



ITC : Securing the Future
Jefferies India ESG Summit
7th December 2020

CONTRIBUTING TO ALL SECTORS OF THE ECONOMY

AGRICULTURE, MANUFACTURING & SERVICES

Leading FMCG Marketer



2nd largest Hotel chain; Trailblazer in Green Hoteliering



Foremost Agri Player pioneering rural transformation



Clear Market leader in Paperboards, Paper & Packaging Industry



ITC: A SNAPSHOT



Gross Sales Value*

₹76097 cr

for the year ended
31st March, 2020



Among the

Top 3

contributors to the
Exchequer in the
private sector in India



Free Cash Flow

₹ 11693 cr

Highest in the FMCG
industry



ITC's FMCG
products reach over

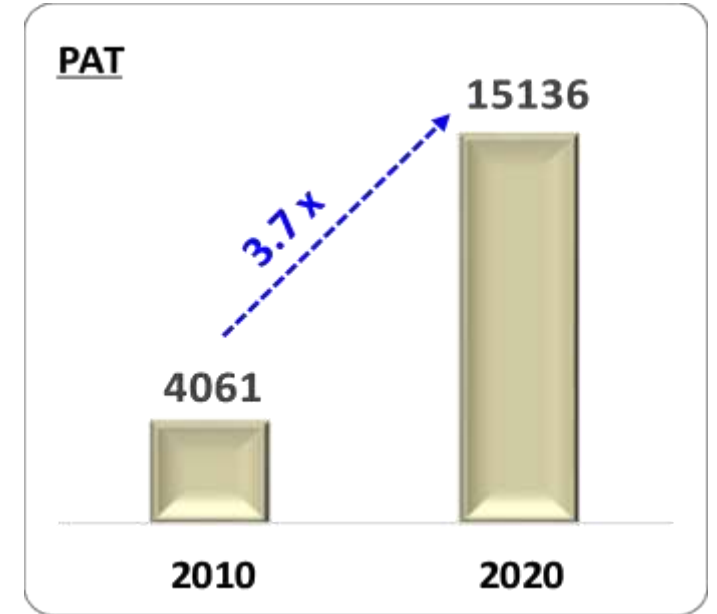
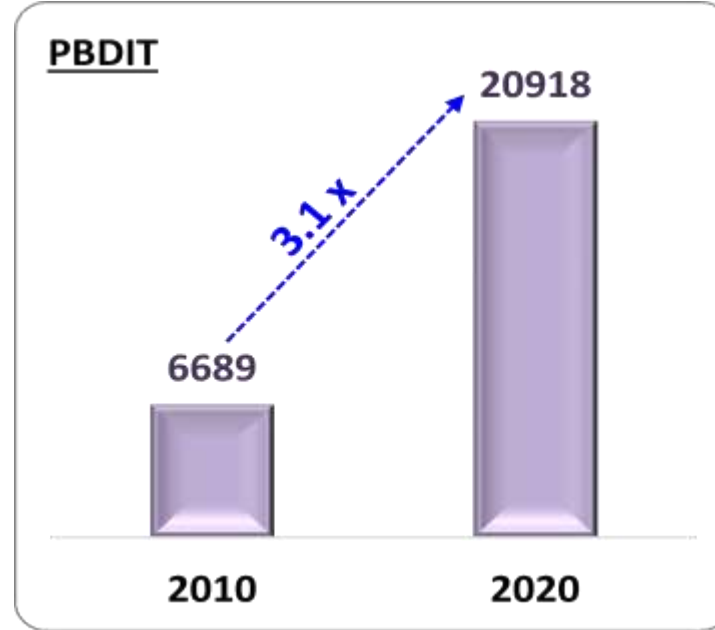
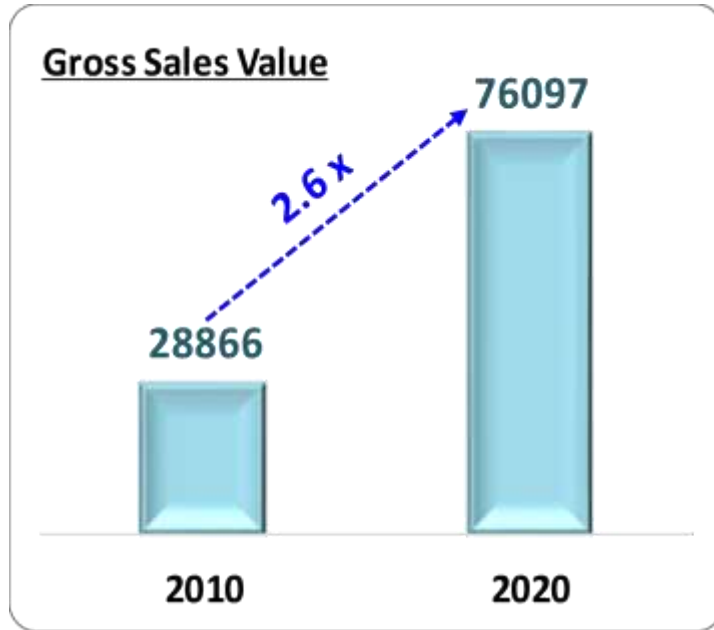
140 million

households
in India

An Exemplar in Triple Bottom Line Performance



ROBUST FINANCIAL PERFORMANCE

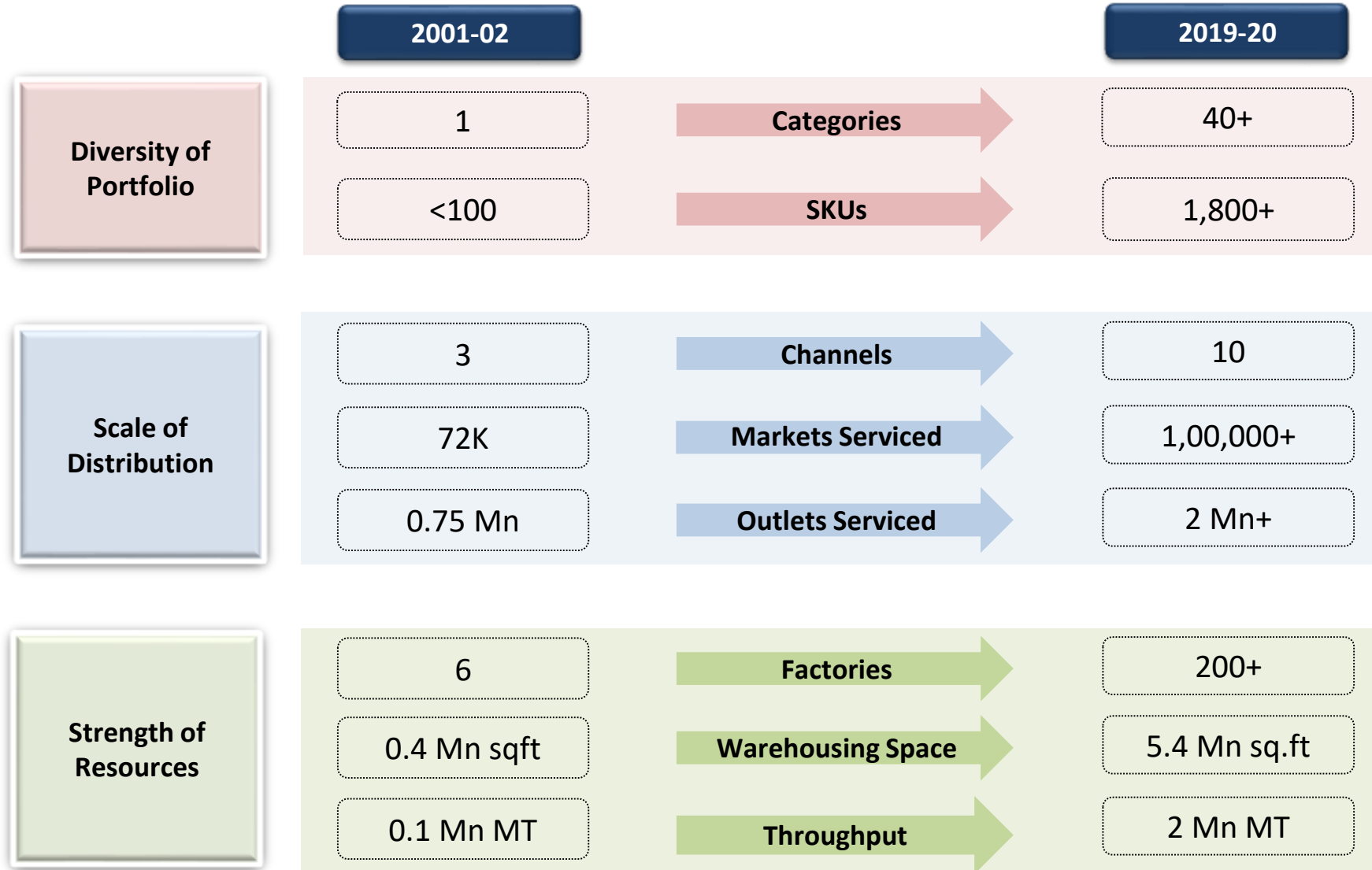


ROIC at 58% Vs. 44% in FY10

Growth largely organic-led and funded through Retained Earnings
Zero Debt Company; Consistent & Increasing Dividend Payouts

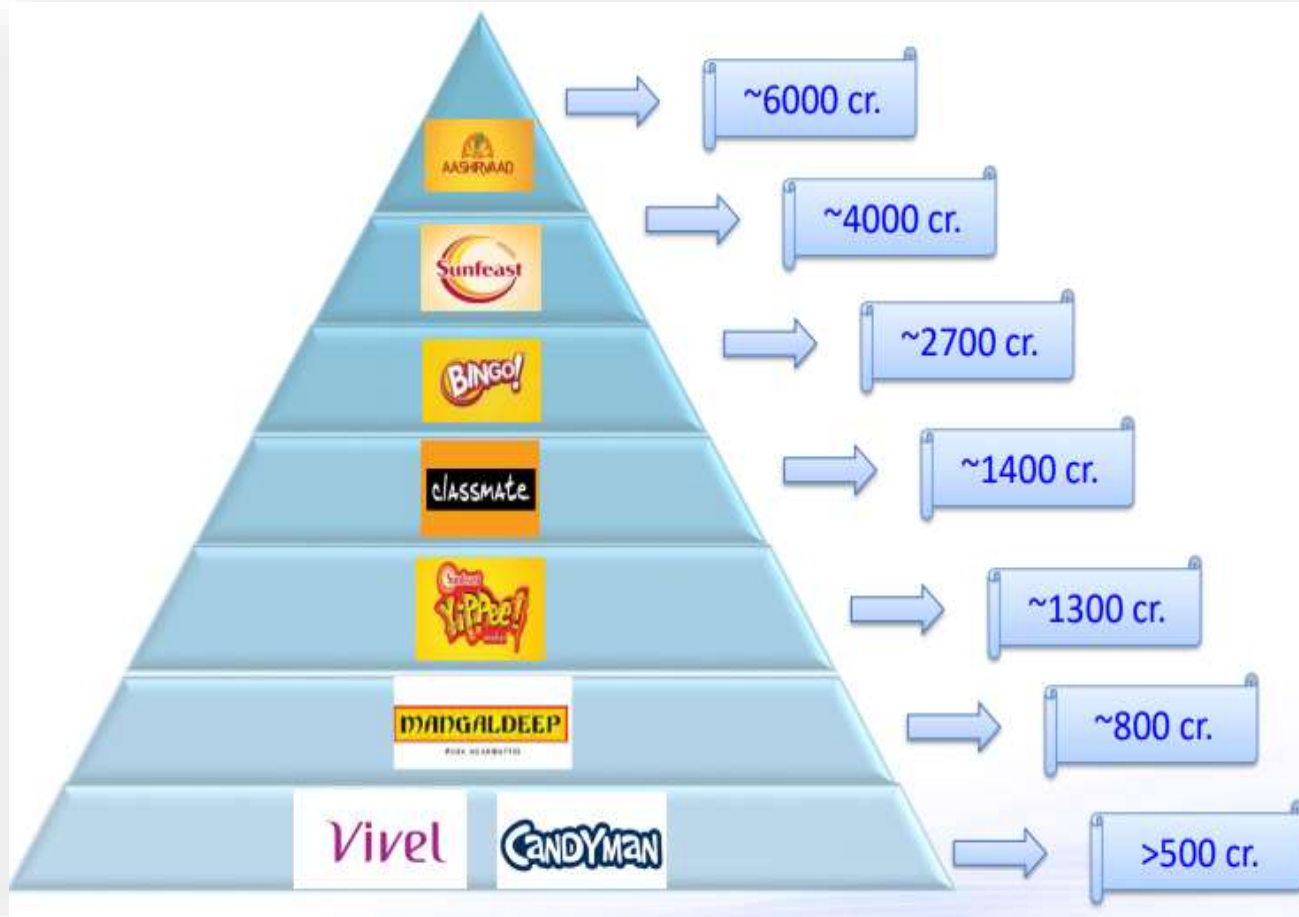
*Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
PBDIT includes Other Income*

ITC: FMCG BUSINESS TRANSFORMATION



CONSUMER SPEND ~ RS 20,000 CRS

MARKET LEADERSHIP



1 in Branded Atta



1 in the Cream Biscuits



1 in Bridges segment



1 in Notebooks



2 in Noodles



2 in Agarbattis
1 in Dhoop segment



2 in body wash



2 in Deodorants
No. 1 in women's segment



ITC MISSION SUNEHRA KAL
सुनेहरा काल
ग्रामीण विकास
एवं क्षमता वर्धन कार्यक्रम



ITC's
Sustainability
Vision

SUSTAINABILITY CHALLENGES



One-third
of the
world's
poor lives
in India



12 million
join
the work
force every
year



54% of
India
is
water
stressed



Increasing
incidents of
Extreme
Weather
events

**BUSINESS
CANNOT
SUCCEED
IN SOCIETIES
THAT FAIL**



**NEW PARADIGM
NEEDED**

**RESPONSIBLE
COMPETITIVENESS**

- ✓ **COMPETITIVE**
- ✓ **INCLUSIVE**
- ✓ **SUSTAINABLE**

ITC APPROACH TO SUSTAINABILITY

Create innovative, synergistic models that reinforce sustainable competitive advantage & foster inclusive growth as well as create sustainable value chains

➤ **Embed sustainability in Business operations**

- Low Carbon footprint, Water and Solid waste management



➤ **Deepen engagement in ITC's core catchments** (agri-business & factory areas) for higher impact

– **Drive behavioural change through focus on demand-led initiatives**

- Enabling participation, contribution & asset creation for the community

– **Strengthen capability** of community based organisations and NGOs in project catchments

- Foster participatory planning ownership and sustainability of interventions



➤ **Build capability through strategic partnerships** with national & international organisations



ITC: An Exemplar In Triple Bottom Line Performance

**Carbon
Positive**

15 years

**Water
Positive**

18 years

**Solid Waste
Recycling
Positive**

13 years

Sustainable Livelihoods for 6 million people

ITC e-Choupal - Empowering 4 million farmers

41% of Total Energy consumed from renewable sources

Trailblazer as a luxury green hotel chain

Recognitions



ITC rated AA by MSCI-ESG
Highest amongst Global Tobacco cos

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

ITC included in the Dow Jones Sustainability Emerging Markets Index, a distinction that is a reflection of being a sustainability leader in the industry and a recognition of the Company's continued commitment to people and planet.



ITC PSPD unit, Kovai, awarded Alliance for Water Stewardship Platinum-level Certification, highest recognition for water stewardship in the world -- second facility globally, first in India

AWARDS & ACCOLADES



**World Business & Development Award
2012 at the Rio+20 UN Summit**



Inaugural UNDP-ICC Award



Sustainability Leadership Award, Zurich



**Porter Prize 2017 for 'Excellence in
Corporate Governance and Integration'**



The Stockholm Challenge Award



Development Gateway Award

ITC SUSTAINABILITY REPORT



Publishing a stand-alone
Integrated Report since
2017-18



Publishing a GRI based
Sustainability Report since
2004.
Aligned to the latest GRI
Standards (including Food
Sector supplement) and
meets the "In Accordance -
Comprehensive" criteria



The Sustainability Report is
also mapped to TCFD
recommendations.



Highest level of third party
assurance by Deloitte -
'Reasonable Level' as per
ISAE 3000
GHG inventory also
independently verified by
Deloitte - 'Reasonable
Assurance' level in
accordance with ISO
14064:2006.

RESPONSIBLE COMPETITIVENESS

CHAMPIONING TRIPLE BOTTOM LINE PERFORMANCE

Robust ESG Framework

- **Sustainability Policies**
- **Stakeholder engagement**
- **Materiality Analysis**
- **Identification of Risks**

- **Ambitious Goals & Targets**
- **Performance & Reporting from each Unit**
- **Transparent Communication**
- **Strategic Partnerships**

ESG KEY FOCUS AREAS

Environment

- Climate Resilience
- Water Security
- Afforestation
- Bio-Diversity
- Renewable Energy
- Green Buildings
- Solid Waste Mgmt
 - Focus on Plastics
- Physical Risk Mitigation

Social

- Sustainable Livelihoods
- Empowering Farmers
- NextGeneration Agriculture
- Building Resilient Communities
- Public-Private-People partnerships
- Employee welfare
- Supply Chain Partners
- Sustainable Choices for Consumers
- Supporting strategic institutions

Governance

- 3-tier Governance Structure
- Ethics & Integrity
- Code of Conduct
- Strategic Risk Management
- Board oversight and approved policies to guide strategy and action
- Sustainability Compliance & Review
- Remuneration Policy



Addressing Climate Risk & Competitiveness

LOW CARBON FOOTPRINT



Renewable Energy – 41% of energy consumed



**30 Platinum rated Green Buildings;
World's Greenest Luxury Hotels chain**



**ITC Sankhya: World's First LEED Platinum Data
Centre**



**Continuous Reduction in Specific Energy/Water
Consumption**

REPLENISHING NATURAL RESOURCES



WATER



AFFORESTATION



BIODIVERSITY



ITC'S PAPER VALUE CHAIN LEVERAGING TECHNOLOGY & INNOVATION





Clonal Saplings grown in Nursery





ITC'S AFFORESTATION INITIATIVE

ITC'S SOCIAL & FARM FORESTRY INITIATIVE



Greening over 8,20,000 acres

• Social Contribution

➤ Providing Livelihoods to poor Tribals and Marginal Farmers

- Creating 150 million person days of employment

• Environmental Impact

- Carbon Sequestration
- Augmenting Green Cover
- Top Soil Retention
- Water Recharge

• Economic Benefit to ITC

➤ A Competitive Source of Pulp-wood for ITC's Paper mill

Carbon Positive for

15 years

in a row



Target

Over

2 times

The amount of carbon dioxide emissions from ITC's operations are being sequestered through its Social & Farm Forestry Initiatives

As part of its 2030 Goals ITC is committed to achieving sequestration of over

4 times

The CO2 emissions from operations by 2030



Packaging solutions

classmate



POWERING THE PAPER VALUE-CHAIN

Biodiversity Conservation



Ahmednagar, Maharashtra

Actions

- Eco-restoration of village commons & pasturelands – Mosaic Restoration
- Reduce pressures on forest through fringe area development

Spread & Coverage

- 31,000 acres pasture land developed
- PPP with Rajasthan Govt to develop 2,47,000 acre commons
- PPPs with Maharashtra & Telangana forest departments
- Knowledge partnership with IUCN to develop template for 'Sustainable Agriscapes'



**PIONEERING
GREEN
BUILDINGS**



buildings of the Company have achieved
Platinum certification by USGBC-LEED/IGBC
(as on 31st March, 2020).

**World's largest LEED Platinum Luxury
Hotel – ITC Grand Chola, Chennai**

**World's Highest Rated LEED Platinum
building – ITC Green Centre, Gurugram**



41.2%



of ITC's energy is from renewable sources

7 ITC units met more than

90%



of their electrical energy requirements from renewable sources in 2019-20



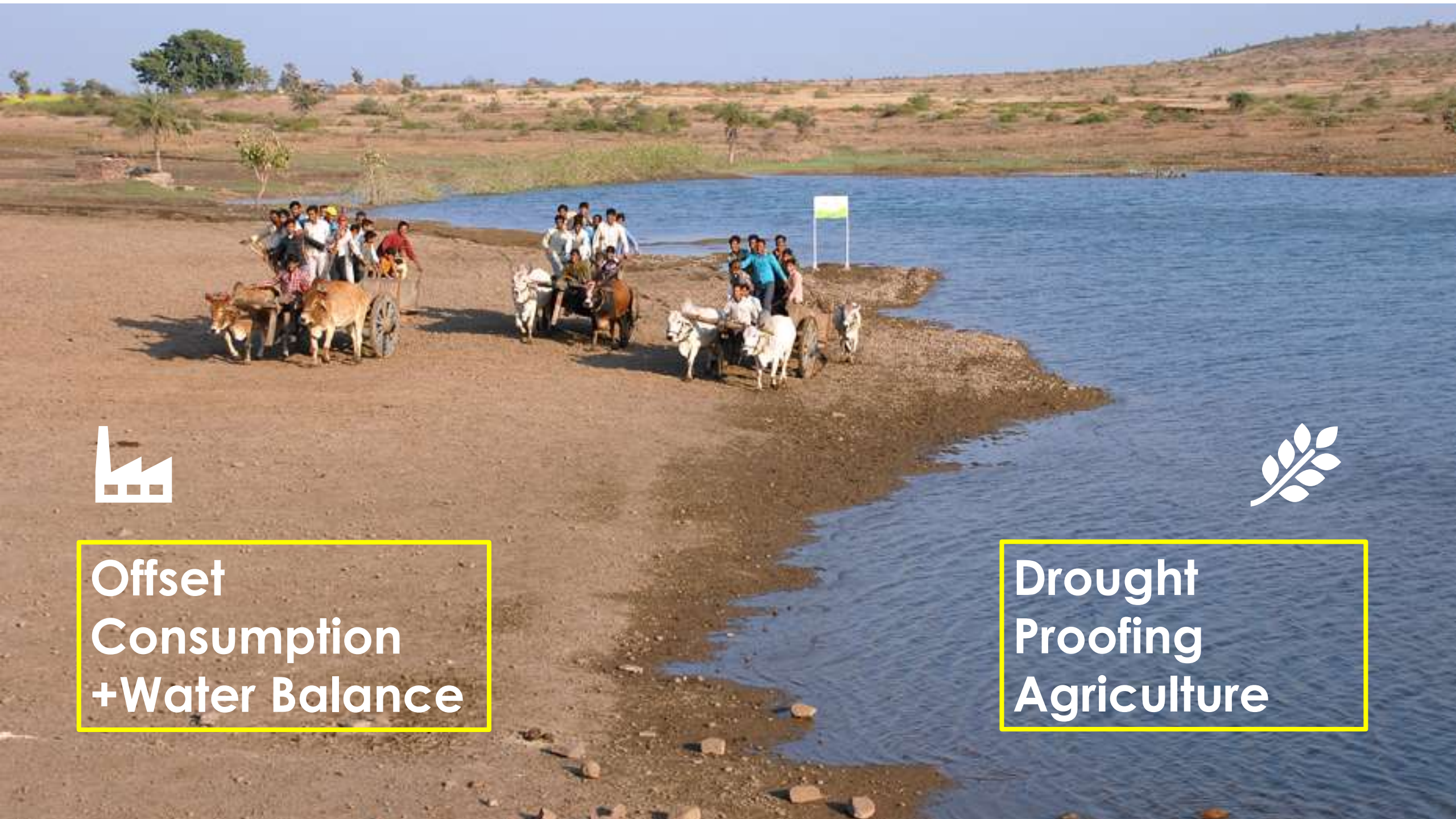
91.5%
Biomass

8.3%
Wind

0.2%
Solar



Water Security for All



**Offset
Consumption
+Water Balance**



**Drought
Proofing
Agriculture**

Climate Change in India's Agriculture



“.....The last time we saw crops was during our grandfather's time.....”



PARTICIPATORY WATERSHED PLANNING

RAINWATER HARVESTING POTENTIAL



1.2 MILLION
ACRES

19,000
WATER
STRUCTURES

3 times

Net Water Consumption
in 2020

5 times

Net Water Consumption
in 2030

Target



**ITC'S WATER STEWARDSHIP MISSION
REPLENISHING NATURAL RESOURCES**



Enduring Value

WATER USER GROUPS





Improving Water Use Efficiency in Agriculture

More Crop Per Drop

Sugarcane
30,000 acres



Pune: drip & Seedling

82.63 m cu.m
water saved

Wheat
1.52 lakh acres



Munger – Zero Till

45.09 m cu.m
water saved

Rice
500 acres



Chandauli – DSR

0.65 m cu.m
water saved

Others
(Onion, Banana,
Coconut)
8,400 acres



Coimbatore – Banana Drip

7.39 m cu.m
water saved

- **Water Savings achieved in 1 year = 20 years of fresh water harvesting**
- Reduce water use and costs, improve yields
- **2,09,000 acres covered**



ITC's Unit Water Security Programme

- Ambitious plan to achieve water positive status in all its catchments
- Two phased approach
 1. Phase -1 (Offsets): Water harvesting equal to factory usage
 2. Phase -2 (Water Positive status): Fill entire catchment's water balance gap through supply & demand management work

Programmes implemented in all units categorised critical by Central Groundwater Board (CGWB)

CGWB Categorization	No of ITC units	Programme Implemented
Over Exploited	3	3
Critical	1	1
Semi-critical	2	2
Safe	20	9
Total	26	15

TOWARDS A CIRCULAR ECONOMY – ITC WELL-BEING OUT OF WASTE (WOW)



- ✓ Covering 12.5 million citizens
- ✓ Livelihoods for 16,200 waste collectors

MANAGING WASTE



Running Behavioral Change Programmes for Citizens to Ensure Source Segregation



Creating Replicable, Scalable & Sustainable Models of Solid Waste Management



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



Ensuring that 100% of Packaging is Reusable, Recyclable or Compostable

✓ Plant to recycle Multi-Layered Plastic in Pune

ITC's solution for Pune's multi-layered plastic waste

Rujuta.Parekh
@timesgroup.com

Pune: ITC Limited has collaborated with wastepickers' cooperative SWaCH and Shakti Plastic Industries to recycle multi-layered plastic (MLP) into plastic granules, thus, avoiding its dumping at Uruli Pirsungi.

MLP is a material made using several layers of different polymers and a metallic film in some cases. It is mainly used for packaging of wafers, chocolates, biscuits, sauces, ready-to-eat-meals and other food products.

Under the initiative, 100 mega tonne (MT) of post-consumer MLP waste has been recycled into plastic granules. MLP disposal became one of the biggest challenges in Pune after the state government's ban on single-use plastics in March last year.

A survey conducted by SWaCH last year had found that MLP formed the largest component of plastic waste collected in the city. A wastepicker percep-



The ITC Limited facility for recycling MLP waste into plastic granules

scrap dealers would not even accept it. Due to this, for nearly the last decade, MLP waste was going to the landfill."

"The product, which had no value earlier, now fetches us Rs 2.5/kg. We receive the payment at the end of the month," the wastepickers said.

According to Harshad Barde from SWaCH, nearly two tonnes of MLP is gathered and sent for sorting and baling to a centre at Pirsungi on a daily basis. "SWaCH has a network of 3,500

decentralizing the process and having such facilities in different parts of the city to reduce the transportation cost and increase efficiency," he said.

The MLP which reaches Pulghar is shredded before further processing. "The material is then run through a wash to clean it. After drying, the MLP is converted into lumps using hot water. The lumps are again shredded. These shreds are then put into a machine that converts the material into plastic strings. A cutter at the end of the machine then cuts the strings into granules," Rahul Poddar from Shakti Plastic Industries said.

The granules are then sold to manufacturers of plastic products like chairs, buckets, mugs, stationery and others. Chitranjan Dar, the group head of environment, health and safety, projects and R&D at ITC Limited, said, "We had been looking intently at SWaCH for the last 5-6 years as they had a formula for waste collection, which was not present anywhere else in the country. We thought of partnering with them on MLP recy-

Bio-degradable boards



Completely Biodegradable under composting conditions



Barrier against liquids/grease etc. at par with traditional plastic coated boards



Omega Bev : Exclusively for paper cups



Omega Barr : Deep freeze applications

Recyclable boards



Completely recyclable in existing standard recycling conditions



Excellent oil and grease resistant properties



Filo Serve : Food serving applications



Filo Pack : Food delivery application

Sustainable Packaging



Bio-Seal

Bio compostable packaging solutions for packaged/fast-food & Personal Care industries.
Launched on commercial scale.



Oxy Block

Recyclable structure to provide barrier properties for packaged foods, edible oils etc.
Commercialisation under progress





Empowering Farmers & Next Generation Agriculture

POWERING NEXT GENERATION AGRICULTURE

Agri Sector Critical to India's Growth Story

Employs 50% of workforce but accounts for only 14% of India's GDP



Core Challenges

- ✓ Productivity
- ✓ Sustainability
- ✓ Market Access



Empowering 4 Million Farmers

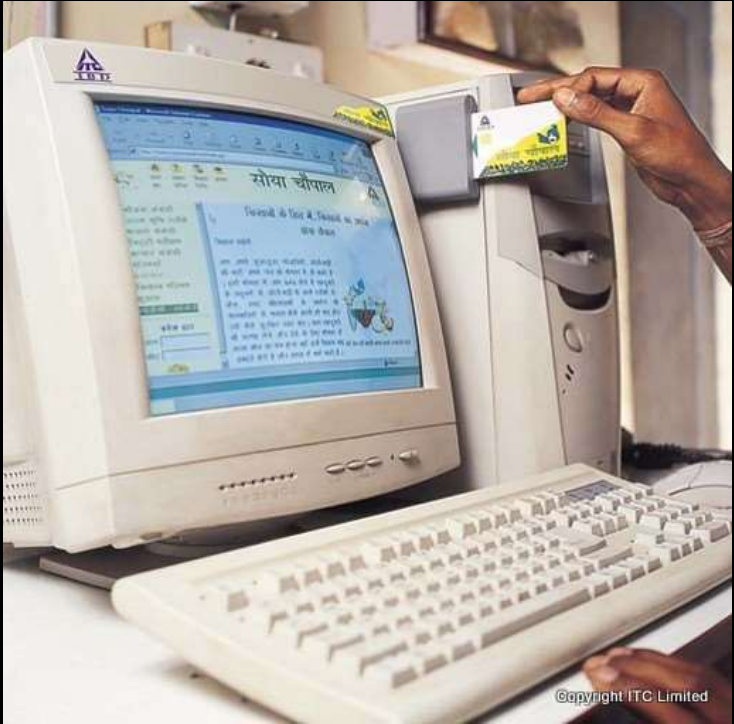
e-Choupal Digital Infrastructure



Copyright ITC Limited



Copyright ITC Limited



Copyright ITC Limited



Demonstration Farms

Choupal Pradarshan Khet



Copyright ITC Limited

ITC in Agriculture : **Baareh Mahine Hariyali**

Leveraging Technology & Innovation to **Enhance Productivity**



Varietal Improvement



Choupal Pradarshan Khet



Zero Tillage



Short Duration Varieties



Water Management



Cropping Intensity



Agri Best Practices



Farm Mechanisation



Collaboration with NITI Aayog for improvement of agriculture in 27 aspirational districts - trained 1.5 million farmers

ITC FOODS BRANDS - DRIVING AGRI VALUE CHAINS

ITC'S WORLD-CLASS INDIAN BRANDS ANCHOR INCLUSIVE VALUE CHAINS



Empowering the Nation's Farmers





Enduring Value

ई-चौपाल 4.0

किसानों के हित में, किसानों का अपना



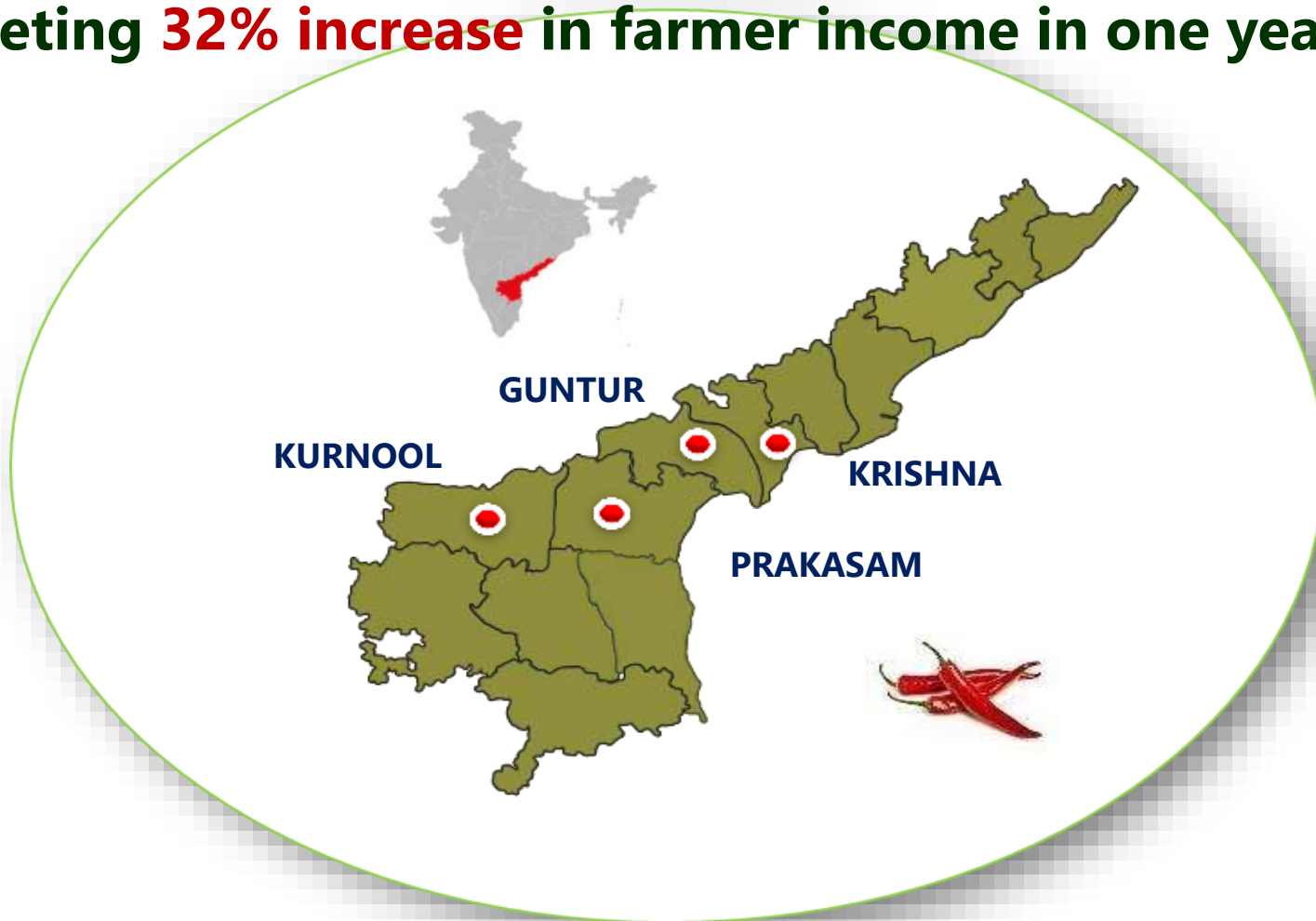
Leveraging the Digital Revolution to reinforce ITC e-Choupal as a Platform to provide the full array of new age solutions to empower the farmer

Aspiration to benefit 10 million farmers by 2030



An Illustrative Example in Andhra Pradesh, India Targeting **32% increase** in farmer income in one year

25,000
acres



10,000
Farmers

Current

Productivity
21.5
Quintals/Acre

Avg. Price
86
Rs./Kg*

* As per 2019-20 season

Cost of Cultivation
47
Rs./Kg

Farmer Net Returns
83,850
Rs./Acre

Key Interventions



Digital Advisory



e-Krishi Sevaks / FPOs



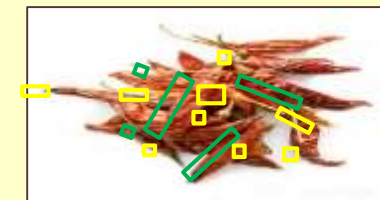
Remote Sensing



Crop Monitoring



Post-Harvest Technologies



Digital Quality Assaying



Input e-Marketplace



Drone Spraying Mechanization



Integrated Pest Mgmt. Kits

Target

Productivity
24
Quintals/Acre

Avg. Price
91
Rs./Kg

Cost of Cultivation
45
Rs./Kg

Farmer Net Returns
1,10,400
Rs./Acre

32% Increase in Net Returns



Enduring Value

CLIMATE SMART VILLAGES

**Weather
Smart**

**Water
Smart**

**Seed /
Breed
Smart**

**Carbon/
Nutrient
Smart**

**Market
Smart**

Coverage : 6,54,000 acres and 2,47,000 farmers, 23 crops, 17 states



Livestock Development adds to non-farm incomes -
Providing integrated animal husbandry services to nearly 20,00,000 milch animals.



Empowering women
Over 76,000
rural women
entrepreneurs



Skill Development Initiative



Over 70,000 youth
trained



ITC's rural education programme has benefitted 780,000 children



Nearly 37,700 individual sanitary units constructed

SCALE AND IMPACT

- **6,100** e-Choupals, **35,000** villages, **4 million** farmers
- **8,27,000** acres of forestry
 - – **150 million** person-days of employment
- **11,56,000** acres of watershed development
- **20,00,000** milch animals covered
- **7,81,000** children benefiting from supplementary education
- **76,000** sustainable livelihoods for rural women
- **86,000** youth trained through Vocational Training programmes
- **37,700** Sanitation Units



ITC's Social Investments Initiatives

Horizon 1- Sustainable Livelihoods Today

Social Forestry



Achieved: 364,240*
Target: 630,000*

Watershed Development



Achieved: 1,133,703*
Target: 2,200,000 *

Sustainable Agriculture



Achieved: 567,737*
Target: 3,000,000*

Biodiversity



Achieved: 17,456*
Target: 100,000*

Women's Empowerment



Covered: 72,402
Target: 150,000

Horizon 2: Creating Capabilities For Tomorrow

Education



Achieved: 7,75,013
Target: 1,300,000

Youths Trained



Achieved: 81,510
Target: 282,000

Waste Management (Households)



Achieved: 3,13,228
Target: 600,000

Toilets Built



Achieved: 37,594
Target: 40,000

* - in acres



Contribution to UN SDGs



Women's Economic Empowerment

Climate Smart Agriculture

Integrated Animal Husbandry



Sustainable Products

Sustainable Supply Chains

Sustainable Agriculture

Integrated Animal Husbandry



Primary Education



Diversity and Equal Opportunity

Women's Economic Empowerment



Water Security for All

Sanitation & Solid Waste Mgmt

Primary Education



Occupational Health & Safety

Vocational Training

Women's Economic Empowerment



Climate Resilience

Managing Waste



Climate Resilience

Social Forestry

Climate Smart Agriculture

Integrated Animal Husbandry

Water Security for All



Water Security for All

Climate Smart Agriculture

Social Forestry



ITC LIMITED

108th ANNUAL GENERAL MEETING

Governance : Trusteeship, Transparency, Ethical Conduct

STRATEGY OF ORGANIZATION

**3-Tiered
Governance
Structure**



RESPONSIBLE COMPETITIVENESS CHAMPIONING TRIPLE BOTTOM LINE PERFORMANCE

Governance Structure

**Board Committee on CSR & Sustainability
Headed by Chairman**

**Corporate Management Committee (CMC)
Headed by Chairman**

**Sustainability Compliance & Review Committee
chaired by Group Head Sust., EHS and Member CMC**

Divisional CEO & Divisional Management Committees

**Unit Level Responsibility
Sustainability Champions in every business**



Enduring Value

CLEARLY DEFINED POLICIES - SUSTAINABILITY

**Life Cycle
Sustainability**

**Stakeholder
Engagement**

**Responsible
Advocacy**

**Product
Responsibility**

**Responsible
Sourcing**

**Freedom of
Association**

**Diversity and
Equal
Opportunity**

**Environment,
Health and
Safety**

**CSR
Policy**

**Prohibition of
Child Labour
and
Prevention of
Forced
Labour at the
Workplace**

**Code of
Conduct for
Vendors and
Service
Providers**

**Human Rights Consideration
of Stakeholders Beyond the
Workplace**



Enduring Value

CLEARLY DEFINED POLICIES

**Corporate Governance
Policy**

**Food
Products
Policy**

**Related
Party
Transactions**

**Determination
of a material
subsidiary**

**Dividend
Distribution
Policy**

**Remuneration
Policy**

**Bribery &
Corruption**

**Privacy
Policy**

**Whistleblower
Policy**

**Prevention of Sexual Harassment
at the Work Place**

**Labour
Practices**

A photograph of five male employees of ITC standing in a factory. They are wearing light blue short-sleeved shirts and grey trousers. Four of them are wearing yellow hard hats. They are positioned in front of large industrial machinery, including a large white roll of material and a green machine with a wire mesh guard. A sign on the machinery reads "PLANING ROLL" and "B H SHIFT ROLL". In the background, a sign for "LARSEN & T" is visible. A green banner is overlaid at the bottom of the image.

Social Contract : ITC's Consumers, Partners, Employees

HELPING CONSUMERS MAKE SUSTAINABLE CHOICES

ITC Life Sciences & Technology Centre



Over 350 scientists and
900 patents filed

Delivering Future Products
Aimed at Health, Hygiene,
Immunity and Well-being





The WeAssure programme is ITC Hotels' commitment towards health, hygiene and safety, designed in collaboration with medical professionals and disinfection experts to further enhance the existing hygiene and cleaning protocols.





Enduring Value



Enduring Value



Creating a Workplace of Tomorrow

ENCOURAGING WOMEN PARTICIPATION

Encouraging Women in Manufacturing

Some of ITC's state-of-the-art food manufacturing units have witnessed an increase in the number of women engaged on the shop floor. ITC's Pudukkottai unit in Tamil Nadu is one of the largest factories in India to deploy women in large numbers. Women represent 85% of the workforce at the unit, across the threeshifts in a day.

Similarly, ITC's Foods unit at Nanjangud in Karnataka is the first FMCG factory in the region to deploy women across all its shifts. Women constitute close to 60% of the workforce in the Nanjangud unit.

These factories have ergonomically designed equipment and world-class infrastructure and facilities like crèches to support women working on the shop floor.

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

sessions on gender sensitisation and POSH (Prevention of Sexual Harassment at the Workplace) are carried out to build an enabling work environment for women.

To ensure safe commute, CCTV cameras, panic buttons and GPS trackers are deployed in buses. CCTV cameras and women security guards comprehensively cover all areas and shifts in the factory. The plants have also been organising well-being initiatives and occupational awareness sessions regarding women's health issues.



Women constitute close to
60%
of the workforce in the
Nanjangud unit.



Reflections Series Inspiring stories





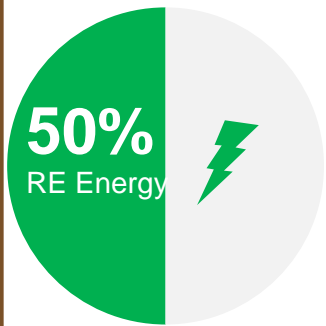
RE!MAGINING THE FUTURE



Enduring Value

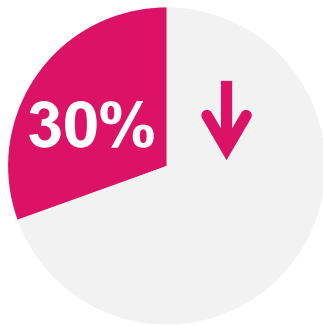
LOOKING BEYOND: AMBITIOUS GOALS & TARGETS

Renewable Energy (RE)



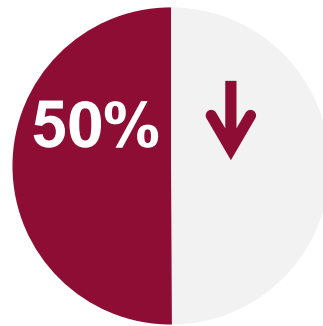
50% Renewable Energy Share by 2030

Specific Energy



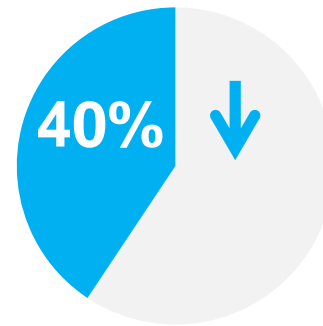
30% reduction in Specific Energy by 2030 compared to a 2018-19 Baseline

Specific GHG Emissions



50% reduction in Specific GHG Emissions by 2030 compared to a 2018-19 Baseline

Specific Water



40% reduction in Specific Water by 2030 compared to a 2018-19 Baseline

ITC's Sustainable Packaging Plan

Recyclability



100% Plastic Packaging to be Recyclable, Reusable or Compostable by 2030

Plastic Neutrality



To enable sustainable management of waste in excess of the amount of packaging introduced in the market

LOOKING BEYOND: AMBITIOUS GOALS & TARGETS



Sequester over four times
the CO2 emissions from
operations



Create rainwater harvesting
potential **equivalent to 5 times**
the net water consumption from
operations



Create sustainable
livelihoods for
10 million people



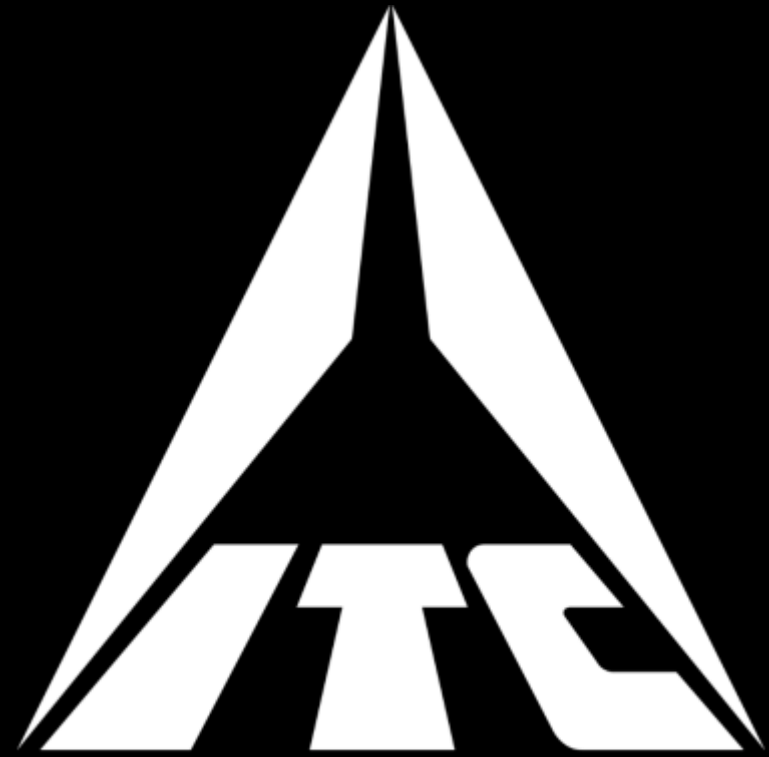
**A passion for
profitable growth....**



....in a way that is sustainable.....



**.... and
inclusive**



Enduring Value

THANK YOU