



Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2018, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company also publishes annually, a comprehensive Sustainability Report, based on the Global Reporting Initiative (GRI) framework.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website — www.itcportal.com.

General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071
4.	Website:	www.itcportal.com
5.	E-mail ID:	enduringvalue@itc.in
6.	Financial Year reported:	2017-18
7.	Key products / services:	
	Businesses	Products / Services
	FMCG:	Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, hotels owned / operated by the Company, are provided in the section 'Shareholder Information', in the Report and Accounts.
9.	Markets served by the Company:	ITC's products and services have a national presence and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 24 subsidiaries, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to information and expertise residing with the parent company.

Financial Details

1.	Paid up Capital (As on 31.03.2018):	₹1,220.43 crores
2.	Total Turnover: (Refer Note to the Profit and Loss Account in the Financial Statements)	₹43,956.90 crores
3.	Total profit after taxes:	₹11,223.25 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹290.98 crores
	As percentage of Profit after taxes:	2.59 %

List of CSR activities in which expenditure has been incurred:

Areas listed under Schedule VII to the Companies Act, 2013		ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradication of Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and Livelihood Generation
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of River Ganga.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Rural Development Projects.	Agri Development



Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are driven by the belief that organisations need to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has spurred innovation to orchestrate a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. The Triple Bottom Line approach is driven by Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. Concerted efforts, over several years, have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the most disadvantaged in society. The broad based execution of this strategy has helped build an ever improving, responsible business ecosystem, which environmentally speaking, seeks to replenish more than what it consumes.

While the Company's pioneering work in empowering rural India is a global exemplar, it has also spearheaded several

initiatives to achieve new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy. This encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across all its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 13 years, water positive for 16 years and solid waste recycling positive for 11 years. Its environmental stewardship is also reflected in its premium luxury hotels being LEED® Platinum Certified. Despite the addition of several Integrated Consumer Goods Manufacturing and Logistics (ICMLs) facilities, Hotels and a Bleached Chemical Thermo Mechanical Pulp (BCTMP) mill at the Bhadrachalam Unit of our Paperboards and Specialty Papers Business during the year, about 43% of total energy requirements were met from carbon neutral fuels such as biomass, wind and solar.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework. The context of the BR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Reporting on Sustainability Initiatives

For the past 14 years, the Company has published Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2017 meeting the G4 Guidelines of the Global Reporting Initiative (GRI), 'In Accordance - Comprehensive' category was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 15th Sustainability Report covering the sustainability performance for the financial year ended on 31st March 2018 and prepared in accordance with the GRI Standards, will be available shortly. In addition, the Report and Accounts 2018 of the Company provides a review of the Company's Triple Bottom Line performance.





Business Responsibility Report Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BR Report	Page	Details in ITC Sustainability Report
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	√
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle	Sustainability of Products & Services across Life-cycle	VI	√
3	Businesses should promote the well-being of all employees	Employee Well-being	VIII	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
5	Businesses should respect and promote human rights	Human Rights	XI	√
6	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XII	√
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	√
8	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	√
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	√



Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:

www.itcportal.com/about-itc/values/core-values.aspx

Corporate Governance at ITC

www.itcportal.com/about-itc/values/corporate-governance.aspx

ITC's Code of Conduct and Policies are available at the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

www.itcportal.com/about-itc/values/code-of-conduct.aspx

ITC's Sustainability Policies

www.itcportal.com/about-itc/policies/sustainability-policy.aspx

ITC's CSR Policy

www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx

ITC's Food Products Policy

www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx

ITC's E-Waste Policy

www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx



Principle 1: Corporate Governance for Ethics, Transparency and Accountability

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

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

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee headed by the Managing Director of the Company
Executive management	by the Divisional Chief Executive assisted by the Divisional Management Committee

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

The three-tier governance structure ensures that:

- (a) 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 (the Board) with objectivity, thereby sharpening accountability of management;
- (b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- (c) 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'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, please refer to the section, 'Report on Corporate Governance', in the Report and Accounts.

Strategic Supervision of Business Responsibility Practices

The role of the CSR and Sustainability Committee is inter alia to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five other Non-Executive Directors, two of whom are Independent Directors.

The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee presently comprises seven senior members of management, with its Chairman being a member of the Corporate Management Committee. 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 Corporate Management Committee.

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



Principle 2: Sustainability of Products & Services across Life-cycle

The Company's strategic intent to create enduring value by investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect. The company has embedded 'Distance to Market' as a key business matrix in order to encourage a sustainable manufacturing foot print.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water and energy. Life-cycle Assessment studies have

been carried out for some of the Company's products for identifying additional opportunities to continuously reduce environmental impacts across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses including the Company's most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements in energy and water usage, have made it amongst the most efficient within the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® certification at the highest Platinum level for all its premium luxury hotels. Several of the Company's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.



Sustainable Consumption

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2017-18, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest Unit of our Paperboard and Specialty Paper Business, was 33% below the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions, which have enabled optimisation in the usage of energy and water. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' a trailblazer in green hoteliering.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis.

Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the 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. Most of the outsourced manufacturing units of the Foods Business are HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy efficiency. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced the competitiveness of a number of units in these sectors.

Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services across its diversified business portfolio. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers' provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India also gets accentuated by inadequate access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has devised unique models for





farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company's globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology to provide real-time information on weather, market prices, agricultural best practices, etc. It also provides

customised extension services and training through 'Choupal Pradarshan Khets' (demonstration farms). Farmers have been empowered through the establishment of integrated rural services hubs called 'Choupal Saagars'. The e-Choupal system has enabled efficient sourcing and raised rural incomes. The Company promotes environmentally sustainable farm practices such as zero tilling, micro-irrigation and watershed development. In response to the Prime Minister's call for 'Doubling Farmers Income', ITC is working in rural areas, demonstrating simple and sustainable changes in practices and cropping intensity which enable a significant growth in Farmer Incomes. This programme has so far covered five lakh farmers.

The Company promotes large-scale afforestation through its Social Forestry programmes. Customised extension services, knowledge of silvicultural practices, and bio-diversity enhancement enrich the farmers' capacity whilst augmenting natural capital. The farmers are free to transact at will and sell to whoever they choose, though the Company stands as a willing buyer.

Principle 3: Employee Well-being

Employee Well-being is a core component of our Company's philosophy and it reflects in our Management policy for approach to health and safety of employees at work place. Our systems and processes are designed to enhance employee capability, engagement, vitality and well-being so as to ensure that our employees add superior value – value which will help our Businesses to stay competitive and simultaneously work towards enabling the Company to achieve its ambitious growth plans.

We focus on creating a stimulating work environment supported by a caring and compassionate work ethos so as to enable our employees to thrive and deliver winning performances. Our efforts consistently aim to positively influence all aspects of an employee's life – physical, mental and emotional. The Company also enables an environment supportive to employee's personal lives and lifestyle choices while meeting the Business objectives. Specific elements of the Company's work practices and culture are directed by the management approach articulated in Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', among others.

As a result of our unique employee centric policies, ITC was ranked amongst the top 5 most preferred employers in 'Campustrack', an employer branding survey carried out by AC Nielsen amongst MBA students from leading Indian institutes, where we recruit Assistants Under Training (AUTs) from. The latest Randstad Brand Research Survey findings have recognised ITC Limited amongst the top 10 employers in India. ITC also featured among India's most attractive employers in Universum's 2017 survey of Indian B-schools.

Our full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees and retirement benefits, among others. As part of our commitment to awareness and prevention of occupational diseases, we ensure good ergonomics and safety practices at all ITC workspaces. Most of our units have a wellness centre and resident doctor. Regular sports and recreational activities are organised at all units to promote physical wellness among employees and their families.



We have a proactive programme for promoting healthy lifestyles, which includes health/medical camps, yoga and other wellness sessions as well as various awareness-building events. These contribute to making the individual feeling relaxed and revitalised all day long. Our employees have, on identified occasions, invested time and engaged with ITC's Social Investments Programmes in the catchment of their Business Unit.

Diversity and Equal Opportunity

ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation, and high performance and this is reflected in the policy that ensures diversity and non-discrimination across the Company. The policy provides for diversity and equal opportunities to all employees across the Company, based on merit and ability. It also ensures a work environment that is free from any form of discrimination among employees 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. The policy is communicated to all employees appropriately. In FY 2017-18, there were no cases of discriminatory employment. A Grievance Redressal Procedure which intends to facilitate open and structured discussions is instituted at all units and locations to ensure that grievances related to labour practices and human rights are addressed and resolved in a fair and just manner.

Enabling a Gender Friendly Workplace

As a good corporate citizen, ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent/stop/redress

sexual harassment at the workplace and institute good employment practices. Processes and mechanisms are instituted to ensure that issues such as sexual harassment at work place, if any, are effectively addressed. ITC maintains an open door for reportees; encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. Internal Complaints Committee have been constituted in all ITC units to enquire into complaints and to recommend appropriate action, wherever required. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, ITC has set up an e-learning portal on prevention of sexual harassment at work place which is accessible to all ITC employees and it is ensured that all employees undergo this training. During the year, 4 complaints of sexual harassment were received. Whilst 3 of them have been investigated and resolved, 1 of them is currently under resolution.

Good Labour Practices

ITC's 10 Board-approved Sustainability Policies continue to guide ITC's strong commitment to good labour practices. No person below the age of eighteen years is employed by ITC and forced or compulsory labour is prohibited in all units. ITC does not engage vendors and suppliers who resort to using child and/or forced labour. In 2017-18, approximately 22,500 employees from 1,451 service providers were engaged across ITC. All service providers have signed ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. Non-compliance with the Code results in termination of contracts. The Company had no cases of child or forced labour in 2017-18.

ITC was conferred the coveted 'National Award for Excellence in Employee Relations 2017 - Significant Achievement in Employee Relations' in the pan India category by the Employers Federation of India (EFI). ITC was selected for the highest category of the award.

The Company believes in Freedom of Association and in its policy outlines the intent to respect the dignity of individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. The policy ensures that employees are not discriminated against for exercising this freedom in a lawful manner and consistent with ITC's core values. In this year, 10,439 employees of the Company were members of unions. There were no cases of violation of freedom of association in this year.

Employee Engagement

All ITC Businesses conducted an employee engagement survey to assess the work place sentiment and views of the employees. At this survey, employees were encouraged to share their views about the workplace and ITC. Business Units conduct various engagement initiatives on a regular basis to promote alignment, involvement and belongingness, teamwork and work life balance. Re-creational events involving family members of managers, sports meets, scholarships to meritorious children of employees are actively conducted throughout the year.

In the 2018 employee engagement survey 'iEngage', 92% of ITC employees said that they were proud to work for ITC – a score that is amongst the highest globally.

Enabling Physical and Mental/Spiritual Well-being

In our endeavour to create awareness and guide employees to a healthy lifestyle, several sessions on stress management, wellness plans, medical check-ups have been organised across Businesses and unit locations. During the year under report, ITC's businesses have introduced and strengthened specialised and specific interventions in various areas that concern well-being of employees such as provision of app based medical solutions, sessions on stress management,

Employee Assistance Programme: A voluntary programme was introduced by ITD that offers confidential assessments, self-help services, short-term counselling, referrals, and follow-up services to employees, on a confidential platform, with the help of an industry-leading expert to provide a safe and secure environment for coping with life challenges.

child care (for working parents), disease prevention, role of nutrition in healthcare, cardiac health amongst others.

We have a proactive programme for promoting healthy lifestyles, which includes health/medical camps, yoga and other wellness sessions as well as various awareness-building events. These contribute to making the individual feeling relaxed and revitalised all day long. Our employees have, on identified occasions, invested time and engaged with ITC's Social Investments Programmes in the catchment of their Business Unit.

Enhancing Employability and Skills

We believe that the achievement of our growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. Towards this end, we have assiduously built a culture of continuous learning, innovation and collaboration across the Organisation by providing cutting-edge learning and development inputs, across the five capability platforms relevant to making businesses future-ready that have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development, to its employees along with a judicious blend of coaching, mentoring and on the job training.

ITC won two international awards in the area of Learning and Development: the 2017 ATD Excellence in Practice Award in the Learning and Development category for entries titled "Integrated Talent Management: Talent Development from Internal Resources Opportunity for Career Growth – ITC Gurukul" and "Learning and Development: Integrated Technical Talent Development Process – Munger unit".

In FY 2017-18, there were 83,600 person-days of formal training for employees Organisation-wide. Our state-of-the-art technical training facility in Ranjangaon, Maharashtra – Gurukul – is our first integrated facility catering to our FMCG Businesses and an important milestone in our skilling journey for manufacturing excellence. During the year under report, ITC won two international awards in the area of Learning and Development, the 2017 ATD Excellence in Practice Award in the Learning and Development category, for entries titled "Integrated Talent Management: Talent Development from Internal Resources Opportunity for Career Growth – ITC Gurukul" and "Learning and Development: Integrated Technical Talent Development Process – Munger Unit. The ITC Hospitality Management Institute (HMI) continues to play a vital role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector.

Principle 4: Stakeholder Engagement

The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, farmers, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors its stakeholder engagement on the following principles:

- a) **Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b) **Completeness** – Understanding key concerns of stakeholders and their expectations.
- c) **Responsiveness** – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. Implemented



mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time.

The Company's collaborative partnerships with communities are manifest in its programmes such as watershed development, social forestry, animal husbandry services and women empowerment. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.

Principle 5: Human Rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws and to uphold 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 continued to work towards strengthening and introducing systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to Human Rights and decent work place.

The Company has in place a Code of Conduct for vendors and service providers across Businesses and a Grievance Redressal Procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its

employees. Vendors and Service Providers across Businesses have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. The Company facilitated training workshops for supply chain partners to educate and create awareness and build capacity on human rights and decent labour practices. Encouraged by the response received, more workshops will be facilitated in the future.

With a view to build awareness and educate employees on the Company's Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct, IT enabled programmes continued to be rolled out across business divisions.



Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive for many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

The Company has sought to align with the NAPCC (National Action Plan on Climate Change) of the Government of India to respond to the challenges emerging from the threat of climate change. Some of the measures implemented include continual improvement in specific energy consumption (energy consumed per unit of product or service), enhanced use of renewable energy and expansion of forestry projects to improve the Company's positive carbon footprint.

The Company has also computed its Greenhouse Gas inventory in line with the ISO 14064 standard, which has been assured at the highest 'Reasonable Level' as per the ISAE 3410 standard, by a third-party assurance provider.

Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 11 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled. In addition, over 1,12,000 MT of externally sourced post-consumer waste paper, was used as raw material, enabling the Company to achieve a positive solid waste recycling footprint.

Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting both within the Company's premises and in the catchment areas of its operations.



These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and maximised treated effluents reuse.

Carrying forward the Company's extensive work on integrated watershed management, programs are now underway to achieve water security for all stakeholders within defined catchment area for manufacturing units located in high water stress areas. Based on extensive studies that include water accounting and detailed hydro-geological studies, implementation of necessary initiatives to address both demand and supply side issues have already been rolled out. These include improvement of water usage efficiencies by all stakeholders including the farming community, augmenting groundwater recharge, enhancing surface storage through the rejuvenation and interlinking of existing water bodies, etc. The Company will progressively cover more units under this initiative.

Cleaner Production Methods, Use of Energy Efficient and Environment-friendly Technologies

The Company is a pioneer in the green buildings movement. In 2004, the ITC Green Centre at Gurugram was certified as the largest platinum rated building in the world by the US Green Building Council (USGBC-LEED).

ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya is the first data centre in the World to receive the LEED® Platinum certification by USGBC. To date, 23 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators, etc. Its Units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO_x) and Sulphur Dioxide (SO₂) to ensure compliance with applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce material intensity of its manufacturing and supply chain processes. Pilots have commenced and early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

During the year, over 43% of ITC's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base. Action plans have been formulated based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in total energy consumption to 50%, notwithstanding significant enhancement in scale of operations planned going forward.

Implementation of Environment, Health & Safety Management Systems

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. Contingency plans are developed and implemented to prevent, mitigate and control environmental disasters.

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 has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance. In 2017-18, 20,877 person-days of training, was provided to employees on EHS related matters.



Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government/Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the values of

commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

The Company, for its social development projects, organises meetings with the local administration and State Governments to seek their participation and involvement. Their expert advice and counsel are also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with the State Governments for such projects.



Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the social sector, the two most important stakeholders of ITC are:

- Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations.

The stakeholder communities primarily face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

Horizon 1: Making today's dominant source(s) of livelihoods sustainable; and

Horizon 2: Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).

Performance 2017-18

Coverage

The projects promoted under the Social Investments Programme were spread over 188 districts of 25 States/ Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

• **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small farmers. In 2017-18, the programme greened 39,504 (cumulative 2,95,065) acres in 17 districts and 6 States. Out of this, the area under agro-forestry was 19,683 acres. Including the Farm Forestry programme of the Paper Business, the total area greened is over 6,83,000 acres.

• **Water Stewardship:** The objective is to achieve (i) water security at watershed level in factory catchments by maintaining a positive water balance; and (ii) drought proofing the agri-catchments to minimise risks to livelihoods arising from unexpected weather episodes. Implemented in 42 districts covering 14 States, 98,180 (cumulative 8,74,496) acres of watershed area was achieved in 2017-18. 2,341 water harvesting structures were constructed during the year creating 29.29 lakh kilolitres of fresh Rain Water Harvesting (RWH) potential.

• **Animal Husbandry:** 211 Cattle development centres, spread over 25 districts in 7 States, were functional during the year for rendering animal husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 2.02 lakh artificial inseminations were conducted leading to live births of over 0.79 lakh cross-bred progenies.

• **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through



the promotion of climate smart agriculture in order to stabilise farm incomes. During 2017-18, 4,14,930 acres area was covered under sustainable agricultural practices. 2,084 Farmer Field Schools (FFS) disseminated advanced agri-practices to farmers and 381 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

☀ **Women's Economic Empowerment:** This initiative provided a range of gainful employment opportunities to poor women supported with capacity building and financial assistance by way of loans and grants. To date, 20,100 ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options. In addition, the programme provided livelihood opportunities to 325 women in Uttar Pradesh engaged in making agarbattis using pedal machines. This is a home based activity for most women, providing supplementary income.



Horizon 2- Creating Future Capabilities

☀ **Education:** This programme provides children from weaker sections access to education with focus on improved learning outcomes. Operational in 22 districts of 12 States, during the year, the programme covered 46,891 children (cumulative 5,58,758), while 162 government primary schools were provided infrastructure support.

☀ **Vocational Training:** This programme provides training in market linked skills to youth to enable them to compete in the job market. 11,619 (cumulative 55,324) youth were enrolled under different courses during the year of which 40% were female and 37% belonged to the SC/ST communities. The programme is operational in 28 districts of 17 States. Another programme trained 1,500 youth on



entrepreneurial development. In addition, 640 trainees have graduated from the WelcomLEAD Programme of the ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on hospitality services.

☀ **Sanitation:** To achieve the objective of zero open defecation, 7,494 (cumulative 31,473) Individual Household Toilets (IHHT) were constructed in 24 districts of 16 States in collaboration with the respective State Governments/ District Sanitation Departments. In addition, 23 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi. Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change. The Swasth India Mission covered nearly 14 lakh children from around 3,300 schools in 18 towns during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to over 3.5 lakh children in 1,000 schools.

Nearly 1.36 lakh beneficiaries were covered under Mother and Child Health initiative aimed to improve the health-



nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

To make hygienic and healthy water available to local communities, 15 Reverse Osmosis (RO) water purification plants were set up in 4 districts of Andhra Pradesh and Telangana in 2017-18.

Solid Waste Management (SWM): ITC's waste recycling programme, 'WOW – Well Being Out of Waste', helps in the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Hyderabad, Coimbatore, Chennai, Bengaluru, Delhi, Muzaffarpur and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was 50,196 MT from 562 wards

including over 5000 tonnes of multi-layered laminates and thin films. The entire plastic waste collected was sent for recycling including to cement kilns as alternate fuel.

The programme covered 13 lakh additional citizens this year taking the total to 77 lakh citizens cumulatively. The Programme creates sustainable livelihoods for 14,500 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. In addition, another programme on solid waste management under the Mission Sunehra Kal initiative has spread to 13 districts of 8 States covering 98,000 households and collecting 7,603 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 2,516 households. In 2017-18, 5,711 MT of waste was composted and 616 MT of waste recycled, and only 17% of the total waste was sent to landfills.

Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. 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. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.

Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.

Marketing Communication

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.



In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.

Responsiveness to Customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.