 'Atmanirbhar Bharat', enrichment of farmers through promotion of Farmer Producer Organisations (FPOs) as the core catalyst of agricultural transformation. ITC also works in close partnership with small-scale units in businesses such as Safety Matches, and Education and Stationery Products. These partnerships have significantly enhanced survival and competitiveness of a number of units in these sectors. In line with its commitment to bring the power of cutting-edge digital technologies and unlock the potential of India's farmers, the Company has launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services).

This 'phygital' eco-system will empower the farming community by delivering hyperlocal and personalised solutions by synergistically integrating NextGen agri-technologies.

Raw Materials, Stores & Spares Consumed



86%+

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

Managing Logistics-related Impacts

To further mitigate value chain impact, steps are being taken for reducing energy consumed in transportation of raw materials, finished goods and waste. ITC has strategically located its Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities for FMCG businesses closer to the market. This allows for making direct shipments to customers, thereby avoiding intermediate movements and optimising distribution logistics.

'ITC One Supply Chain' initiative covering ITC's total network in India has resulted in route optimization, Improving the share of Higher capacity vehicles and utilization thereby lowering total kilometres traversed by ITC's Products. This combined with shipments through rail and sea routes have helped to reduce GHG emissions.

ITC has deployed Electric vehicles (currently available are small sized vehicles) for shipping material to the distributors. These vehicles are running in 7 metros covering about 3,200 trips annually. This initiative will be further scaled up along with adoption of larger size vehicles.

Sustainable Supply Chain and Responsible Sourcing

Road Ahead

ITC's sustainable supply chain and responsible sourcing initiatives focus on integrating evolving sustainability requirements across the value chain for both de-risking as well leveraging opportunities for building a more resilient value chain. Going forward ITC will focus on scaling up its efforts towards:

Building Capacity of Value Chain Partners

ITC Businesses will scale up their engagement with their respective partners including suppliers, third-party manufacturers and farmers through focussed trainings on material sustainability aspects.

Conducting Structured Sustainability Assessments of Key Suppliers

Periodic due-diligence and third-party assessments enabled by tech-based solutions for ensuring effective tracking and implementation of corrective actions.

Partnering with Key Suppliers on their Sustainability Journey

Jointly working with suppliers for progressively implementing identified corrective and preventive measures, and enabling sustainability across their operations.

Product Sustainability

Addressing Emerging Consumer Needs with Agility

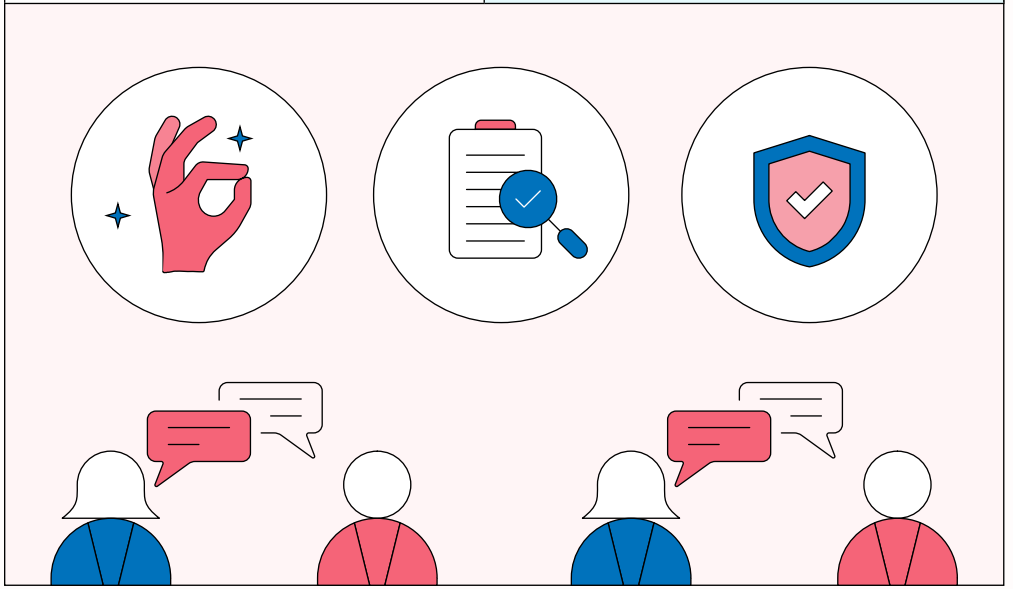
Consumer trends around the world are signalling a shift towards a rise in the uptake of sustainable products across existing (B2B, B2C) as well as emerging channels (D2C). While the COVID-19 pandemic brought about major and rapid changes in consumer behaviour and lifestyles, resulting in heightened demand for hygiene, health, immunity and well-being related products and services, numerous consumer surveys over the last few years suggest that these, and other trends related to environmental and social attributes of products are expected to sustain and amplify even after the pandemic.

According to a 2022 Bain & Company survey of Asia-Pacific region, consumers surveyed in fast-growing markets like India emerged as more sustainability conscious than their counterparts in more mature markets. However, at the same time, consumer behaviour is also exhibiting a very evident 'say-do' gap between what consumers say or believe versus what they buy, primarily driven by factors like awareness, availability, affordability and trust. Therefore, closing the 'say-do' gap by addressing all these obstacles will be key to leveraging this emerging opportunity. Even the road to net zero will necessarily require businesses to integrate sustainability in their products and services, and empower their consumers to make more sustainable choices.

Identified as a fundamental driver of future growth, sustainable product innovation is a key pillar of ITC's Sustainability 2.0 Vison. As India's leading conglomerate operating across various consumer segments, ITC continues to leverage its Life Sciences and Technology Centre's (LSTC) strong innovation engine to build a robust portfolio of world-class products and purpose-led brands that address evolving consumer needs and trends. Company's endeavour has been to introduce innovative and sustainable products and services that integrate sustainability across the life cycle – from sustainable design, formulation and sourcing to sustainable manufacturing, packaging, and responsible use-phase and end-of-life management. As a steward of product responsibility, the Company follows stringent global standards of quality, safety and transparency. ITC manufacturing units and hotels have state-of-the-art facilities with internationally benchmarked quality management systems.

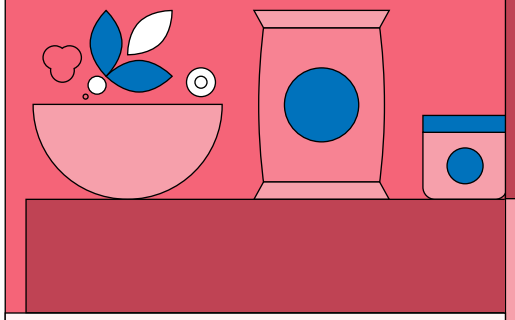
ITC's Approach

Sustainable Product Innovation	Product Responsibility & Stewardship
Fuelling Innovation – Leveraging ITC's Life Sciences and Technology Centre (LSTC) • Building purpose-led brands powered by agile innovation platforms of LSTC.	**Quality, Safety & Transparency** • Global quality, and health & safety standards and certifications for delivering world-class products and services. • Best practices related to product information, labelling, responsible marketing, data privacy and compliance management. • Consumer feedback management
Leveraging Life Cycle Assessment Approach • Building a sustainable product portfolio.	



Product Sustainability

Highlights



ITC's vibrant portfolio of over 25 world-class Indian brands represents an annual consumer spend of over

₹29,000 crores

in FY23. The Company's products reach over 230 million households in India

>90

new products anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, and Convenience & On-the-Go were launched across target markets during the year

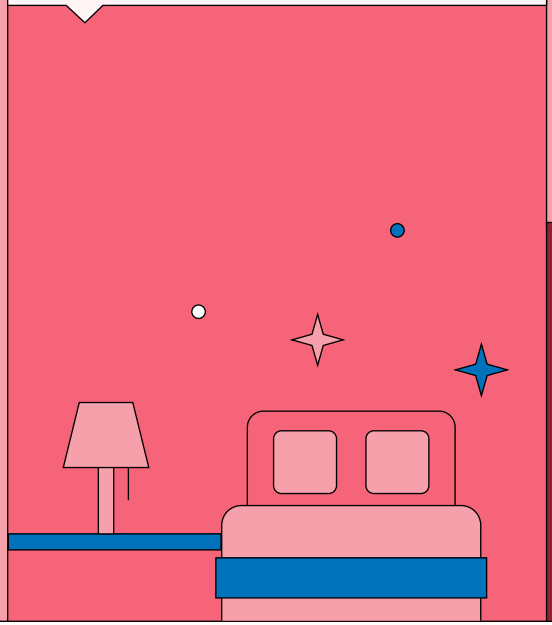
~95%

(98 out of 103) of the manufacturing locations (including third party manufacturing units) are certified as per recognized global standards like FSSC 22000/ ISO 22000/ HACCP. Certification of the remaining 5 units is planned in FY 2023-24

ITC Hotels' guest satisfaction level/Index, known as 'WoW Ratio' for FY 2022-23 stood at

90.78%

ITC Hotels was recognised as the best Luxury Hotel Chain for the 4th consecutive year at 'Travel + Leisure India's Best Awards 2022'



Packaging and Printing Business - Adjudged winner at the prestigious WorldStar Global Packaging Awards

ITC's Nutrition First strategy of Help India Eat Better to deliver on key commitments on developing Healthier Product Portfolio, Affordable & Accessible Product Strategies, Food System Transformation initiatives under Sustainable Development and Employee Wellness initiatives

Promotion of ITC's Mission Millets – a transformative and cohesive approach to build awareness and adoption of millets

Product Sustainability

Sustainable Product Innovation

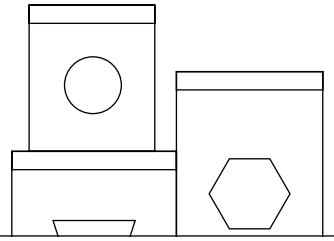
LSTC - ITC's Innovation Engine

ITC's state-of-the-art Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build ITC's portfolio of world-class products and brands. The LSTC team comprising of over 400 highly qualified scientists has a mandate to work on future ready science platforms, design differentiated products to address unique consumer needs and deliver superior benefits.

Future Ready Platforms for Driving Innovation across ITC Businesses

LSTC is equipped with world-class scientific infrastructure and state-of-the-art facilities to create deep knowledge base and build intellectual property for ITC through research, rapid prototyping and process development. Over 800 patents have been filed till date, bearing testimony to LSTC's innovation capabilities. In line with ITC's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, training, processes and systems to enhance their competitiveness. LSTC actively collaborates with and supports the Businesses to drive their innovation agenda and accelerate growth. ITC has been a forerunner in introducing first-to-market innovative products for Indian consumers. Over 90 new products anchored on the vectors of health & nutrition, hygiene, protection & care, and convenience & on-the-Go were launched across target markets during the year.

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.



Branded Packaged Foods

Innovative science-based programmes continue to be leveraged to drive systematic reduction in salt, sugar and fat from packaged food products recipes without compromising on sensory attributes.

LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that contemporary science-based outcomes are fully integrated across key agri value chains from farm to fork including wheat, potato and spices.

Personal Care Product Business

PCPB R&D-Product Development team at LSTC continues to leverage science and technology led capabilities to build future product pipeline readiness in Health & Hygiene, Personal Wash, Fragrances, Home Care and Skin Care categories.

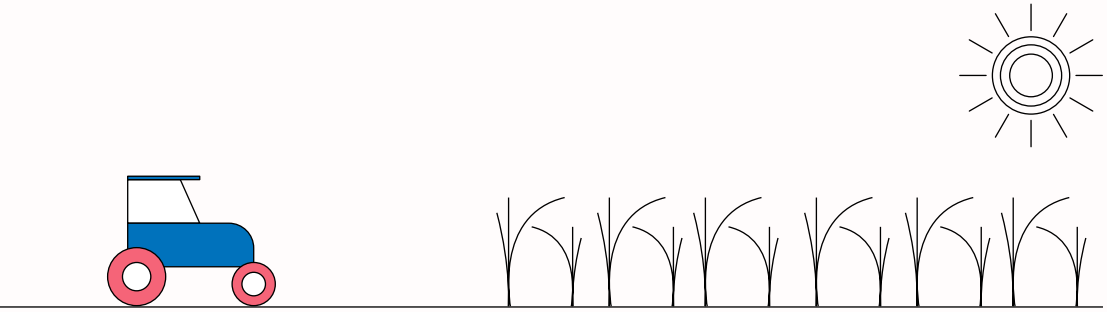
Further, LSTC has been developing "Green Products" with sustainable formulation, efficient processing and sustainable packaging, which are bio-degradable and eco-friendly, covering products under Personal Care and Home Care categories.

Paperboards & Specialty Papers

Scientific platforms in agroforestry have led to pioneering work in development of new clones in tandem with Paperboards & Specialty Papers Business to enhance wood productivity, build climate resilience, and pulp quality for sustainable raw materials and farmer profitability.

Product Sustainability

Sustainable Product Innovation



Packaging & Printing

LSTC's unique competencies in material sciences have enabled innovative recyclable flexible packaging and compostable packaging solutions in line with ITC's environmental sustainability agenda.

Agri

LSTC has an ambitious R&D programme on improving yield and quality, given the shrinking plantation acreage in the country.

Ongoing research on climate resilient crops seeks to address the security of raw material supplies across ITC's value chains.

Leveraging Digital Capabilities for Next-Gen R&D

As a future-ready innovation engine, LSTC is developing and deploying advanced tools for quality performance analytics and competition benchmarking leveraging Artificial Intelligence and Machine Learning (AI-ML) technologies. Robust risk management practises are in place to ensure that ITC's intellectual properties remain adequately protected at all times. Going forward, LSTC will continue to identify opportunities to address emerging trends by leveraging R&D insights powered by digital capabilities and based on contemporary sciences and ITC's diverse core competencies.

Life Cycle Assessments (LCA) Driven Innovation

In line with the overall strategy to embed principles of sustainability into the various stages of product or service life cycle, ITC initiated life cycle assessments (LCA) of its products and services in 2010 with an objective to evaluate the impacts and identify areas for improvement in the value chain. LCA studies have been carried out for some of the Company's key products from Paperboards and Specialty Papers Business, Personal Care Products Business, and Branded Packaged Foods Businesses for identifying additional opportunities to reduce environmental impact across the value chain. These assessments have enabled identification of concrete solutions towards more efficient packaging designs, loading efficiencies in transportation.

Studies conducted on the selected products also provided valuable insights which are duly considered for new product development and design. Several sustainable products were developed during the year.

In FY 2022-23, LCAs on Classmate Notebook, Savlon Powder Handwash, Nimyle Floor Cleaner and Paperboards were initiated. Additionally, during the year, capacity building programmes were conducted for practitioners across ITC businesses and LSTC in order to further strengthen the application of LCAs at product design stage itself including interventions related to using alternative raw materials/formulations, manufacturing processes, and packaging, and minimising use phase and end-of-life impacts.

LCAs Conducted in 2022-23 (Boundary)

Classmate Notebook

Cradle-to-grave

Savlon Powdered Handwash

Cradle-to-grave

Savlon Liquid Handwash

Cradle-to-grave

Nimyle floor cleaner

Cradle-to-gate

Case study: Using LCAs for Demonstrating Environmental Benefits of ITC's Innovative Personal & Home Care Products

The Personal Care Products Business (PCPB) launched the Savlon powdered handwash, an innovative concentrated handwash format. A life cycle assessment (LCA) was conducted to understand and compare the environmental benefits of Savlon powdered handwash with a regular liquid handwash of comparable volume when diluted, across all life cycle stages of the product (from formulation to end of life, or cradle to grave). **Based on the LCA results, the overall carbon footprint of Savlon powdered handwash is 67% less than regular liquid handwash.** The powdered variant uses less emission-intensive ingredients, reducing the carbon footprint at the formulation stage by 31%, and requires minimal packaging, thus reducing the amount of packaging material by over 92% (by weight), and thereby reducing the carbon footprint of packaging by 87% compared to liquid handwash.

PCPB also redesigned the manufacturing process of Nimyle floor cleaner wherein the need for additional heating is eliminated and the product is manufactured without heating. An LCA was conducted for quantifying the environmental benefits of the process change, and as per the results, **the process modification resulted in 34% less CO_2 emissions as a result of reduced electricity requirements. The cold process also resulted in 27% less water depletion than the earlier hot process.**

The above LCA studies have further helped identify additional opportunities for reducing the environmental footprint of these products.

Product Sustainability | Sustainable Product Innovation

ITC's Sustainable Product Portfolio – A Snapshot

Sustainable Formulations

ITC MasterChef 'IncrEDIBLE'
Plant Based Meat Alternative Range

Sunfeast Farmlite
Super Millets Cookies made from a Blend of Millets including Ragi, Jowar (Sorghum) and Contains No Added Maida (Refined Flour)

Engage L'amante Luxury Perfume Sprays
with Unique Bag-on-Valve Technology, an Ecofriendly, Technology enabled Propellant

Fiama Shower Gel
'Happy Naturals' Range is made of 97% Natural Origin Content*

*As per applicable standards

Sustainable Sourcing

FSC® Certified Paperkraft Notebooks
supported by Paper Businesses FSC® Forest Management Certified plantations & FSC® Chain of Custody Certification of all four Units

ITC Spices Value Chain
Sustainable farm certifications like Rainforest Alliance, Global G.A.P, Fairtrade and USDA Organic

Aashirvaad Organic Products
Certified Organic Wheat and Pulses

Mangaldeep Incense Sticks
are Manufactured using International Fragrance Resource Association (IFRA) Approved Chemicals

Leaf Tobacco Business
Complies to Global Tobacco Sustainable Tobacco Programme (STP 2.0) covering farm value chain

Sustainable Operations

ITC's Paper Mills at Bhadrachalam and Kovai
are CII GreenCo PLATINUM + certified, the highest rating in the system, and Bolaram Unit runs on 100% Renewable Electricity

The First 12 Hotels in the World to Receive LEED Zero Carbon Certification are ITC Hotels

Units of ITC's Packaging & Printing Business are SA8000 Certified (Social Accountability)

ITC Mangaldeep 'Sixth Sense' Panel
an Inclusive Initiative that has recruited Visually Impaired Fragrance Testers

ITC's Sustainable Product Portfolio – A Snapshot

Sustainable Packaging

Aashirvaad Organic Whole Wheat Atta
1kg Pack in a Paper-based Bag, Reducing Plastic Usage by 25%

Fiama Shower Gel Bottles
with 50% Post-Consumer Recycled Plastic Content

Savlon Glycerine Soap
Wrapper utilizes 70% post-consumer recycled plastic in its PET layer

Engage Cologne
shifted to 100% Paper-based Recyclable Cartons

Use Phase Sustainability

Mangaldeep Lo Smoke Incense Sticks
release up to 85% Less Smoke when Burning as compared to Normal Incense Sticks

Savlon Powder Handwash
allows Consumers to Reuse Empty Bottles at Home

Aashirvaad Atta
with Multigrains' Happy Tummy website - Content Hub on Digestion for Consumers with Certified Expert Blogs, Videos, High Fibre Recipes, Free One-on-one Consultation, and tools like Fibre Meter, My Meal Plan & Ask an Expert

Responsible 'End of Life' Management

'OmegaBev', 'OmegaBarr.' 'OmegaBowl' & 'OmegaBev Vio'
Compostable Paperboard Alternatives to Plastic-coated Containers and Cups including Deep Freeze, and Hot & Cold Applications

BIOSEAL
Compostable Coating with Excellent Oil & Grease Resistance and Heat Sealability for QSR Segment (Tubs & Lids), Tea Envelopes.

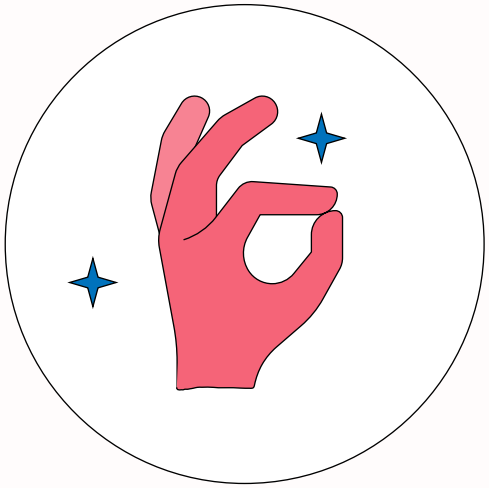
OXYBLOCK
Patented Barrier Coating that provides oxygen barrier and helps in converting non-recyclable packaging into recyclable in segments such as oil, ketchup.

ITC sustained its Plastic Neutral Status for 2nd Year in a Row

Product Responsibility & Stewardship

Quality and Safety

ITC has put in place stringent processes and systems to ensure that its products and services are in compliance with relevant regulatory requirements. The Company is committed to providing products and services that offer best-in-class quality and user experience. Manufacturing Units and Hotels are also housed in state-of-the-art facilities and internationally benchmarked quality management systems have been implemented. The Company adopts stringent hygiene standards, globally benchmarked manufacturing practices and robust quality assurance systems for its products.



A summary of some of these practices is provided below:

Branded Packaged Foods

- All Units are being periodically evaluated against Global Food Safety standards- internally by Central Quality Team as well as externally by Third Party certification bodies for ISO/FSSC accreditations.
- 98 out of 103 of the manufacturing locations (including third party manufacturing units) are certified as per recognized global standards like FSSC 22000/ ISO 22000/ HACCP.
- Suppliers undergo periodic evaluation to ensure process robustness and Food Safety compliance.
- Dashboard on Online Product Quality Rating system are in place for analysis of product defects.
- Targeted training programs are provided to the employees. Central Quality team also anchors training sessions depending upon training needs identified.

The detailed ITC Foods Quality and Food Safety Policy can be referred on https://www.itcportal.com/about-itc/policies/itc-foods-quality-food-safety-policy.aspx

Personal Care

- Co-creation of products with consumers is accomplished through state-of-the-art labs and facilities. It entails generation of scientifically evaluated objective evidence-based robust product claims through various National, International standards and customized methods.
- Partnership with renowned accredited National & International Testing Laboratories for independent third-party validation of product claims.
- A peer-reviewed formal documentation and approval process is in place for substantiating product claims.
- A mandatory safety evaluation process for the product at third-party accredited independent Contract Research Organisations (CROs) is also undertaken and safety of the products are ensured before commercial launch.
- Continual review of products for certification / endorsements by various National / International bodies for efficacy / safety is undertaken for independent verification & enhancing credibility.

B2B Businesses (Agri, Packaging & Printing)

- Various tests for product quality during the life cycle of agri-commodities namely procurement, processing, storage and shipment, as per the customers' requirements with accredited laboratories are undertaken prior to shipment/ dispatch.
- Stringent processes and systems are in place to ensure that the products and services are in compliance with its customer requirements.

Product Sustainability | Product Responsibility & Stewardship

Hotels

- Robust food safety management systems (complying with FSSAI/HACCP/ ISO 22000) are in place at all ITC Hotels. The Standard Operating Procedures are laid down to comply with the norms. The luxury collection Hotels and WelcomHotels (Owned Hotels) periodically undergo assessment by third-party auditors.
- ITC Hotels adhere to Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP).
- All ITC hotels adhere to the ITC Fire and Life Safety management guidelines that are based on the National Fire Protection Association (NFPA) codes and other international best practices.
- The Hotels Business continued to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts to reassure guests and to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels. The programme has received a Platinum Level certification from M/s. DNV.
- The Company's Hotels Business has also demonstrated high levels of resource efficiency by achieving the LEED® Platinum certification for its luxury collection hotels and LEED Zero Carbon certification for 12 properties.

Cigarette

- New product creation in the Business involves consideration of global and Indian industry developments and is supported by comprehensive research and testing facilities at the ITC Life Sciences & Technology Centre, where laboratories conform to ISO/IEC 17025 standards and are certified by NABL.
- The manufacturing facilities adopt stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems on which employees are continually trained.

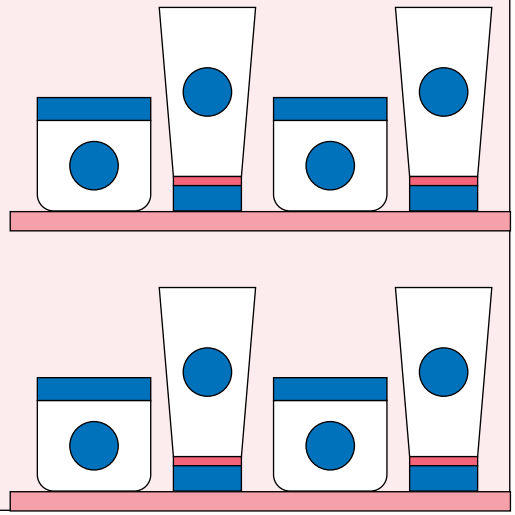
Customer Health and Safety

The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/ consumers. ITC's commitment towards ensuring compliance with applicable standards of health and safety commences at the design stage. Risks during procurement, manufacturing and delivery stages are also mapped and evaluated, based on which necessary control measures are deployed.

Case Study: Aligning with Global Standards for Food Safe Paper & Paperboards

ITC's Paperboards & Specialty Papers Division monitors international and national food safety norms governed by US FDA, BRCGS, EU Laws, German BfR & BIS/FSSAI rules to ensure the compliance with food safety. To meet the food safety regulations, the Division has established a practice of annual compliance testing of Paper & Paperboard materials from all four manufacturing plants from third party laboratories. All paper & paperboard product intended for direct food contact compulsorily goes for food safety testing.

- Vendor evaluation & selection of input raw material happens only when all the documents regarding Food Safety Certifications are provided by the vendor.
- The latest Material Safety & Datasheets with proper guidelines of usage, storage conditions & disposal/recycling to the consumers is maintained.
- Some renowned standards that ITC PSPD follows in the testing of its products to meeting Food Safety Standards are USFDA 21CFR, EC Regulations (EU) No.10/2011, Regulation (EC)No. 1907/2006 of REACH.



Product Sustainability | Product Responsibility & Stewardship

Product Information and Labelling

As an organisation committed to high standards of transparency and good governance, ITC's Business operations comply with applicable laws of the nation.

As an integral part of ITC's customer satisfaction philosophy, adequate systems with respect to product information and labelling, and customer engagement have been put in place. During the year, no incident of non-compliance concerning product and service information and labelling was reported.

Some glimpses of practices have been detailed below:

Branded Packaged Foods

- All information about ingredients and nutrition of food products has been published on the product packaging as per relevant statutory requirements.
- All claims and nutritional information are provided to consumers in line with current applicable laws and in line with ITC Foods Division's Labelling Policy and ITC Foods Division's Marketing & Communication Policy.
- Furthermore, to avoid ambiguity w.r.t sensitive food additives, source name declaration for all sensitive emulsifiers used in ITCs products is being declared upfront on the product labels. For all products, RDA values have been revised basis ICMR RDA 2020.
- The product nutritional attributes viz., source or richness of a particular nutrient in a product are being communicated to consumers wherever applicable in a responsible manner.

Personal Care

- Products comply fully with the Standards of Weights and Measures Act (Packaged Commodities Rules), Drugs & Cosmetic Act, Bureau of Indian Standards and the applicable Trade Marks Law.
- The product labelling in addition to instructions for safe and effective usage, calls out specific product sustainability features such as:
  - Bottle made with 50% recycled plastic, Wrappers made with 70% PCR film, 90% Natural Origin Content, Recyclable Packaging etc
  - No Paraben, No Silicon, No TCC etc.
  - Skin Friendly pH, Skin type suitability etc.
- All fragrances used in products comply with IFRA standards. In line with statutory requirements, any allergens in the product are mentioned in the ingredient list.

PCR - Post-consumer recycled plastic

Agri Business

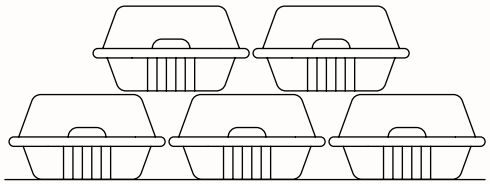
- Products are primarily sold by the Agri Business on a B2B basis, and are labelled as per customer requirements on quality, shipping marks or in line with the labelling requirements of the importing country.
- The Business also provides phyto-sanitary certificates, surveyor quality and quantity reports, as well as Chamber of Commerce certificates etc., as necessary. The Business complies with the statutory requirements for exports.
- Products sold through Choupal Saagars are labeled as per statutory requirements.
- In Leaf Tobacco Strategic Business Unit, the products are labelled in accordance with customer specifications. Unique identity (label with a bar code) is maintained for every product across the value chain, right from raw material sourcing (from farmers) till it is packed and shipped out.

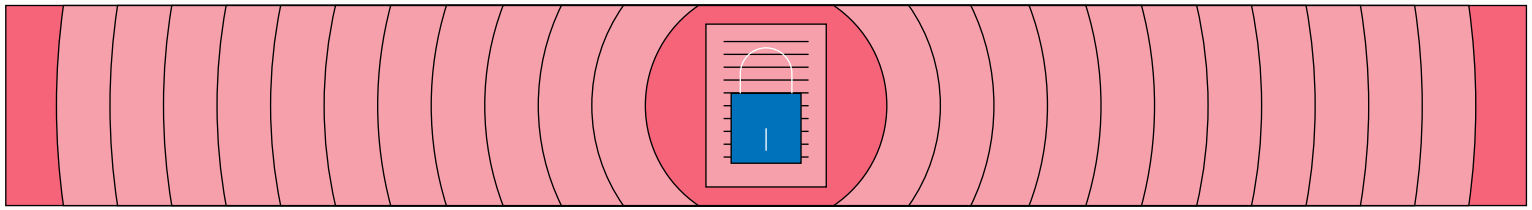
Education & Stationary Products

- Labelling on all ESPB products follows the statutory requirements including standards specified by Legal Metrology acts.
- For products where plastic packaging is used, statutory guidelines regarding minimum thickness is followed. Also, relevant information on type of Plastic (LDPE/PP etc.), name of the manufacturer is given.
- For art stationery products, EN 71 certification is followed by the manufacturer which complies with Child Safety norms. Also, erasers sold by ESPB follow a phthalate-free formula focussed on child safety.

Product Sustainability

Product Responsibility & Stewardship





Packaging & Printing

- The products are labelled in accordance with customer specifications.
- Every package has a unique identity (label with a bar code) with traceability information available right from the time of purchase of raw material till it is packed and shipped to the customers destination.

Safety Matches & Agarbatti

- Business prioritizes consumer safety and environmental protection by using fragrances that comply with IFRA regulations, ensuring the exclusion of harmful chemicals in the fragrance.
- Product specific claims on packs in select SKU's for consumer awareness such as
  - Communication on long lasting fragrances
  - Charcoal free Agarbatti
  - Number of quality checks performed on the product
  - Awareness on safe disposal of packs.

Responsible Marketing

- The Company's communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.

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

- The Cigarettes Business is governed by the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act (COTPA).

During the year, no incident of non-compliance concerning marketing communications was reported.

Data Privacy

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

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

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

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

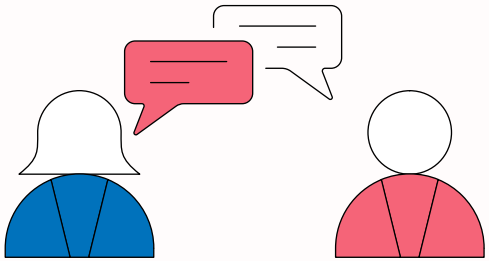
Compliance

All businesses/divisions of ITC have established systems, procedures and review mechanisms to identify and comply with the laws and regulations concerning their products and services. Every business and corporate functions periodically submit statutory compliance report to the CMC/ Board on regulatory, product specific, finance/ revenue, personnel, technical/process and environmental statutes, and other applicable laws and regulations. This is done on the basis of updated checklists backed by appropriate monitoring and control systems maintained by each unit/ business/corporate function.

Consumer Feedback Management

ITC's endeavour has been to developing long-term relationship with consumers through robust consumer engagement. As an integral part of ITC's consumer satisfaction focus, attention is paid to product information and labelling and consumer engagement by the Businesses. ITC's Businesses have established system for monitoring customer satisfaction, and it ensures that the feedback is addressed in a systematic manner. In addition, the Company has an online reputation management team which interacts with consumers via social media channels, and responds to their queries in a real time manner.

A Customer Relationship Management (CRM) platform has been implemented for capturing complaints, queries, feedback and suggestions received across channels. The CRM platform also provides consumer insights for bringing about process related changes and system enhancements for improving the CSAT (Customer Satisfaction) scores. Some glimpses of practices have been detailed below:



FMCG

A well-established system is in place for dealing with consumer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. In addition, the Company's Businesses have dedicated consumer response cells to respond to their queries and receive feedback on products to enable continuous improvement of its products and services.

Paperboards and Specialty Papers

Customer satisfaction survey for paperboard converters in India was conducted during the year. Close to 90% of the respondents were satisfied with the Division, and around two third of the respondents selected PSPD as the Best Supplier.

B2B Businesses (Agri, Packaging & Printing)

As an integral part of ITC's customer satisfaction philosophy, where applicable, adequate systems for customer engagement have been put in place.

Customer feedback for B2B businesses like Agri Business and Packaging and Printing is obtained through different channels.

For Packaging and Printing Business, close to be 50% of the customers were found to be promoters (i.e. a score of 9 / 10 out of 10) and around 45% gave a score of 7 / 8 out of 10). Overall, the satisfaction score was 79.9%.

Product Sustainability

Product Responsibility & Stewardship

Hotels

The Hotels Business has a well-established system for monitoring guest satisfaction levels across all properties through a proprietary index called WoW Ratio. The three-tiered process followed by ITC Hotels ensures that the guest feedback is addressed in a systematic and satisfactory manner.

Report Analysed

- Scores are generated for the hotel and individual departments
- Scores are compared against the target set

Improvements Identified and Implemented

- Data is analysed to identify areas of improvement

Monitored and Verified

- Scores are monitored to ensure that corrective action has been effective
- Audits are conducted to check efficacy of the changes

As per the Customer Feedback System, guest satisfaction level/Index, also known as WoW Ratio for 22-23 is – 90.78 %

Trade Marketing and Distribution

The Retailers Satisfaction Audit was done among 1,200 ITC Loyalty Program Retailers across 8 major metros. The study was done to determine their satisfaction level with ITC vis-à-vis leading peer companies.

As per the study, ITC is the most preferred company amongst leading FMCG players on performance & perception.

Information Technology

The survey is conducted among Chief Executives and Senior Management of client firms, and is based on a structured questionnaire customised for the stakeholder.

Multiple parameters and business outcomes, including satisfaction, loyalty, advocacy and value for money, are measured.

The outcomes and insights from the survey are utilised to drive customer engagement and improve service delivery at the organisation, business unit and account level.

'Sixth Sense' - ITC's AI Powered Tool for Gaining Deep Consumer Insights

Additionally, ITC Businesses continue to leverage the power of digital to drive superior consumer insights & innovation, deepen consumer engagement and enhance brand loyalty, the Marketing Command Centre and Consumer Data Hub - an AI-powered hyper-personalised platform backed by a robust partner ecosystem for content and data, is being increasingly utilised to gain insights on market trends and consumer behaviour, as well as synthesise the same to craft contextual and hyper-personalised brand communication and product development.

Product Sustainability

Road Ahead

As part of its Sustainability 2.0 Vision, ITC is committed to:

Sustainable Product Innovation

Continue to drive world-class innovation by leveraging 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.

Expanding ITC's sustainable product portfolio by leveraging LCAs across key categories, and deep consumer insights gathered using new age technologies.

Product Responsibility & Stewardship

Continue to implement global best practices and standards on quality, safety and transparency.

To further establish Food System Transformation leadership across key areas of management.

Product Sustainability in Action

ITC Foods Business: Nutrition Strategy

Help India Eat Better

Read more at: https://nutrition.itcportal.com/HelpIndiaEatBetter/index.html

Under the thought leadership of "Nutrition For Nation", ITC Foods Business Division developed a 4-pillar model that uniquely combines the strategic commitments to deliver on its nutrition strategy - "Help India Eat Better". The strategy has been developed to create an ecosystem and guide the organisation towards supporting the dream of a healthier nation via value-added products, responsible policies, target oriented projects and empowered people, through its 4-pillar model. The strategy is also in line with Government of India initiatives such as Mission Poshan 2.0, Anemia Mukt Bharat, Kuposhan Mukt Bharat, Surakshit Matritva Abhiyan and the Aspirational Districts Programme.

To deliver credibly on ITC's Nutrition Strategy, the 4 pillars are identified as individual key indicators reflecting the various targets and actions which are further mapped to specific outcomes.

Pillar 1

Value-added Product Portfolio

2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING

Pillar 2

Sustainable Food Ecosystem

2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS

Pillar 3

Healthy Communities

2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS

Pillar 4

Consumer & Employee Awareness

(on Nutrition & Wellbeing)

2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 17 PARTNERSHIPS FOR THE GOALS

Pillar 1: Value-Added Product Portfolio

The emphasis has been to create and nurture world-class Indian packaged food brands that enable consumers to make informed choices that are influenced by myriad factors such as taste, health, attitudes, beliefs, price, product safety and quality.

Product Formulation & Reformulation strategy

Core components of Product formulation & reformulation strategy are:

- Nutrition Profiling System
- R&D platforms
- Responsible Policies
- The Eat Right Movement Commitment
- Enhanced Nutrition Commitment

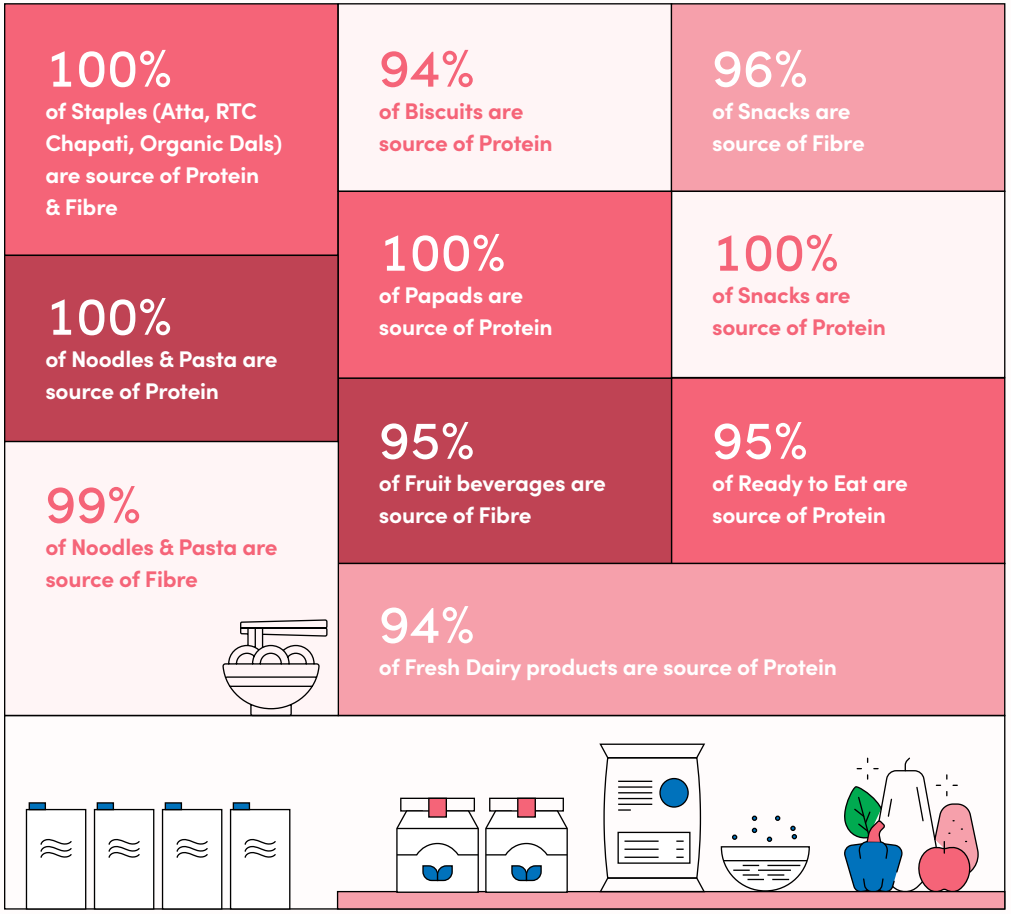
The strategy and its core components drive the focus on reducing all forms of malnutrition including obesity, diet related diseases and micronutrient deficiencies especially amongst vulnerable populations. In alignment with this ideology, ITC commits on the following 'Enhanced Nutrition Commitments'*, to be achieved by 2025.

- To provide Goodness of Protein from 90% of the current portfolio.
- To provide Goodness of Fibre from 75% of the current portfolio.
- To double the % of product portfolio that provides Goodness of Iron.
- To keep per serve calorie delivery below 100 kcal for chocolates & confectionary.
- To keep per serve calorie delivery below 100 kcal for products targeted to children.
- To increase the product portfolio with goodness of whole grains, nuts, legumes, fruits & vegetable by 50%.

*basis volume sales, unless specified

These commitments will continue to support ITC Foods Division's larger belief to deliver healthier food choices.

Products with a Special Focus on Goodness of Protein & Fibre



Product Sustainability in Action

ITC Foods Business: Nutrition Strategy

Products with a Special Focus on Goodness of Micronutrients, +F and Organic Portfolio

23% of total portfolio is source of Micronutrients	**28%** of Biscuits are source of Micronutrients	**100%** of Dals are Organic
98% of Fruit beverages including soups are source of Micronutrients	**98%** Dairy based beverage + Fresh Dairy is source of Micronutrients	**100%** of salt is Iodised
97% of Noodles are source of Micronutrients	**9%** of Confectionery is source of Micronutrients	**100%** of Fresh Milk portfolio is +F (source of Vitamin A & D)
		17% of Biscuits are source of Iron

Micronutrients include Vitamin A, Vitamin C, Vitamin D, Iron, Zinc, B Vitamin etc.

Products with Value-Added ingredients

Certain products in Snacks, RTE (Ready to Eat), Sunfeast Farmlite, ITC Master Chef Range contains value-added ingredients like nuts, jaggery, vegetables, meat, pulses & dals etc.

In support of National Iodine Deficiency Disorders Control Programs (NIDDCP), ITC foods also uses iodised salt as ingredient in all its relevant products across categories like biscuits, snacks, noodles & pasta, ready to eat foods, instant mixes, frozen snacks etc.

Specially Formulated Products

- Sunfeast Kids Daily Shake Nutrilite – Launched in collaboration with Amway, Sunfeast Nutrilite Kids Daily shake given 5 in 1 support (Gut health, Brain function, Immunity, Energy metabolism, Bone health).
- Sunfeast Farmlite Digestive: The biscuits are enriched with High fiber along with goodness of whole wheat.
- Sunfeast Marie Light Active: A specially formulated biscuit that provides goodness of Iron & 6 vitamins.
- B Natural Select Tender Coconut Water: Naturally fat free and helps in hydration.
- Aashirvaad multimillet mix with Quinoa: Enriched with the wholesome nutrition of jowar, bajra, ragi, navane and Quinoa.
- Sunfeast Farmlite Super Millets Cookies: The Multi- Millet and Choco chip cookies contain goodness of millets (Ragi & Jowar). They are a source of Protein, Fibre and Iron.
- Aashirvaad Ragi Vermicelli: Packed with the goodness of iron, calcium and fibre.

Product Sustainability in Action

ITC Foods Business: Nutrition Strategy

Reductions

In 2018, ITC embarked on the journey to support FSSAI's The Eat Right Movement (TERM) with a pledge to reduce the nutrients of concern in different categories, while still delivering on the taste profile of ITC Foods Division's products. This is made possible due to tremendous efforts of product development teams by using latest technology, ingredients, and research & development.

Nutrients of Concern	Commitment	Status
ADDED SUGAR	**2020** 5% reduction in current 3/4th portfolio - Biscuits & Beverages	Achieved
	2023 Further 5% reduction in current 3/4th portfolio - Beverages	Achieved
SALT/SODIUM	**2020** 5% reduction in current 3/4th portfolio - Snacks & Instant Noodles	Achieved
	2023 Further 5% reduction in current 3/4th portfolio - Snacks & Instant Noodles	In Progress
TFA (HVO ORIGIN)	All Food Products are "trans-fat free" on per-serving and per 100g basis	Achieved
TOTAL FAT	**2022** 5% reduction in current 3/4th portfolio - Snacks	Achieved
	2023 Further 5% reduction in current 3/4th portfolio – Snacks	In Progress
SATURATED FAT	**2022** 5% reduction in current 3/4th portfolio - Snacks	Achieved
	2023 Further 5% reduction in current 3/4th portfolio - Snacks	In Progress

Going forward Foods Division will continue to evaluate the appropriate product portfolio for applicable reductions in specific nutrients of concern and extend its efforts across categories, which will be reflected in FY 2023-24. This specific commitment is of very high importance to the Foods Division and will remain to be a critical element of its nutrition strategy.

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

Knowing portion sizes is important to plan a day's balanced diet. In line with this and the Company's belief to provide transparent communication to consumers to help them make informed choices, ITC Foods Division had implemented the incorporation of serve size and number of servings on all packs, in full compliance to food regulations from an early stage. Besides this, ITC Foods Division also supports other ways to help consumer understand portion recommendation and do mindful eating like individually wrapped portions, resealable packs (bottles with caps), discrete units, demarcations on products, has been adopted across different products under Farmlite, Dark Fantasy, Fabelle & Jelimals range.

Research & Development: Leveraging New Science

ITC LSTC has taken up concrete projects to deliver not only tasteful but science-based healthy products. State-of the- art research along with ITC's outreach from farm to fork has been leveraged to deliver differentiated and nutritionally sound products. ITC Foods was the first company to launch juices with a clinically proven ingredient to support immunity. ITC LSTC & Foods Division are working on emerging research areas like gut health, nutraceuticals, vital ageing and millets, especially as per the needs of Indians, to make nutritious choices available for them. ITC's LSTC team also works with the Foods Division on some critical public-health impacting CSR initiatives like Project SAMPOSHAN.

Product Sustainability in Action

ITC Foods Business: Nutrition Strategy

Pillar 2: Sustainable Food Ecosystem

Affordability & Accessibility Strategy

Being a responsible leading food organisation, ITC Foods Division fully understands and supports the role of balanced diets and healthier food products that influence the nutritional and health status of the consumers by helping address the challenges of all forms of malnutrition (obesity, diet-related diseases and micronutrient deficiencies). Pricing is one of the key concerns and lesser known factors that contribute to undernutrition and micronutrient deficiencies, as many low-income consumers lack access to affordable nutritious food. Thus, providing consumers with better priced healthier product options that are easily available will naturally encourage healthy eating patterns.

ITC Foods Division Affordability & Accessibility strategy includes mapping of healthier products basis compliance with internal NPS (Nutrition Profiling System). The category specific thresholds for compliance with NPS also includes positive contribution through protein, fibre, micronutrients like vitamin A, C, D, Zinc, Iodine, iron, whole grains, fruits, vegetables, nuts, legumes etc, which cater to special nutrition needs at various life stages to address all forms of malnutrition especially amongst vulnerable population.

To provide the low-income consumers a wider access to healthier and affordable food products, this strategy encompasses key vectors of:

- Innovation & Renovation pipeline encouraging use of locally available nutritious ingredients, fortification of healthier portfolio at affordable pricing etc
- Mapping of specific price points to enable wider adoption
- Efficient Operational capabilities e.g. local manufacturing, closer to market production units, lean processes, digital stores etc
- Improved local & wide spread distribution system via traditional (e.g. Chaupal Sagars) and digital means (e.g. ITC Store) to improve accessibility

This strategy applies across portfolio and all categories.

Planet Friendly

ITC supports the purpose of 'Healthy Planet, Healthy You' by helping reduce the carbon footprint through green and efficient manufacturing, and locally sourcing agriculture produce such as fruits for B Natural juices. The Business recently launched Plant based, Vegan- Meat alternates for consumers without compromising on taste.

These have been launched under ITC Master Chef IncrEdible range of Plant based-Nuggets and Patty. Plant Protein Platform will be one of its key science & technology focus areas in the coming year.

Food Loss & Waste Management

ITC Foods Division strives to reduce Foods Loss and Waste Intensity (food waste per tonne of production) in its own operations in line with the sustainability goal of 12.3. This initiative is integral to its overall Farm to Fork strategy. Over 100 vendors have been trained on Food Loss & Waste management.

Biofortification

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

ITC Mission Millets

ITC has put millets at the heart of its health offerings. ITC's Mission Millets is designed as a transformative and cohesive approach to build awareness and adoption of millets and enhances both the demand and consumption as well as the production and supply aspects of this smart & nutritious crop. The Millet Mission is inspired by the company's vision to contribute in equal measure to people, planet and profit. This vision is embedded in the company's credo of 'Nation First: Sab Saath Badhein.' This approach is in consonance with the Government of India's overall focus on nutrition and its Seven Sutras to celebrate the magical golden grain in the International Year of Millets.

Recognising that millets are climate resilient and nutritionally superior and are critical for ensuring both food and nutrition security 'ITC's Mission Millets' was launched. The initiative included development of millet-based product portfolio under its flagship brands of Aashirvaad Natures Super Foods (Ragi flour, multi millet flour), Sunfeast Farmlite Super Millets cookies amongst other products under the value-added innovation portfolio and a dedicated Millet microsite that will host authored articles, blogs, videos and recipes that give credible information on benefits and use of Millets.

Product Sustainability in Action | ITC Foods Business: Nutrition Strategy

Pillar 3: Healthy Communities

Project Samposhan

India faces a major health concern of Prevalence of Anaemia among all age groups. Considering the high prevalence of anemia in the country, the government of India launched the Anemia Mukt Bharat program in 2018. To contribute towards the government's efforts and help achieve the goals of UN SDG 2030 Goal 2 – Zero Hunger, ITC has initiated 'Project Samposhan' under its CSR Initiatives. The project was initiated in collaboration with MAMTA Health institute and partner agency CII, with extended support from the Bahraich medical college, BHU ethical Committee, village leaders and anganwaadi workers and was supported by a scientific advisory committee. In this holistic initiative aimed to reduce the prevalence of anemia in the districts of Bahraich & Chandauli, Uttar Pradesh a total of ~2,700 adolescent girls, adult women and pregnant & lactating women were provided nutrition education coming from a total of 43 villages. Scientifically designed food and education-based intervention was also conducted in Chandauli to improve critical biomarkers via an RCT, post a successful sensory evaluation of the product (Double Fortified Salt). Statistically significant results were achieved for the almost 6-month interventional study on serum Iron markers amongst few other positive indicators.

YiPPee! Better World Program

With the aim of supporting the National Commitments towards a cleaner, greener and healthier tomorrow (as outlined in United Nations Sustainable Development Goals, especially SDG 12 (Responsible consumption and production), a unique program "YiPPee! Better World" was launched by ITC. In partnership with NGO Way for life, the aim was to create awareness on plastic waste, it's impact on health & environment and bring behavioural change in school children around Plastic usage and disposal through various awareness sessions. The objective was to instil awareness on sustainable waste management and create an active community of Sustainability Enthusiasts through various awareness sessions on plastic waste management in a sustainable manner. Around 2.5 lakh kids were reached & 1,000 recycled benches were deployed.

Project Swasthya Bengal

The initiative is aimed at strengthening awareness and educating homemakers / decision makers of households, Retailers, Whole sellers, Consumers, Students about adulteration in spices and its ill effects in the districts of Bardhaman, Howrah and North 24 Parganas. This project is being done in partnership with Food Industry Capacity & Skill Initiative (FICSI) & Rajabazar Education & Awareness Development Society (READS). A baseline survey was done to understand the awareness on food adulteration, followed by physical sensitization meetings, awareness sessions, nukkad nataks, talk by local leaders on food safety, adulteration in spices & it's ill effects. The sessions also covered the food safety aspects that are complied by packaged & licensed food sellers. The awareness sessions were conducted by certified FOSTAC trainers.

The program extensively covered facilitation of physical on-spot quick tests for detection of food adulterants and distribution of educational material like FSSAI DART books, labelling mandatories by FSSAI, common adulterants in foods etc.

The program also facilitated health camps for participants. A School Contact Program was also designed that consisted of workshops to creatively engage students for awareness on Food adulteration and safety quality aspects of Packaged foods and a Science fair where students, teachers and parents participate. The overall direct reach was ~13,000 people (including students) from 10 schools through the program and many more through radio jingles, IEC material and Swasthya Bengal pledge sign offs.

Product Sustainability in Action

ITC Foods Business: Nutrition Strategy

Project Balposhan

The objective of the initiative was to create awareness on malnutrition (wasting, stunting & undernutrition) in children below 5 years, very crucial within the 1st 1,000 days of life (800 U-5 children and their mothers, including Pregnant & lactating women), through behaviour change communication and development of relevant IEC materials, currently under-going in Valsad district of Gujarat. This project was done in partnership with MAMTA Health Institute.

The aim of the project is to improve the nutritional status of under 5 in Valsad district of Gujarat. The key outcomes included assessment of the nutrition status, intakes, and practices of under 5 children and their mothers and development of the education material for education on infant and young child feeding practices. The results on prevalence of malnutrition indicators amongst children were both alarming and also in alignment to the latest NFHS-5 data e.g., 16% wasting in subjects (22% as indicated in NFHS-5).

Project Samarthya

This initiative is aimed at creating sustainable livelihood opportunities for women in Bikaner (who roll papad) by developing an institution through local leaders who volunteer to mobilize communities, have a deep understanding of local culture and values help them identify gaps, and facilitate the development of locally contextual solutions. The project was executed in collaboration with SEWA Bharat and FICCSI. The activities included a Baseline survey, Capacity Building Training Sessions, training sessions by experts on food quality, financial literacy, entrepreneurship, nutrition awareness session and health camps.

As a part of the initiative with the focus only on sustainable livelihood, hygiene, education, finance, working conditions etc., these 55 women have been trained on independently picking dough and delivering papad from and to the factory. The results from end line to baseline has seen reduced papad rejection rate from 8.5 to 0.58, improved monthly income by an average of ~1200 rupees, improvement in hygiene and quality parameters up to 100%. The women under this project have received FoSTac training and FSSAI Food Safety Supervisor certificate and a Skill India certificate. One of the biggest achievements, of this programme is that, for the first time in Bikaner, women experienced independence in their role as Aagewan ben and have themselves started going to the factory for the collection dough and papad delivery.

Case Study: Project Samarthya

Mrs. Baby Ramesh Kanwar, a 39-year-old is a very pleasant and gracious woman. Her life revolves around her husband and her two children. But as we say it always strikes bad when you expect it least, Baby Kanwar's husband dies a sudden death. All of sudden, the whole family's burden lay on Baby ben's shoulders. To support her family's needs, she started rolling papad on dally basis. She collected dough from middlemen where she received ₹26 per 100 papads. On average, she rolls 2,000 papads daily to sustain her livelihood.

She was introduced to SEWA Rajasthan through Self Help Groups (SHG) where she started to make savings, borrowed a loan when needed, became financially literate, and with the savings she managed to build her own home. Baby ben, now is a very active member of the Programme Samarthya, her papads are one of the finest among all the members. She is also teaching other papad rolling members how to efficiently roll the papad. Because of her enthusiasm, all the members have appointed her as Treasurer of Samarthya SEWA Samiti with the trainings and upskilling programmes she participated through Samarthya, her papad quality improved drastically. She was paid ₹26 per 100 papad and currently she is paid ₹44 and makes around ₹15,000 per month.

Product Sustainability in Action | ITC Foods Business: Nutrition Strategy

Pillar 4: Employee and Consumer Awareness

Workforce Wellness Program

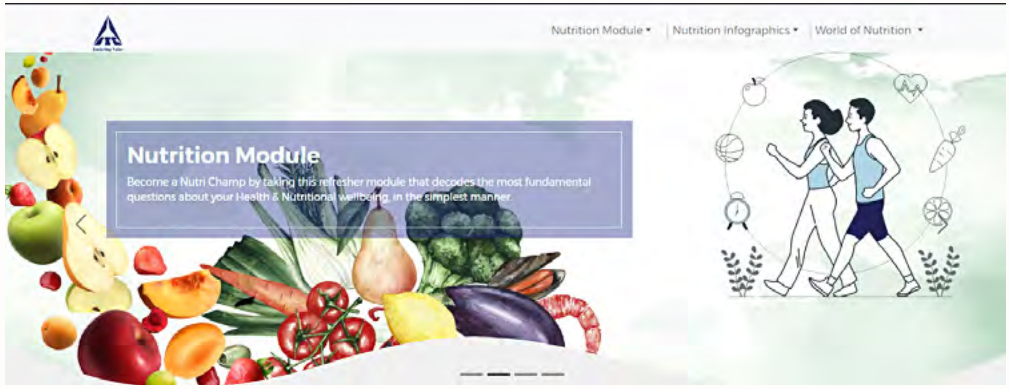
ITC Foods Division undertakes multiple initiatives to empower its entire workforce with right nutrition knowledge and provide access to various facilities to enable them to make informed choices.

Under its 'Workforce Wellness Program', ITC Foods has been working on various employee centric wellness initiatives and continues to review and work towards enhancing the overall health and wellbeing of its workforce, across locations. For the same some specific commitments have also been in place, namely:

- 100% workforce to be trained towards nutrition, health and wellness to encourage them to adopt healthy diets and active lifestyle.
- 100% workforce to have access to affordable & healthier food options at work.
- 100% workforce to be provided free health checks including (not limited to) nutrition focused indicators such as weight, BMI, BCA, Blood pressure etc.
- 100% of workforce to have access to healthcare experts and nutritionist (24*7) via a dedicated and free app.

Some of the key indicators of the Workforce Wellness Program include:

- Nutrition Education
- Celebrating National Nutrition Month
- Access to Nutrition related wellbeing indicators such as BMI, Blood pressure etc., for all employees, workers & extended workforce
- Nutrition and Wellness Seminars/Webinars for all employees, workers & extended workforce
- Nutritious Food at Work
- Physical Wellbeing
- Supporting Breastfeeding for Mothers at Workplace



Consumer Awareness Initiatives

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

ITCstore: Nutricorner

ITC has worked towards enhancing its ITCstore interface, and has introduced a user-friendly, easy to understand information on nutritional properties of food products like goodness of protein, fiber, millets, vitamins and minerals through a dedicated tab – Nutricorner.

ITC Nutrition Portal

ITC has created a dedicated Nutrition portal which is an easily navigable site that holds credible information on Nutrition basics, health and lifestyle management and general wellbeing to help its consumers make informed choices and deepen their knowledge on nutrition and wellbeing.

Policies & Systems

In order to ensure continuous alignment with national health priorities and statutory requirements, ITC Foods Business Division has certain policies in place –

ITC Limited's Food Division Nutrition Policy (https://www.itcportal.com/about-itc/policies/itc-food-division-nutrition-policy.aspx),

Food Products Policy (https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx),

ITC Limited Foods Division's Marketing And Communication Policy (https://www.itcportal.com/about-itc/policies/itc-food-division-marketing-and-communication-policy.pdf),

ITC Limited Foods Division's Nutrition Profiling System (https://www.itcportal.com/about-itc/policies/itc-foods-division-nutrition-profiling-system.pdf).

Workforce for Tomorrow

ITC's Approach

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

In a volatile, uncertain and intensely competitive environment, it is ITC's human resources that provide the thrust in ensuring that ITC continues to deliver world-class performance and enhances its reputational capital. ITC, therefore, directs its efforts and human capital investments towards sustaining its position as one of India's most valuable employers, strengthening engagement of the workforce, fostering a competitively superior, performance-driven culture and building a Future-Tech enterprise with investments in purposeful consumer-centric innovation, technology, a digitally-enriched smart ecosystem and sustainability.

Focus Areas
Nurturing Leaders of Tomorrow
Fostering Employee Engagement: The ITC Way
Upholding Human Rights
Embracing Diversity, Equity and Inclusion

All of this coalesces into a collective vitality as evidenced through excellence in strategy formulation and execution. ITC's Human Resource systems and processes governing talent selection, performance management, capability building, employee relations, recognition, rewards, employee well-being, all play a critical role in enhancing this vitality and delivering the unique talent promise of 'Building Winning Businesses, Building Business Leaders and Creating Value for India'. ITC's approach of distributed leadership, which combines empowerment with accountability enables it to pursue multiple drivers of growth, in a manner that remains true to the Company's values while encouraging an entrepreneurial spirit, promoting execution excellence and attracting the finest quality of talent.

Nurturing Talent for Tomorrow

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

Talent sourced from premier Institutes is positioned in high-impact roles which offer opportunities to build functional mastery and team management capabilities. Such roles facilitate deep functional expertise early in one's career through immersion in complex problem-solving assignments requiring the application of domain expertise. Such talent is provided the opportunity to work closely with, and be mentored by, senior leadership on strategic projects and assignments through a variety of programs such as 'Launch Pad' & the 'Young Manager Committee'. The 'Studio One Xchange' forum enables personalized interaction of young managers with senior leadership providing them an opportunity to share suggestions and appreciate the Company's strategic intent, facilitating their development journey. Supporting this approach is ITC's remuneration strategy which is performance-led, market competitive and long-term oriented, rewarding exemplary contributions and promoting careers.

Workforce for Tomorrow

Fostering Employee Engagement: The ITC Way

Performance and Retention

To strengthen a culture of accountability and performance, the principles of 'management by objectives' are reflected in ITC's performance management system. Clearly defined objectives, result areas aligned to Business Plans, and assessments based on measurable outcomes provide a sound foundation to drive and sustain high performance. Market-competitive and performance-linked remuneration reinforces a culture of meritocracy and harmonises the rewards strategy with the delivery of results.

Access to the best capability-building interventions through customised programmes conducted by reputed international and domestic faculty, enriching roles, and the social, physical and community infrastructure made available to employees contributes to building a culture of high performance coupled with a relational contract and enduring commitment.

During FY 2022-23, 125 women employees were due to return from maternity leave, and 125 of them re-joined work after their leave ended, a return to work rate on maternity leave is 100%.

Learning & Development

ITC has assiduously built a culture of continuous learning, innovation and collaboration by providing leading-edge learning and development support to managers which is vital to strengthening competitive advantage and helping employees realise their full potential. The emphasis is on providing experiential learning through on the-job assignments, an enabling & supportive environment and promoting learning agility. The Company has a structured Developmental Planning System that dovetails with the guiding principle of ensuring equal opportunity for all employees to access skills and capability-building investments at the workplace.

ITC has identified four capability vectors relevant to making its businesses future-ready – Business Critical Strategic Competencies, Leadership Development, Organisation Identity and Pride, and Diversity, Equity and Inclusion.

Employees are offered best-in-class learning and development support comprising a blend of learning formats - classroom, gaming, online, coaching, mentoring and on-the-job training. Programme content often spans multiple formats supported by business-critical application projects.

Some key capability development programs undertaken during the year include the Business Leadership Program, Full Funnel Marketing, Data Science and Analytics,

Marketing in a Digital World, Business Planning, Development programmes for women managers, Recruiting Right, Gender Sensitization and Unconscious Bias workshops etc. (refer Annexure 1 for more details).

Various online programs on functional skills were rolled out to scale up learning. This approach ensures the assimilation as well as application of learning for superior business results.

To promote learning anytime and anywhere, ITC encourages employees to use the Company's subscription arrangements with various online course curators. These resources encourage employees to re-skill and upskill themselves, at their convenience.

Based on Career Conversations with Managers and their development needs, every Business puts together a development plan and a training calendar to address the desired capability-building objectives of the business.

In FY 2022-23, there were over 11 lac hours of formal training provided to permanent and other than permanent employees, collectively, across the Company.

In pursuit of strengthening its competitive vitality, the Company has made significant investments in recent years in building digital capacity, recognising its transformative potential across value chains of its various Businesses. The utility of all these investments was amplified during the pandemic, enabling superior responsiveness and agility in our engagement with consumers, various stakeholders, and managing our supply chain.

The Digital Council, continues to provide strategic direction by ideating, seeding, and sponsoring high impact digital interventions and harnessing the power of synergy for cross-fertilisation of ideas. The 'Young Digital Innovators Lab', mentored by a senior manager, provides opportunities for managers with a passion for applying the power of technology to build competitive advantage and solve business challenges.

Workforce for Tomorrow

Fostering Employee Engagement: The ITC Way

Employee Well-being

ITC's full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, flexible working policies, maternity leave and child care leave for women employees, paternity leaves for employees, retirement benefits, employee assistance programmes and employee counselling programmes among others.

To prevent occupational diseases and accidents, the Company creates awareness through various initiatives and ensures good ergonomics and safe practices at all its workspaces. Most of ITC's Units have a health centre and resident doctor.

As part of the response to the pandemic, the Company provided comprehensive care and support to employees and their families, instituted various risk mitigation measures such as vaccinations for employees, their families and value chain partners, promoted mask usage and adopted hybrid working wherever feasible.

"Wellbeing on the Web", an online Employee Assistance Programme to promote holistic wellbeing of employees and their families has been offered as a part of the employee wellness initiative.

ITC employees invest time and are engaged with ITC's Social Investments Programmes in the catchment areas of their business units. These avenues help individuals achieve their life goals.

Employee Voice and Engagement

ITC continued with the practice of periodically assessing employee engagement through a Company-wide survey in 2022. Since 2016, ITC made a concerted effort to assess and improve engagement. The impact was visible in the consistent improvement of Engagement, Performance Enablement, and Managerial Effectiveness measures over the years. The recent survey in 2022 points to continued high engagement levels and consolidation of the gains achieved in the past.

Highlights of the Survey

95%
I work beyond what is required to help ITC succeed

94%
I am proud to be associated with ITC

93%
I believe strongly in the goals and objectives of ITC

91%
I am optimistic about the future of ITC

91%
Our senior leadership is committed to providing high-quality products and sevices to external customers

During the year, a range of engagement-building programmes were designed and implemented which included the strengthening of initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations, and development planning for robust positioning and progression decisions and investments in employee wellbeing. Employee recognition programmes, extensive leadership outreach through Town Halls, skip-level meetings, periodic interactions of managers with senior leaders, reinforcement of career dialogues and a performance management system around well-defined objectives aligned to Business Plans have all contributed to improving the levels of engagement across the Company.

Recognition platforms such as 'GEM', 'IGNITE', 'Excellence in Marketing Awards', Achievers' Award 'Momentous' and 'TM&D Unbeatables' acknowledged the exemplary contributions of employees in idea generation and execution.

Intensive employee communication, explaining ITC's strategies and approach on key issues, was carried out through various employee outreach programmes such as 'Town Halls' by the Chairman, CMC Members and by Chief Executives within Businesses, skip-level meetings and interactions in small groups.

Career Conversations are now an integral part of the performance management system and provide clarity and help employees shape their careers. 'Reflections 360', a development intervention seeking feedback on managerial work styles from a manager's internal eco-system, was sustained and covered leaders across the Company base.

The year also witnessed the Hotels Business winning the W.E. Global Employees Choice Award 2022 by W.E.-Matter where ~1000 of our managers were surveyed and presented their perceptions independently. ITC's Foods Business was recognized at the Economic Times Human Capital Award for Excellence in HR Business Partnership.

Workforce for Tomorrow

Fostering Employee Engagement: The ITC Way

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

> ITC has made a very large contribution to Nation Building. As an individual, what is inspiring is when we see the lives that have got transformed on ground. That gives us an immense sense of pride.

Nandini Basu
Vice-President – Corporate Communications

> From providing equitable opportunities to rewarding calibre to encouraging enterprise-wide value addition, ITC has truly enabled my growth in toto.

Humaira Fatima
Associate Scientist - ITC Life Sciences and Technology Centre

> The most striking thing about working within the ITC family is how personally fulfilling the experience is. They make one feel seen and appreciated, irrespective of designation or role, and ensure that the opportunities and support required to realise one's potential are made easily accessible to all.

Antara Roy
Assistant General Counsel, Corporate Legal

> ITC has been progressively working to usher in NextGen Agriculture, primarily focusing on Farmer's livelihood. I have got opportunity to work closely with the farmers and impact their lives positively. Along with that, my role enables me to work closely with government representatives, which has expanded both my strengths and my perspectives.

Usha Rani
Chief Manager, Plantations, ITC Paper & Specialty Papers Division

> ITC has helped me connect with the larger purpose and empowered me with untethered opportunities to translate science into consumer-oriented innovations. With ITC, each day is an opportunity, each month a novel endeavour and every year is an invaluable learning experience.

Deepti Kaushal
Lead Scientist - ITC Life Sciences and Technology Centre

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

Nandini Ramasubramaniam
Manager, Human Resources - ITC Central Projects Organisation

> ITC Hotels has provided me an equal opportunity to achieve my goals and simultaneously work on the food sustainability which helps in individual well-being and conservation of resources. The organization prioritizes employee well-being, diversity and inclusion which makes the workplace equitable and supportive.

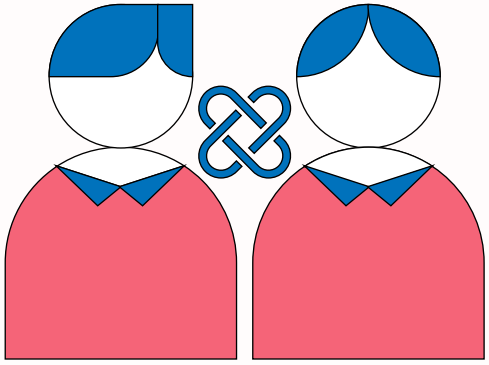
Manisha Bhasin
Corporate Executive Chef, ITC Hotels

Workforce for Tomorrow

Diversity, Equity & Inclusion

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

- Representation
- Inclusion & Enablement
- Commitment and Assurance



ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation and high performance. This is achieved by a policy that ensures diversity and non-discrimination across the Company.

The Company's policies ensure a work environment that is free from any form of discrimination amongst its employees in compensation, training and employee benefits, based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/ minority group. ITC is an equal-opportunity employer, and recruitment at ITC is solely based on merit and ability. ITC's efforts to enhance Diversity, Equity, and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions, and is integral to serving our customers better while creating value for all stakeholders. ITC is committed to enhancing gender diversity and participation of the differently-abled in the workforce, and where needed, will undertake supportive actions in the spirit of equity at the workplace.

Workforce for Tomorrow

Diversity, Equity & Inclusion

Additional Performance Indicators for Financial Year 2022-23:	Data
Total Attrition (includes death in harness, retirals etc.)	**12%**
Total Female Attrition	18%
Total Male Attrition	11%
Total Permanent Employees Number	**23,725**
Total Female Permanent Employees	2,388
New Hires Total	**2,392**
New Hires Female	498
New Hires Male	1,894

**ITC Standalone*

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

Gender-sensitization and inclusive hiring workshops are being conducted for managers across the organisation. Comprehensive development programs for women managers and women-focused Wellness programmes bear testimony to the Company's efforts on the enablement vector of its Diversity, Equity and Inclusion Strategy.

To enhance women representation across responsibility levels, several measures have been initiated:

- Current women leaders act as mentors and exemplars to others. Women leaders in key responsibilities such as a regional operations in hospitality, category manufacturing management, Category P&L head serve as inspiration to managers in early responsibility levels. Further women leaders across pivotal roles in Sustainability, Brand Management, Manufacturing, Hospitality, Corporate Communications, Legal and Human Resources bear testimony of the company's commitment towards developing and nurturing women in leadership roles.

- Tailored development programmes with particular emphasis on helping women managers navigate their careers in the context of the varied responsibilities on their professional and personal front. Our flagship program on developing women talent creates transformative experience through immersive workshops, one on one coaching and guided practice sessions.

- Strengthening residency and retention through polices such as alternate location working, travel support, child care leave. These enabling policies have eased work life integration and have been warmly appreciated.

ITC has provided special impetus to programmes directed at enhancing gender diversity in the workforce. As an illustration, several of ITC's Integrated Consumer Goods Manufacturing & Logistics (ICML) facilities represent industry-leading gender diversity.

With every successive ICML coming on-stream, the representation of women in the workforce has progressively increased, with the recent ICMLs of Pudukottai and Medak having women representation at 79% and 97%, respectively, amongst the frontline workforce. ITC's ICMLs received several prestigious awards and accolades during the year from leading industry bodies such as the Confederation of Indian Industry (CII), Union Ministry of Labour & Employment, Food and Agriculture Centre of Excellence, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing.

Similarly, ITC's Hotels Division is amongst the leading employers in the industry with regard to women representation as well as a significant employer of the differently abled. The Life Science and Technology Centre is another exemplar of gender diversity with 44% of its workforce being women.

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

Prevention, Prohibition and Redressal of Sexual Harassment: The Company has put in place suitable processes and mechanisms to ensure issues such as sexual harassment, if any, are addressed effectively.

Employees undergo sensitisation on diversity and inclusive behavior at the workplace and internal redressal committees are in place across Businesses. During the year 2022-23, 1 case of sexual harassment was raised and resolved.

Workforce for Tomorrow | Diversity, Equity & Inclusion

Encouraging Women in Manufacturing

ITC's food manufacturing units have been engaging an increasing number of women on the shopfloor. With more than 1,500 women, ITC's ICML in Pudukkottai in Tamil Nadu engages a workforce with 75% women representation. Similarly, ITC's ICML at Mysuru in Karnataka is the first FMCG factory in the region to deploy women workforce across all shifts. Women constitute close to 47% of the workforce in the Mysuru ICML. The ICML at Guwahati has women representation at 24%. Similarly, the recently commissioned ICML in Medak, Telengana has 40% women representation.

These factories have state-of-the-art manufacturing technology with ergonomically designed equipment to enable women participation on the shop floor. As a confidence-building exercise, on the day of joining, women employees, as well as their family members, are provided an extensive orientation to the workplace. The factory leadership team engages with them about the Companies policies and practices regarding health and safety, quality processes and employee benefits. To strengthen morale and confidence, visits are organized to other women-majority ICMLs for training. Institutional support is reinforced through employee welfare amenities such as a creche, round-the-clock access to the health centre, safe transportation with vehicles equipped with cameras, GPS and panic buttons.

A number of communication forums and participation platforms such as employee committees, town halls, access to special welfare assistants have been established to address employee concerns and address grievances, if any. ICML's have also been organizing well-being initiatives and occupational awareness sessions regarding women's health issues, gender sensitization and POSH (Prevention of Sexual Harassment at the Workplace) workshops. To educate & inspire young minds, students from schools and colleges are invited to visit ICMLs, with employees acting as ambassadors to build a workforce pipeline for future requirements for factory visits.

Inclusion of the Specially-abled

Apart from gender, employment of the differently-abled is a priority area in ITC's diversity agenda. In several of our Businesses, employees and associates who are differently-abled are engaged across the value chain, with the necessary infrastructure support and training. ITC directly as well as through partnerships with service providers and agencies, deploys 295 differently-abled persons.

Grievance Redressal

To address employee concerns and complaints pertaining to human rights and decent labour practices, a Grievance Redressal Procedure with appropriate systems and mechanisms exists across ITC's units. It aims to facilitate open and structured discussions on any grievances, labour practices and human rights.

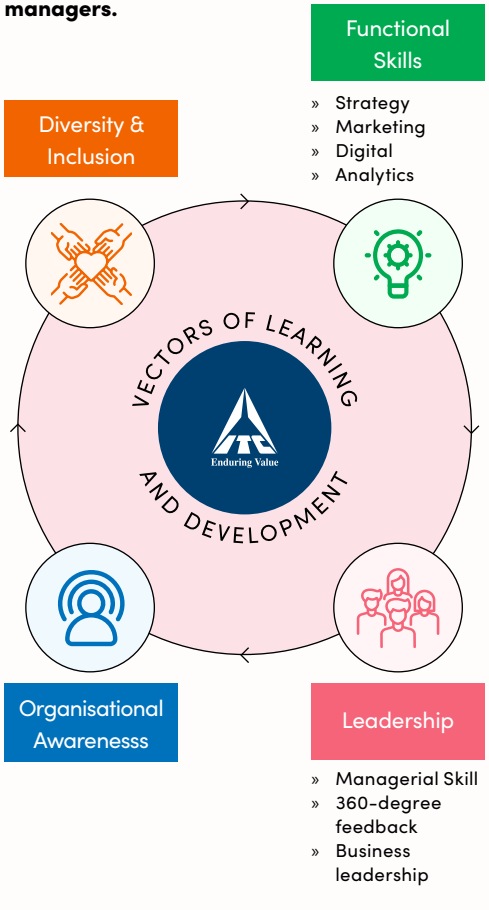
The implementation is ensured by Divisional/ SBU Chief Executives, through members of the respective Management Committees.
144 grievances were received from employees on matters relating to policy, welfare and administration. Of these, 136 were resolved in FY 2022-23.

Workforce for Tomorrow | Diversity, Equity & Inclusion

Annexure 1

Learning and Development

Programs are delivered through a variety of formats – e-learning material with certifications / tests, on-premise workshops, application projects mentored by senior managers.



The company's deep commitment to Learning and Development reflects in the interventions conducted on the four vectors of Business Critical Strategic Competencies, Leadership Development, Organisation Identity and Pride, and Diversity, Equity and Inclusion.

The functional capability programs build a strong foundation on contemporary skills with a sharp focus on on-the-job application. Some noteworthy programmes include: Digital Marketing Immersion, Business Planning Program, Marketing across Full Funnel of Consumer Journey. 95% of the participants in these programs have rated the capability-building interventions as Exceeding Expectations, attesting the quality of the programs. ITC Gurukul, a centre of excellence in technical training has delivered more than 70 intensive programs covering over 700 employees. The e-learning modules on Digital and Analytics provided an opportunity to refresh the digital quotients of employees at scale.

As part of the Leadership Development efforts, almost 100% of high-potential middle managers have been covered by the Business Leadership program. All senior managers and middle managers of teams are invited to participate in the Reflections 360 survey which provides them with rich feedback about their operating style and is a source of insight for self-improvement.

ITC also partners with institutes of global prominence such as INSEAD, and Rice University and domestic and international experts to customize programs for its managers.

As part of the new talent assimilation process, ITC invests in various induction programs targeted at different types of recruits – campus as well as experienced hires. Programs such as the 'AUT Induction' and the 'Group Induction Program' provide new managers an opportunity to engage with the leadership of the Company and hear from them directly about the Companies aspirations, strategies and storied legacy. Managers superannuating from service attend a program, along with their spouse, to help them transition to retirement.

To expand the learning inclusion while ensuring the quality of the interventions, ITC has moved to a hybrid learning system, combining live and self-paced curated courses. ITC Centre of Learning, the Companies Digital Learning Platform, is accessible to our managerial population, providing rich content anytime, anywhere. In 2022, 2,624 users accessed the ITC Centre of Learning on an average every month, demonstrating the leap in scale and reach enabled by the hybrid approach.

Comprehensive offerings across four vectors, the ease of accessing top-of-the-shelf content, and high focus on application have all contributed to consistently high organizational learning effectiveness metrics.

95%

Managerial staff find the trainings exceeding their expectations

85%

Managerial staff find their performance enabled

20%

Increase in L&D Coverage over pre-pandemic years

Employee Engagement Survey

Methodology: The Engagement Survey is conducted on a biannual basis for ITC's Management Employees. Engagement Surveys for other employees' is conducted locally at varying frequencies. The engagement survey for managers had a total of 56 questions with a 5-point response scale. 96% of ITC's managers responded to the survey. Within this index 94 % of respondents were proud to be associated with ITC. The survey findings form a part of focus group discussions across Businesses, where results are shared and action plans constructed to address any gaps or improvement areas.

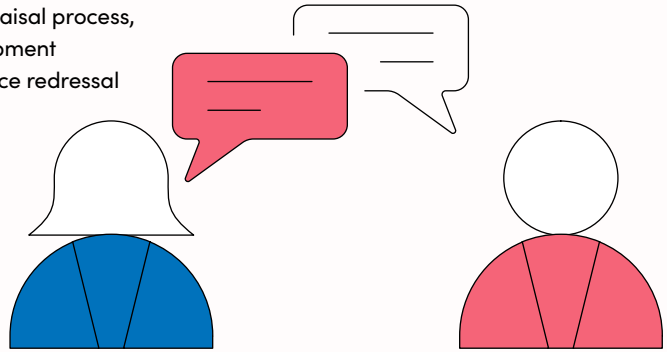
Formal mechanisms to promote an open feedback culture: iEngage is one amongst several methods to harness the voice of the employee. Other platforms include Town Halls conducted by leadership teams in Businesses and Corporate, the Studio One Xchange interaction between the Chairman, Corporate Management Committee Members and young managers, several pulse surveys, skip-level meetings, Business Plan Cascades, exit interviews, the performance appraisal process, career conversations and development planning discussions and grievance redressal process.

Remuneration Philosophy

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

Remuneration is therefore a function of performance, potential, market conditions and the employee's grade.

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



People Analytics: Strategic Workforce Planning

The Annual Business Plan serves as the foundation for Human Resource Plans, which are aligned to deliver strategic value and enable the execution of such Plans. The planning & execution of HR processes, including key decisions involving Human Capital, entails extensive analysis of data, both quantitative and qualitative. Some of the people's processes where the analytics has been leveraged extensively are illustrated below:

- The organization uses SAP SuccessFactors for talent analytics. The detailed data architecture enabled by SAP SuccessFactors provides the foundation for real-time employee insights upon which talent decisions are made.
- Biennial Company-wide Employee Engagement survey provides rich data regarding employee perceptions of engagement, performance enablement, and managerial effectiveness. This data is analysed extensively by Businesses to take targeted actions to address any improvement areas across these dimensions.
- Scientific assessments of jobs & roles in the organisation is carried out periodically through a globally recognized Job Evaluation framework focussing on the content of the role, accountability, nature of problem-solving and impact. The evaluation defines the relative complexity of a role, brings out efficiency in organizational structures and supports with career planning decisions.
- One of the businesses has also explored and implemented a Stability Index of employee based on employee profile parameters such as duration in role, educational background, potential etc & experimented with this to enhance employee retention.
- Significant emphasis is given to attrition analytics. Feedback of exiting employees is monitored and insights generated from feedback forms and exit interviews. Such feedback is an input to decisions on policies, talent development and acquisition, career planning and renewal of various organizational systems.
- Deployment of 'dipstick' surveys through tools such as HR Chatbots helps assess employee sentiment, understand micro-cultures and take targeted actions and pre-emptive measures to address any attrition risks.
- To assess manpower productivity, effectiveness and utilization, Businesses deploy an assortment of measures such as manpower cost ratios relative to gross margins and turnover or manpower leverage ratios such as sales per employee, or manpower productivity ratios in relation to industry. These indices are a key input to the Business' human capital strategy.

Human Rights

ITC has a long-standing commitment to human rights and it is reflected in its Code of Conduct for its employees and Suppliers' and Service Providers' Code of Conduct. The Company has policies on human rights which are applicable to its employees, suppliers and service providers. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO).

The Company is committed to **Respecting and Remediating** Human Rights for employees and workers within its operational premises and beyond its fence. There are oversight mechanisms, and preventive measures for its suppliers and vendor partners, also. ITC also has in place, dedicated policies and channels for handling grievances of its key stakeholders.

Respecting and Remediating Human Rights

Within ITC Operations

The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's policies on human rights and ensuring an inclusive workplace. All ITC contracts for the construction and upgrade of hotels, factories, ITC warehouses, housing colonies, incorporate the environment, health, safety and human rights clauses, including workplace environment and compliance of labour practices, and are supervised by ITC managers for 100% adherence.

ITC Suppliers' and Value-chain Partners

ITC's Code of Conduct for Vendors and Service Providers enshrines the Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. This Code is shared and accepted by all supply chain partners and service providers. In FY 2022-23, ITC engaged 1,304 service providers (within and outside premises) and all contracts with the service providers included clauses that conformed to ITC's Human Rights Policies and EHS guidelines.

Page 103 *Refer 'Sustainable Supply Chain and Responsible Sourcing' Section for more details.*

ITC's Policies on Fair Labour Practices

Prohibition of Child Labour and Forced Labour

In line with ITC's unflinching commitment to good labour practices, it is ensured that no person below the age of eighteen years is employed by any Business. Forced or compulsory labour is strictly prohibited in all ITC units and so is the association with vendors and suppliers who employ child and/ or forced labour.

Freedom of Association

ITC recognises and respects the right of its employees to exercise or refrain from exercising the freedom of association and collective bargaining. During the last year, over 10,700 employees were covered under the collective bargaining process across India.

Related Policies

- ITC's Code of Conduct
- Policy on Freedom of Association
- Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace
- Policy on Diversity, Equity & Inclusion

Road Ahead

ITC will continue its efforts on capacity building of all concerned internal and external stakeholders on Human Rights. ITC's due-diligence processes for vendors and supplier partners on Human Rights issues will be further strengthened for mitigating any potential human rights issues. ITC aims to further build upon the expertise on field engagement with farmers and follow international standards for fair practices in our agri practices. Moreover, ITC is also strengthening its grievance redressal systems for all value-chain partners.

Occupational Health and Safety

Promoting a Culture of Safety

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

ITC endeavours that Environment, Health & Safety (EHS) standards at all its units are ahead of legislation, regulations and codes of practice and are benchmarked against international best practices. ITC's approach to occupational health & safety standards is articulated in the Board approved EHS Policy. It is based on an EHS management system that emphasises on enhancing EHS performance by setting objectives and targets and continually monitoring key performance indicators. Further, it promotes a culture of safety through behaviour change programmes and by providing appropriate training to employees as well as service providers' employees, while continually investing in state-of-the-art technology and in developing human capital.

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

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

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

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

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

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

ITC's journey in safety has evolved from 'compliance driven by standards and guidelines' to a 'behaviour centric – safety culture'. 'Safety by Culture' looks at driving behavioural changes so that safety is ingrained in the culture of the organisation across operating units. Accordingly, behaviour-based safety initiatives are being implemented across several operating units. To drive the safety culture, ITC is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' acts, supplemented by adoption of keystone behaviours by individual units to demonstrate collective commitment and create a shared vision of safety and discipline, within the Unit. Design thinking methodologies have also been used to reinforce behavioural based safety initiatives which has resulted in signifi¬cant positive changes.

In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the business level as well as Corporate, to verify compliance with standards.

EHS Digitization

Digitisation of EHS Management with the objective of improving integration of safety with operation, was implemented through an enterprise wide roll out of a versatile software. Its usage is well underway at all ITC's operating units and upon its stabilisation, it will bring in better ownership at shop floor level and overview at all levels.

Occupational Health and Safety

Promoting a Culture of Safety

Organisational EHS Framework

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

Drawing Board Stage	Execution Stage	Operations Stage
EHS requirements integrated at the design stage for all new investments to minimise hazards with potential risk of Injuries **Design Reviews** • Building and structural stability • Fire and life safety measures • Electrical systems • Machine safety • Work place lighting • Ventilation and hygiene requirements • Noise and dust controls • Water and energy use optimisation • Waste management • Traffic safety • Segregation of man-material movement **Advantages of incorporating EHS in the design phase** • Helps in eliminating and reducing hazards • Optimises operational cost and overall infrastructure • Create assets that are aligned to organisational goals	**Compliance with EHS standards** during the construction phase is ensured by implementing project EHS management systems **Project EHS management systems** • Training of all employees including service providers' employees • Enforcement of the use of safe equipment / tools / tackles • Development of and adherence to safe work procedures (SWPs) / method statements • Observing good housekeeping and storage practices • Usage of Personal Protective Equipment (PPE) **Pre-commissioning audits of all large projects done by Corporate EHS (CEHS) department** • To ensure that infrastructure including plant and machinery have been procured and installed in conformance with defined standards	**Compliance with Corporate guidelines** during the operation phase of all ITC units, Hotels, Warehouses and Offices is ensured through established EHS management systems with designated roles and responsibilities for competent resources **EHS management systems** • A well-defined EHS Management structure • Quarterly Meeting of the EHS Committee in every ITC unit to review EHS performance • Engagement with the workforce to jointly assess risks in the operations and accordingly improvise the Safe Work Practices (SWPs) • Coverage of health and safety aspects in long-term agreements with trade unions • Awareness sessions for employees, their families and surrounding communities on Covid-19, HIV/AIDs, hepatitis, dengue, malaria and other wellness related issues **Monitoring compliance through:** • Internal audits of ITC units at Divisional as well as Corporate level on a periodic basis • Accident reporting and investigation to identify the root causes and subsequent implementation of corrective and preventive measures • Accident investigation findings with corrective and preventive measures form part of the report presented to the Corporate Management Committee (monthly) and the Board (quarterly) • Ensure effective dissemination of learnings from each incident/accident across the organisation to prevent recurrence.

Occupational Health and Safety

Safety Performance 2022-23

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

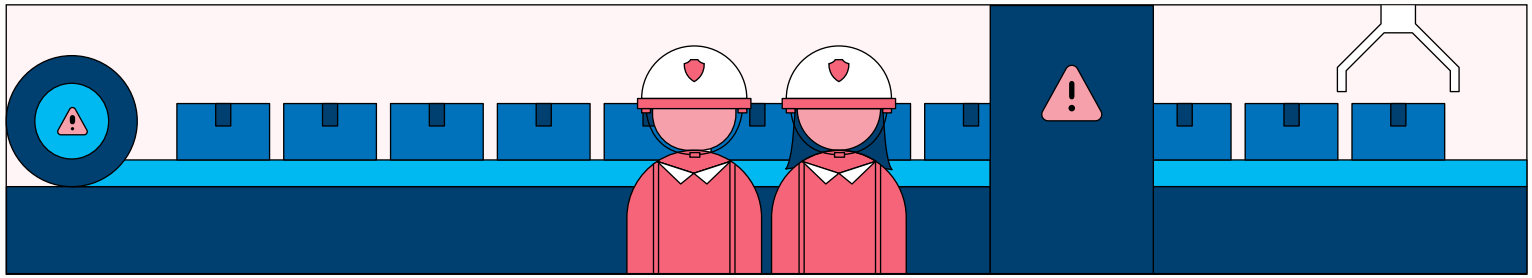
On-site Safety

In 2022-23, the total on-site Lost Time Accidents (LTA) were at 14, same as in 2021-22.
Out of these 14 accidents, 6 pertain to ITC employees**, and the balance 8 relate to service providers' employees. These accidents involved 14 male employees. During the year, one unfortunate fatality involving service provider employee (male) was reported.

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

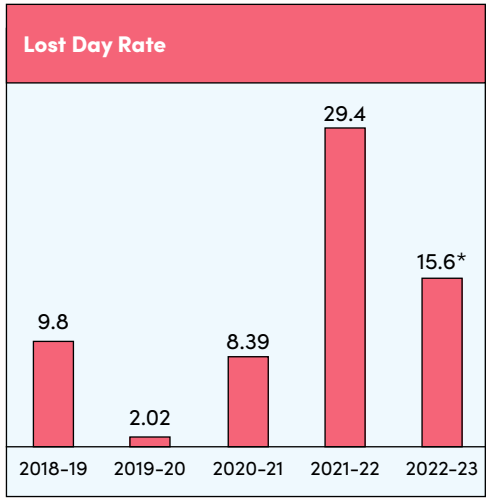
**Lost Time Accident (LTA) is defined as an accident due to which the injured is not able to come back to work in the next scheduled shift.*

*** Includes two trainees*



Lost Day Rate

Lost Day Rate (LDR) is a measure to evaluate safety performance and it does so by comparing the number of person-days lost for every 200,000 man-hours worked.



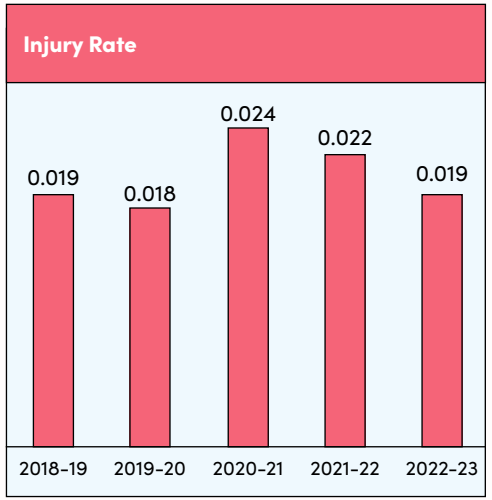
Lost Day Rate is for the combined workforce i.e. ITC employees and service providers' employees.

Loss of person-days accounted for as per IS 3786:1983 due to fatalities/ amputation.

** The decreased lost day rate in 2022-23 as compared to 2021-22 is due to the reduction in fatal accidents from 2 to 1*

Injury Rate

Injury rate (IR) is defined as the frequency of LTAs, for every 200,000 man-hours worked.



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

High Consequence Work Related Injury Rate
This is the rate of High Consequence Work Related Injuries (excluding fatalities), for every 200,000 manhours worked.

High Consequence Work Related Injuries (HCWRI) = 1

0.0014
HCWRI Rate in 2022-23

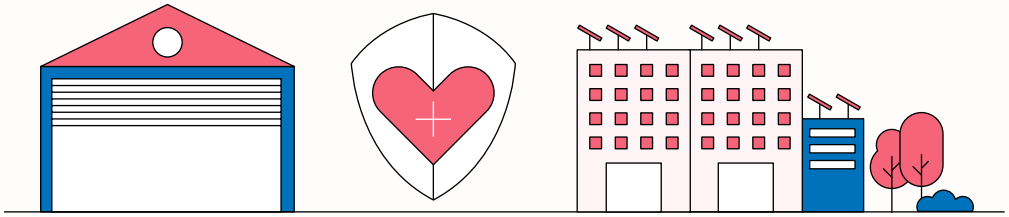
Note: Being tracked from 2022-23

Occupational Health and Safety

Safety Performance 2022-23

Zero Accident Units

The following 68 units achieved 'Zero On-site Lost Time Accident' status in 2022-23. Also, amongst all operational units as of March 2023, 45 units held on to the "Zero On-site Lost Time Accident" performance, since 2018-19.



Manufacturing Units	Hotels	Offices and Others
• ABD (Agri-commodities) DHQ	• Fortune Resort Bay Islands	• R&D Rajamundry
• ABD (Leaf Tobacco) DHQ Guntur	• ITC Gardenia	• Corporate (HO), Calcutta
• GLT Anaparti	• ITC Grand Bharat	• CPO
• GLT Chirala	• ITC Grand Central	• ITC Green Centre, Gurgaon
• KGLT Mysore	• ITC Grand Chola	• ITC Green Centre, Manesar
• FBD, Haridwar	• ITC Grand Goa	• ITC LSTC
• SNPL - Simra Unit	• ITC Kakatiya	• ESPB DHQ
• FBD, Malur	• ITC Kohenur	• FBD DHQ, Bangalore
• ICML Guwahati (FBD)	• ITC Maratha	• Hotel Projects
• ICML Mysore	• ITC Maurya	• I3L Bangalore
• ICML Panchla	• ITC Mughal	• I3L Pune
• Munger Dairy	• ITC Rajputana	• ITD DHQ
• NENPL, Mangaldai	• ITC Sonar	• Classic Golf & Country Club
• ITD (F) Bangalore	• ITC Windsor	• PCPB DHQ
• ITD (F) Kidderpore	• ITC Narmada	• PPB DHQ
• ITD (F) Pune	• Sheraton New Delhi	• PSPD, DHQ
• ITD (F) Saharanpur	• WelcomHotel Bengaluru	• Technico HQ, Chandigarh
• MAB	• WelcomHotel Chennai	• Technico R&D Centre, Manpura
• PCPB, Guwahati	• WelcomHotel Coimbatore	• TM&D DHQ
• PCPB, Haridwar	• WelcomHotel Amritsar	
• FBD Medak	• ITC Royal Bengal	
• PPB Nadiad	• WelcomeHotel Bhubaneshwar	
• G3 Spices	• Welcomehotel Guntur	
• PPB (F), Munger		
• PSPD, Tribeni		
• SNPL - Pokhra Unit		

Off-Site Safety

In 2022-23, the total number of off-site LTAs increased to 16 compared to 11 in 2021-22 and all of these were road accidents. One fatal road accident was reported in 2022-23.

As a standard practice, off-site accidents are duly investigated and learnings from these accidents are disseminated across the organisation. The Businesses are advised to sensitise employees on the perils of unsafe road conditions and there is constant reinforcement of the message to exercise extreme care, caution against over speeding and being vigilant on the road.

Road Accidents' Trend

Though road infrastructure and traffic management outside the units' premises are well beyond ITC's control, the Company believes that improved awareness and adoption of 'defensive road safety techniques' help to reduce the risks. ITC has accordingly strengthened the ongoing training and awareness enhancing sessions for its employees and service providers.

A majority of the road accidents in the recent past have involved two-wheeler riders. Accordingly, a user interactive two-wheeler rider safety training programme is provided to all employees including ITC's Trade Marketing & Distribution (TM&D) supply chain members. The user interactive modules have also been translated into vernacular languages to ensure wider coverage and adoption. A similar user interactive training module for four-wheeler users is also made available to employees.

Occupational Health and Safety

Occupational Health

A healthy workforce is an important contributor to ITC's competitiveness and sustainability. All units maintain a conducive work environment in line with Indian/International standards on hygiene, lighting, ventilation and effective controls on noise and dust. Units are equipped with Occupational Health Centres with adequate medical staff to monitor occupational health and provide immediate relief as required. In addition, at least 2% of total employees are professionally trained as first aid providers.

As part of ITC's preventive medical programme, various categories of employees based on age and exposure to occupational hazards undergo periodic medical check-ups. In 2022-23, a total of 15,521 employees underwent preventive medical examinations.

Ensuring Wellness in the Workforce

ITC remains committed to protecting its employees from the threat posed by serious diseases including Covid-19, HIV/AIDS, hepatitis, dengue, malaria etc. During 2022-23, 99 awareness camps/ programmes were conducted and 6,712 employees attended them. Awareness sessions were also conducted regarding off-the-job safety aspects such as oxygen cylinder safety, home safety, safe use of LPG in the kitchen and road safety.

Committed to Achieve the 'Zero Accident' Goal

In line with the Company's EHS policy, the approach is to institutionalise safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change, leading to the creation of a cohesive safety culture.

ITC has put in place comprehensive health and safety protocols for the safety and well-being of its stakeholders. ITC continues to strengthen its safety processes, adopting globally recognised best practices including digital transformation of EHS management systems, ensuring that facilities are designed, constructed, operated and maintained in an inherently safe manner.

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

- Integrating safety at the design stage itself and ensuring it through design reviews, stage inspections and pre-commissioning audits, thereby strengthening of engineering control measures through 'design for safety' principles
- Conducting pre-commissioning and periodic operational audits during construction and operational stages respectively
- Progressively covering businesses under various behaviour-based safety initiatives to facilitate engagement for collaborative work on improving safety performances
- Studies will continue to be conducted to assess the safety culture and efficacy of behaviour-based safety interventions
- Adoption of keystone behaviours by individual units to demonstrate collective commitment and create a shared vision of safety and discipline
- Leveraging the digital landscape for safety management system.

ITC will continue to assess its safety performance by tracking both leading and lagging indicators, and identify solutions for strengthening the safety culture accordingly. With this approach, ITC will endeavour to achieve the organisation-wide goal of "Zero Accidents".

Mission Sunehra Kal

for Sustainable and Inclusive Growth

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

MSK aims to transform lives including those from the most marginalized amongst its stakeholder groups. On the one hand, it addresses livelihood challenges of today and tomorrow through a holistic approach to create healthy, educated, skilled and engaged communities which look to the future with confidence and determination and live a life with dignity. On the other hand, it also enables transformation of landscapes through interventions aimed at conservation of natural resources and adoption of climate resilient agriculture practices.

The Company's CSR Policy, approved by the Board of the Company, guides the programmes, projects and activities that the Company undertakes to create a significant positive impact on its identified stakeholders. These programmes fall within the purview of Schedule VII of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Stakeholders, Spread and Coverage

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

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

ITC's CSR footprint is spread across 27 States / Union Territories (UT) covering more than 300 districts predominantly focussing on the above-mentioned key stakeholders.

MSK's Approach

Stakeholder Needs and Priorities

A comprehensive community needs assessment was earlier undertaken in 2015-16, in ITC's core areas, that is, factory and agri-catchments. Needs were identified, prioritized and Core Area Perspective Plan (CAPP 1.0) was developed. Whilst we keep revisiting the **needs basis regular stakeholder engagements, CAPP 2.0 was taken up** in FY 2021-22 which focussed on ITC's core catchments across 21 factory and 7 agri locations.

The objectives of CAPP 2.0 were to:

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

CAPP 2.0 exercise had covered around **3,700 villages** and urban habitations through community participatory approach with **6,771 Household surveys, 169 Key Informant Interviews, 656 Focus Group Discussions and 168 Participatory Rural Appraisal exercises.**

Stakeholder engagements undertaken with community, civil societies and Government is presented in detail in the Stakeholder Engagement section of this report.

Further, **national priorities of relevance** were identified and the Government schemes and programmes **that help in addressing the issues were also mapped** (details given in Table 1 presented ahead).

Besides the periodical need assessments, regular third-party impact assessments, baseline & mid-term evaluations, and engagements to ascertain feedback & understand grievances if any, are also undertaken to guide the programmes. Details of impact assessments pertaining to key programmes have been shared on www.itcportal.com and in **ITC's Annual Report 2023**.

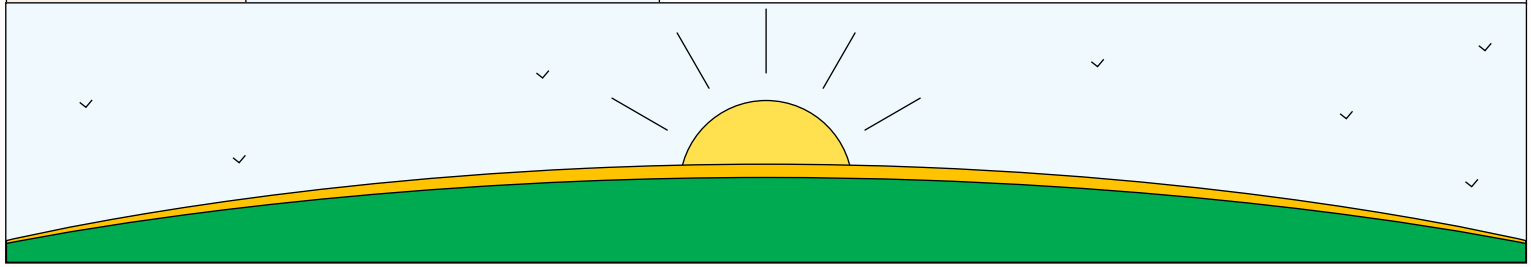
The Two Horizon Approach for Holistic Development

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

ITC's Two Horizon approach focuses on **inclusive growth and holistic development** of households keeping women and other poor & vulnerable communities at the core, who are an integral part of all interventions. Women are not only beneficiaries of many of the programmes, but are also influencers and active participants in grassroots institutions. Several progressive women beneficiaries also assume the responsibilities of acting as **change makers** in the society.

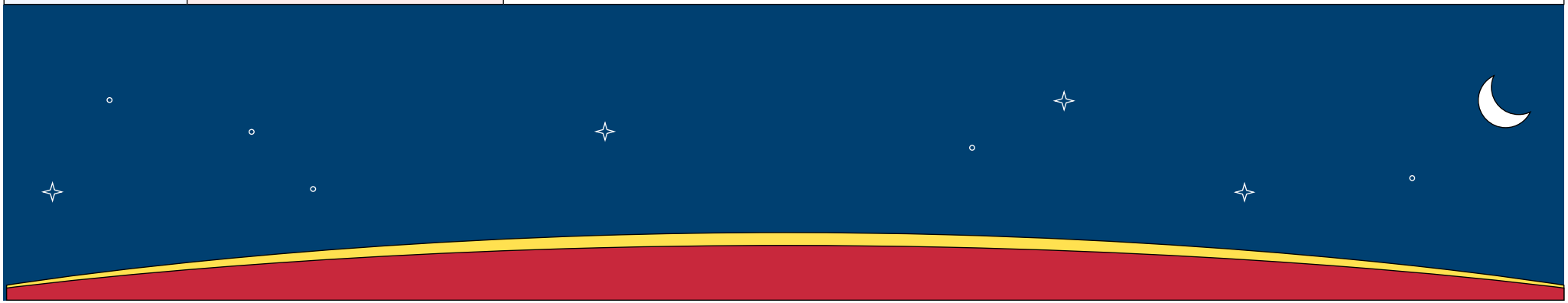
The Two Horizon approach comprises an integrated and affirmative response to development with **Horizon I** focusing on strengthening current livelihoods of communities, primarily agriculture and allied sector livelihoods, and **Horizon –II** focusing on building capabilities and capacities to empower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

Horizon	Objectives	Initiatives & Interventions
Horizon I: Strengthen current dominant source(s) of livelihoods	**Climate Smart Agriculture for climate change adaptation, increased resilience and actions for sustainable improvement of yields and incomes**	Farmer capability building through Farmer Producer Organizations, Farmer Field Schools & Choupal Pradarshan Khets, digital outreach and exposure visits for awareness, and large-scale adoption of Sustainable and Climate Smart / Resilient Practices
	Natural Resources Management to conserve and replenish natural resources critical for agriculture	• Water stewardship for water positive catchments through supply augmentation and demand management initiatives coupled with river basin level interventions • Biodiversity conservation through restoration of commons, reducing pressures on forests, and native species greenery improvement at landscape level • Soil health improvement through conservation agriculture and other practices like green manuring, field application of compost, tank silt and toilet manure (circularity)
	Livelihood Diversification to improve incomes and de-risk livelihoods from climate change	• On-farm diversification through multi-purpose tree plantations • Off-farm diversification through livestock-based livelihood strengthening
	Institutional Support for risk mitigation and reduction of costs of cultivation	• Link farmers with Government programmes in the area of credit, insurance and marketing • Promote farmer institutions like Farmer Producer Organizations (FPOs) and Agri Business Centres (ABCs) to leverage the power of collectives for sale of agri-produce and access to credit, inputs, equipment, etc



Mission Sunehra Kal for Sustainable and Inclusive Growth | MSK's Approach

Horizon	Objectives	Initiatives & Interventions
Horizon II: Create capabilities for tomorrow	**Support to Education for improving quality of education and creating conducive learning environment**	• Improve quality of learning in schools through teacher training and activity-based learning • Mainstream out of school children by providing support through Supplementary Learning Centres • Provide infrastructure support to schools and Anganwadi centres for conducive learning environment
	Skilling of youth for enabling gainful employment **Provide access to sanitation, waste management and healthcare services to improve habitats and reduce mortality as well as ensure a healthy community**	• Promote and develop skills aligned to market demand among unemployed youth • Infrastructure support for sanitation through community toilets and individual household toilets • Promote decentralized Waste Management and public hygiene • Improve Maternal Health and reduce malnutrition among children under age of five. Build capacity of frontline workers like ASHA and Anganwadi cadre and create awareness and social behaviour change among community • Improve access to healthcare services in rural areas through doorstep delivery of curative and preventive healthcare services with Mobile Medical Units, improvement of health infrastructure and other relevant interventions
	Empowering women for reduction in economic and social discrimination against women and girls	• Inclusion of girls and women in education and skilling programmes • Financial inclusion of women through financial literacy and government scheme linkages • Socio-economic empowerment of women through focused interventions for livelihood through micro-enterprises, nurseries, custom hiring centers, etc. • Key role for women in execution of programmes – Yojana Sakhis, Pashu Sakhis, Krishi Sakhis, Village Health Champions, Mother's Groups, Mohalla Committees, Water User Groups, Vanikaran Sanghas, Agri-business Centres, etc.



Alignment to National Priorities and Sustainable Development Goals

Investing in a holistic manner following the Two Horizon approach establishes enabling conditions for the emergence of habitations with indicators aligned to national priorities and several Sustainable Development Goals (SDGs), whether in the area of protection of natural resources or the development of human capabilities. Table 1 illustrates these linkages for key interventions.

Table 1: Alignment to National Priorities and UN SDGs

Objectives	Government Priorities and Programmes of relevance	SDGs
Horizon 1: Strengthen current dominant source(s) of livelihoods		
Climate Smart Agriculture	India's Net Zero Plans, Solar energy in agri, Millet mission, Chemical Free farming, Agri biomass for energy needs and Agri start-ups etc.	
Natural Resources Management	National Water Mission, Har Khet ko Pani, Atal Bhujal Yojana, River Basin Management, biodiversity conservation etc.	
Livelihood Diversification	Assistance for Agro-foresty, Rashtriya Gokul Mission, National Livestock Mission etc.	
Institutional Support	Farmer Produces Orginsations, Custom Hiring Centers, Soil Health Card, Kissan Credit Card, PM KISAN, Crop Insurance, Farmer Pension scheme etc.	
Horizon 2: Create capabilities for tomorrow		
Support to Education	National Education Policy, Samagra Shiksha Abhiyan, Early Childhood Care and Education, Swachh Vidyalaya Campaign, etc.	
Skilling of youth	Pradhan Mantri Kaushal Vikas Yojana, Skill India Mission etc.	
Sanitation, waste management and healthcare	Swatch Bharat 2.0, Saksham Anganwadi programme and POSHAN 2.0, TB Mukht Abhiyan, National Health Mission etc.	
Empowering women	Self Help Groups, Producers' Enterprises, Financial literacy to women, National Rural Livelihoods Mission, etc.	

Implementation Strategy based on Key Tenets

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

Impact Focused Programme Design

The programmes are designed following a bottom-up approach, wherein **community needs** are identified through **needs assessment and baseline studies**, based on which end outcomes (long-term and short-term) are decided and initiatives finalized to achieve those outcomes.

The programmes are designed keeping in mind the **targeted outcomes** to be achieved while having **time-bound specific outputs** that act as short-term and mid-term milestones. These outputs are related to specific activities planned under each programme to achieve the targeted outcomes. **Regular and periodical reviews / evaluations / assessments** are undertaken to take stock of the situation and make course corrections if required. This helps in guiding the programmes in the right direction.

During FY 2022-23 also, impact assessments were undertaken for projects under the Two Horizon approach. These impact assessments adopted a combination of quantitative household surveys and qualitative discussions with community members and other key stakeholders. The findings and learnings from these impact assessments will feed into the programmes as relevant. Summary of the findings of some of these impact assessments are also mentioned in **ITC's Annual Report 2023** and the reports also available at www.itcportal.com.

Capacity building of women farmers

Focusing on Equity & Inclusion

Equity and inclusion form a crucial component of the ITC Mission Sunehra Kal programmes. Same is ensured through targeted focus and by encouraging participation and representation of **women, children as well as other vulnerable and under privileged sections** of society in all the programmes. Besides having these sections at the core of all the programmes, special interventions are also planned for these groups to provide them the leverage to be able to achieve gender & social equity. For instance, during 2022-23, a special batch in skilling was piloted for persons with disabilities, and which is planned to be scaled up in the coming years. A programme is operational since 2014 that focuses on enhancing the social and economic status of women whose households are dependent totally on them and yet have meagre annual income. (refer Horizon II section for details).

Mission Sunehra Kal for Sustainable and Inclusive Growth

MSK's Approach

Participatory development through Empowered Grassroots Institutions

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

Most activities are undertaken through empowered community-based grassroots organizations (CBOs). Community contribution, both financial and in kind, is a key element, which combined with a participatory approach, generates high ownership and enables managing their resources independently, and in a judicious and equitable way, both so fundamental to long-term sustenance. The members of such institutions also become change agents and influencers for the larger community in their respective catchment.

Table 2: Grass-root Institutions facilitated (cumulative)

Intervention	Institution	Nos.	Members
Water Stewardship	Water User Groups (WUGs)	4,290	69,631
On-farm Livelihood Diversification - Social Forestry	Vanikaran Sanghas (VSs)	1,797	44,056
Climate Smart Agriculture	Agri-business Centres (ABCs)*	916	18,448
Climate Smart Agriculture	Farmer Producer Organizations	1,150	~265,000
Women Empowerment	Self-Help Groups (SHGs)	6,545	80,154
Education	School Management Committees (SMCs)*	781	4,686
		15,479	**481,975**

**ABCs and SMCs are annual numbers*

Women Agri-business Centre

Along with the grassroots Institutions covered in the table above, several other types of community-based activity groups are formed and / or strengthened under the programmes to ensure community ownership and sustenance of outcomes. **Mohalla Committees** are formed under decentralized waste management programme responsible for day to day operations, including user fee collection and payments to waste collectors. As part of the education programme, **Child Cabinets and Water & Sanitation (WATSAN) Committees** are formed at school and community level respectively, which comprises of children and community members. These groups inculcate and encourage adoption of good sanitation & hygiene practices at school and community level. Mothers groups are formed to support activity-based learning for children at community level. Community institutions such as **Charagah Vikas Samitis** (CVS), pastureland committees and Biodiversity committees are also formed to plan, restore and take-up social protection of village commons restored under the biodiversity conservation programme.

Mission Sunehra Kal for Sustainable and Inclusive Growth

MSK's Approach

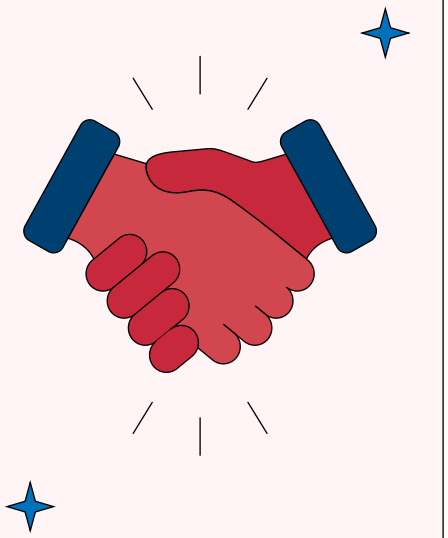
Multi-Stakeholder Partnerships / Collaborations

Continuous emphasis is laid on building partnerships of value for -

being updated with contemporary knowledge, identifying technological solutions and for innovations;

scaling and agile amplification;

efficient programme execution at the field level.



Technical Collaborations

Knowledge Partnerships with national & international organizations / agencies in order to remain contemporary and access the latest knowledge / technical know-how to continuously improve the quality of programmes.

Prominent knowledge partnerships include those with **Consultative Group on International Agricultural Research (CGIAR), International Union for Conservation of Nature (IUCN), International Water Management Institute (IWMI), and Agricultural Institutes** - Tamil Nadu Agricultural University (TNAU), Indian Institute of Rice Research (IIRR), Indian Institute of Soya Research (IISR), Vasant Dada Sugarcane Institute (VSI) and district level Krishi Vigyan Kendras (KVK).

ITC had also entered into a partnership with **IIT Delhi** in FY 2021-22 to support research in identified STEM (Science, Technology, Engineering and Mathematics) areas for accelerating India's journey towards achieving its Sustainable Development Goals.

Implementation Partnerships

Implementation Partnerships have been established with **78** reputed and expert NGOs for execution of the **129 projects** across India, which include both **thematic experts and grass-root NGOs**. The NGO partners with their thematic expertise and grassroots presence play a pivotal role in implementation of the programmes.

ITC invests in financial and project management skills of NGO partners to ensure robust outcomes and also **enable their capacity building** through exposure to ITC projects across geographies and cross-fertilization of learnings.

Government Partnerships

Public Private Partnerships with governments are an integral part of MSK's approach to enable rapid scale-up of programmes that have been successfully demonstrated and implemented in ITC's project locations.

Apart from the regular PPPs aimed at resource pooling, focus has also been on partnering with governments for **large scale amplification** delivered through the Government machinery.

Till date, MSK has signed **86 MoUs** (25 currently operational) with Central and various State governments, of which two were signed during the year.

- Collaborated with **Department of Drinking Water & Sanitation (DDWS),** Government of India and **India Sanitation Coalition** (ISC), FICCI to develop 36 Gram Panchayats (GPs) as Light Houses, demonstrating best practices in sanitation and waste management, which can then be gradually adopted by other GPs.
- MoU with **Women & Child Development Department, Government of Assam** to expand the Mother & Child Health and Nutrition programme of MSK to eight districts of Assam including seven Aspirational Districts.

Snapshot of all the MoUs signed so far is presented in Table 3 below.

Table 3: Government Partnerships

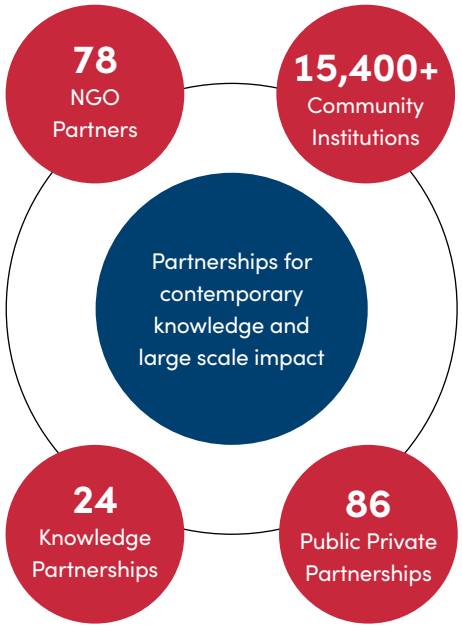
Theme	State	Deparment/Programme	No. of MoUs	Active in FY 2022-23	Completed
Agriculture	**Rajasthan, Maharashtra, Bihar, Madhya Pradesh, Assam, Jharkhand, Uttar Pradesh, Odisha**	» NABARD Tribal Development Fund (TDF) » NITI Aayog	3	2	1
Water Stewardship	**Madhya Pradesh, Andhra Pradesh, Maharashtra, Rajasthan, Bihar, Telangana, Karnataka**	» Mukhyamantri Jal Swabhalamban Abhiyan (MJSA) » MGNREGA » Integrated Watershed Management Programme/ Watershed Development Programme » NABARD » Water Resources Department (WRD), Government of Maharashtra » Watershed Development Department Karnataka » DRDA Munger » Rajiv Gandhi Jal Sanchay Yojana	46	7	39
Biodiversity	**Maharashtra, Rajasthan, Telangana**	» Forest Department, Govt. of Maharashtra and Telangana » Wasteland & Pastureland Development Board (WPDB), Govt. of Rajasthan	3	3	0
Livestock	**Andhra Pradesh, Madhya Pradesh**	» Andhra Pradesh Livestock Development Agency (APLDA), NABARD	2	0	2
Education	**Karnataka, Assam, West Bengal, Andhra Pradesh**	» Department of State Education Research and Training – Karnataka and Assam » District Elementary Education/ Samagra Shiksha Mission, West Bengal » Women Development & Child Welfare Department, Andhra Pradesh	6	2	4
Vocational Training	**Madhya Pradesh, Andhra Pradesh**	NABARD	2	1	1
Sanitation	**Rajasthan, Punjab**	Zilla Panchayats under Swachh Bharat Mission	4	0	4
Maternal and Child Health	**Assam**	Directorate of Women and Child Development, Assam	1	1	0
Waste Management	**Uttar Pradesh, Uttarakhand, Punjab, Bihar, Maharashtra, Andhra Pradesh, Tamil Nadu, Karnataka, Telangana, West Bengal**	» Department of Drinking Water and Sanitation along with Indian Sanitation Coalition – FICCI » Ministry of Urban Development, Uttar Pradesh and Saharanpur Municipal Corporation; » Nagar Palika Parishad, Shivalik Nagar, Haridwar; » Municipal Council of Kapurthala; » Lohiya, Swachh Bihar Abhiyan, Bihar Govt. and Munger Municipal Corporation; » Zilla Parishad, Ranjangaon (Pune); » Guntur Municipal Corporation and Guntur Zilla Parishad; » Hindu Religious and Charitable Endowments (HR&CE), Govt. of Tamil Nadu; Coimbatore - Karamadai Panchayat and Greater Chennai Corporation; » Zilla Panchayat – Mysuru; » District Panchayat Office Bhadradri Kothagudem	15	8	7
Women Empowerment	**Madhya Pradesh, Maharashtra, Bihar, Rajasthan**	» State Rural Livelihood Mission of Maharashtra and Madhya Pradesh; » Bihar Rural Livelihoods Promotion Society; » MGNREGS - Women Initiative for Self-employment and Empowerment project	4	1	3
Total			86	25	61

As a result of these partnerships, the Social Investments Programme was able to raise a total of ₹465 million during the year by way of local contributions and external funds across projects.

Mission Sunehra Kal for Sustainable and Inclusive Growth | MSK's Approach

Multi-stakeholder Partnerships for Scaling up Development Models to Create Large scale Impact

ITC firmly believes in the **strength of partnerships for creating and sustaining enduring value.** ITC's Social Investments Programmes are designed with multi-stakeholder partnerships as a core component. Partnerships are formed with **expert institutions for knowledge input,** with **NGOs for implementation,** with **community institutions for ownership & accountability,** and **Public Private Partnerships** with various **Central and State Governments** for scaling up unique models and help in delivering government development programmes.



Financial Literacy and financial inclusion partnership in Madhya Pradesh (MP) is one such example, where ITC initially tested a model with **CRISIL Foundation** in 2016 in Vidisha and Sehore districts. After successful demonstration of the pilot, **ITC orchestrated** a **tri-partite Public Private Partnership (PPP)** with **Madhya Pradesh State Rural Livelihood Mission (MPSRLM)** and CRISIL Foundation in 2016-17 to scale-up the **Financial Capability Building** programme across **43 districts of Madhya Pradesh** to train over **1 lakh SHGs**.

The scale up of project was planned leveraging existing machinery and groups formed under MPSRLM. The overall objective of this tri-partite partnership of 4 years was to **provide rural women with information, understanding, access, skills and tools on financial products and services.** ITC designed a **cascade approach** to create a pool of Super Trainers from MPSRLM in each block of these districts with the help of CRISIL, who then trained Community Resource Persons (CRPs), who further cascaded it down to the SHGs at community level.

Financial Inclusion of women through **government scheme linkages** like Bank Account Opening, Savings, Insurance, Investments, Pension, etc. were the envisaged **outcomes** of the project that mark the first step towards **financial security**. To materialize it, ITC developed a self-sustaining cadre of rural women as **Yojana Sakhis**. These Sakhis helped women to leverage government schemes and other financial products as per their eligibility and requirements.

A Project Management Committee (PMC) was formed with members from MPSRLM, ITC and CRISIL, with ITC as a Convenor, to review progress of the programme against plans and provide strategic guidance.

Due to this multi- stakeholder partnership, over **2.13 lakh SHGs** with over **20.7 lakh members** have been trained on financial literacy till March 2023. 2,400 trained Yojana Sakhis have helped over **16.9 Lakh** women to connect with various financial schemes and products like opening of bank accounts, investment in government savings, insurance and pension schemes. About 25% SHG women have also reported starting new livelihood intervention after their training on financial literacy.

Based on the experience from Phase-I, in 2022-23, it was decided to extend the partnership to 9 more districts, for providing training to additional 1.2 lakh SHGs along with developing the existing cadre of 3,400 Bank Sakhis of MPSRLM as Yojana Sakhis.

ITC has always believed in convergence and building upon the strengths of various partners and utilizing available platforms instead of duplicating the efforts.

The Financial Literacy Programme has been successful in achieving such large-scale coverage and impact owing to the Public Private Partnership that **enabled leveraging government machinery under MPSRLM** while **utilizing the grass-root level knowledge, capability building and project management expertise of ITC and technical knowledge of CRISIL Foundation.** ITC has formed similar large-scale partnerships with **NITI Aayog** for Sustainable Agriculture in 27 Aspirational districts; with **Uttar Pradesh Urban Development Department** covering 60 districts and **Lohiya Swachh Bihar Abhiyan** in 12 districts of Bihar for Waste Management; and **Women and Child Development Department, Assam** for Maternal health and Child Nutrition in 8 districts of Assam.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Long-term Plans 2030

Mission Sunehra Kal 2030: Targets & Timelines

Based on the Two Horizon strategy, a number of integrated interventions have been designed to achieve the Company's ambition of creating habitations with holistic development where people have access to sustainable livelihoods and / or are future ready for the context of tomorrow. Each objective has its own measurable indices, to achieve the desired goals. These are detailed in Table 4.

Table 4: Performance against Target 2030 for Mission Sunehra Kal Programmes

Objective	Initiatives	UoM	Target 2030	Achieved till FY 2022-23	Balance to achieve
Horizon I - Sustainable Livelihoods Today					
Climate Smart Agriculture for climate change adaptation, and actions for sustainable improvement of yields and incomes	**Climate Smart Agriculture area[1]**	Lakh Acres	40	23.4	16.6
	Climate Smart Village Area (Sub-part of above)[1#]	Lakh Acres	30	10	20
Natural Resources Management to conserve and replenish natural resources critical for agriculture	**Watershed Development**	Lakh Acres	22	14.7	7.3
	Water harvesting structures (including ground water recharge structures)	Nos.	50,000	28,300	21,700
	Storage Potential#	Million KL	60	48.9	11.1
	Crop Water Use Efficiency#	Million KL	2,000	780	1,254
	Bio-Diversity Conservation#	Lakh Acres	10	2.9	7.1
Livelihood Diversification to improve incomes and de-risk livelihoods from climate change	**On-farm diversification – Social Forestry#**	Lakh Acres	6.30	4.56	1.74
	Off-farm diversification - Livestock-based livelihood strengthening	Household coverage (Lakhs)	10	4.68	5.32

Note:
1 Figures on Climate Smart Agriculture and Climate Smart Village area pertains to scale in that FY

 # These indicators also contribute to five of the Company's sustainability 2030 (S 2.0) commitments

Mission Sunehra Kal for Sustainable and Inclusive Growth | Long-term Plans 2030

Objective	Initiatives	UoM	Target 2030	Achieved till FY 2022-23	Balance to achieve
Institutional Support for risk mitigation and reduction of costs of cultivation	Link farmers with Government programmes	No. of linkages (Lakhs)	50	9.5	40.5
	Agri Business Centres	Nos.	2,000	916	1,084
	Farmer Producer Organizations	Nos.	4,000	1,150	2,850
Horizon II - Creating Capabilities for Tomorrow					
Support to Education for improving quality of education and creating conducive learning environment	Improvement in learning outcomes – Children covered	No. in Lakhs	15	11	4
	Infrastructure support to Government Schools and Anganwadis	Nos.	4,000	3,321	679
Skilling of youth for enabling livelihood and employability	Vocational Training – Youth trained	No. in Lakhs	2.25	1.00	1.25
Provide access to sanitation and waste management services to improve habitats	Household Toilets constructed	Nos.	40,000	39,600	400
	Waste Management (SWM) – Households covered, other than through WOW intervention	No. of Households (Lakhs)	45	25.3	19.7
Provide healthcare and nutrition services to women and children	Beneficiaries covered under MCH programme including Swasthya Choupal	No. in Lakhs	12	6.8	5.2
Empowering women for reduction in economic and social discrimination	Women covered through livelihood and other microenterprises	No. in Lakhs	2.5	1.2	1.3

Note:
1 Figures on Climate Smart Agriculture and Climate Smart Village area pertains to scale in that FY

 # These indicators also contribute to five of the Company's sustainability 2030 (S 2.0) commitments

Mission Sunehra Kal for Sustainable and Inclusive Growth

Interventions in High Priority Areas

The performance of different programmes under the **Two Horizon approach** have been presented ahead in brief. All these programmes are undertaken by ITC independently or through **Public-private-partnerships with Governments** and implemented by **ITC's NGO partners.**

Strengthen Current Dominant Source(s) of Livelihoods

Creating Capabilities for Tomorrow

Strengthen Current Dominant Source(s) of Livelihoods

Climate Smart Agriculture (CSA)

The CSA programme aims to make agriculture regenerative, productive, sustainable, remunerative and climate resilient which is closely aligned to Indian Government's **PM KUSUM, Sustainable Agriculture, Natural Farming and Millet Mission programmes** which focus on improving farmer incomes, minimizing climate related risks and decarbonizing agriculture. CSA focusses on large scale promotion of proven crop specific practices in its operational areas aimed at the following:

- Reducing costs, improving yields and incomes and building resilience to climate change induced extreme events for farmers;
- Reducing GHG emissions; and
- Improving water use efficiency and conserving other natural resources

Farmer Field School Training by Krishi Sakhi in Amravati

To ensure large scale promotion of the suggested practices, farmer capability building is a key component. ITC builds farmer capabilities by working with Knowledge partners to identify relevant technologies & practices and by training farmers through Farmer Field Schools and Choupal Pradarshan Khets. **ITCMAARS** and WhatsApp platforms are used for capability building through digital mode and for dissemination of information including weather forecasts. Post the creation of farmer awareness, ITC ensures adoption of the practices by providing on-field technical assistance to farmers and by linking them with relevant Government programmes & schemes and with local farmer collectives.

In the CSA programme, through over **8,200 Farmer Field Schools** (FFS), scientific and technological best practices were disseminated to over **278,000 student farmers** during the year. To encourage participation of women farmers in agriculture, in collaboration with Maharashtra State Rural Livelihood Mission (MSRLM), ITC had actively engaged with 6,000 women through **90 Krishi Sakhis** of MSRLM programme during the year. ITC trained these Krishi Sakhis as Master Trainers for promotion of Climate Smart Agriculture practices.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

The CSA programme covered **23 lakh acres** impacting over **7.4 lakh farmers** during the year across 17 States. During the year, major climate smart agriculture practices that were promoted through MSK included:

- Sustainable rice cultivation practices - Direct Seeding of Rice, Pani Pipe method and alternate wetting and drying in 1.7 lakh acres
- Avoiding paddy stubble burning and incorporating stubble into soil in 2.35 lakh acres
- Zero tillage method and Broad Bed Furrow method of sowing in wheat in 6.7 lakh acres
- Broad Bed Furrow method of soyabean cultivation in 1.5 lakh acres
- Seedling planting, drip irrigation and trash mulching in sugarcane in 1 lakh acres
- Raised bed planting and drip in onion in 30,000 acres
- Micro irrigation and mulching in fruit (banana), plantation (coconut, curry leaf, oil palm), and other crops (vegetable, chilli) in over 44,000 acres

23 lakh acres

7.4 lakh farmers

17 states

Training of Farmers on Climate Smart Village components in Andhra Pradesh

Additionally, in the core agricultural catchments, ITC has been working to convert entire village as **Climate Smart Village** (CSV). ITC has partnered with Climate Change and Food Security (CCAFS) programme of CGIAR for technical support for the same. ITC is engaging for making villages climate smart by working on the following components:

Climate Smart Agri Practices for crops: Preparation of climate risk assessment at local cluster level for the crops cultivated in the village and finalization of an adaptation tool kit to be followed by the farmers.

Natural Resources Management: Access to irrigation for farmers and at habitation level, ensuring sustenance of natural resources critical for agriculture like water, biodiversity and soil health.

Livelihood Diversification: De-risking livelihoods of farmers by promoting diversification in addition to crop cultivation for providing additional incomes to farmers through options that have higher resilience to climate change extremes as compared to agriculture.

- On-farm diversification with tree plantation (fruit/plantation/timber species) in the field.
- At least one significant animal dependant livelihood such as major ruminants (cow and buffaloes), minor ruminants (goat and sheep), piggery, poultry and fishery.

Reducing costs of cultivation and insulating from climate risks by ensuring that farmers are –

- Members of Farmer institutions like Agri Business Centres (ABC) and Farmer Producer Organizations (FPOs) for market access of their produce, collective input procurement, equipment hiring, credit and dissemination of crop advisories and weather forecasts.
- Linked to Government schemes for additional income, institutional credit, crop insurance, soil health card and pension.

A village with majority households covered through above components and habitations coupled with Natural Resources Management becomes a CSV (refer box item ahead for details on CSV).

ITC's CSV Programme – Coverage, impacts and way-forward

ITC's CSV programme was initiated in 2016 with knowledge partnership with **Climate Change and Food Security (CCAFS)** programme of CGIAR, which primarily focussed on assessing and addressing the climate risks of agricultural crops. Over a period, ITC has evolved the CSV template by incorporating the components of **livelihood diversification, sustainable natural resources management** and **institutional support** to farmers.

To understand the progress of villages towards becoming climate smart, baseline assessments are taken up to estimate yields, income and GHG releases from current cultivation practices and the resilience of village to cope up with climate impacts. Based on the assessments, villages are mapped in a Yield and Resilience Quadrant, where in villages are categorized as Low Yielding (LY), Low Resilience (LY), High Yielding (HY) and High Resilience (HR). The ultimate **objective is to move a village into HRHY category** and to sustain the benefits for a longer period, so that villages realize better yields in a good year and relatively lower crop loss in a bad year.

An assessment of 89 villages in three southern States, Andhra Pradesh, Telangana and Tamil Nadu where CSV was initiated few years back, demonstrated significant movement in the yield-resilience quadrant with **HRHY villages increasing by 350%** (6 to 21) and **LRLY villages reducing by 50%** (40 to 19). This was possible due to concerted efforts on climate risk assessment, promotion of adaptation practices for the crops and linkages with schemes like insurance, collective equipment hiring from farmer groups and water use efficient practices such as micro irrigation. Farmers were also linked with climate forecasts to get advisories on actions to be taken from time to time.

CSV was being implemented in Northern States of Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Punjab and Maharashtra since few years and recently extended to Southern States. In North, overall extreme rainfall and floods during Kharif season and early temperature rise during Rabi were listed out as major climatic risks. Here the climate smart practices promoted are direct seeding in rice, broad bed furrow method in soyabean and zero tillage cultivation in wheat.

The actual endorsement of CSV's impact in mitigating climate risks was witnessed during the year across all programme states which got untimely rains in March when the crops were in field. In eight villages of Andhra Pradesh - Uppalapadu, Gandhinagaram, Pichukulapalem, Chatragaddypadu, Hasanayanapalem, Patha Tripura Puram, Kotha Tripura Puram and Jangalapalli, chilli is a major crop cultivated in around 3,000 acres by 1,600 farmers. There were untimely rains in March, when farmers also received regular updates and basis which **92% farmers acted immediately**. They could take up immediate harvest and kept the covering sheets and drying platform ready which **saved around 7,000 quintals of chilli worth around ₹110 million**. The nearby villages which were not part of the programme as of now, unfortunately had to face a loss of around ₹27 million due to quantity and quality damages.

Similarly, in Kataha village of Uttar Pradesh, 482 out of 781 farmers adopted zero tillage in wheat. This year in March there were untimely rains and when weather forecast was being provided to all farmers. Zero tillage farmers could immediately harvest their crop and had almost no damage. For others also, major loss was prevented as they at least stopped irrigating the fields which minimized damage. Similar impacts were recorded across the other CSV villages also which witnessed untimely rains.

The CSV programme has demonstrated **improvement in yield by up to 38% and reduction in GHG emissions by up to 66%** as documented by CGIAR in its impact assessment studies.

ITC's CSV programme is majorly spread in ITC's core catchments in States of Uttar Pradesh, Punjab, Bihar, Madhya Pradesh, Rajasthan, Maharashtra, Andhra Pradesh, Karnataka, Telangana, Odisha and Tamil Nadu. In 2023, ITC's CSV programme, which is part of the larger Climate Smart Agriculture intervention reached out to **4,800 villages and 10 lakh acres.**

ITC aims to cover 30 lakh acres by 2030 reaching out to close to 10,000 villages.

Yield and Resilience Quadrangle
89 villages of Andhra Pradesh, Telangana and Tamil nadu

Baseline 2021-22		Current Status	
LR LY 40	LR HY 18	LR LY 19	LR HY 28
HR LY 23	HR HY 6	HR LY 19	HR HY 21

H-High, L-Low, Y-Yield, R-Resilience

Impact of Zero Tillage on early maturity of Wheat in Uttar Pradesh – Not Ripe plot in control (L); Ready to Harvest wheat in Intervention plot (R)

Mission Sunehra Kal for Sustainable and Inclusive Growth | Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

Natural Resource Management

ITC works to conserve and replenish three natural resources critical for agriculture – **Water, Soil and Biodiversity for sustaining agricultural livelihoods and for environment protection.** The approach for each of these natural resources is detailed below:

Water stewardship for drought proofing agriculture and achieving unit positive status through supply and demand management initiatives;

Soil health improvement through various practices such as manure application, tank silt application, conservation agriculture, green manuring; and

Biodiversity conservation through **commons restoration and forest fringe development.**

Check Dam in Maharashtra

Water Stewardship

This programme champions water stewardship for all stakeholders in ITC's operational areas to promote water security through community-based participation in planning and execution and scientific water-balance assessments. The programme is closely aligned to Government's National Water Mission, Har Khet ko Pani, Atal Bhujal Yojana, and River Basin Management programmes which focus on providing access to irrigation to farmers, river rejuvenation and improving groundwater resources.

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

Water is a finite source and ITC realizes the fact that positive water balance can be achieved only when water demand is also optimized apart from supply augmentation through rainwater harvesting. ITC focussed on improving crop water use efficiency in agriculture, wherein the practices promoted reduced water and cultivation costs and at the same time improved the yields. Water efficient agri practices promoted by ITC have been adopted by farmers in close to **11.8 lakh acres** during the year across 15 crops such as paddy, wheat, soyabean, sugarcane, chilly, banana, coconut and vegetable crops. These practices have potentially saved around **780 million kl** during the year basis calculations done as per various studies.

In pursuit of these objectives, ITC also collaborates with reputed institutions and thematic expert organizations to improve water use efficiency in agriculture, map zones for managed aquifer recharge and for water balance estimation. ITC has partnered with ICAR institutions such as Tamil Nadu Agricultural University, Indian Institute of Rice Research, Indian Institute of Soyabean Research and Vasant Dada Sugar Institute. ITC has also partnered with international and other reputed agencies like IWMI, WWF India, ACWADAM, GEOVALE and others for the interventions mentioned above.

As part of supply side augmentation, in 2022-23, the Water Stewardship Programme covered over 1.36 lakh acres, of which over 61,900 acres is covered through catchment treatment and over 74,800 acres by providing access to irrigation, taking the total cumulative area to over **14.7 lakh acres** spread over 16 States. More than **3,100** water harvesting and ground water recharge structures have been constructed during the year, taking the cumulative net fresh water-harvesting potential to **48.9 million kl.** The work with community has also contributed towards ITC's Coimbatore and Maluru units **Alliance for Water Stewardship's (AWS) Platinum rating certification,** of which Maluru unit's certification was in the current year.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

Soil Health

ITC works for improving soil health through various initiatives that are specifically aimed at improving **Soil Organic Carbon** (SOC) percentage in soil. SOC is the bedrock for soil health as it improves soil structure and texture, promotes growth of microorganisms in soil, and increases nutrient intake by crops and water holding capacity of soil. This focus on SOC aligns with the principles of regenerative agriculture. The various initiatives by which soil health is improved are:

- Promoting organic supplement application in field – Tank silt, vermi compost, toilet manure and Green manuring. During the year, **7.89 lakh tons of tank silt** was applied in fields, and over **3,600 compost units** were promoted.

- Catchment treatment work done as part of Water Stewardship aids in controlling top soil run-off. **9.48 lakh acres** covered through catchment treatment till date of which over 61,900 acres was done during the year.

- No till / Zero tillage practices to add crop stubble back to soil helps in retaining soil moisture and reduces soil erosion. During the year, **6.6 lakh acres** of wheat was covered through zero tillage cultivation under MSK.

Biodiversity Conservation

In the agri catchments, ITC works for biodiversity conservation along with soil and water, as these three are essential natural capitals vital for sustainability of agriculture. As part of its biodiversity conservation efforts, ITC has focussed on the following:

- Biodiversity conservation in agri-supply chains to minimize the adverse impacts of agriculture on biodiversity;

- Community driven biodiversity conservation at the watershed level through landscape renewal and rehabilitation of degraded plots for mosaic restoration; and

- Revival of ecosystem services provided to agriculture by nature, which has witnessed considerable erosion in recent decades

As in case of all MSK programmes, for biodiversity conservation programme also, community ownership is a key for success. To ensure community's ownership, ITC works on creating awareness among communities on how biodiversity contributes to their livelihoods by providing eco-system services such as food, fodder & fuelwood, water conservation and hosting of beneficial predator birds (that feed on crop pests) and pollinators. Community institutions such as **Charagah Vikas Samitis (CVS), Banjar Bhoomi and Charagah Vikas Samitis (BBCVS), and Biodiversity Conservation Committees** are formed in villages with membership from small and marginal farmers, landless, shepherds, pastoral communities and SC & ST communities. These groups play a critical role in making the programme a success by overseeing and contributing for the work and most importantly, getting land released from encroachments.

During the year, ITC's community driven biodiversity efforts have conserved more than 1.56 lakh acres of area, taking the total till date to over 2.9 lakh acres.

For Water Stewardship and Biodiversity Conservation, ITC also has major partnerships with State Governments of Rajasthan, Maharashtra, Karnataka and Telangana and with NABARD in Andhra Pradesh.

Soil & Moisture conservation work in Biodiversity Conservation Plot to encourage tree growth

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

Community driven encroachment eviction for commons restoration

The major challenge in restoration of village commons is to get the lands cleared from encroachments. The community institutions facilitated by ITC successfully get land released from such encroachments and subsequently complete the soil and moisture conservation works and plantations.

Rajasthan and Andhra Pradesh (AP) are two important States under the ITC's biodiversity conservation programme. In Rajasthan, ITC has a formal partnership with the State Government, and in AP, it works closely with the Government to leverage resources. For community ownership in these two States, 3,820 community institutions are formed including reactivation of some defunct groups.

Two such community groups were formed during the year in Googor village (Baran district) of Rajasthan and Abbayapalem village (Palnadu district) of Andhra Pradesh. During the planning process, Googor village committee found that out of 52 acres village commons, 39.5 acres was under encroachment by 25 families for more than 10 years. As the group was convinced with the potential benefits from conservation work, they decided to get the land released for the larger good of the village by convincing, influencing key members of the society and through administrative processes like approaching the District Collector to take necessary action for freeing the land. As a result, the committee members could get entire 39.5 acres released and works worth ₹1.46 million were initiated during the year. This work will benefit 1,300 families of 5 villages by providing fodder, fuel and timber, apart from improving green cover and biodiversity.

Similarly, in Abbayapalem in Andhra Pradesh, the committee found 146 acres under encroachment by 16 families (in a 3,103 acres plot) and got it released by getting unanimous support and resolution by the Gram Panchayat. As a result, conservation work could be taken up in 123 acres worth ₹2.2 million which will benefit 1,080 families of 2 villages.

In a similar way, committees in 65 other villages could get encroachments released to a tune of **2,080 acres** in Rajasthan and AP during the year and took up biodiversity conservation work worth ₹60 million.

Demarcated Encroached Land in Abbayyapalem Andhra Pradesh

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

Livelihood Diversification

ITC focuses to improve farmer incomes and de-risk livelihoods from climate change through both on-farm and off-farm diversification. ITC works with households to promote:

- Social Forestry with tree plantation in fields through pulp, fruit or other multi-purpose species; and
- At least one livestock-based livelihood option outside fields – cow & buffalo, goat & sheep, poultry, fishery and piggery.

On-farm Livelihood Diversification: Social Forestry

Social Forestry: Pulp, Energy and Agarbatti Bamboo wood plantations are promoted at scale to help farmers realize the market opportunities available in their catchments and to meet their own wood requirements. These plantations are done with suitable species like eucalyptus, casuarina, subabul, melia dubia, silvery oak and bambusa tulda. Considering the interests of small farmers, plantations are through agro-forestry and bund plantation models, both of which enable cultivation of trees and crops together, thus ensuring incomes and also contributing to food & wood security for the nation. Till date, the Social Forestry programmes have greened **over 4.56 lakh acres** benefiting 1.76 lakh households, most of whom are small and tribal community farmers. ITC's **Farm and Social forestry programmes** have together greened over **10.4 lakh acres till date**. Farmers are also helped in getting their plantations certified under **Forest Stewardship Council Certification** (FSC) which ensures sustainable cultivation and also provides premium for the wood sold by farmers.

Energy Plantations for Additional Income and Cost Savings

ITC promotes large scale energy plantations in Andhra Pradesh & Karnataka to meet the requirement of farmers so that, on harvest, farmers get an additional income and also meet their own fuel requirements.

In Karnataka, plantations were initiated around 10 years back in Mysuru and Hassan districts with majority of plantation done with Melia dubia and Silver Oak species. These trees are generally harvested after 4 to 5 years and in 2022-23, 1,800 farmers harvested wood.

As per internal study of 127 farmers, on an average, each farmer sold around 14.56 tons (52%) of harvested wood in the market and consumed 13.18 tons wood for their own requirements. The increase in average net income of family was close to ₹0.1 million, with 54 % coming from wood sale, and rest from savings as they didn't purchase wood for post-harvest operations.

While there were significant gains for farmers, plantations also helped in creating employment in the area because of the demand for plant material (62.94 lakh saplings/year).

Till date, 0.73 Lakh Acre plantations have been done in Karnataka, creating potential for **24.09 lakh tons** of sustainable wood generation, thus reducing pressures on forests and other unsustainable wood sources.

Energy plantations on bunds

Aerial View of Energy Plantations in Mysuru

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon I - Strengthen Current Dominant Source(s) of Livelihoods

Other fruit and commercial tree plantations:
In all core catchments, ITC also encourages farmers to take up fruit tree or other commercial species plantations, either in part of their field or as an agro-horti model (both crops and trees cultivated together). During the year, over 1,700 acres of fruit tree plantations were promoted.

Off-farm Livelihood Diversification: Improved Animal Husbandry Practices

The **Integrated Animal Husbandry Programme** (IAHP) provides an opportunity for farmers to diversify their livelihood portfolio from primary dependence on agriculture to animal-based income source, which is more climate resilient compared to agriculture and is also a regular income source for households. It is closely aligned with Government's priorities like **National Livestock Mission** for improving farmer incomes from animal husbandry. IAHP aims at quantitative and qualitative improvement in livestock production systems and capacity building of all dependant households. The categories covered include major ruminants (cow & buffalo), minor ruminants (goat & sheep), poultry, piggery and fishery.

IAHP is implemented with two approaches:

- Promoting adoption of relevant best practices related to breed improvement, feed and fodder, housing and healthcare cum vaccinations. This is done by training the households in practices, providing technical support for adoption and linking with relevant Government schemes. During the year, over **79,400 households** were covered through various animal husbandry practices spread across the animal sectors mentioned above.
- Promoting self-employed village cadre such as Artificial Insemination technicians and **Pashu Sakhis** (cadre of women) who provide advisory and input services to households at their doorstep. Rural youth and women are provided structured training to be able to provide these services in the villages and demand is generated for their services by creating awareness among village households. Currently, 126 Artificial Insemination technicians and over 400 Pashu Sakhis are providing services which have benefited over **4.46 lakh animal owners** (cattle, goat & sheep) cumulatively.

Pashu Sakhi visiting Household with Goats in Madhya Pradesh

Institutional Support

Majority of Indian farmers fall in small and marginal category due to their smaller land holding which limits their capacity to invest and withstand crop failures. To address this risk, ITC works for enabling institutional support to farmers to help them in risk mitigation and cost reduction. ITC works to link farmers with major Government programmes and enables farmers to get enrolled in farmer institutions such as Agri Business Centres (ABCs) and Farmer Producer Organizations (FPOs).

- Agri Business Centres (ABCs) and Farmer Producer Organizations (FPO) are promoted to provide services such as agri-credit linkages, collective input procurement and taking agricultural equipment on hire. **1,150 FPOs and 916 Agri Business Centres** are providing services to more than 2.83 lakh members, and additionally, **6,087 Water User Groups and Social Forestry Committees are serving over 1.13 lakh members** for collective mobilization, apart from playing a key role in ensuring sustenance of the programmes
- Farmers are also linked to select Government schemes which helps them to cope up with credit, higher costs of cultivation and climate risks. During the year, **9.5 lakh linkages** to government schemes were facilitated in six identified schemes benefiting around **3.8 lakh farmers.**
- Soil Health Card for rationalization of fertilizer use
- PM KISAN for supplementary income to farmers
- Institutional credit from Kisan Credit Card (KCC) and Cooperative Societies for timely loans and avoiding exploitation from money lenders
- Crop insurance for overcoming crop damage from extreme weather episodes
- Sale of produce through e-NAM market channels
- PM Kisan Pension scheme for a safe future.

Leveraging Govt. Schemes – Farmer Beneficiary in Rajasthan

Farmer Producer Organizations helping farmers

Farmer Producer Organizations (FPOs) are collectives of farmers incorporated under Companies Act 2013 in the catchment areas of ITC's Agri Business Division (ABD). These FPOs are promoted by ITC to strengthen the farming community through collectivization of their resources and efforts for their own benefit. The initiative is in line with Government of India's vision of promoting 10,000 Farmer Producer Organization (FPOs) for the benefit of small and marginal farmers which constitutes around 86% of the total cultivars in the country.

So far, ITC is engaged with around **1,150 FPOs** by helping farmers form new Farmer Collectives and/or strengthening existing ones. These Farmer Collectives/ FPOs have membership of around **2.65 lakh farmers** and are spread across 9 States. Comprehensive programme for supporting these FPOs has been rolled out under **ITCMAARS** platform. The FPOs are supported for increasing their access to area specific crop advisory through physical and digital medium, access to farm inputs (seeds, fertilizers, crop protection chemicals), access to formal credit through linkages with formal financial institutions (banks) and market linkages for the key crops. Dedicated mobile application for FPOs has been rolled out linking farmers from catchment areas digitally and providing multiple services across advisory, inputs, credit and output market linkages.

During the last two years (FY 2021-22 & 2022-23), these Farmer Collectives/FPOs have:

- Provided crop advisory support across 22 crop value chains through ITCMAARS covering 3,684 articles & videos, 177 field trainings, 5,491 soil testing and 1,348 frontline demonstrations
- Facilitated farm inputs such as seeds, fertilizers and agro chemicals worth around ₹95 million to catchment farmers
- For the purpose of carrying out business transactions, FPOs availed formal credit from banks of around ₹99.2 million at group level and additionally helped catchment farmers to avail individual credit of around ₹66.8 million predominantly through Kisan Credit Card
- Provided market linkages to catchment farmers by aggregating and trading around 1.02 lakh MT of farm produce worth ₹2,600 million.

Mission Sunehra Kal for Sustainable and Inclusive Growth

HORIZON II

Creating Capabilities for Tomorrow

Activity based learning at Anganwadi Centre in Andhra Pradesh

Support to School

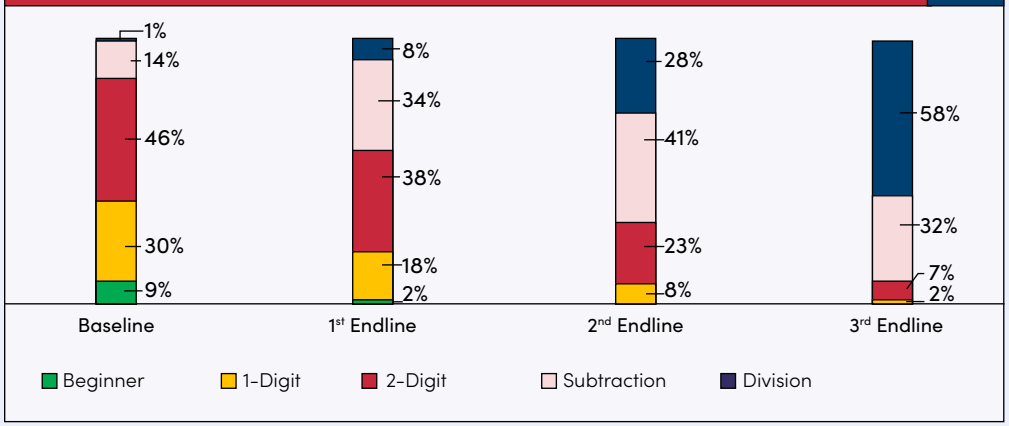
This programme closely aligned to Government's **'Samagra Shiksha Abhiyan' and 'National Education Policy 2020',** is designed to provide children from weaker sections access to education with focus on learning outcomes and retention. The interventions focus on universal access and retention, bridging of gender and social category gaps in elementary education and improving the quality of learning.

Operational in 32 districts of 12 States, the **Support to Education** programme covered over **2.5 lakh children** in FY 2022-23. As part of this, the **Read India Programme** aims to provide quality education and improve learning levels of children. The programme focuses on bridging the gap in learning levels among children studying in same standard. To ensure the same, children are categorized into groups based on the assessment of their learning levels irrespective of the standard in which they are enrolled. Thereafter, activity-based learning pedagogy is adopted to improve their learning levels to be at par with that of their peers (Chart 1). Additionally, **Mothers' groups** were formed and were trained on **activity-based learning** to reinforce the outcomes. These Mothers' groups helped children at their homes in retaining the learning levels and bridging learning gaps. During the year over 3,400 Mothers' group were formed under the Read India Programme.

During the year, over 14,400 government school teachers and Anganwadi Sevikas were also trained on **child-friendly pedagogy** under Support to Education programme, which helped achieve scale and will also enable sustenance of the programme.

Furthermore, **125 Supplementary Learning Centres (SLCs)** were operational during the year for mainstreaming of out of school children. **Over 2,000 children** were mainstreamed during the year into regular education system (refer box ahead for detailed information on SLCs).

Chart 1: Learning Levels in children in primary education (Sample of 5,941)



Mainstreaming of out of school Children for ensuring foundational education

Socio economically poor communities in Saharanpur and Haridwar witness multifold problems that result in their children dropping out of school. There is also a large number of poor, especially migrant population, in these districts that comes in search of jobs. Many of them are illiterate and earn a living by working in factories and labour intensive micro industries like wood craft. Education becomes low priority for them and many of these families either engage their children in petty jobs to increase their household income or leave the elder child, especially girls, at home to take care of younger siblings as both the parents have to go for work. Consequently, children belonging to age group of **6-14 years** are amongst the most vulnerable lot and tend to drop out of school.

ITC has been running its Supplementary Learning Programme targeting such out of school children, initially with 40 Supplementary Learning Centres (SLC) in Saharanpur and 10 in Haridwar. During the year, 125 SLCs were operational across both locations.

Supplementary Learning Centres are planned based on household surveys and **Participatory Rural Appraisal** that helps in identifying specific reasons for children to be out of school and also decide the location where the Centre can be opened.

Subsequently, an instructor is identified from the same area who along with the Programme Supervisor, counsels and influences the parents to send their drop out or out of school children to the SLC. Instructors are trained thoroughly on pedagogy of activity-based learning and provided handholding support from subject experts. Each Centre catering to about 40 children is equipped with teaching and learning material including stationery for children.

Structured baseline and end line of each child attending the SLC is done to determine learning levels. Special support is also provided to slow learners. Continuous assessment of child learning is performed and updated on a monthly basis to track progress. As involvement of parents is very critical in this programme, monthly home visits are done in addition to the monthly meeting with parents at the Centre. Purpose of this is to appraise parents on their child's progress, and for motivating and counselling them to enroll them in neighboring schools post the programme. **Mothers play a critical role in the entire process** and provide the required psychological support to the children.

After the learning levels have advanced from beginner to upper level, they are mainstreamed in age appropriate classes in government schools in nearby localities.

After mainstreaming also, visits to schools and interaction with school teachers is done to ensure that the child feels comfortable.

The programme has mainstreamed more than **5,200 students till date**; of which 2,000 were mainstreamed in 2022-23 itself. Of those mainstreamed in initial years, over **200 children have now already reached secondary & higher secondary level**.

Education is a basic requirement for human development. With education, employment opportunities get broadened impacting livelihood in future. Supplementary Learning Programme thus aims to secure future livelihood of such vulnerable children in ITC catchments.

Children at SLC in Saharanpur

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon II - Creating Capabilities for Tomorrow

Infrastructure Support and Maintenance: Improvement in infrastructure at identified government primary schools/ anganwadis is an important feature of the Support to Education programme with the aim of creating an attractive and enabling learning environment through **'child friendly schools'**. Over 380 primary schools/ anganwadis were provided with infrastructure support in FY 2022-23, taking the cumulative number till date to more than **3,300 schools and anganwadis**.

The programme also strengthened over **781 School Management Committees (SMCs)** to enable participation, ownership and involvement in sustaining maintenance of school infrastructure being provided by ITC. In several schools, contributions for operations and maintenance of infrastructure/ sanitation facilities, creation of soap banks, capacity building of school heads, teachers and child cabinet members have also been initiated. In addition, over **680 Child Cabinets and Water & Sanitation (WATSAN) Committees** were also strengthened in all project locations to drive cleanliness and hygienic practices in the schools.

During the year, 16 schools supported by ITC's programme won Swachh Vidyalaya Award 5-star rating. One school from Bhadradri Kothagudem won State-level award.

Child Cabinet Members in a School at Andhra Pradesh

Skilling of Youth

The programme focuses on providing market relevant skills to make potential job seekers industry-ready and employable. The programme is closely aligned to the **'Pradhan Mantri Kaushal Vikas Yojana (PMKVY)',** which aims to enable youth take up industry-relevant skill training to help secure better livelihoods.

The programme is being implemented around ITC's factories and agribusiness catchments in 33 districts of 17 States and has trained **1 lakh** youth cumulatively. In FY 2022-23, 34% of the youth enrolled were from the SC/ST communities and **46% were female students.** The programme offered courses in 8 skills with the most sought-after courses being electrical, computer skills and bedside assistance. Candidates are helped in getting jobs in market after completion of the training. Such earnings are not only helping youth to have better livelihood, but is also enhancing their self-esteem and allowing them to contribute to the well-being of their family.

During the year, skilling of persons with disabilities, locomotor and hearing impairment, was piloted in Bengaluru, Karnataka. Two batches with 53% women were started in trades of life skills, computer and English language.

General Duty Assistant Trainees at a centre in Madhya Pradesh

Empowerment through Skilling Initiative

Ms. Swetha (Name changed), aged 26 years, hails from a small suburb in North Chennai. Due to poor financial condition of her family, she was not able to pursue education beyond 12th Standard and also got married at an early age of 18 years. However, her marriage did not last long. For last 3 years, she was living with her parents along with her daughter aged 7 years. Her father is a fisherman and mother a daily wage labourer. With family income of just ₹5,000/- per month, they were finding it difficult to manage their daily expenses. Worried about her and her growing child's future, Swetha was under deep stress. She was perceived as a liability on her father by the society. She desperately wanted to pursue a job to educate her daughter properly and sustain herself, but could not get it due to lack of any professional education and skill set required in the job market.

Through a mobilization camp organized in her locality, she came in touch with ITC Mission Sunehra Kal and enrolled herself in the Retail & Sales Associate course in 2022. Determined to get a job, she got a placement in Chennai as a Data Entry Operator with a monthly salary of ₹10,000/- and other perks like communication expense, life insurance and travel allowance, which has now provided financial and social security to her.

Because of a steady income, she has now admitted her daughter in a private school. She is able to spend around ₹30,000/- per annum on her education. She also spent around ₹60,000/- to renovate her parental house and is now leading a dignified life in the society as people's perception regarding her changed from "liability for her father to an earning member of the family". Apart from investing in her child's education and house renovation, she also has planned to save for her daughter's higher education.

"I was in deep depression and had never thought that I could have dignity in my life. The skill training proved me wrong and I am now able to live proudly in my society along with my parents. I want to forget my past nightmare and want to provide quality education to my daughter and the same has been possible only because of skill training program of ITC. I will advise all youth like me to enroll in the program for a Better Future."
– Ms. Swetha (name changed)

Public Health

Sanitation & Waste Management

Access to Sanitation – Household and Community

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

ITC has promoted construction of toilets on a cost sharing basis, coupled with high impact awareness campaigns, to ensure enhanced levels of ownership and behavioural change. During the year, around 200 Individual Household Toilets were constructed. To cover poor households without land for toilets, 35 community toilets were also constructed in FY 2022-23 with operations & management being managed by the community itself through funds generated by them. Cumulatively, **157 community toilets** and over **39,600 household toilets** have been constructed till March, 2023.

Community Toilet in West Bengal

Waste Management

The Company's waste recycling programme, **'WOW - Wellbeing Out of Waste'**, enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Delhi, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about **64,000 MT from over 1,270 wards.** The programme has covered over **2.2 crore citizens in over 55 lakh households, 57 lakh school children** and around 2,100 corporates since its inception. It has promoted sustainable livelihood for over **17,750 waste collectors** by facilitating an effective collection system in collaboration with Municipal Corporations. The intervention has also created over **150 social entrepreneurs** who are involved in maximizing value capture from dry waste collected.

Decentralized Solid Waste Management (SWM): The primary focus of this programme is on source segregation and minimizing waste to landfill. The programme is operational in 10 States. During the year, focus was on ensuring impactful execution of the amplification partnerships in towns, villages and temples.

The programme covered over **25 lakh households & establishments** and handled over **2.6 lakh MT** of waste during the year. Focus on decentralized community owned waste management continued with the formation of household clusters and encouraging home composting to push waste management closer to the generator so as to minimize environmental impact and associated costs. The number of Mohalla Committees paying to the waste collectors has been sustained over the years, and in some locations, the local Government is paying the waste collectors directly. Currently, over 5 lakh households are engaged in home composting and 82.5% of the over 25 lakh households reached so far are now practicing source segregation and who were not doing so earlier.

Source Segregated Waste Collection in Mysuru

As a result of the programme, over 87% of waste has been avoided from going to the landfills through home composting, cluster composting and recycling. The waste collectors also benefit from the sale of recyclables which is an additional income apart from the monthly amount paid to them by Mohalla Committees from the user fee collected.

₹110 million was collected during the year by the Mohalla Committees and Gram Panchayats as revenue from household levy, sale of compost and recyclables, which went towards meeting part of the administration and overhead costs in running the decentralized solid waste management programme by them.

During the year, Nagar Palika Parishad, Shivalik Nagar, in Haridwar where ITC works on waste management, was awarded second prize by the Uttarakhand State government for decentralized waste management.

Women SHGs led Waste Management in Rural Mysuru

Mysore district spanning across 1,170 villages from 256 Gram Panchayats generates around 84 MT of solid waste per day in rural areas, of which about 30% is dry waste and 70% is wet waste. Though solid waste generated in rural areas is predominantly organic and biodegradable, it was becoming a major problem due to lack of adequate segregation and proper management in a financially viable manner.

ITC Mission Sunehra Kal collaborated with Zilla Panchayat Mysuru in February 2019 for a period of 3 years as a **Public Private Community Partnership** (PPCP) programme to help Gram Panchayats (GPs) in initiating **Decentralized Solid Waste Management** (DSWM) with the objective of **managing waste at source** and **'minimizing waste dumping'**. ITC designed high impact **Information, Education and Communication** (IEC) activities and trainings to drive **Social Behaviour Change among** GP officials, elected Panchayat Representatives and Self-Help Groups on various aspects of planning, implementation and managing Solid Waste in a decentralized approach.

The programme has been rolled out in 188 of the 256 Gram Panchayats (GPs) in the District. ITC supported GPs to implement **Low cost waste management**. GPs are facilitated to implement waste management by utilizing existing old buildings in the villages or through low cost temporary sheds for dry waste processing & storage. This helped GPs **save over 65% of the infrastructure cost** (around ₹1.13 million savings /GP) compared to the earlier high cost infrastructure model. About 146 GPs (78%) have now adopted the low cost model.

However, monitoring of daily waste collection, transportation, processing and treatment was becoming a big challenge for GPs due to lack of manpower required to do these operations. To overcome this, ITC and Zilla Panchayat **trained SHGs of State Rural Livelihood Mission on waste management at Gram Panchayat Level, and facilitated agreement between SHGs and GPs in accordance with SWM by-laws of the State.** Bilikere Gram Panchayat of Hunsur taluk, Mysuru District that was promoted as a Hub to demonstrate best practices under the collaborative programme, became the first GP to sign an agreement with SHGs for managing solid waste. It has since paved the way for other Gram Panchayats in the district to adopt the model. Since then, 120 GPs in the district have signed agreements with SRLM SHGs for managing solid waste in their Gram Panchayats.

Since women from SHGs are well recognized by the community, sensitization of villagers on waste management has becomes easier with their involvement. They have started acting as change makers in motivating households to segregate waste at source and adopt home composting methods like Pipe composting and Thippe composting for managing wet waste. ITC and Zilla Panchayat has helped SHGs and Gram Panchayats to link with waste recyclers for managing dry waste. Training and handholding support was also provided to the SHGs on waste data recording and project monitoring.

In these GPs, 93% households are segregating waste at source. By reviving traditional composting method like "Thippe", 52% households are managing their wet waste through home composting. Recyclable waste is further segregated into various categories and sold to recyclers. SHG involvement has helped not only in decentralized waste management, but also in reduction of recurring/operating costs of waste management by 30%. The cost is reduced mainly due to improved work efficiencies of these SHGs & reduction in O&M expenditure. GPs are currently paying service fee to SHGs for waste management. It is aimed that in future, SHGs should also earn income from recycling waste.

Home visit for Awareness Generation on SWM by SHG Members

The Green Temple initiative is a closed loop waste management model involving processing of waste generated in places of worship to provide biogas to the temple kitchen and compost for its gardens. During the year, the intervention expanded to over 950 places. In Tamil Nadu, the programme is implemented in collaboration with Endowments Department, Govt. of Tamil Nadu.

Also, during the year, ITC has collaborated with **Department of Drinking Water and Sanitation** (DDWS), Government of India, and **India Sanitation Coalition** (ISC), FICCI to develop 36 Gram Panchayats (GPs) across 10 States as Lighthouses, demonstrating best practices in sanitation and waste management, which will be adopted by other GPs, gradually. Partnership is part of the DDWS's plan of creating 75 lighthouse Gram Panchayats across India.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon II - Creating Capabilities for Tomorrow

Health & Nutrition

Mother & Child Health and Nutrition

The objective of the programme is to improve maternal health, reduce malnutrition and promote healthy community. The intervention aligned to the **'Saksham Anganwadi and Poshan 2.0',** addresses the challenges of malnutrition in children, adolescent girls, pregnant women and lactating mothers.

Over **5.6 lakh beneficiaries** were covered under Mother and Child Health initiative, through more than 2,100 awareness camps to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increasing access to basic services on maternal, child, & adolescent health, nutrition and child protection.

In select catchments of Kamrup and Darrang districts in Assam, the intervention specifically targeted strengthening of home-based counselling of families with malnourished children by the Anganwadi workers. Focus was given for improving exclusive breast-feeding practices for children of 0-6 months of age, complementary feeding for children above 6 months of age and awareness using a mobile based application developed by ITC. This resulted in significant reduction in underweight children and increase in institutional deliveries in project locations of Kamrup and Darrang districts as compared to NFHS-5 data (2019-21) for these districts. Seeing the impact of the programme, **Social Welfare Department of Assam** has done a partnership with ITC, wherein, ITC will help in capacity building of Government staff to undertake these activities. The partnership with the objective of reducing malnutrition covers 8 districts including 7 aspirational districts of the State.

Anganwadi Worker doing Home visit in West Bengal

ITC's Swasthya Choupal initiative continued to enhance awareness on various health related issues through a network of 430 women **Village Health Champions (VHCs)** who reached out to nearly **1.16 lakh women and adolescent girls** during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. The VHCs conducted group meetings, school activities and door-to-door visits in the villages focusing on aspects like sanitation, **menstrual and personal hygiene,** family planning, diarrhoea prevention and nutrition, apart from providing access to related products and thus also having a supplementary income.

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon II - Creating Capabilities for Tomorrow

Mobile Medical Unit serving rural population at door-step

Healthcare

ITC Swaasth Kiran, a new integrated healthcare programme was initiated in the districts of Saharanpur (Uttar Pradesh) and Munger (Bihar). This intervention aims to improve health status of community by providing affordable access to primary health care services at the doorstep of rural communities with support from and in close coordination with Health Departments of respective districts. Apart from primary curative health services, this intervention also encompasses preventive healthcare by driving behaviour change through awareness creation.

8 Mobile Medical Units (MMU), 4 each in Saharanpur & Munger, were operational during the year. Each MMU is manned by a team comprising of a MBBS qualified Doctor, a Nurse, a Pharmacist and a Community Mobilizer. These MMUs, equipped with medicines and basic medical equipment for screening of diseases, provide free medical consultation and medicines to the community at their doorstep. During the year, more than 57,000 individual engagements were made with community members across 690 villages, 56% of whom were women. 6,900 diagnostic tests were also conducted and 5,600 referrals made to higher level hospitals. The programme will be further strengthened in the coming years by including additional interventions.

Additionally, ITC provided support to the national campaign to eradicate Tuberculosis - **Pradhan Mantri TB Mukt Bharat Abhiyaan** by the Ministry of Health & Family Welfare. Under the intervention, ITC provided nutritional food kits to identified Tuberculosis patients in Saharanpur, Munger and Delhi for a period of six months.

Doorstep Delivery of Healthcare Services

Kamla Devi (name changed) from a village in Saharanpur is an old landless woman belonging to the Below Poverty Line (BPL) category. She has four sons and four daughters. Two of her sons work as daily wage labourers and total monthly income of the household is only around ₹15,000/-.

Kamla Devi suffers from hypertension and diabetes and recently developed respiratory issues as well. She also suffers from osteoarthritis. With multiple ailments at her age, she required constant medication and frequent hospital visits. She has been visiting the nearest Community Health Centre (CHC) at Sadhauli Qadeem block every month for medical check-up and medicines, which is around 15 kms away. To add to her woes, the public transport connectivity between her village and the CHC is also not very good and requires her to change two buses to reach the CHC. Moreover, she spends around ₹100/- to ₹150/- on commute alone for every visit to the health centre.

Struggling to get basic healthcare, Kamla Devi expressed her delight with the relief that she has received after the Mobile Medical Unit under ITC Swaasth Kiran intervention started visiting her village. The van equipped with all necessary resources including doctor, nurse, medicines, etc. visits the village once a month and provides doctor consultation, diagnostic tests and medicines free of cost, thus taking care of healthcare needs of Kamla Devi. This not only reduces the cost incurred on travel, but also helps villagers like Kamla in avoiding income loss incurred by losing a day's work in commuting to health centres. Moreover, regular visits of MMUs in the villages spread awareness among community members on preventive healthcare. MMUs have brought quality and reliable healthcare accessible to the community, benefitting the poor and underprivileged.

"Doctor comes to our village in the MMU. We get consultation as well as free medicines from the MMU. Not just me, but the entire village is benefitted from the MMU".

Kamla Devi (name changed)

Mission Sunehra Kal for Sustainable and Inclusive Growth

Horizon II - Creating Capabilities for Tomorrow

Women Empowerment

This initiative is designed to provide a range of gainful entrepreneurial opportunities to poor women and supported with financial assistance by way of loans and grants. Strong market linkages are attempted to ensure long term sustainability. This initiative is closely aligned to **'National Rural Livelihoods Missions'** of the Government, which aims to support women to diversify their livelihoods, improve their incomes and quality of life.

Ultra-Poor Women: The programme has been operational in 3 districts of Madhya Pradesh, Telangana and Uttar Pradesh during the year and has cumulatively impacted more than **32,600 women.** These are the Ultra Poor women, shouldering responsibility of heading the family, and are benefitted through a structured programme as depicted below (Figure 21) and thus helping them to move out of abject poverty.

3 districts
of Madhya Pradesh, Telangana and Uttar Pradesh

32,600
women impacted (cumulative)

Targeting Hard-core Poor Women Programme

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Mainstreaming the Ultra-poor Women

Mrs. Shanthi (name changed), a 40+ year old woman comes from a Below Poverty Line family residing in one of the villages of Bhadradri Kothagudem district (an Aspirational District). Her family consists of 6 persons including herself, her father, mother, two sisters and a brother. Her father was the only wage earner for the family and his earning was only around ₹3,000/- per month. Her family condition did not allow her to pursue education and was compelled to start working at an early age of 14 to support her family. Shanthi got married at the age of 18 to a daily wage labourer who turned out to be alcoholic and abusive. After 11 years of pain and agony, Shanthi's father decided to pull her out of the marriage.

Shanthi was a mother to two girls and was pregnant at the time of separation from her husband and soon gave birth to a boy. She decided to not be a burden on her family and started working as a housemaid, which helped her earn ₹1,600/- per month. Shanthi started living separately near her father's house, but was struggling to support her and her children's basic needs (food and education) with her meagre earnings which remained stagnant due to less opportunities in the area. Learning from her life, Shanthi was quite determined to educate her children, but forced by the circumstances, her daughters could not continue their education.

In 2021, Shanthi was identified as a potential participant in the ITC's 'Targeting Hardcore Poor' woman programme (THP), which works for upliftment of ultra-poor women who are heading a household with monthly income of less than ₹2,500/- and have no able-bodied earning adult male member in the family. She was enrolled in the two-year programme, wherein she was provided with training, social linkages, assets, and handholding support to run an enterprise. As part of the two-year programme, she was provided with training and knowledge on various dimensions of managing a micro-enterprise along with consumption support of ₹1,400/- @ ₹200/- per day for 7 days to compensate for income loss when she attended trainings.

Post training, she was provided support of ₹11,500/- to start her enterprise of selling vegetables on a push cart. Shanthi started earning ₹3,500/- per month by selling vegetables in morning and evening. She was encouraged to have a full-time shop for selling vegetables to increase her income. Shanthi, soon managed to save for a full-time shop and her earnings increased to ₹6,000/- per month. Soon after, she further expanded her venture to sell fruits as well. Now her average monthly income is around ₹10,000/-. Net asset value of her shop is around ₹78,000/- and she has bank savings of ₹21,000/-. Shanthi graduated from the programme in March 2023.

Her eldest daughter, who is 18+, is helping her in her business now. Other children have resumed education, with the second daughter pursuing higher education in a Government Degree College and son resuming his studies in school. The programme has resulted in overall upliftment in the socio-economic status of the family, as they now have access to healthcare, bank accounts, sanitation, social security schemes, Self-help Groups, etc.

Self-Help Groups (SHGs): 1,500 SHGs were newly formed in FY 2022-23. The existing and new SHGs together **leveraged ₹7 million** from banks during the year.

Financial Inclusion: Post the signing of the MoU with **Madhya Pradesh State Rural Livelihood Mission (MPSRLM)** in 2017-18 for financial literacy and inclusion of SHG women members, the programme has reached out to over **213,800 SHGs and more than 20.7 lakh women members** in 52 districts till date. Over 16 lakh women from those trained have also been provided access to bank accounts and linked to various Government social security schemes and have started saving money. More than **2,400 Yojana Sakhis** have been trained so far to provide door-step services to rural community in awareness generation and linking women to social security schemes. This helps the Sakhis as they get an additional monthly income of more than ₹2,500/-.

Financial Literacy Training of Super Trainers in Madhya Pradesh

Way Forward

As discussed in SIP's approach section, ITC's CSR programmes follow a bottom-up approach and keep community needs and priorities at the centre while also focussing upon organizational and national priorities. Programme priorities are defined by three key drivers with certain level of overlaps and alignment in needs and priorities of each of the identified stakeholders.

Organizational Priorities and strategic pillars including those aligned to Sustainability 2.0

National Priorities; and

Community Priorities identified through **Core Area Perspective Plan (CAPP) 2.0 study** and other surveys and engagements

The convergence of the needs and priorities of the stakeholders will continue to be the basis to further strengthen ITC's Two Horizon approach and make it more holistic and comprehensive, with special focus on vulnerable and underprivileged sections of society including women.

During FY 2022-23, a household survey was undertaken covering over 26,000 households in 14 States to assess the gaps against planned outcomes and, accordingly develop future action plans. Periodical household surveys and other assessments will continue to scan emerging needs and guide the progress as well as direction of the programmes.

The programmes will focus on amplifying the outcomes through synergistic effect by convergence of benefits received by a household under multiple interventions, thus creating model habitations.

Awards and Recognition

received by ITC's Social Investment Programme in FY 2022-23

ITC won the 16th Edition of CII – National Awards for Excellence in Water Management under the category 'Beyond the Fence' for its Ghod River Basin Project.

ITC won FICCI CSR Award for its 'Ghod River Basin Project' under the category 'Environment Sustainability' for Private Sector Companies with turnover of ₹3,001 crores per annum and above.

ITC's initiatives in Water Stewardship Programme received recognition under the Category – 'Protect and Restore Community Water Structures' at Water Sustainability Awards by TERI in collaboration with UNDP and the International Water Association (IWA).

ITC's Case Study focusing on Women Empowerment through Financial Literacy was published in a Compendium of best practices titled "Creating Value through Partnerships" by Confederation of Indian Industry. Compendium was launched during the CII CSR National Summit held in January 2023.

ITC's three case studies focusing on successful models of Solid Waste Management were published in a Compendium on Business of Change series, titled 'Models of Success in Solid Waste Management and Greywater Management in Urban and Rural India' by India Sanitation Coalition. The compendium was launched during the sixth edition of ISC-FICCI Sanitation Awards and the India Sanitation Conclave held in December 2022.

CII Water Awards

Creating Enduring Institutions

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), established in 1977, is an embodiment of ITC's sustained commitment to a priceless **national heritage.** This commitment towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of **preserving and propagating Hindustani classical music** based on the age-old principle of **'Guru-Shishya Parampara'**. The eminent Gurus of the Academy impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy include Padma Bhushan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha, Shri Omkar Dadarkar and Shri Brajeswar Mukherjee. The Academy's focus continues to be on nurturing exceptionally gifted students selected from across the country through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. Creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

CII–ITC Centre of Excellence for Sustainable Development

The 'CII–ITC Centre of Excellence for Sustainable Development', established by ITC in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on promoting sustainable business practices amongst Indian enterprises. An Advisory Council, which includes members from the industry, civil society and institutions, headed by ITC's Chairman provides strategic direction to the Centre. The Centre focuses on policy advocacy, training & advisory and executive education programmes across key intervention areas encompassing Climate Action, Circular Economy, Biodiversity & Nature and Resilient Business & Society. Its flagship industry alliances include the CII Climate Action Charter, India Plastics Pact, India Business & Biodiversity Initiative, Business for Human Rights, and Cleaner Air – Better Life. Over the years, the Centre has developed marquee offerings for supporting the sustainability transformation of Indian industry. These include CII-ITC Sustainability Award, Annual Sustainability Summit, Climate Action Programme (CAP2.0), ESG Intelligence and Analytics and Sustainable Value Chain Programme (Eco Edge).

For more details, refer 'Promoting Thought Leadership in Sustainability' section of 'Report of the Board of Directors & Management Discussion and Analysis' forming part of 'ITC Report and Accounts, 2023'

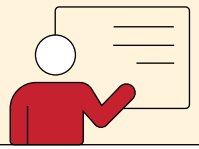
Annexures

Aligned SDGs	SIP Themes	Key Indicators to which MSK works contribute
SDG 1	Climate Smart Agri, Livestock & Women	**1.2**: Reduce poverty | **1.3**: Social Protection Systems for all | **1.4**: Equal rights to economic resources to vulnerable | **1.5**: Build resilience of poor and vulnerable
SDG 2	Climate Smart Agri, Livestock & Women	**2.2**: End all forms of malnutrition | **2.3**: Agricultural productivity & incomes | **2.4**: Sustainable & resilient agri
SDG 3	Public Health: Sanitation and Health & Nutrition	**3.1**: Reduce maternal mortality | **3.2**: End new-born/neonatal & under-5 mortality | **3.3**: End epidemics & communicable diseases | **3.4**: Reduce premature mortality | **3.7**: Access to sexual & reproductive health-care
SDG 4	Support to Education & Skilling of Youth	**4.1**: Quality education & learning outcomes | **4.2**: Quality early childhood | **4.3**: Quality vocational education | **4.4**: Vocational skills & jobs | **4.5**: Education & vocational training for vulnerable | **4.a**: Gender sensitive education
SDG 5	Women Empowerment	5.5: Women leadership opportunities | **5.a**: Women rights to ownership | **5.b**: Technology for women empowerment | **5.c**: Sound policies for equality and empowerment
SDG 6	Water Stewardship, Sanitation, School WASH (PE)	**6.1**: Safe drinking water | **6.2**: Access to sanitation and hygiene | **6.4**: Water-use efficiency | **6.5**: Water resources management | **6.6**: Protect water-related ecosystems | **6.a & 6.b**: Capacity building & community participation
SDG 8	Skilling of Youth and Women Empowerment	**8.3**: Job creation | **8.5**: Employment & decent work for all | **8.6**: Reduce youth unemployment
SDG 9	Climate Smart Agriculture, Women Empowerment, Support to Education and Sanitation	**9.1**: Affordable and equitable access for all to resilient infrastructure for economic development and human well-being | **9.3**: Access of small-scale industrial and other enterprises to financial services and their integration into value chains and markets
SDG 10	Women Empowerment, Support to Education, Skilling of Youth	**10.1**: Income growth of the bottom 40 per cent of the population at a rate higher than the national average | **10.2**: Empower and promote the social economic and political inclusion of all | **10.3**: Ensure equal opportunity and reduce inequalities of outcome
SDG 11	Public Health: Sanitation	**11.6**: Air quality & waste management
SDG 12	Natural Resource Management - Soil, Water & Biodiversity; Waste Management	**12.2**: Achieve the sustainable management and efficient use of natural resources | **12.5**: Substantially reduce waste generation through prevention, reduction, recycling and reuse | **12.6**: Adopt sustainable practices and to integrate sustainability information into their reporting cycle
SDG 13	All Horizon - I themes	**13.1**: Resilience & adaption to climate-hazards | **13.2**: Policies, strategies, and plans | **13.3**: Climate Change education
SDG 14	Waste Management	**14.1**: Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
SDG 15	Social Forestry, Water Stewardship, Biodiversity Conservation and Climate Smart Agriculture	**15.1**: Sustainable ecosystems | **15.2**: Restore degraded forests & afforestation | **15.3**: Combat desertification | **15.9**: Ecosystem & biodiversity planning
SDG 16	Social Forestry, Water Stewardship, Climate Smart Agriculture, Support to Education, Women Empowerment, Health & Nutrition	**16.6**: Develop effective, accountable and transparent institutions at all levels | **16.7**: Ensure responsive, inclusive, participatory and representative decision-making at all levels | **16.9**: Provide legal identity for all, including birth registration
SDG 17	Water Stewardship, Biodiversity Conservation, Climate Smart Agriculture, Support to Education, Public Health: Sanitation and Health & Nutrition, Women Empowerment	**17.16**: Enhance global partnership for sustainable development, complemented by multi-stakeholder partnerships to support the achievement of the sustainable development goals | **17.7**: Encourage and promote effective public, public-private and civil society partnerships

Contribution to UN SDGs

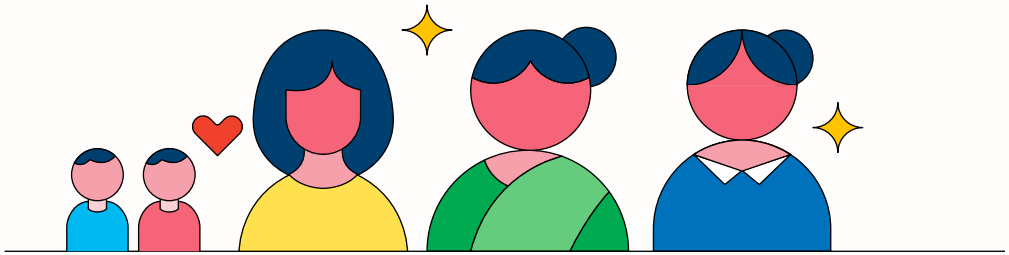
The company's triple bottom line philosophy is deeply embedded into its Corporate Strategy thus enabling innovative business models which create economic, environmental and social capital and contribute favourably to United Nation's Sustainable Development Goals (UN SDGs). ITC's Sustainability 2.0 ambitions and priorities are aligned to UN SDGs Targets, and a mapping of the Sustainability 2.0 priorities and contribution of major related interventions to the UN SDGs targets is given below.

SDG	SDG Target	Select Interventions by ITC
1 NO POVERTY	**1.2**: Reduce poverty **1.3**: Social protection systems for all	ITC's 'Triple Bottomline' approach has enabled support for sustainable livelihoods for 6 million people till date and has a target to support 10 million sustainable livelihoods by 2030. The Two Horizon approach focusses on social and economic empowerment of the vulnerable especially those residing in rural areas, or urban areas with inadequate infrastructure, that includes small / marginal farmers, women and girls, children & youth. The interventions provide protection from poverty, diseases, unhealthy environment and climate change. *Refer 'Mission Sunehra Kal for Sustainable & Inclusive Growth' section of this report*.
	1.4: Equal rights to economic resources to vulnerable	The Women Economic Empowerment Programme has benefitted around 1.2 lakh women including 32,600 Ultra-Poor Women till date and has a target of enhancing the support for 1.5 lakh women by 2030. Additionally, 20.7 lakh women have been covered under financial literacy interventions resulting in enhanced linkages to savings, insurance, social security and credit.
	1.5: Build resilience of poor and vulnerable	The Sustainable Agriculture intervention covering over 23 lakh acres, and Farm & Social Forestry programmes covering over 10 lakh acres till date have enabled higher returns to farmers and also diversification of farm portfolios of small / marginal farmers and rural households.
2 ZERO HUNGER	**2.2**: End all forms of malnutrition	ITC's Mother and Child Health initiative is aligned to the **'Saksham Anganwadi and Poshan 2.0'** programme and addresses the challenges of malnutrition in children, adolescent girls, pregnant women and lactating mothers. ITC Foods Business' Four Pillar Model with its core purpose of "Help India Eat better" is centred on 1) Value-added Product Portfolio, 2) Sustainable Food Ecosystem, 3) Healthy Communities and 4) Employee and Consumer Awareness.
	2.3: Agricultural productivity & incomes	ITC's 'Baareh Mahine Hariyali' intervention has enabled multiplication of farm incomes with benefits rendered to over 200,000 farmers till date and over 35,000 farmers reporting doubling of their incomes, with a target to cover 1 million farmers progressively. ITCMAARS provides assorted agricultural and allied services to farmers on the digital platform. From supply of seeds and fertilizers and services like soil testing to weather forecast and marketing. It has been launched in 9 States with over 5 lakh farmers empowered through 1,100+ FPOs.
	2.4: Sustainable food production system and resilient agriculture	The Climate Smart Agriculture interventions spread over 23 lakh acres have benefitted over 7.4 lakh farmers. The Climate Smart Village programme is targeting to cover 30 lakh acres by 2030. These interventions have resulted in significant increase in farmer returns.
3 GOOD HEALTH AND WELL-BEING	**3.1**: Reduce the global maternal mortality **3.2**: End preventable deaths of new-borns and children under 5 years of age **3.4**: Reduce premature mortality	The 'Mother and Child Health' (MCH) initiatives aimed at improving the health-nutrition status of women, adolescents and children has benefitted over 5.6 lakh beneficiaries. 8 Mobile Medical Units (MMU), 4 each in Saharanpur & Munger were operational during the year. More than 57,000 individual engagements were made with community members across 690 villages during the year.
	3.7: Ensure universal access to sexual and reproductive health-care services	ITC's 'Swasthya Choupal Initative', for creating awareness on sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition, and providing access to related products has had an outreach to nearly 1.16 lakh women and adolescent girls during FY 2022-23 through 430 women Village Health Champions (VHCs).
4 QUALITY EDUCATION	**4.1**: Quality education & learning outcomes **4.2**: Quality early education	The Primary Education Programme has enabled improvement in Learning Outcomes for over 11 lakh children till date. Operational in 32 districts of 12 States, the Support to Education programme covered over 2.5 lakh children in FY 2022-23. As part of this, the Read India Programme aims to provide quality education and improve learning levels of children. During the year, over 14,400 government school teachers and Anganwadi Sevikas were also trained on child-friendly pedagogy under Support to Education programme. 125 Supplementary Learning Centres (SLCs) were operational during the year for mainstreaming of out of school children. Over 2,000 children were mainstreamed during the year taking cumulative total to over 10,000 children mainstreamed into regular education system.



Contribution to UN SDGs

SDG	SDG Target	Select Interventions by ITC
	4.3: Quality vocational education **4.4**: Vocational skills & jobs **4.5**: Education & vocational training for vulnerable	The vocational programme has trained over 1 lakh youth on market-relevant skills till date with a target of covering 2.25 lakh youths by 2030. Training is provided in skills that are in demand in the market, and includes practical training to enhance employability. During enrolment, the focus is on girls and youth from the socially challenged sections of the society. In FY 2022-23, 34% of the youth enrolled were from the SC/ST communities and 46% were female students.
	4.7 Knowledge and skills to promote Sustainable Development	Training to employees on various sustainable development aspects including sustainability, health and safety. **In FY 2022-23, there were 11 lac hours of formal (behavioural and technical) training provided to employees across the Company.**
	4.8: Gender sensitive education	*Refer SDG Target 5.1 & 5.5*
5 GENDER EQUALITY	**5.1** End of discrimination against women	ICMLs of Pudukottai and Medak having women representation at 79% and 97 % of the on-roll labour force respectively. ITC's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions. Gender-sensitization and inclusive hiring workshops for managers across the organisation. Women focused - Wellness Programmes
	5.5: Equal opportunities for leadership **5a**: Women's right to ownership **5b**: Technology for women empowerment	Women-focused Leadership Development Programmes. ITC's interventions that focus on access to information and products related to finances, livelihood interventions, and access to physical resources like water and livestock. Use of digital tools in areas like education, financial literacy and maternal / child health which help women not only as beneficiaries but also as influencers.

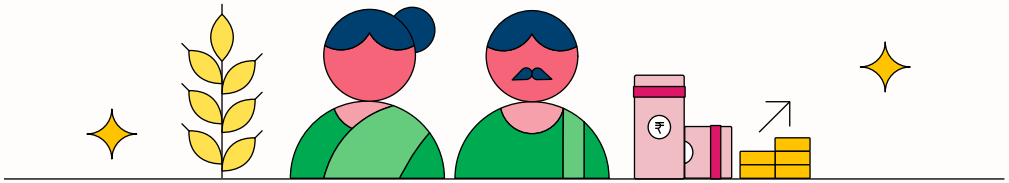


SDG	SDG Target	Select Interventions by ITC
6 CLEAN WATER AND SANITATION	**6.1**: Safe drinking water **6.2**: Access to sanitation and hygiene	Creating facilities and infrastructure for improving access to safe drinking water. Cumulatively, 157 community toilets and over 39,600 household toilets have been constructed till March, 2023, benefitting over 1.15 lakh people.
	6.3: Reducing pollution, treatment, recycling and safe reuse **6.4**: Increase water-use efficiency across all sectors	ITC Businesses target 40% reduction in Specific Water Intake by 2030. The ITC's Paper Mill at Kovai is Second facility in the world and the first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification in 2019-20. In FY 2022-23, ITC's Foods unit at Malur became the first foods processing facility in Asia to be awarded the AWS Platinum level certification. The target is to have AWS certification of 8 sites by 2023-24 and all high-risk sites by 2035-36. The Demand Side Management of water in Agriculture has benefitted farmers across 11.8 lakh acres till date, resulting in an estimated potential savings of 780 million kl of water in a year with a target of 2,000 million kl of water savings (annually) by 2030.
	6.5: Integrated Water Resource Management	The Integrated Watershed Development Project is spread across 45 Districts of 16 States in India. Over 14.7 lakh acres covered and over 28,300 water harvesting structures have been created, resulting in 48.9 million kl of rainwater harvesting (RWH) potential till date. The target is to create 50,000 water harvesting structures over 22 lakh acres, resulting in an RWH potential of 60 million kl by 2030
	6.a & 6.b: Capacity building & community participation	Strengthening grassroots level water governance through creation of over 4,290 water-user groups with more than 69,600 members till date. Similar such institutions have been created in other interventions also.
7 AFFORDABLE AND CLEAN ENERGY	**7.2**: Share of renewable energy	43% of total energy consumption from renewable sources in FY 2022-23 with target of 50% by 2030. 47% of electricity requirements sourced from renewable sources in FY 2022-23 with target of 100% by 2030. 12 ITC units met more than 90% of their electrical energy requirements from renewable sources in FY2022-23.
	7.3: Improvement in energy efficiency	Efficiency Improvement across ITC Businesses with a target of 50% reduction in Specific GHG Emissions, and 30% reduction in Specific Energy Consumption by 2030.

Contribution to UN SDGs

SDG	SDG Target	Select Interventions by ITC
8 DECENT WORK AND ECONOMIC GROWTH	**8.2**: Achieve higher levels of economic productivity **8.3**: Job creation **8.5**: Full and productive employment for all	ITC's vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy – agriculture, manufacturing and services. • For FY 2022-23, Gross Revenue at ₹694.81 billion increased by 17.6%, while EBITDA increased by 26.5% to ₹239.44 billion. • Profit Before Tax and Exceptional items at ₹246.78 billion grew by 24.4% over previous year and Profit After Tax stood at ₹187.53 billion (previous year ₹150.58 billion). • Total Comprehensive Income for the year stood at ₹187.83 billion (previous year ₹156.32 billion). • Earnings Per Share for the year stood at ₹15.15 (previous year ₹12.22). Apart from creation of employment opportunities through core operations, ITC's interventions also provide livelihood / supplementary income opportunities including for women in rural India.
	8.6: Reduce youth unemployment	ITC, with its diversified presence across all three sectors of the economy – Agriculture, Manufacturing and Services, and a pan-India operational footprint of 200+ Manufacturing Locations and 113 Hotels, creates both direct and indirect employment opportunities for youth of the Country. In FY 2022-23, ITC employed 37,736 full-time employees, of which 2005 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 26,908 service provider employees were also engaged with ITC. *Refer SDG Target 4.3, 4.4 & 4.5*
	8.7: Measures to reduce child labour, forced labour	ITC's Board-approved Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, and Code of Conduct for Suppliers and Service Providers.
	8.8: Protect labour rights and safe work environment	Policies and practices in place to ensure enforcement of labour rights across the value chain: Board-approved Code of Conduct, Policy on Freedom of Association, Policy on Diversity, Equity and Inclusion, Policy on Environment, Health and Safety, and Code of Conduct for Suppliers and Service Providers. Comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'. EHS standards, that are benchmarked against international best practices across sectors in which ITC operates, implemented across all Units. Best-in-class engineering standards for all investments to embed safety from design stage.
	8.9: Sustainable Tourism	ITC Hotels with its highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels anchored on 'Responsible Luxury' ethos.

SDG	SDG Target	Select Interventions by ITC
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.1**: Affordable and equitable access **9.2**: Inclusive and sustainable Industrialisation	ITC's interventions enable equitable access to natural resources like water, physical resources like toilets, school infrastructure, financial resources like loans / credits and knowledge on agriculture, education, and health. 200+ manufacturing locations across India. 10 State-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) across India, with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality.
	9.3: Increase access of small-scale enterprises, integrate into value chains	ITC's diverse portfolio of products is anchored on inclusive agri and forestry value chains with nearly 97% of raw materials being agri/forestry based, sourced from farmers.
	9.4: Adoption of clean and environmentally sound technologies	Large scale investments in energy conservation and renewable energy projects along with exploring innovative technologies in line with ITC's 2030 Sustainability 2.0 Goals. Pioneer in the green building movement, with 40 buildings having received Platinum certification by USGBC/IGBC. Capacity augmentation of offsite solar power plant at Tamil Nadu from 14.9 MW to 17.9MW.
	9.5: Enhance scientific research and encourage innovation	State-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru, with over 400 highly qualified scientists and over 800 patents filed till date. R&D expenditure in last five years of ₹806 crores during FY 2022-23
10 REDUCED INEQUALITIES	**10.1**: Income growth of the bottom 40 per cent of the population **10.2**: Empower and promote the social, economic and political inclusion of all	*Refer SDG Target 1.2, 1.4, 2.3, 2.4, 4.1, 4.2, 4.3, 4.4 & 4.5* *Refer SDG 1.3*



Contribution to UN SDGs

SDG	SDG Target	Select Interventions by ITC
	10.3: Ensure equal opportunity	As part of its commitment to enhancing diversity, ITC places particular emphasis on representation and inclusion of women and the differently-abled persons through concerted actions. This includes initiatives and efforts to enhance representation of women in the selection pool, collaborating with external partners to recruit differently abled persons, and where feasible, encouraging their deployment with business associates across the value chain. For instance, ITC is amongst the leading employers in the hospitality industry on gender diversity and an employer of People with Disabilities. *Refer SDG Target 5.1 & 5.5*
11 SUSTAINABLE CITIES AND COMMUNITIES	**11.4**: Protect and safeguard the world's cultural and natural heritage	The ITC Sangeet Research Academy, established in 1977, is committed to preserving and propagating Hindustani classical music, a priceless national heritage.
	11.6: Reduce the adverse environmental impact of cities	ITC's Solid Waste Management Programmes have covered around 8 million households till date, instilling behavioural change through door-to-door awareness campaigns for ensuring segregation of waste at source. • Well-Being Out of Waste' (WOW) programme: covering 2.2 crore citizens, 64,000 MT dry recyclable waste collected from 1,270 wards during FY 2022-23. • Mission Sunehra Kal's Solid Waste Management programme, spread across 18 districts in 10 States, focussing on waste segregation at source, collected over 2.6 lakh MT waste during FY 2022-23 and thus reduced waste going to landfill.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.2:** Sustainable management and efficient use of natural resources	ITC's 'Triple Bottom Line' Philosophy, and abiding strategy of 'Responsible Competitiveness' that focuses on extreme competitiveness in a manner that replenishes the environment and supports sustainable livelihoods. Board-approved Policy on Resource Efficiency, and Policy on Product Responsibility. *Refer Targets under SDG 2, 6, 7, 9 & 13*
	12.3: Lowering food waste and loss	ITC's investments in Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs), strategically located in close proximity to agri-procurement catchments, help reduce agri wastages.
	12.4: Environmentally sound management throughout lifecycle	Leveraging Life Cycle Assessments (LCA) of products and services since 2010 for identifying areas for improvement across the value chain. *Refer 'Product Sustainability' section of this report*
	12.5: Reduce waste generation	99% total solid waste generated in ITC units is either reused or recycled.
	12.6: Sustainability Reporting	Commitment to Transparent Sustainability Disclosures with 19 years of Sustainability Reporting (since 2004) in line with International and National Frameworks. Additionally, ITC voluntarily responds to CDP Climate Change and Water Security Questionnaires, and also participates in the S&P Global Corporate Sustainability Assessment (CSA).
	12.8: Information and awareness on Sustainable Development and lifestyles	Creating purpose-led brand experiences for consumers: • Savlon Swasth India Mission's various campaigns on health and hygiene • ITC's Mission Millets is a millet-based product portfolio under its flagship brands of Aashirvaad Natures Super Foods (Ragi flour, multi millet flour), Sunfeast Farmlite Super Millets cookies amongst other products under the value-added innovation portfolio. In addition a dedicated Millet microsite will host authored articles, blogs, videos and recipes that give credible information on benefits and use of Millets will be developed. • ITC Foods Division ensures availability of online nutritional information for all its packs on various platforms like ITCstore, Brand websites or E-commerce stores
13 CLIMATE ACTION	**13.1**: Strengthen resilience and adaptive capacity	Building farmer capabilities on targeted climate smart technologies through over 8,200 Farmer Field Schools (FFS) covering 2.78 lakh student farmers during FY 2022-23. ITC's Climate Smart Village interventions reached out to over 4,800 villages in 11 States covering over 10 lakh acres till date aimed at creating climate resilient villages with a target to cover 30 lakh acres by 2030.
	13.2: Climate change measures in strategy and planning	Comprehensive climate change risk and vulnerability assessments using climate models across key physical assets and agri value chains.
	13.3: Improve awareness, institutional capacity on climate change	In addition to various other interventions including recognition of sustainability exemplars in the Indian industry, nearly 1,200 participants covered through 36 capacity building programmes on various aspects of sustainable development including climate change by CII–ITC Centre of Excellence for Sustainable Development in FY 2022-23.

Contribution to UN SDGs

SDG	SDG Target	Select Interventions by ITC
14 LIFE BELOW WATER	**14.1**: Prevent and reduce marine pollution	Diverting plastic waste from entering water bodies through sustainable collection and management of post-consumer plastic waste. ITC retained its status of being plastic neutral in FY 2022-23. During the year, ITC, through its various partners, has collected and managed around 60,000MT of plastic waste during the year, with over 30% getting channelised for recycling, and remaining being sent for energy recovery.
	14.4: Regulate harvesting and end overfishing	Best Aquaculture Practices (BAP) Certified Operations for ITC's Agri SBU's Aqua (Prawns) Business.
15 LIFE ON LAND	**15.1**: Conservation of freshwater ecosystems	*Refer SDG Target 6.5*
	15.2: Sustainable management of forests	Sustainable Forest Management through ITC's Farm and Social Forestry programmes with greening of over 10 lakh acres till date.
	15.3: Restore degraded land and soil	Biodiversity conservation programme covering over 2.9 lakh acres till date with a target to cover 10 lakh acres by 2030.
	15.5: Halt the loss of biodiversity	ITC's Board-approved Policy on Biodiversity Conservation, and Policy on Deforestation. Deforestation-free Wood and Leaf Tobacco value chains.
	15.9: Ecosystem & biodiversity planning	In FY 2022-23, ITC's community driven biodiversity efforts have conserved more than **1.56 lakh acres** of area, taking the total till date to over **2.9 lakh acres**. Reviving and restoring pasture lands in Rajasthan in partnership with Wasteland Development Board initiated across 70,000 acres of village commons with target to cover 2.5 lakh acres in a phased manner. 'Sustainable Agriscape for Future' Project in Munger District (Bihar) with IUCN – During FY 2021-22, 164,000 native and commercial species planted, soil conservation tillage promoted in 5,350 acres on the Ganga river banks. 79,000 acres targeted to be covered under forest conservation planning in a phased manner to improve forest cover across Telangana and Maharashtra. Planning has been completed for over 14,100 acres, and planned activities completed in over 3,700 acres till date.

SDG	SDG Target	Select Interventions by ITC
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**16.5: Reduce corruption and bribery in all forms**	Commitment to highest standards of ethical conduct: Board-approved Code of Conduct for Directors, Senior Management and Employees, and Code of Conduct for Suppliers and Service Providers. ITC's Board-approved Policy on Tax to ensure compliance with the spirit as well as the letter of the tax laws and regulations across countries of operations.
	16.6: Develop effective, accountable and transparent institutions at all levels **16.7**: Ensure responsive, inclusive, participatory and representative decision-making at all levels	Focus on Participatory Development through Creation of Empowered Grassroots Institutions – 6,500+ Self Help Groups, 4,200+ Water User Groups, nearly 1,800 Forestry Groups, 781 School Management Committees, and over 900+ Agri-business Centres created till date. ITC's Board-approved Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities. ITC's Board-approved Policy on Stakeholder Engagement: Commitment to understand and address concerns of stakeholders including those who are disadvantaged, vulnerable and marginalised. CII–ITC Centre of Excellence for Sustainable Development for promoting sustainable business practices amongst Indian enterprises.
17 PARTNERSHIPS FOR THE GOALS	**17.3**: Mobilise financial resources	
	17.16: Global partnership for sustainable development **17.17**: Encourage and promote effective public, public-private and civil society partnerships	Partnerships with National and International organizations including CGIAR, IUCN, IWMI, WWF India, ACWADAM, CGIAR, CIMMYT and leading Agricultural Universities. Partnership with IIT Delhi to support research in STEM (Science, Technology, Engineering and Mathematics) areas. Public Private Partnerships (PPP) with Government Agencies to enable rapid scale-up of programmes - 86 MoUs (25 currently operational) till date. Implementation Partnerships under Social Investments Programme with 78 reputed NGOs for execution of 129 projects across India. Participatory Development through more than 15,400 Grassroots Institutions & Community Based Organisations created till date with over 4.8 lakh members.

GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
General disclosures				
2-1	Organizational details	About ITC	-	Yes
2-2	Entities included in the organization's sustainability reporting	About this Report	-	Yes
2-3	Reporting period, frequency and contact point	About this Report	-	Yes
2-4	Restatements of information	About this Report	-	Yes
2-5	External assurance	About this Report	-	Yes
2-6	Activities, value chain and other business relationships	About ITC	-	Yes
2-7	Employees	Workforce for Tomorrow	-	Yes
2-8	Workers who are not employees	Workforce for Tomorrow	-	Yes
2-9	Governance structure and composition	Governance	-	Yes
2-10	Nomination and selection of the highest governance body	Governance	-	Yes
2-11	Chair of the highest governance body	Governance	-	Yes
2-12	Role of the highest governance body in overseeing the management of impacts	Governance	-	Yes
2-13	Delegation of responsibility for managing impacts	Governance	-	Yes
2-14	Role of the highest governance body in sustainability reporting	Governance	-	Yes
2-15	Conflicts of interest	Governance	-	Yes
2-16	Communication of critical concerns	Governance	-	Yes
2-17	Collective knowledge of the highest governance body	Governance	-	Yes
2-18	Evaluation of the performance of the highest governance body	Governance	-	Yes
2-19	Remuneration policies	Governance https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf	-	-
2-20	Process to determine remuneration	Governance	-	-
2-21	Annual total compensation ratio	Governance	-	-
2-22	Statement on sustainable development strategy	Chairman's message	-	-
2-23	Policy commitments	Chairman's message	-	-
2-24	Embedding policy commitments	Chairman's message	-	-
2-25	Processes to remediate negative impacts	Report and Accounts 2023 -Business Responsibility Sustainability Reporting (BRSR)- Principle 4 Sustainable Supply Chain and Responsible Sourcing	-	-

GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
2-26	Mechanisms for seeking advice and raising concerns	Workforce for Tomorrow	-	Yes
2-27	Compliance with laws and regulations	Report and Accounts 2023- (BRSR) Principle 1	-	-
2-28	Membership associations	Report and Accounts 2023 - (BRSR) Principle 7	-	-
2-29	Approach to stakeholder engagement	Stakeholder Engagement	-	Yes
2-30	Collective bargaining agreements	Workforce of tomorrow Report and Accounts 2023- (BRSR) Principle 3	-	Yes
Material Topics				
3-1	Process to determine material topics	Material Issues	-	Yes
3-2	List of material topics	Material Issues	-	Yes
Economic				
Economic Performance				
3-3	Management of material topics	Creating sustained economic value	-	-
201-1	Direct economic value generated and distributed	Creating sustained economic value	-	-
201-2	Financial implications and other risks and opportunities due to climate change	Refer ITC's publicly available response to CDP Climate Change Questionnaire.	-	-
201-3	Defined benefit plan obligations and other retirement plans	Creating sustained economic value	-	-
201-4	Financial assistance received from government	Creating sustained economic value	-	-
Market Presence				
3-3	Management of material topics	Creating sustained economic value	-	-
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Report and Accounts 2023- (BRSR) Principle 5	-	-
202-2	Proportion of senior management hired from the local community	Governance	-	-
Indirect Economic Impacts				
3-3	Management of material topics	About ITC ITC's Approach to Value-creation ITC Businesses Creating sustained economic value	-	-
203-1	Infrastructure investments and services supported		-	-
203-2	Significant indirect economic impacts	Mission Sunehra Kal for Sustainable and Inclusive Growth	-	-
Procurement Practices				
3-3	Management of material topics	Sustainable Supply Chain and Responsible Sourcing	-	-
204-1	Proportion of spending on local suppliers	Report and Accounts 2023 –(BRSR) – Principle 8	-	-

GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
Anti-Corruption				
3-3	Management of material topics	Governance	-	-
205-1	Operations assessed for risks related to corruption	Governance	-	-
205-2	Communication and training about anti-corruption policies and procedures	Governance Report and Accounts 2023 –(BRSR) – Principle 1	-	-
205-3	Confirmed incidents of corruption and actions taken	Report and Accounts 2023 –(BRSR) – Principle 1	-	-
Anti-competitive Behavior				
3-3	Management of material topics	Governance Report and Accounts 2023 –(BRSR) – Principle 1, 7	-	-
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		-	-
Tax				
3-3	Management of material topics	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-1	Approach to tax	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-2	Tax governance, control, and risk management	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-3	Stakeholder engagement and management of concerns related to tax	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-
207-4	Country-by-country reporting	Report and Accounts 2023	-	-
Materials				
3-3	Management of material topics	Sustainable Supply Chain and Responsible Sourcing	-	Yes
301-1	Materials used by weight or volume		-	Yes
301-2	Recycled input materials used	Towards Circularity	-	-
301-3	Reclaimed products and their packaging materials		-	-
Energy				
3-3	Management of material topics	Climate Change	-	Yes
302-1	Energy consumption within the organization	Climate Change	-	Yes
302-2	Energy consumption outside of the organization	Climate Change	-	-
302-3	Energy intensity	Climate Change	-	Yes
302-4	Reduction of energy consumption	Climate Change	-	Yes

GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
302-5	Reductions in energy requirements of products and services	Climate Change	-	-
Water and Effluents				
3-3	Management of material topics	Water Security	-	Yes
303-1	Interactions with water as a shared resource	Water Security	-	-
303-2	Management of water discharge-related impacts	Water Security Chemical Safety Management	-	-
303-3	Water withdrawal	Water Security	-	Yes
303-4	Water discharge	Water Security	-	Yes
303-5	Water consumption	Water Security	-	Yes
Biodiversity				
3-3	Management of material topics	Biodiversity Management	-	-
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Management	-	-
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity Management	-	-
304-3	Habitats protected or restored	Biodiversity Management	-	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Management	-	-
Emissions				
3-3	Management of material topics	Climate Change	-	Yes
305-1	Direct (Scope 1) GHG emissions	Climate Change	-	Yes
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change	-	Yes
305-3	Other indirect (Scope 3) GHG emissions	Climate Change	-	Yes
305-4	GHG emissions intensity	Climate Change	-	-
305-5	Reduction of GHG emissions	Climate Change	-	-
305-6	Emissions of ozone-depleting substances (ODS)	Air Emissions Management	-	Yes
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Air Emissions Management	-	Yes
Waste				
3-3	Management of material topics	Towards Circularity	-	Yes
306-1	Waste generation and significant waste-related impacts	Towards Circularity	-	-

GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
306-2	Management of significant waste-related impacts	Towards Circularity	-	-
306-3	Waste generated	Towards Circularity	-	Yes
306-4	Waste diverted from disposal	Towards Circularity	-	Yes
306-5	Waste directed to disposal	Towards Circularity	-	Yes
Supplier Environmental Assessment				
3-3	Management of material topics	Sustainable Supply Chain and Responsible Sourcing	-	-
308-1	New suppliers that were screened using environmental criteria	Report and Accounts 2023 – (BRSR) Principle 6 Sustainable Supply Chain and Responsible Sourcing	-	-
308-2	Negative environmental impacts in the supply chain and actions taken	Report and Accounts 2023 – (BRSR) Principle 6 Sustainable Supply Chain and Responsible Sourcing	-	-
Social				
Employment				
3-3	Management of material topics	Workforce for Tomorrow	-	Yes
401-1	New employee hires and employee turnover	Workforce for Tomorrow	-	Yes
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce for Tomorrow	-	Yes
401-3	Parental leave	Workforce for Tomorrow	-	Yes
Labour/ Management Relations				
3-3	Management of material topics	Workforce for Tomorrow	-	-
402-1	Minimum notice periods regarding operational changes	Workforce for Tomorrow	-	-
Occupational Health and Safety				
3-3	Management of material topics	Occupational Health and Safety	-	Yes
403-1	Occupational health and safety management system	Occupational Health and Safety	-	-
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	-	-
403-3	Occupational health services	Occupational Health and Safety	-	-
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	-	-
403-5	Worker training on occupational health and safety	Occupational Health and Safety	-	-
403-6	Promotion of worker health	Occupational Health and Safety	-	-

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General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	-	-
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	-	-
403-9	Work-related injuries	Occupational Health and Safety	-	Yes
403-10	Work-related ill health	Occupational Health and Safety	-	-
Training and education				
3-3	Management of material topics	Workforce for Tomorrow	-	Yes
404-1	Average hours of training per year per employee	Workforce for Tomorrow	-	Yes
404-2	Programs for upgrading employee skills and transition assistance programs	Workforce for Tomorrow	-	-
404-3	Percentage of employees receiving regular performance and career development reviews	Workforce for Tomorrow	-	-
Diversity and Equal Opportunity				
3-3	Management of material topics	Workforce for Tomorrow	-	-
405-1	Diversity of governance bodies and employees	Governance Workforce for Tomorrow	-	-
405-2	Ratio of basic salary and remuneration of women to men	Report and Accounts 2023- (BRSR) – Principle 5	-	-
Non - Discrimination				
3-3	Management of material topics	Workforce for Tomorrow Report and Accounts 2023- (BRSR) – Principle 5	-	-
406-1	Incidents of discrimination and corrective actions taken	Workforce for Tomorrow Report and Accounts 2023- (BRSR) – Principle 5	-	-
Freedom of Association and Collective Bargaining				
3-3	Management of material topics	Workforce for Tomorrow	-	-
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Workforce for Tomorrow	-	-
Child Labour				
3-3	Management of material topics	Workforce for Tomorrow	-	-
408-1	Operations and suppliers at significant risk for incidents of child labor	Workforce for Tomorrow Report and Accounts 2023- (BRSR) – Principle 5	-	-

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General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
Forced or Compulsory Labour				
3-3	Management of material topics	Workforce of Tomorrow	-	-
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Workforce for Tomorrow Report and Accounts 2023- (BRSR) – Principle 5	-	-
Security practices				
410-1	Security personnel trained in human rights policies or procedures	Report and Accounts 2023- (BRSR) – Principle 5	-	-
Rights of indigenous people				
411-1	Incidents of violations involving rights of indigenous peoples	Not a material issue		-
Local Communities				
3-3	Management of material topics	Mission Sunehra Kal for Sustainable and Inclusive Growth	-	-
413-1	Operations with local community engagement, impact assessments, and development programs	Mission Sunehra Kal for Sustainable and Inclusive Growth	-	Yes
413-2	Operations with significant actual and potential negative impacts on local communities	Mission Sunehra Kal for Sustainable and Inclusive Growth	-	-
Supplier Social Assessment				
3-3	Management of material topics	Sustainable Supply Chain and Responsible Sourcing	-	-
414-1	New suppliers that were screened using social criteria	Report and Accounts 2023 – Principle 5	-	-
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain and Responsible Sourcing	-	-
Public Policy				
415-1	Political contributions	Report and Accounts 2023	-	-
Customer Health and Society				
3-3	Management of material topics	Product Sustainability	-	-
416-1	Assessment of the health and safety impacts of product and service categories	Product Sustainability	-	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Sustainability	-	-
Marketing and Labelling				
3-3	Management of material topics	Product Sustainability	-	Yes
417-1	Requirements for product and service information and labelling	Product Sustainability	-	Yes

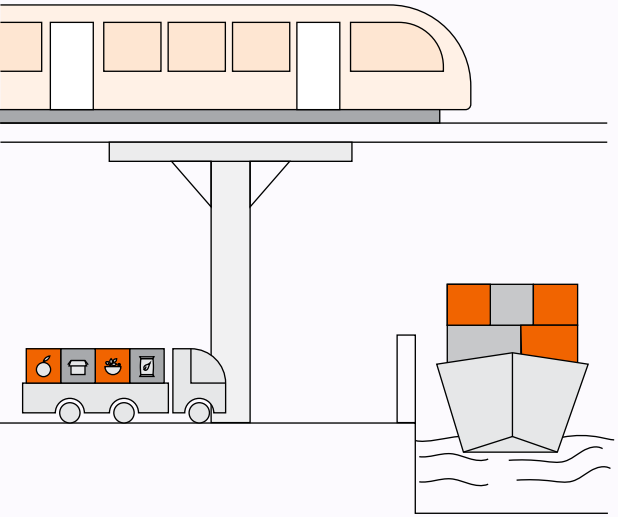
GRI Content Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance
GRI Standard	Disclosure			
417-2	Incidents of non-compliance concerning product and service information and labelling	Product Sustainability	-	Yes
417-3	Incidents of non-compliance concerning marketing communications	Product Sustainability	-	Yes
Customer Privacy				
3-3	Management of material topics	Product Sustainability	-	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Sustainability	-	-

Quantification Methodologies

Energy and GHG Emissions

To set organisational boundaries for consolidated GHG emissions, ITC has utilised the operational control approach for various entities covered under the Report. ITC's GHG emissions inventory is prepared based on the ISO 14064-1: 2018 Standard, and using 'GHG Protocol Corporate Accounting and Reporting Standard' as amended thereto and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' (including supplements to it) developed by the GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Global Warming Potential (GWP) used are sourced from the IPCC Fifth assessment report.



Stationary Combustion
Emission factors provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006 have been used to calculate GHG emissions from stationary combustion sources. Activity data (quantity of fuel consumed) is multiplied with the respective default energy factor or actual measured Net Calorific Value (NCV) to arrive at the energy consumption values, which is multiplied by the emission factor to quantify the direct emission from stationary combustion sources.

Purchased Energy
The quantification of indirect GHG emission due to purchased electricity is based on activity data (electricity consumption in kWh) multiplied by weighted average emission factors specified in the 'CO_2 Baseline Database for the Indian Power Sector User Guide', (version 18.0, December 2022) issued by Central Electricity Authority, Government of India. For market-based Scope 2 emissions, the emission factor of the contracted power plant is used (where applicable), and for location-based Scope 2 emissions, the emission factor of the grid is used for purchased electricity including purchased renewable electricity.

The quantification of indirect GHG emissions for purchased steam is based on activity data (energy consumption in GJ) multiplied by the relevant emission factor. The emission factor is sourced from the IPCC Guideline for National Greenhouse Gas Inventories of 2006 for the corresponding fuel.

Transportation
Sources for calculation of emission factors for different modes of transportation are as follows:

Road - India Specific Road Transport Emission Factors published by India GHG Programme.

Rail - India Specific Rail Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme12.

Air - India Specific Air Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme12.

Ship - Emission factor published by Department of Business, Energy & Industrial Strategy, UK.

Other Sources
The quantification of GHG emissions from other sources is based on a robust process of data collection at unit/Division level and methodologies/emission factors taken from recognised global sources such as IPCC, GHG Protocol and UNFCCC. The sources that have a minor contribution to ITC's overall GHG emissions are listed below:

- Process Emissions
- Emissions from company owned vehicles
- Emissions from employee commuting
- Emissions from vehicles used for guest pickup and drop at ITC Hotels
- Refrigerants released from the refrigerators, chillers and air conditioners
- SF6 release from power distribution system
- CO_2 release from fire protection system
- Emissions from gas cutting/ welding
- Methane released from wastewater treatment
- Emissions from composting of waste inside the unit premises
- Emissions from fertiliser application in forestry project
- Emissions from business air travel

Contribution of other sources of GHG emissions is less than 5% in ITC's total GHG emissions. These are measured once in three years (except for refrigerants which are monitored annually).

GHG Removals
GHG removals from plantations have been calculated based on the approved methodology used in ITC's UNFCCC registered CDM project '2241: Reforestation of severely degraded landmass in Khammam District of Andhra Pradesh, India under ITC Social Forestry Project.'

Certifications

Environment, Social and Occupational Health & Safety

ISO 14001: Environment Management System

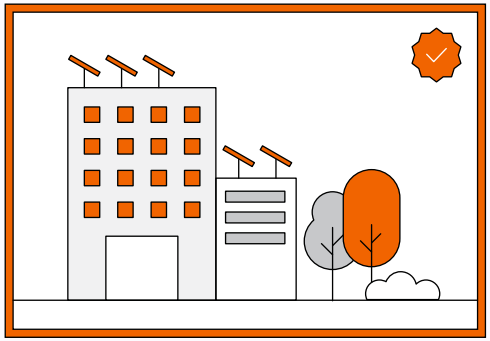
All ITC owned manufacturing Units (except Leaf threshing Unit at Anaparti and newly inducted factories from Sunrise foods & newly commissioned factory at Medak) »

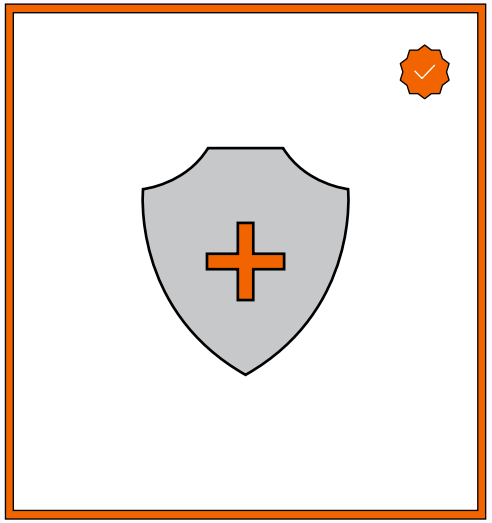
All ITC owned Hotels (except ITC Royal Bengal and ITC Narmada),

Offices: ITC Green Centre Gurugram, LSTC

Subsidiaries: Srinivasa Resorts Limited (ITC Kakatiya), Bay Island Hotels Limited (Welcomhotel Bay Island Port Blair), Surya Nepal Private Limited (SNPL) Units at Simra & Seratar and ATC Limited Unit at Hosur

Third Party Vendors: Welcomhotel Vadodara), HDC Hyderabad and RCTI Bhopal





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

All ITC owned manufacturing Units (except Leaf threshing Unit at Anaparti and newly inducted factories from Sunrise foods & newly commissioned factory at Medak),

Subsidiaries: North-East Nutrients Private Limited (NENPL) Unit at Mangaldai, SNPL Units at Simra & Seratar, and ATC Limited Unit at Hosur

Third Party Vendors: HDC Hyderabad and RCTI Bhopal.

SA 8000: Social Accountability »

Cigarettes factories at Munger and Packaging and Printing Units at Munger & Tiruvottiyur

Subsidiary: SNPL Unit at Simara

Product safety certification:

Guest safety

'Platinum certification' for 'WeAssure' Programme by Hotels Division »

All ITC Hotels are 'Platinum certification' for 'WeAssure' Programme under 'My Care Infection Risk Management Programme' from the Det Norske Veritas (DNV) group, Norway, one of the world's leading risk management service providers. ITC Hotels is the first Hotel chain in the world to receive such a recognition.

Food Safety:

FSSAI: Food Safety

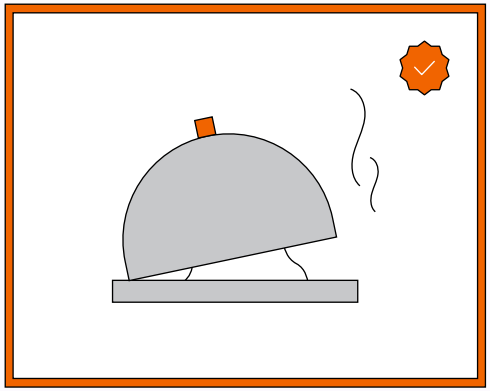
All ITC owned Foods Business Units Subsidiaries and third-party manufacturers are compliance to Food Safety Standards as per FSSAI.

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

All ITC owned Foods Business Units (except factory at Sankrail where certification is under progress) » All ITC Hotels (except recently commissioned ITC Royal Bengal, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneshwar, Welcomhotel Guntur and ITC Narmada Hotels where systems are under development),

Subsidiaries: Srinivasa Resorts Limited (ITC Kakatiya at Hyderabad) and Bay Island Limited (Welcomhotel Bay Island at Port Blair),

ITC Units at Bengaluru, Pune, Saharanpur, Packaging and Printing Units at Tiruvottiyur



Other product certifications:

BRCGS Certification as per BRC Global Standard for Packaging and Packaging Materials »

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

Forest Stewardship Council® »

Paperboards and Specialty Papers Units at Bhadrachalam, Tribeni, Kovai and Bollaram (FSC®-C064218 and FSC®-C102390) » Packaging and Printing Units at Tiruvottiyur and Haridwar

Certifications

Infrastructure (Buildings)

LEED® Platinum Rating by US Green Building Council/Platinum Rated Green Building by Indian Green Building Council

Hotels: » ITC Maurya, ITC Windsor, ITC Maratha, ITC Grand Central, ITC Mughal, ITC Sonar, ITC Kakatiya, ITC Rajputana, ITC Gardenia, ITC Grand Chola, ITC Grand Bharat, ITC Grand Goa, ITC Royal Bengal, ITC Kohenur, Welcomhotel Bengaluru, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar, Welcomhotel Guntur, Sheraton New Delhi and WelcomHotel Chennai and ITC Narmada

Other buildings: » ITC Green Centre at Bengaluru, ITC Sankhya Data Centre, ITC Green Centre Manesar, ITC Green Centre at Guntur, ITC Green Centre Gurugram, ITC Virginia House Kolkata, ITC Centre Kolkata and ITC Green Centre at Kolkata (Pre-certified)

Platinum Rated Green Factory Building by Indian Green Building Council (IGBC) »

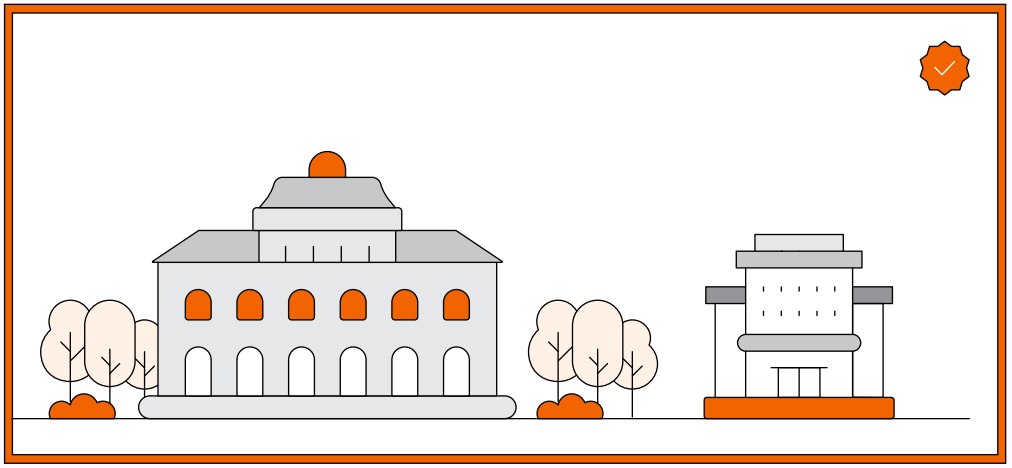
ITC Units at Saharanpur, Bengaluru, Munger, Pune, Kidderpore and Medak, and ATC Limited

LEED® Zero carbon »

ITC Windsor, ITC Gardenia, ITC Grand Chola, ITC Mughal, ITC Rajputana, ITC Grand Central, ITC Maratha, Sheraton New Delhi, WelcomHotel Chennai, WelcomHotel Bengaluru, WelcomHotel Coimbatore, WelcomHotel Guntur and Sankhya Data centre

LEED® Zero Water »

ITC Mughal and ITC Sonar



Catchment level water management

Alliance for Water Stewardship (AWS) Platinum-level certification »

Paperboards and Speciality Papers Unit at Kovai and Foods Unit at Malur

Sustainable Farming Certifications

Rainforest Alliance Certification:

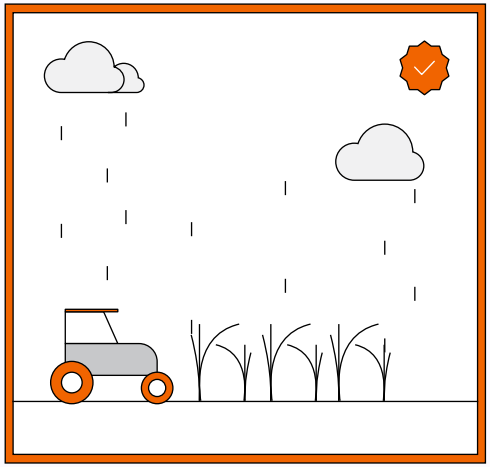
» In FY2022-23, around 2446 MT of coffee raw materials was certified under Rainforest Alliance sustainable standard.

Union for Ethical Bio Trade (UEBT) & Rainforest Alliance Joint Certification:

» In FY2022-23, ITC produced nearly 4,087 MT of raw materials under new UEBT & RA joint herbs & spices programme covering Chilli, Cumin, Celery and Turmeric crops.

Global G.A.P Certification:

In FY2022-23, close to 1,200 acres of Chilli, Turmeric and Seed Spices were certified under Global G.A.P. The Good Agriculture Practices (GAP) programme addresses environmental, economic and social sustainability for on-farm processes, and result in safe and quality farm produce.



Fairtrade Certification:

» Fairtrade certification endorses that the agri produce meet defined environmental, labour and developmental standards. In Fy2022-23, close to 353 acres of Mango area was covered under Fairtrade certification.

Certified Organic Production:

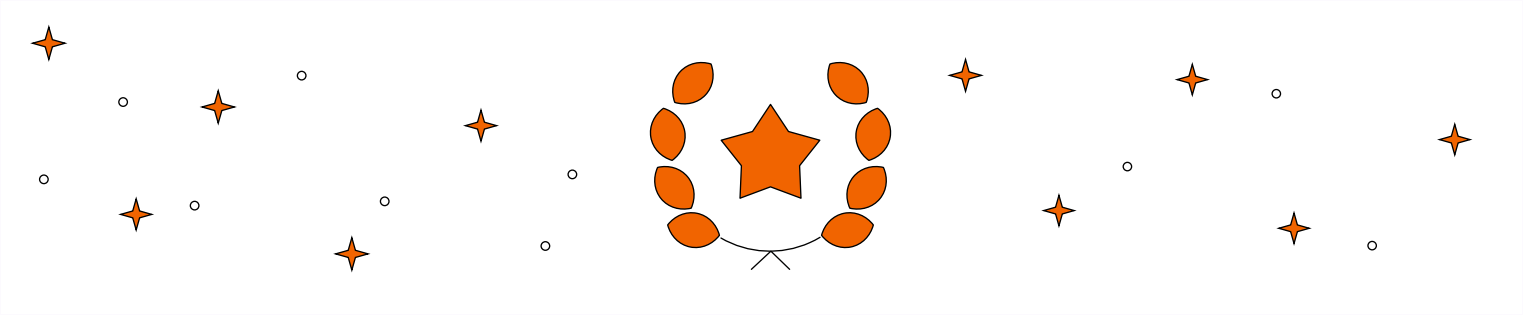
» In FY2022-23, close to 1155 acres of Mango and 2934 acres of Spices (Chilli, Turmeric Seed spices) area is certified under organic farming.

NPOP, NOP and EU certification standards:

» The processing and warehouse facilities in the processed fruits & spices business comply with NPOP, NOP and EU organic certification standards.

Awards and Recognitions

Major Awards and Certifications 2022-23



- **ITC Limited was conferred as the 'Company of the Year' Award at the Economic Times Bengal Corporate Awards**
  The Award was presented to Chairman Mr. Sanjiv Puri by Dr. Shashi Panja, Hon'ble Minister for Industries, Commerce & Enterprises and Department of Women and Child Development and Social Welfare, Government of West Bengal at a special ceremony held in Kolkata on March 3, 2023.
- For the second year in a row **ITC receives the highest CDP ratings of 'A-' for Climate change and Water Security for the Foods, Beverages and Tobacco sector in India – to be part of Ratings.**
- **ITC's Sankhya in Bengaluru becomes the World's First Data Centre to be LEED® Zero Carbon certified.** The facility has been awarded the certification by the US Green Building Council (USGBC), which recognizes net zero carbon emission from a building over a period of 12 months.
- ITC Limited has been adjudged Winner in the Listed Segment: Large Category at the 1st Edition of the 'BCC&I Corporate Governance Recognition' Awards organised by the Bengal Chamber of Commerce & Industry.
- **ITC wins 9 first prizes at the Public Relations Society of India (PRSI) National Awards 2022.**
- **ITC featured among the top 3 at the first ever LinkedIn Talent Awards** in the 'Best Employer Brand on LinkedIn' category.
- **ITC has been awarded the 'Astitva Samman' 2023** by the PHD Chamber Family Welfare Foundation for promoting women empowerment.
- ITC's Unit in Malur, Karnataka, became the 1st food factory in Asia to be awarded the prestigious **Alliance for Water Stewardship (AWS) Platinum-level certification** for its responsible water management interventions.
- 12 ITC Hotels became the first in the world to receive the LEED® Zero Carbon Certification.
- Two ITC Hotels also became the first in the world to achieve the LEED® Zero Water Certification.
- ITC's branded packaged food businesses won award for being the Marketing Team of the Year at the exchange4media Indian Marketing Awards.
- ITC's ICMF Mysuru was conferred with Gold medal for its consistent progress in improving sustainability factors associated to a manufacturing facility, in the 8th edition of India Green Manufacturing Challenge 2022 (IGMC) organized by International Research Institute of Manufacturing (IRIM).
- Two wins come in the categories 'Packaging Converter of the Year (Food & Beverages)' and 'Packaging Company of the Year - Folding Cartons (Volume)' in recognition of the innovative use of technology and brilliant aesthetics.
- ITC's Ranjangaon unit received 'Shrestha Suraksha Puraskar' from National Safety Council of India under Safety Awards-2022 (Manufacturing Sector).
- ITC won the Gold Award for 'Best Performance Marketing Campaign' by Maddies for B Natural e-Commerce campaign.
- ITC won the Gold Award in 'Innovation in e-Commerce' for Aashirvaad Svasti Ghee, Gold Award for 'Online Commerce Campaign for Customer Acquisition' for Sunbean Coffee by Campaign India's Digital Crest Awards.
- ITC's Aashirvaad Multigrain Atta's Happy Tummy Campaign was recognised as 'Innovative Integrated Media Campaign' from The Advertising Club's Abbys.
- ITC won the Gold Award for 'Best Performance Marketing Campaign' by Maddies for B Natural e-Commerce campaign.
- ITC won the Gold Award in 'Innovation in e-Commerce' for Aashirvaad Svasti Ghee, Gold Award for 'Online Commerce Campaign for Customer Acquisition' for Sunbean Coffee by Campaign India's Digital Crest Awards.

Awards and Recognitions

ITC won the PAC Global Award of Distinction 2023 under the 'Brand Marketing - Limited Edition' category for its legacy '75 Years of Glory' matches pack. The pack was launched to commemorate 75 years of India's freedom:

- **ITC's Paperboards and Specialty papers** division was judged winner at the Pulp & Paper International (PPI) Awards by Fastmarkets RISI, in the category of 'Internet of Things and Digitalization' at a ceremony in Lisbon, Portugal in March 2022.
- ITC's Paperboards Unit in Kovai was awarded GreenCo Platinum Plus rating by CII. Platinum plus is the highest rating in the Green Company Rating Process.
- ITC's Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at the '23rd National Awards' for 'Excellence in Energy Management' in the Pulp & Paper sector.
- ITC's Packaging Business was recognised as 'Packaging Company of the Year' at the Printweek Awards 2022. It also won three restigious World Packaging Organisation Awards for developing sustainable packaging solutions **ITC wins 19 top prizes for excellence in Packaging Design at the INDIA STAR Awards.** has also been honoured with a Special Recognition Award for Excellence in Packaging.
- ITC adjudged winner at the prestigious WorldStar Global Packaging Awards.
- **ITC's Kidderpore unit won the "Winner" of SHE Excellence Award 2021-22 at a "Regional" Level,** from CII- ER in Large Scale Manufacturing Sector category.
- **ITC's Bengaluru unit received the "Best Performing Wind Farm"** for FY 2021-22; Zone: III (Karnataka, Andhra Pradesh & Telangana) by Indian Wind Power Association (IWPA).
- ITC won the 'Responsible Manufacturer of the Year Award 2022 – Platinum Medallion' by Kaizen Hansei Institute, wing of Kaizen Institute of India.
- ITC's two projects from Kidderpore and Saharanpur units, were recognised as 'Winner' under 'Automation and Robotics' and 'Operational excellence leadership' categories respectively by Frost & Sullivan.
- ITC's Kidderpore unit received the 'Excellent Energy Efficient Unit Award' at the CII National Award for Excellence in Energy Management 2022.
- ITC's 21 MW wind farm in Karnataka also received 'Best Performing Wind Farm Award' in Karnataka, Andhra Pradesh & Telangana by Indian Wind Power Association for FY 2021-22 and 'Performance excellence award for Solar and Wind Plants – 2022' under the Wind Category from CII.
- ITC's Saharanpur unit won 'IGBC Excellence Award' under Factory Building category from CII.
- ITC Windsor Bengaluru has been inducted into the prestigious ACREX – Hall of Fame 2023 for Excellence in Energy Efficiency and Sustainability in HVAC&R.
- ITC Maurya was recently adjudged the winner of the prestigious NSCI Safety Award viz. Sarvashreshtha Suraksha Puraskar – For commitment to reduce workplace injuries, implement best occupational safety and health practices.
- ITC has been recognised as the winner in five distinct categories at the Travel+Leisure India's Best Awards 2022 for: Best Luxury Hotel Chain (Domestic) category, Best New Hotel (Domestic) category - ITC Narmada, Best Hotel for Weddings (Domestic) category - ITC Grand Goa, Best Hotel Loyalty Programme (Domestic) category - Club ITC, Best Tier Two Hotel (Domestic) category - Welcomhotel by ITC Hotels, Shimla.
- ITC was awarded 5 prestigious honours at the 6th BW (Businessworld) Hotelier Awards.
- ITC Narmada is the first luxury hotel in Gujarat to be awarded the LEED Platinum certification by U.S. Green Building Council.
- ITC is recognised as the best Luxury Hotel Chain for the 4th consecutive year at 'Travel + Leisure India's Best Awards 2022'.
- ITC's Engage 'Pocketful O'Stories 3.0' bagged 2 'Golds' for best use of social media for UGC (User Generated Content) in the 'ET Digi+ 2023 Awards' and in 'AFAQs Digies 2023 Awards'.
- ITC was recognised as the 'Logistics and Supply Chain Innovation Company of the Year' and 'Best Innovator in Data and Analytics' by ET Ascent.
- ITC received recognition for its excellence under the Food, Perishable, Beverages and FMCG category by the CII SCALE Awards, 2022.

Major Awards Over the years

ITC was awarded the First Prize in the 'Best Industry for CSR Activities' category by the Ministry of Jal Shakti, Government of India, at the 3rd National Water Awards 2020

ITC was conferred the 'CSR Excellence Award' in the Large category by the Institute of Company Secretaries of India (ICSI) at the 6th ICSI CSR Excellence Awards

Mr. Sanjiv Puri, Chairman & Managing Director, was conferred 'The IMPACT Person of the year, 2020' Award by exchange4media, a leading online news platform

Mr Sanjiv Puri, Chairman & Managing Director, was conferred an Honorary Doctorate by the XIM University, Bhubaneswar

Mr. Nakul Anand, Executive Director, was conferred the HICSA (Hotel Investment Conference – South Asia) Lifetime Achievement Award

Independent External Assurance

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Centre,
Tower 3, 27th-32nd Floor,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India

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Independent Assurance Report on Annual Greenhouse Gas inventory presented in the Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2023

To the Board of Directors of ITC Limited

Deloitte Haskins & Sells LLP was engaged by the Management of ITC Limited (the "Company") to provide independent reasonable assurance on its Annual Greenhouse Gas inventory (the "GHG inventory") for the year ended March 31, 2023 in accordance with the criteria stated below. The GHG inventory is presented in the Annual Sustainability Report for the year ended March 31, 2023 (the "Report").

1. Criteria

The criteria used by the Company to prepare the GHG report is summarized below:

ISO 14064-1:2018, Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (the "ISO 14064-1:2018 Standard") and using GHG Protocol Corporate Accounting and Reporting Standard' as amended thereto and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' (including supplements to it) developed by the GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

2. Responsibility of the Management:

The Company's management is responsible for the preparation of the Report, identification of Reporting Boundary as per paragraph 3 below, and the quantification and presentation of the GHG inventory therein in accordance with the Criteria mentioned in paragraph 1. The management is also responsible for design, implementation, and maintenance of adequate internal controls to facilitate collection, calculation, aggregation, and validation of data with respect to the GHG inventory included in the Report, that is free from material misstatement, whether due to fraud or error.

3. Reporting Boundary:

The reporting boundary for the purpose of the Report includes the ITC Head Office, Kolkata (West Bengal), and the following Divisional Headquarters ("DHQs") and location of operations:

A. FMCG- Cigarettes

1. INDIA TOBACCO DIVISION ("ITD")

Divisional Headquarters: Kolkata (West Bengal)
Units: Kolkata (West Bengal), Bengaluru (Karnataka), Munger (Bihar), Saharanpur (Uttar Pradesh) and Pune (Maharashtra)
Third party manufacturers: Four

Deloitte Haskins & Sells LLP

B. FMCG - Others

1. Branded Packaged Foods Businesses

Divisional Headquarters: Bengaluru (Karnataka)

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

* For these factories, data related to materials, energy and social indicators have been included in the report. Other parameters will be included in subsequent years.

2. Personal Care Products Business Division ("PCPBD")

Divisional Headquarters: Kolkata (West Bengal)
Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)

3. Education and Stationery Products Business ("ESPB")

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers of Notebooks: Eight

4. Incense Sticks (Agarbattis) and Safety Matches
Headquarters: Chennai (Tamil Nadu)

C. Hotels

Divisional Headquarters: ITC Green Centre, Gurugram (Haryana)
Hotels: ITC Maurya (New Delhi), ITC Maratha and ITC Grand Central (Mumbai), ITC Sonar and ITC Royal Bengal (Kolkata), ITC Mughal (Agra), ITC Grand Bharat (Gurugram), ITC Windsor and ITC Gardenia (Bengaluru), ITC Rajputana (Jaipur), ITC Grand Chola (Chennai), ITC Grand Goa Resort and Spa (Goa), ITC Kohenur (Hyderabad), ITC Narmada (Gujarat), Sheraton New Delhi (New Delhi), Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur

D. Agri Business Division ("ABD")

Divisional Headquarters: Guntur (Andhra Pradesh)
Units: Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh), Spices factory Guntur (Andhra Pradesh)

E. Paperboards And Specialty Papers Division ("PSPD")

Divisional Headquarters: Secunderabad, Hyderabad (Telangana)
Units: Tribeni (West Bengal), Bhadrachalam and Bollaram (Telangana) and Kovai (Tamil Nadu)

Independent External Assurance

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Haskins & Sells LLP

F. Packaging And Printing Business ("PPB")

Headquarters: Chennai (Tamil Nadu)
Units: Haridwar (Uttarakhand), Munger (Bihar), Nadiad (Gujarat) and Tiruvottiyur (Tamil Nadu)

G. Others

1.TRADE MARKETING & DISTRIBUTION ("TM&D")

TM&D Headquarters: Kolkata (West Bengal)
District Offices: Kolkata (West Bengal), Mumbai (Maharashtra)
Warehouses: Ambernath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka), Chennai (Tamil Nadu), Ancillary Manufacturing cum Logistics Facilities ("AMLF") – Pudukkottai (Tamil Nadu) and AMLF Kapurthala (Punjab)

2. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)

3. Central Projects Organisation, Bengaluru (Karnataka)

H. Subsidiaries

1. ITC INFOTECH INDIA LIMITED – Units: Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)
2. TECHNICO AGRI SCIENCES LIMITED – Units: Chandigarh and Manpura (Himachal Pradesh)
3. SRINIVASA RESORTS LIMITED – Hotel: ITC Kakatiya, Hyderabad (Telangana)
4. BAY ISLANDS HOTELS LIMITED – Hotel: Welcomhotel Bay Island, Port Blair
5. LANDBASE INDIA LIMITED – Classic Golf & Country Club, Gurugram (Haryana)
6. NORTHEAST NUTRIENTS PRIVATE LIMITED – Unit: Mangaldoi (Assam)
7. SURYA NEPAL PRIVATE LIMITED – Units: Simara and Seratar (Nepal)

I. Associates

ATC LIMITED - Unit: Hosur (Tamil Nadu)
GUJARAT HOTELS LIMITED – Hotel: Welcomhotel Vadodara (Gujarat)

Corporate Social Responsibility: ITC's CSR footprint is spread across 27 States/ Union Territories.

4. Subject Matter

We are required to provide reasonable assurance on whether the Company has presented in the Report, the annual GHG Inventory in all material respects, in accordance with the Criteria.

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The scope of reasonable assurance covers the following aspects of the GHG inventory:

- Data and information related to the Company's GHG inventory- Scope 1, Scope 2, Scope 3 and Biogenic emissions as well as GHG removals;
- The consistency of the Company's internal protocols, processes and controls related to the collection and collation of GHG emissions and removals with the requirements of ISO 14064-1:2018;
- Understanding the reasonableness of various assumptions, estimations and materiality thresholds used by the Company for data analysis;
- Audit of information on sample basis at select locations of the Company as specified below:

Sr no.	Locations	Sr no.	Locations
1	ICML* Pune (Maharashtra)	11	Sheraton New Delhi
2	ICML* Mysuru (Karnataka)	12	Welcomhotel Coimbatore
3	ICML* Panchla (West Bengal)	13	PCPB Manpura (Himachal Pradesh)
4	ICML* Haridwar (Uttarakhand)	14	PCPB Haridwar (Uttarakhand)
5	ITD Pune (Maharashtra)	15	PPB Haridwar (Uttarakhand)
6	ITD Munger (Bihar)	16	PPB Munger (Bihar)
7	ITD Saharanpur (Uttar Pradesh)	17	KGLT Mysuru (Karnataka)
8	ITC Grand Central (Mumbai)	18	PSPD Bhadrachalam (Telangana)
9	ITC Maurya (New Delhi)	19	PSPD Kovai (Tamil Nadu)
10	ITC Maratha (Mumbai)	20	PSPD Tribeni (West Bengal)

* ICML – Integrated Consumer Goods Manufacturing and Logistics facilities, unit of Branded Packed Foods Businesses.

5. Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

6. Our Independence, Ethical Requirements and Quality Control

Our team comprising of multidisciplinary professionals, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants (the "IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Independent External Assurance

Deloitte Haskins & Sells LLP

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

7. Our Responsibility

Our responsibility, as agreed with the Management of the Company, is to provide independent reasonable assurance as per the International Standard for Assurance Engagements 3410 - Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") issued by IFAC on the GHG inventory presented by the Management. This standard requires us to comply with ethical requirements and to plan and perform our reasonable assurance engagement to obtain sufficient appropriate evidence about whether the GHG Inventory reported is free from material misstatement.

A reasonable assurance engagement involves assessing the risks of material misstatement of the GHG Inventory whether due to fraud or error, responding to the assessed risks as necessary in the circumstances.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Interviewed key personnel including senior executives at respective plant locations and at the corporate office to understand the systems and processes in place for capturing the GHG Inventory during the reporting period;
- Identified risks of material misstatement in the subject matter information and used it as a basis for designing and performing audit procedures to respond to the identified assessed risks.
- Tested data, audited records and relevant documentation submitted by the Company on sample basis for sample locations;
- Analysed and reviewed key data reports, processes, procedures relating to collation, aggregation, validation and reporting of the GHG Inventory on sample basis; and
- Reviewed the reasonableness of various assumptions, estimates and materiality thresholds used in preparation of GHG Inventory.

We have relied on the information, documents, records, and explanations provided by the Company for the purpose of our audit.

Deloitte Haskins & Sells LLP

Our responsibility in performing our assurance activities is to the Management of the Company only and in accordance with the terms of engagement agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

8. Limitation of our Audit

The assurance scope excludes:

- Locations/ sites/ operations of the company other than those mentioned in paragraph 4 - Subject Matter.
- Data and information outside the defined reporting period i.e. April 1, 2022, to March 31, 2023; and
- Forward looking statements which describe belief, opinion, intensions or aspirations provided by the Company.
- Data and information on economic and financial performance of the Company.
- Any information – other than those covered under the subject matter.

9. Our Conclusion

On the basis of our procedures aimed at obtaining reasonable assurance, we conclude in respect of the subject matter that in our opinion, the Company has presented its GHG Inventory in the Report in all material respects in accordance with the requirements of the Criteria. The reported GHG emissions and removals for the year ended March 31, 2023 are:

	GHG emissions (in tonnes of CO_2e)	Biogenic emissions (in tonnes of CO_2)
· Scope 1	1,354,662	1,007,890
· Scope 2 (Market based)	241,113	21,578
· Scope 2 (Location based)	251,236	
· Scope 3 (break up below) [refer note (i)]	295,430	100
Upstream transportation and distribution: Inbound transportation of raw materials	129,470	-
Downstream transportation and distribution - Outbound transportation of products and wastes	145,737	-
Others:		-
Business Travel – Employees Business travel by employees of ITC by air [refer note (iv)]	2,141	-
Employee commuting – Employee commuting primarily through buses at Plant locations and Corporate Offices as applicable [refer note (iv)]	5,903	-
Purchased goods and services–		

Independent External Assurance

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(a) Supply Chain Energy: Third party manufacturers (TPMs) catering to notebooks segment of the Educations and stationery Products and Business and Cigarette Business – (14 entities) [refer note (ii)/(iii)]	11,669	100
(b) Pick up and drop of Guests in hotels of ITC. [refer note (iv)]	510	-

GHG removals: 5,993,040 tonnes of CO_2 (from social and farm forestry initiative)

Notes:

i. The boundary considered for category wise reporting in Scope is as mentioned under each category above.
ii. The management is in process of estimating its full scope 3 Emissions covering the entire value chain.
iii. Boundary considered is energy consumption by these entities.
iv. The Company has represented that the calculations for these emissions categories is based on data of the year 2021-22 considering these as minor emission categories.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Pratiq Shah
Partner
Membership No. 111850
UDIN: 23111850BHAMMS3186

Place: London
Date: July 3, 2023

Deloitte
Haskins & Sells LLP

Chartered Accountants
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Independent Assurance Report on Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2023

To the Board of Directors of ITC Limited

Deloitte Haskins & Sells LLP was engaged by the management of ITC Limited (the "Company") to provide independent reasonable assurance on disclosures as per the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (the "GRI Standards") (herein the "GRI Standards Disclosures") in its Annual Sustainability Report (the "Report") for the year ended March 31, 2023 as detailed in paragraph 3 - Subject Matter.

1. Responsibility of the Management:

The Company's management is responsible for the content and preparation of the Report, identification of Reporting Boundary as per paragraph 2 below, engagement with stakeholders, identification and presentation of information including the responsibility for establishing and maintaining relevant and appropriate performance management systems and internal control framework to facilitate collection, calculation, aggregation and validation of the data with respect to the management's basis of preparation and GRI Standards, included in the Report and preparation of the Report that is free from material misstatement, whether due to fraud or error.

2. Reporting Boundary:

The reporting boundary for the purpose of the Report includes the ITC Head Office, Kolkata (West Bengal) and the following Divisional Headquarters ("DHQs") and location of operations:

A. FMCG - Cigarettes

1. INDIA TOBACCO DIVISION ("ITD")

Divisional Headquarters: Kolkata (West Bengal)
Units: Kolkata (West Bengal), Bengaluru (Karnataka), Munger (Bihar), Saharanpur (Uttar Pradesh) and Pune (Maharashtra)
Third party manufacturers: Four

B. FMCG - Others

1. Branded Packaged Foods Businesses

Divisional Headquarters: Bengaluru (Karnataka)

Independent External Assurance

Deloitte Haskins & Sells LLP

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

* For these factories, data related to materials, energy and social indicators have been included in the report. Other parameters will be included in subsequent years.

2. Personal Care Products Business Division ("PCPBD")

Divisional Headquarters: Kolkata (West Bengal)
Units: Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)

3. Education and Stationery Products Business ("ESPB")

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers of Notebooks: Eight

4. Incense Sticks (Agarbattis) and Safety Matches
Headquarters: Chennai (Tamil Nadu)

C. Hotels

Divisional Headquarters: ITC Green Centre, Gurugram (Haryana)
Hotels: ITC Maurya (New Delhi), ITC Maratha and ITC Grand Central (Mumbai), ITC Sonar and ITC Royal Bengal (Kolkata), ITC Mughal (Agra), ITC Grand Bharat (Gurugram), ITC Windsor and ITC Gardenia (Bengaluru), ITC Rajputana (Jaipur), ITC Grand Chola (Chennai), ITC Grand Goa Resort and Spa (Goa), ITC Kohenur (Hyderabad), ITC Narmada (Gujarat), Sheraton New Delhi (New Delhi), Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore, Welcomhotel Amritsar, Welcomhotel Bhubaneswar and Welcomhotel Guntur

D. Agri Business Division ("ABD")

Divisional Headquarters: Guntur (Andhra Pradesh)
Units: Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh), Spices factory Guntur (Andhra Pradesh)

E. Paperboards And Specialty Papers Division ("PSPD")

Divisional Headquarters: Secunderabad, Hyderabad (Telangana)
Units: Tribeni (West Bengal), Bhadrachalam and Bollaram (Telangana) and Kovai (Tamil Nadu)

F. Packaging And Printing Business ("PPB")

Headquarters: Chennai (Tamil Nadu)
Units: Haridwar (Uttarakhand), Munger (Bihar), Nadiad (Gujarat)and Tiruvottiyur (Tamil Nadu)

Deloitte Haskins & Sells LLP

G. Others

1.TRADE MARKETING & DISTRIBUTION ("TM&D")

TM&D Headquarters: Kolkata (West Bengal)
District Offices: Kolkata (West Bengal), Mumbai (Maharashtra)
Warehouses: Ambernath (Maharashtra), Hyderabad (Telangana), Malur (Karnataka), Chennai (Tamil Nadu), Ancillary Manufacturing cum Logistics Facilities ("AMLF") – Pudukkottai (Tamil Nadu) and AMLF Kapurthala (Punjab)

2. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)

3. Central Projects Organisation, Bengaluru (Karnataka)

H. Subsidiaries

1. ITC INFOTECH INDIA LIMITED – Units: Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)
2. TECHNICO AGRI SCIENCES LIMITED – Units: Chandigarh and Manpura (Himachal Pradesh)
3. SRINIVASA RESORTS LIMITED – Hotel: ITC Kakatiya, Hyderabad (Telangana)
4. BAY ISLANDS HOTELS LIMITED – Hotel: Welcomhotel Bay Island, Port Blair
5. LANDBASE INDIA LIMITED – Classic Golf & Country Club, Gurugram (Haryana)
6. NORTHEAST NUTRIENTS PRIVATE LIMITED – Unit: Mangaldoi (Assam)
7. SURYA NEPAL PRIVATE LIMITED – Units: Simara and Seratar (Nepal)

I. Associates

ATC LIMITED - Unit: Hosur (Tamil Nadu)
GUJARAT HOTELS LIMITED – Hotel: Welcomhotel Vadodara (Gujarat)

Corporate Social Responsibility: ITC's CSR footprint is spread across 27 States/ Union Territories.

3. Subject Matter

We are required to provide reasonable assurance on the below GRI Standards Disclosures, specific to the period from April 1, 2022 to March 31, 2023 in accordance with management's basis of preparation, and GRI Standards. The terms of management's basis of preparation and GRI Standards comprise the criteria by which the GRI Standards Disclosures are evaluated for purposes of our reasonable assurance engagement.

Independent External Assurance

Deloitte Haskins & Sells LLP

The subject matter includes the following:

GRI Standards Disclosures	Indicator number as per GRI Standards
General Disclosures: GRI 2	2-1 to 2-18, 2-26, 2-29 to 2-30
Material Topics: GRI 3	3-1 to 3-3
Environmental topic-specific Standards: GRI 300	
Materials	301-1
Energy	302-1, 302-3, 302-4
Water and Effluents	303-3, 303-4, 303-5
Emissions	305-1, 305-2, 305-3, 305-6, 305-7
Effluents and Waste	306-3, 306-4, 306-5
Social topic-specific Standards: GRI 400	
Employment	401-1, 401-2, 401-3
Occupational Health and Safety	403-9
Training and Education	404-1
Local communities	413-1
Marketing and labeling	417-1, 417-2, 417-3

The scope of reasonable assurance covers the audit and verification of information in the Report on sample basis at select locations of the Company as specified below:

Sr no.	Locations	Sr no.	Locations
1	ICML* Pune (Maharashtra)	11	Sheraton New Delhi
2	ICML* Mysuru (Karnataka)	12	Welcomhotel Coimbatore
3	ICML* Panchla (West Bengal)	13	PCPB Manpura (Himachal Pradesh)
4	ICML* Haridwar (Uttarakhand)	14	PCPB Haridwar (Uttarakhand)
5	ITD Pune (Maharashtra)	15	PPB Haridwar (Uttarakhand)
6	ITD Munger (Bihar)	16	PPB Munger (Bihar)
7	ITD Saharanpur (Uttar Pradesh)	17	KGLT Mysuru (Karnataka)
8	ITC Grand Central (Mumbai)	18	PSPD Bhadrachalam (Telangana)
9	ITC Maurya (New Delhi)	19	PSPD Kovai (Tamil Nadu)
10	ITC Maratha (Mumbai)	20	PSPD Tribeni (West Bengal)

* ICML – Integrated Consumer Goods Manufacturing and Logistics facilities, unit of Branded Packed Foods Businesses.

Deloitte Haskins & Sells LLP

For information related to Corporate Social Responsibility, the scope covers audit and verification of information for the following locations:

Sr no.	Locations
1	Bhadradri Kothagudem, Telangana
2	Pudukottai, Tamil Nadu
3	Howrah, West Bengal
4	Haridwar, Uttarakhand
5	Kolar, Karnataka

4. Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

5. Our Independence, Ethical Requirements and Quality Control

Our team comprising of multidisciplinary professionals, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants (the "IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

6. Our Responsibility

Our responsibility is to express a reasonable assurance on GRI Standards Disclosures in the Report as described in the subject matter, based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance in accordance with International Standard on Assurance Engagement ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our reasonable assurance engagement to obtain sufficient appropriate evidence about whether the GRI Standards Disclosures are free from material misstatement.

A reasonable assurance engagement involves assessing the risks of material misstatement of the GRI Standards Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances.

Independent External Assurance

Deloitte Haskins & Sells LLP

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Interviewed key personnel including senior executives at respective plant locations and at the corporate office to understand the systems and controls in place for capturing sustainability performance data used in preparation of the GRI Standards Disclosures during the reporting period; and
- Identified risks of material misstatement in the subject matter information and used it as a basis for designing and performing audit procedures to respond to the identified assessed risks.
- Tested data, records and relevant documentation submitted by the Company of its locations as mentioned in Subject Matter paragraph as applicable, to arrive at the data presented in their Report; and
- Analyzed and reviewed key data management systems, processes, procedures relating to collation, aggregation, validation and reporting of the sustainability information for the locations as mentioned in subject matter paragraph on a sample basis.
- Reviewed the reasonableness of various assumptions, estimates and materiality thresholds used in preparation of the Report.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our assurance.

Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

7. Limitation of our Audit

The assurance scope excludes:

- Location/sites of the Company other than those mentioned in paragraph 3 - Subject Matter;
- Aspects/indicators of the Report other than those mentioned above;
- Data and information outside above mentioned reporting period;
- Forward looking statements which describe belief, opinion, intensions or aspirations provided by the Company; and
- Data and information on economic and financial performance of the Company.
- Any information – other than those covered under the subject matter

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8. Our Conclusions

On the basis of our procedures aimed at obtaining reasonable assurance, and information and explanations provided to us by the management, we conclude in respect of the subject matter that, in our opinion,

- the Company has presented, in all material respects, the information on GRI Standards Disclosures in accordance with the management's basis of preparation, GRI Standards following the GRI reporting principles including the principles of accuracy, balance and completeness.
- Information on GRI Standards Disclosures is in accordance with the GRI Standards.

9. Other Matter

The Company has developed internal criteria to determine its carbon, water, and solid waste recycling positive status. The Company's claim of Carbon Positive status is based on improvements in specific energy consumption, investments in renewable energy, and sequestration of carbon dioxide through social and farm forestry initiatives, Water Positive status is based on implementing measures for reducing net water consumption within the fence and creation of rainwater harvesting potential both within and outside the fence and Solid Waste Recycling Positive status is based on reduction of specific waste generation, contribution to waste recycling and usage of post-consumer waste as raw material. The Company continues to demonstrate its commitment to creating shared value through its social initiatives. Our report does not provide assurance conclusion thereon.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Pratiq Shah
Partner
Membership No. 111850
UDIN:23111850BHAMMR9907

Place: London
Date: July 3, 2023

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

Catchment Treatment - Water Harvesting Structure

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