SHAPING THE FUTURE

SUSTAINABILITY 2.0

ITC
Enduring Value

PURPOSE. PROGRESS. PARTNERSHIPS.

SUSTAINABILITY REPORT 2025

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Chairman's Message

Mr. Sanjiv Puri
Chairman & Managing Director, *ITC Limited*

It is with pleasure that I present ITC's 22nd Sustainability Report, which demonstrates our continued commitment to creating larger value across all dimensions of the Triple Bottom Line.

ITC's Sustainability Performance - Recognition

Our superior sustainability performance continues to receive global acknowledgment.

We have been included in the Dow Jones Sustainability Emerging Markets Index for the fifth year in a row and have retained our 'AA' rating by MSCI-ESG for 7 years now. The Company also features in the 'Leadership' level in the CDP Climate and CDP Water ratings. It is indeed satisfying that we have been able to meet many of our Sustainability 2.0 targets for 2030 well ahead of time and are now recalibrating them upwards.

The World of Uncertainties

The world that we are living in is confronted with a multitude of challenges that encompasses elevated geo-political tensions, rising geo-economic fragmentation, extreme hunger, job losses and societal fractures. This is being referred to as a 'new world disorder'.

Across the globe, nations are facing increasingly severe and frequent climate extremes, with 'climate whiplash' bringing deadly swings between extreme wet and dry weather. Calling the pattern 'global weirding', experts have warned of worse days to come. The World Meteorological Organisation (WMO) recorded 151 extreme weather events in 2024, the warmest year on record and the first to cross the 1.5°C threshold. The Climate Risk Index 2025 has ranked India among the countries most affected in the long term by recurring extreme events. India experienced extreme weather events on 322 out of 366 days - nearly 88% of the year. Extreme weather poses significant challenges to agriculture, adversely impacting crop yields, food and livelihood security. It is estimated that climate change can lead to agri output loss by 16% by 2030, threatening food availability and agri livelihoods. Climate change also impacts economic activity and poses immense risks for businesses. As one-third of India's GDP comes from nature, climate change could cost the country upto 10% of its GDP by the end of the century.

The challenge of social inequity is equally daunting. Nearly 20 lakh people are in the grips of catastrophic hunger. NEET (not in education, employment or training) rates in low-income countries rose in 2024, covering 20.4% of young men and 37% of young women. The Global Risks Report 2025 by the World Economic Forum identifies societal fractures as central to the overall global risks landscape with inequality being the most critical risk of all.

Given that extreme weather events are likely to multiply manifold over the next few decades, it is critical for economies and enterprises to build resilience to navigate through these disruptions. It is a matter of concern that despite the growing evidence, climate negotiations are yet to deliver meaningful outcomes with diverse views being put forth by nations and stakeholders. However, India continues to be at the forefront of driving climate action, setting an example for other developing economies to follow. Focusing both on climate adaptation and mitigation, India has been making rapid advancements in accelerating adoption of renewable energy, thereby building 'Green GDP', even as it embraces and advocates ways of dealing with the impacts of climate change.

ITC's Sustainability Vision and Strategy

At ITC, our credo of Responsible Competitiveness has inspired every thought and action. The Company believes that corporates are best placed at the frontline of economic activity to deliver unified solutions that can innovatively deliver economic, environmental and social value. Competitive enterprises of tomorrow will be those that embed sustainability at the core of corporate strategy, and not as a bolt on to business imperatives. The ITC Next framework, adopted by the Company a few years ago, mainstreams sustainability as an integral part of business strategy to leverage emerging opportunities, build resilience and competitiveness, whilst pursuing a bold agenda for adaptation and mitigation.

ITC's belief that corporates have both an economic and a social purpose has inspired the Company to embed sustainability at the core of its corporate strategy. ITC has consistently raised the bar in sustainability performance, continuing to make uncompromising efforts to be globally competitive while simultaneously replenishing environmental resources and supporting large-scale livelihoods. In the face of global uncertainties and to leverage the opportunities unfolding in India, the Company has enabled a strategy reset, termed ITC Next, to shape the next horizon of growth and competitiveness. As part of ITC Next, the Company has also articulated a bold Sustainability 2.0 agenda that calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, strengthen our efforts towards ensuring water security for all and create an effective circular economy. It also entails protecting and restoring biodiversity and ecosystem services through adoption of nature-based solutions including climate smart agriculture. Multi-dimensional interventions have been spearheaded to build resilient supply chains and develop sustainable products, among others.

> "I take great pride in announcing that our unique business models have enabled ITC to support the livelihoods of nearly 90 lakh people"

Climate Action

ITC recognises that while decarbonisation efforts are critical for economies to progress to Net Zero, it is equally important to scale up adaptation efforts to navigate the impacts of climate change in the shorter to middle term. ITC, therefore, pursues a multi-pronged strategy as part of its climate action plan, focusing both on adaptation and mitigation. Addressing transition risks, the Company has implemented extensive decarbonisation efforts across its operations and supply chains while physical risks are attended to through a comprehensive adaptation plan. ITC's mosaic of initiatives includes investments in green infrastructure and renewable energy, sequestration through largescale afforestation, climate smart and regenerative agriculture, integrated water stewardship, biodiversity conservation and promoting circular economy. To lower its carbon footprint, ITC is progressively reducing its Scope 1 and Scope 2 GHG emissions every year despite its growing business footprint, thereby contributing to India's mission of decoupling economic growth and emission.

> "ITC is enhancing its long-term climate-related goals by committing to achieve 'Net Zero Operations' by 2050, which will entail decarbonisation of its Scopes 1 & 2 emissions"

At the core of our mitigation endeavour is our strategy for renewable energy. Over the years, we have been investing in projects for both renewable electricity and renewable thermal requirements and in augmenting specific energy efficiency to lower our carbon footprint. It is a matter of pride that we have achieved our 2030 goal of meeting 50% of our energy requirement from renewable sources for the second year in a row. ITC has pioneered the green building movement in India, and it is now our policy to reduce the Company's environmental footprint by integrating green features in all new and old constructions including manufacturing units, warehouses and office complexes.

ITC is also working towards facilitating decarbonisation of emissions across its value chains (Scope 3). The Company has been promoting Social Forestry and Energy plantations (Grow Own Fuel) at scale which contributes to carbon sequestration. In addition, potentially scalable projects like the use of solar irrigation pumps, biogas units, and agri-residue management are being piloted to decarbonise agriculture.

Focus on Resilience

ITC's adaptation interventions focus on building resilience across agri value chains and climate proofing physical infrastructure. To secure our operational footprint from extreme weather, we have carried out a climate risk modelling exercise, leveraging AI-enabled tools, at a pan-organisation level to identify vulnerable sites. Based on the studies, site-specific adaptation actions are being taken. Additionally, ITC has also conducted detailed farm-level studies using AI-enabled climate modelling tools to understand the crop and region-specific yield impacts across India. For example, in the wheat development programme, a detailed hotspot study has been carried out across wheat growing regions using Climate AI. The study analyses the impact of climate change effects like rising temperature, rainfall and groundwater data etc on crop yield, quality and production across time horizons. Based on the study, hotspot-specific micro-zone plans, including adaptation approaches and mitigation actions, are being developed. The interventions are supported by digital advisories provided by ITCMAARS.

Our Climate Smart Agriculture (CSA) programme aims at building climate resilience by promoting regenerative agriculture practices and implementing nature-based solutions. The programme covers over 31 lakh acres in 19 States and has benefitted over 12 lakh farmers. It is indeed encouraging to note from a study undertaken in the first phase of ITC's Climate Smart Village programme, nearly 70% of the villages have moved into a High-Resilience, High-Yield category as compared to 20%. Additionally, the GHG emissions of select crops has also reduced by upto 66%. We are enhancing the area covered under CSA to over 40 lakh acres by 2030. ITCMAARS, the 'phygital' ecosystem, that supports FPOs also enables farmers to build climate resilience through recommended agri-practices.

Restoring Natural Ecosystems

Through community-based watershed development programmes, demand-side management agri interventions and maximising water efficiency in our operations, we strive to create a positive water balance. We also work on reviving river basins with negative water balance. It is my pleasure to announce that we have successfully revived 4 such basins and are now working on the rejuvenation of the 5th river basin. Given the escalating water stress in cities, ITC is also implementing measures in urban catchments, including Bengaluru and Tiruvottiyur, to address the challenges arising out of flash floods, depleting groundwater tables and water shortages. ITC's urban programmes facilitate the revival of urban water bodies, improve natural streams, roof water harvesting, groundwater recharge, etc.

> "Water-efficient agri-practices promoted by ITC have created potential annual water savings of 1,400 million kl, while ITC's Watershed Development programme has covered over 18 lakh acres."

In addition, our Biodiversity Conservation programme focuses on reviving ecosystem diversity and services provided to agriculture. Recognising that mangroves play a crucial role in building resilience to floods in coastal areas, ITC has developed a large-scale mangrove conservation project in Chirala, which is now making appreciable progress.

Through its extensive Plantation programme, ITC supports a tree to notebook value chain. The programme has created green cover of over 13 lakh acres through afforestation, supporting over 24 crore person-days of employment while creating a sustainable fibre chain for high quality raw materials for ITC's paper and notebooks businesses. ITC is also piloting cost efficient Miyawaki forests to improve forest cover.

Towards Circularity and Plastic Substitution

At ITC, we have adopted a holistic approach towards enabling a circular economy by focusing on the entire waste value chain. We continuously innovate to minimise waste in our operations, improve recyclability, optimise packaging and develop sustainable alternatives to plastics. I am happy to announce that over 99% of the waste generated in our operations has been sent for recycling in FY 2024-25. Beyond our operations, we also focus on management of post-consumer plastic packaging waste by evolving sustainable and scalable solutions.

> "ITC is plastic neutral since FY 2021-22"

Our decentralised Waste Management and Well-Being Out of Waste programmes foster a circular economy and the creation of a clean & green environment while also promoting sustainable livelihoods for waste collectors.

In addition, we are also focusing on substituting single use plastic with scalable, innovative and eco-friendly solutions. While our FMCG businesses are leading the way in incorporating recycled materials in their packaging, ITC's Paperboards, Packaging and Printing Businesses, in collaboration with the ITC-LSTC have developed cutting-edge sustainable solutions to substitute single use plastic that align with consumer needs and environmental standards. We have set up a manufacturing facility in Madhya Pradesh that specialises in moulded fibre products.

Inclusive Development

In alignment to national priorities, ITC has spearheaded large-scale interventions to contribute to inclusive development. ITC's Social Investments Programme, Mission Sunehra Kal (MSK), aims to transform the lives and landscapes of the most marginalised amongst ITC's beneficiary groups, enabling them to live a life of dignity. The programmes empower rural communities by building their capacity, supporting grassroots institutions and strengthening income sources. ITC has also forged partnerships and collaborations with Government bodies, NGOs, knowledge institutions etc to amplify scale, quality and impact of its programmes.

> "To achieve scalable outcomes, ITC-MSK has forged over 95 Public-Private-People partnerships till date"

A two-horizon approach has been adopted for sustainable and inclusive development of communities, keeping households at the core. Horizon I includes interventions that strengthen livelihoods of today and food security at scale by making agriculture resilient to climate change and diversifying incomes for farmers by solutions that also nurture, conserve and enrich natural resources. Horizon II focuses on building capabilities and capacities to empower communities for the future through interventions for education, skilling, healthcare, women empowerment, etc., thereby enabling educated, skilled and healthy communities.

Today, it gives us immense pleasure that our interventions have reached out to 60 lakh women through multi-dimensional initiatives, many of whom have now become influencers and champions of change. Till date, the interventions provided education support to nearly 22 lakh children and skill training to over 1.2 lakh youth. Realising the need to improve access to quality healthcare in rural areas, ITC's community-based healthcare initiative has undertaken over 7 lakh engagements. Over 15.24 lakh people across nine states were covered under the Company's Maternal & Child Health and Nutrition intervention.

ITC is also undertaking efforts to strengthen capacity building of its eco-system of partners, including MSMEs, extensively focusing on upgrading their technology, quality and skills. ITC's large gamut of environment and social interventions, which have been scaled up over the years, contribute favorably to all 17 UN SDGs.

Towards the Next Horizon

Over the past 25 years, ITC's journey of Responsible Competitiveness has been both fulfilling and impactful. As we navigate an increasingly dynamic world, we are redoubling our efforts to build a future-ready organisation that is resilient, competitive, agile, climate positive and inclusive. We are accelerating digital transformation, fostering purposeful innovation and building resilient supply chains to reimagine the future – all while deepening our commitment to climate action and livelihood generation. Looking ahead, we remain steadfast in our mission to build an exemplary Indian enterprise that creates sustained value for all stakeholders and helps shape a brighter future for generations to come. Your continued support will be invaluable as we strive towards shaping an enterprise of pride and value for India.

Mr. Sanjiv Puri
Chairman & Managing Director, ITC Limited

About this Report

Reporting Framework

ITC has been reporting its sustainability performance annually, and the Sustainability Report 2025 covers the sustainability performance for the period April 1, 2024 to March 31, 2025.

ITC's Sustainability Report 2025 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. 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. In addition, the Report continues to be aligned to the requirements of the Integrated Reporting Framework.

The Report also contains disclosures pertaining to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. ITC also discloses its climate change and water security related approach and performance through CDP.

Independent Audit and Assurance

The financial data included in the Report is excerpted from the ITC's Report & Accounts 2025, 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 2025 has been assured by KPMG Assurance and Consulting Services LLP, an independent third-party assurance provider. They have provided the assurance as per the International Standard on Assurance Engagements (ISAE) 3000 (Revised). The indicators which are under Reasonable Assurance and Limited Assurance are available in the assurance report. The assurance report of KPMG Assurance and Consulting Services 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 and GHG Protocol (A Corporate Accounting and Reporting Standard) (Revised). The GHG inventory for FY 2024-25 has been assured by KPMG Assurance and Consulting Services LLP. 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).

Contact Point

For any clarifications,
E-mail: enduringvalue@itc.in

To download a copy, visit the Company portal - https://www.itcportal.com

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 manufacturing units and office complexes), Subsidiaries, Associate Companies and Third-Party Manufacturers (TPMs) included in the reporting boundary.

During the year, the Hotels Business (except ITC Grand Central, Mumbai) has been demerged from ITC Limited and is now ITC Hotels Limited. Accordingly, the reporting boundary for the current year has been readjusted to exclude data for Hotels Business for the period April 1, 2024 to March 31, 2025. Wherever required, footnotes/ explanations have been included to aid comparison with previous year. In addition, newly commissioned Integrated Consumer Goods Manufacturing and Logistics (ICML) facility at Jammu and Personal Care Unit at Uluberia, West Bengal have been included in the current 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 one Associate Company. Additionally, ITC has incorporated the performance of 46 TPMs of Foods Business Division (FBD) has been included in the reporting boundary in FY 2024-25. 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 review their sustainability performance.

CSR Programmes:
ITC's CSR footprint is spread across 24 States/ Union Territories

ITC Registered Office:
Kolkata (West Bengal)

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): 4 nos.

FMCG-Others

Branded Packaged Foods Businesses

Divisional Headquarters: Bengaluru (Karnataka)
Units: Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla, Uluberia and Sankrail[$] (West Bengal), Khordha (Odisha), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu), Malur & Mysuru (Karnataka), Medak (Telangana), Bikaner[$], Reengus[$] & Jaitpura[$] (Rajasthan), Agra[$] (Uttar Pradesh) and Jammu (Jammu & Kashmir)
Third Party Manufacturers (TPMs): 46 nos.

$ For these factories, data related to energy and water 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), Guwahati (Assam) and Uluberia (West Bengal)

Education and Stationery Products Business (ESPB)

Headquarters: Chennai (Tamil Nadu)
Third Party Manufacturers (TPMs) of Notebooks: 7 nos.

Incense Sticks (Agarbattis) and Safety Matches

Headquarters: Chennai (Tamil Nadu)

Agri Business Division (ABD)

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

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), and 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)

ITC Grand Central (Mumbai)

Subsidiaries

ITC Infotech India Limited

Units: Bengaluru (Karnataka) and Kolkata (West Bengal)

Technico Agri Sciences Limited

Units: Chandigarh and Manpura (Himachal Pradesh)

North East Nutrients Private Limited

Unit: Mangaldoi (Assam)

Surya Nepal Ventures Private Limited

Units: Simara and Seratar (Nepal)

Associate

ATC Limited

Unit: Hosur (Tamil Nadu)

Reporting Scope Exclusions

Subsidiaries, except mentioned above, are not included in the reporting boundary.

Refer Note 30(ii) of Consolidated Financial Statements forming part of Report and Accounts 2025, for details on subsidiaries, associates and joint ventures.

About ITC

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

Inspired by its vision of 'Nation First: Sab Saath Badhein', ITC has crafted unique business models that enable it to build extreme competitiveness even as it augments environmental resources, combats climate change and provides meaningful support to livelihood generation at scale. ITC calls this paradigm of growth 'Responsible Competitiveness'. 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.

₹734.65 billion
Gross Revenue

₹200.92 billion
Profit After Tax

11
Future Ready Businesses across 4 Segments

33,843
Full Time Employees

A Bouquet of Leading FMCG Brands

(Source: Nielsen/Kantar Household Panel)

✦ *Offerings*

- AASHIRVAAD — ✦ Atta, Salt & Spices — #1 in Branded Atta
- Sunfeast — ✦ Biscuits & Cakes — #1 in Cream Biscuits
- BINGO! — ✦ Bridges, Potato chips & Namkeens — #1 in Bridges segment of snack food
- Sunfeast YiPPee! noodles — ✦ Noodles & Pasta — #2 in Noodles
- classmate — ✦ Education & Stationery Products — #1 in Notebooks
- MANGALDEEP PREMIUM QUALITY INCENSE — ✦ Dhoop & Agarbatti — #1 in Dhoop, #2 in Agarbattis

Fast Moving Consumer Goods

India's leading FMCG marketer, with over 25 mother brands, ITC's FMCG Businesses are present in:

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

ITC's FMCG Businesses export to over 70 countries.

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.

Paperboards and Packaging Businesses promotes sustainable packaging solutions that substitute single-use plastics.

Agri Business

- A pioneer in rural transformation, ITC is one of India's leading Agri business players and is also the largest exporters of agri-commodities.
- ITC's Agri business has extensive engagements with farmers for over 100 years.
- The Business aims to scale up its value-added portfolio across categories like organic, food safe, attribute specific, as well as medicinal & aromatic plants.
- The Business is powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture.
- 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 brings the power of digital technologies to farmers.

The scale of operations encompasses over ~3.5 million tonnes of annual volume throughput in 22 States and over 20 agri-value chains.

Information Technology

- ITC Infotech is a wholly-owned subsidiary of ITC.
- It is a leading global technology services and solutions provider with presence in 40+ countries and 70+ Fortune 500 Clients.
- The 'Orbit Next' strategy is powering its next horizon of growth and differentiation.

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

Triple Bottomline Performance

Economic

₹734.65 billion
Gross Revenue

Over 100
New Products Launched

Over ₹2,110 billion
Contribution to the National Exchequer
(over the last five years)

Over 25
Indian FMCG Brands

₹5,12, 829 Crores
Market Capitalisation
(as on 31st March 2025)

₹864 crores
R&D spend in last 5 years (cumulative)

18.4%
Total Shareholder Returns
(CAGR over the last 2 decades)

Environment

Targeting 'Net Zero Operations by 2050'

52%
Total Energy from Renewable Sources

53%
Purchased Grid Electricity Requirements from Renewable Sources

~99%
Total solid waste generated in ITC units were recycled

Achieved & Sustained
Plastic Neutrality
since FY 2021-22

More than 60 million kl
Total Rainwater Harvesting Potential Created, till date

4 River Basins
turned Water Positive by implementing initiatives for addressing the water balance gap

Social

82
Employee Engagement Index

6+ million
Women reached out through Mission Sunehra Kal

~9 million
Sustainable Livelihoods supported

240 million person-day
Employment Generated through Social and Farm Forestry Initiatives

52 units
With 'Zero On-site Lost Time Accident' performance

14.7 million
Households Covered through ITC's Solid Waste Management Programmes, till date

Globally Benchmarked Safety Performance

0.024 Injury Rate*
*Injury rate (IR) is defined as the frequency of LTAs, for every 200,000 person-hours worked

ITC's Approach to Value-creation

Strategic Framework

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 and admired 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 values for all its stakeholders:

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

ITC's vibrant and synergistic portfolio of Businesses with growing presence across all three sectors of the economy - agriculture, manufacturing and services leverages the competitive advantages of its institutional strengths to drive growth and enhance the competitive power of the portfolio.

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.

Driven by the vision of building a dynamic 'Future-Tech', Innovative, Climate Positive and Inclusive enterprise, ITC's Next Strategy has been crafted to shape the next horizon of competitiveness, growth and profitability. This is anchored around 6 key pillars of creating Multiple Drivers of Growth, focussing on Innovation and R&D, bringing in structural interventions across value chain for Agility, Resilience and Efficiency, creating a Digital first culture, and Smart Ecosystem with bolder ambitions on Sustainability, empowered by world-class talent.

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, facilitate the transition to a net zero economy, work towards enabling 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 by adoption of nature-based solutions.

Strategic Pillars

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

ITC Next Strategy

Future Tech | Consumer Centric | Climate Positive | Inclusive

Multiple Drivers of Growth
Future ready Portfolio

Innovation and R&D
Agile, Purposeful, Science based platforms

Supply Chain
Agile, Resilient, Efficient

Digital
Digital first culture
Smart Eco System

Sustainability 2.0
Responsible Competitiveness
Bolder Ambition

Cost Agility & Productivity
Structural Interventions across value chain

ITC Synergy

World-class Talent | Proneurial Spirit | High Performance Culture

Multiple Drivers of Growth

Brand & Reputation | Sustained Stakeholder Value Creation | Risk & Crisis Management | R&D and Innovation

- Create multiple drivers of growth by developing a portfolio of world-class Businesses that best matches organisational capability with opportunities in domestic and international markets.
- Enhance the competitive power of the portfolio leveraging institutional strengths through synergies derived from blending diverse skills and capabilities residing in various Businesses.
- Continue to invest across the business portfolio comprising FMCG, Paperboards, Paper and Packaging, Agri Business and Information Technology.
- Build and augment robust business models across a 3-horizon growth framework to deliver competitively superior performance over the short, medium and long term by leveraging enterprise strengths and megatrends of Digital & Sustainability to address emerging market opportunities:
  - Horizon 1: Extend and Defend core Businesses while rapidly scaling up adjacencies
  - Horizon 2: Incubate and Build emerging Businesses (e.g. Dairy, Beverages, Frozen and Fresh food, Chocolates, Liquid Wash, Homecare, Value added Agri, Sustainable Packaging Platform 1, etc.)
  - Horizon 3: Craft disruptive business models and futuristic value propositions
    - » Create viable options for future growth opportunities (e.g. Food Tech, ITCMAARS, Sustainable Packaging Platforms 2 & 3, startup investments, etc.)
    - » Identify opportunities emanating from climate crisis, geo-political dynamics and other external shocks that could potentially provide new vectors of growth
- Craft disruptive business models and value propositions anchored at the intersection of Digital and Sustainability leveraging the Company's institutional strengths.
- Leverage the unique opportunity in the India growth story to scale up portfolio premiumisation across Businesses/product categories.
- Continue to invest/engage with the start-up ecosystem to co-create innovative business models and relevant digital solutions which can be leveraged by the Company's Businesses to unlock value/create new opportunities.
- Proactively pursue value accretive acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.

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.
- Benchmark the health of each business comprehensively across the criteria of Market Standing, Quality of products and services, Profitability and Internal Vitality.

Innovation and R&D

R&D and Innovation | Product Stewardship | Nutrition

- Continue to focus on agile and purposeful innovation that are sharply aligned with business strategy.
- Identify new and emerging business opportunities based on insights drawn from a comprehensive environmental scan in individual science platforms.
- Complement LSTC capabilities and competencies by investing in developing a robust innovation ecosystem leveraging collaborations in cutting-edge science areas with world class institutions to meet business aspirations and address emerging trends.
- Strengthen the aspect of sustainability (climate smart, resilience, adaptation, environmentally friendly, nutritious, regulatory aligned) in all research programmes to support and drive a future ready ITC.
- Strengthen and build LSTC Science platforms to fuel innovation; develop and execute robust R&D strategies and plans with a view to securing sustainable and long-term competitiveness for each business.

Material Issues

Agile, Resilient and Efficient Supply Chains

Sustainable Supply Chain | Brand & Reputation | Sustained Stakeholder Value Creation | Climate Resilient Operations | Risk & Crisis Management | R&D and Innovation

- Continuously build adaptive, agile and resilient supply chains to effectively manage complexities arising from fast-evolving consumer preferences, increasing salience of alternate channels, geopolitical dynamics leading to realignment of global supply chains, etc.
  - 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.
- Leverage Industry 4.0 and digital technologies along with best-in-class planning, manufacturing, logistics and distribution processes to enhance supply chain agility, responsiveness and market servicing.
- Fuel growth and enhance profitability through structural interventions across each element of the value chain to eliminate waste and drive down costs on a sustained basis:
  - Drive cost agility by adopting a multi-pronged approach centred around '3Rs': Remove, Reduce, Re-engineer.

Digital

R&D and Innovation | Sustained Stakeholder Value Creation

- Institutionalise a data driven & digital-first culture across the organisation and enable cross-fertilisation of ideas through structural interventions such as Digital Council, Young Digital Innovator's Lab (YDIL) and other forums to steer and accelerate the digitalisation journey.
- Continue to build a dynamic 'Future-Tech' enterprise powered by 'Mission DigiArc', a next-generation smart digital architecture encompassing state-of-the-art digital technologies and infrastructure across the value chain – from insighting to product development, smart sourcing to on-time efficient delivery, superior brand engagement and marketing through real-time content, connect and commerce.
- Build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies and 'human-centred design' & visualisation tools, thereby aiding faster and data driven decision making; continue to leverage Centres of Excellence by Industry 4.0 and Data & Analytics.
- Enhance consumer engagement using digital technologies – apps, social media assets, websites – to deliver delightful brand experiences through personalised communication mapped to individual's needs, preferences and context, and seamlessly integrate consumers' journey across offline and online touchpoints.
- Transform supply chain, sourcing, logistics, manufacturing and warehousing systems into a resilient and agile next-generation connected platform with the help of sophisticated algorithms, automation, IoT fabric, real-time data insights and proactive alert mechanisms.
- Leverage investments in mobile, Robotic Process Automation and remote-working tools to offer a compelling employee value proposition - engendering their well-being, creating a vibrant learning environment and boosting their productivity.
- Continue to engage with the start-up ecosystem to co-create innovative and relevant digital solutions which can be leveraged by the Company's Businesses to unlock value.
- Scale up appropriate shared service models powered by contemporary digital technologies to support scalability across Businesses, enhance productivity and operational efficiency.

Material Issues

Sustainability 2.0

Net Zero & Climate Transition | Climate Smart Agriculture | Nature & Biodiversity | Water Stewardship | Circularity & Sustainable Packaging | Product Stewardship | Sustained Stakeholder Value Creation | Nutrition

- Sustain and enhance the Company's status as a global exemplar in sustainable business practices by pursuing the S2.0 vision through multi-dimensional interventions in decarbonisation, building green infrastructure, scaling up carbon sequestration, enhancing resource efficiency, promoting climate-smart and regenerative agriculture, enabling water security for all, restoring and preserving biodiversity through nature-based solutions, creating an effective circular economy and sustainable packaging solutions, and enabling the transition to a net-zero economy.
- Build climate resilience and adaptive capacity of value chains.
- Develop inclusive value chains that support 10 million livelihoods.
- Create a sustainable ecosystem anchored on a portfolio of healthier, affordable & accessible 'Good For You/Free From' value-added products, in line with national priorities on nutrition.
- Continue to pursue 'triple bottom line' objectives across economic, environmental and social dimensions in line with its philosophy of enlarging its contribution to society and the nation and leverage sustainable business practices as a distinct source of competitive advantage:
  - Reinforce sustainability as an integral part of the Company's DNA and a key element of business strategy
  - Promote sustainable consumption by augmenting the Company's sustainable products, services and Business models
- Scale up 'nature-based' approaches and solutions for protecting and restoring biodiversity.
- Adopt Life Cycle Assessment (LCA) approach for designing sustainable products and marketing the same to consumers anchored on scientific and robust claims.
- 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.
- In addition to the 2030 targets, the Company is enhancing its long-term climate-related goals by committing to achieve 'Net Zero Operations' by 2050 which will entail decarbonisation of its Scope 1 and Scope 2 emissions i.e., electrical and thermal energy-related emissions in own operations. Additionally, the Company will continue to collaborate with its extended ecosystem for facilitating decarbonisation of emissions across the value chain (Scope 3 emissions) as well as setting up systems for monitoring Scope 3 emissions in line with emerging standards.
- 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 FY 2021-22, while also implementing sustainable packaging initiatives across Businesses.
- Build capacity of the Company's value chain partners to ensure adoption of sustainable business practices in their operations.
- Augment stakeholder awareness of the Company's superior ESG performance and positive environmental footprint through best-in-class reporting and disclosures to enhance corporate equity amongst stakeholders.
  - Ensure best-in-class ESG ratings and industry-leading sustainability disclosures that are aligned to stakeholder expectations.
- Shape the agenda on sustainable business practices in India by making CII-ITC Centre for Excellence in Sustainable Development the preferred institution that Businesses and Governments approach to understand the emerging trends in sustainability and sustainable business practices.

Material Issues

World-Class Talent

Diversity, Equity and Inclusion | Human Rights | Learning and Development

- Foster a collaborative mind-set throughout the organisation that inspires, engages and aligns individuals with the Company's Mission, Vision, Values and Strategic Agenda driven by the 'Proneurial' spirit – providing unique opportunity to create products and categories right from incubation which resembles a culture of start-ups and enabling the development of professional entrepreneurs.
- Embrace the qualities of Growth Mindset, Futuristic Orientation, and energising self and the eco-system as the 'ITC Way' of working.
- Deploy Integrated Performance Management Systems aligning goals, outcomes and rewards. Continue with the sector competitive remuneration, with material emphasis on long-term incentives to drive sustainable performance and a differentiated approach that recognises the contribution and impact of superior talent.
- Review and ensure vitality of talent to meet the growing and diverse requirements through periodic succession planning and talent review processes.
- Sustain the impetus on Diversity & Inclusion, while maintaining the foundation of meritocracy through enabling measures, amplification and cross-sharing of internal practices and development programmes directed at women managers.
- 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.
  - Accelerate Capability Building in Digital and AI in functional domains, Consumer Centricity and Leadership through on-demand self-learning and immersive classroom programmes with leading faculty, with a sharp focus on application of such capabilities in the workplace.
- Build a pipeline of highly engaged and aligned talent pool across responsibility levels in an extremely competitive talent market.

Material Issues

Value Creation Model

Inputs

Financial Capital

₹67,900+ crores
Shareholders' funds

₹9,800+ crores
Capital Expenditure over last 5 years

₹51,000+ crores
Revenue Expenditure

Manufactured Capital

200+
Manufacturing units

Intellectual Capital

₹864 crores
R&D Spend in last 5 years (cumulative)

~800
Patents filed

~400
Scientists

Human Capital

33,843
Full-time employees

₹34.17 billion
Employee benefits expense

Social Capital

₹461.50 crores
CSR Expenditure across, more than 300 districts in 24 states/Union territories

27,170
Grass-root institution/ Community-based Organisations (CBOs) created

Relationship Capital

₹212 billion
Spend on indegenous procurement of raw materials, stores & supplies (87% of total procurement)

1,65,250
Markets-Distribution Network

23.1 lakh
Retail Outlets

Natural Capital

25,896 TJ
Total energy consumed

10.7 million kl
Net Water Consumption

3.48 million tonnes
Raw materials processed with 86% from renewable sources

13,441 TJ
Total energy from renewable sources

Strategic Pillars Of ITC Next

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

Outputs

Business Segments

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

Agri Business
Sourcing and supply operations in 22 States & Union Territories (UTs) encompassing over 20 Agri-Commodities

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

₹26,528 crores
PBT

₹20,091 crores
PAT

18.4%
Total Shareholders' Return CAGR over the last 2 decades

Best-in-class ESG ratings

Human Capital

82
Employee Engagement Index

0.024
Injury rate

Intellectual Capital

Over 100
New Product Launches

25+
World Class Indian Brands

Social Capital

240 million person-days
Employment generated through social and farm forestry initiatives

6+ million
Women reached out through Mission Sunehra Kal

~9 million
Sustainable livelihoods supported

Natural Capital

6,464 kilo tCO_2e
GHG Removals

76,000+ tonnes
Post-Consumer Plastic Waste, sustainably managed by ITC's programmes - Achieved 'Plastic Neutrality'

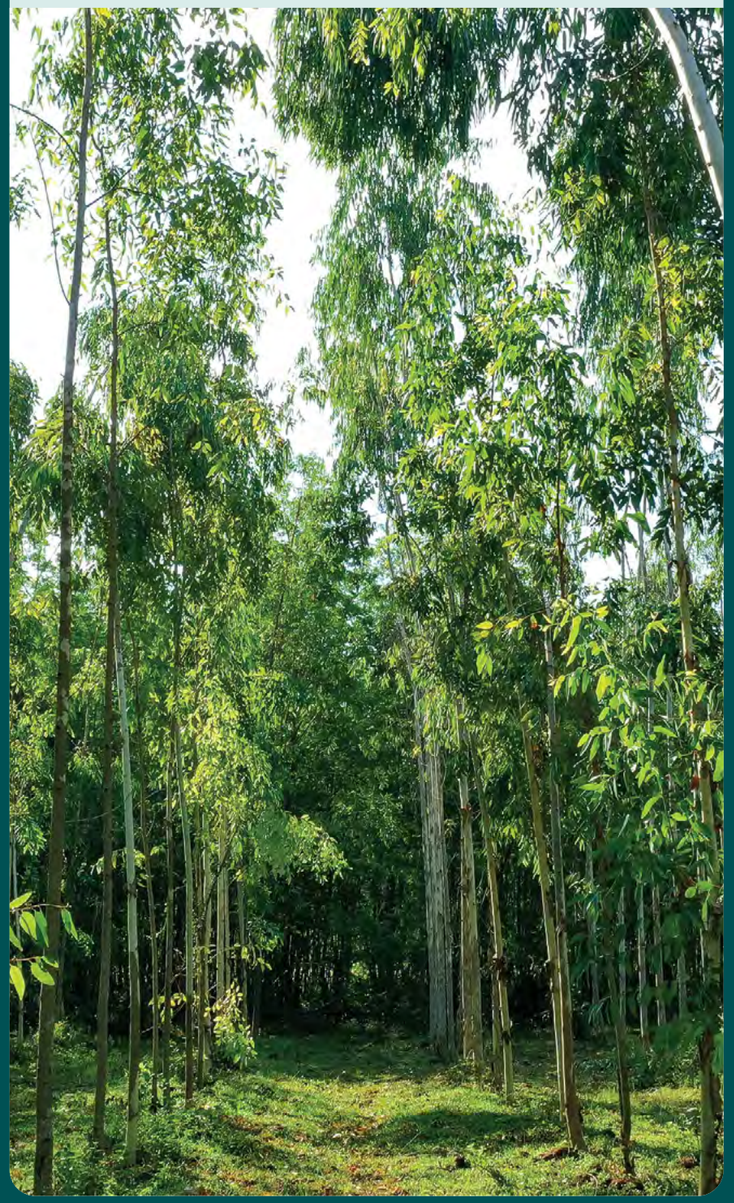
Over 99%
of the total solid waste generated in ITC units was either reused or recycled

More than 60 million kl
Rainwater Harvesting Potential created

Contribution to UN SDGs

02

Approach to Sustainability 2.0



Stakeholder Engagement

Strengthening Relationships with All Stakeholders

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

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

ITC's key stakeholder groups include:

- Shareholders
- Central & State Governments, and Regulatory Authorities
- Customers and Consumers
- Employees
- Value chain partners including Farmers, Suppliers and Service Providers
- Media
- Civil society
- Local communities
- 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 Company's approach and performance, and shape new perspectives.

ITC's Stakeholder Engagement Approach

Identify
Identification of key stakeholders who, are directly/ indirectly impacted by business activities as well as directly/ indirectly influence business activities

Engage
Consultation with the key stakeholders with due weightage given to each stakeholder based on the nature of engagement with the organisation

Prioritise
Identification and prioritisation of concerns and needs

Address
Addressing the prioritised concerns and needs in a consistent and transparent manner

Ongoing review of action taken

Transparency and Accountability

Governance Process for Implementation of Policy on Stakeholder Engagement

CSR and Sustainability Committee of the Board: Supervise Implementation

Corporate Management Committee (CMC): Quarterly review of the report of the SCRC

Sustainability Compliance Review Committee (SCRC): Regular monitoring and evaluation of compliance with the Policy

Consultation with Key Stakeholders for Sustainable Solutions

To understand the stakeholder needs and evolving expectations, ITC engages in regular interactions with various stakeholders. 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

Frequency of engagement — ***Ongoing***

Consultation Mechanism

» Annual General Meeting
» Exclusive section on 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

Key issues

» 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

Select Stakeholder Engagements Conducted during FY 2024-25

» Annual General Meeting of the Company held on 26th July, 2024 through virtual mode.
» Communicating quarterly performance takeaways through press releases, followed by presentations and clarification provided to analysts.
» Key performance highlights shared with all shareholders via e-mail.
» A comprehensive Investor Presentation was made to the Investor community highlighting the contours of the Demerger of the Company's Hotels Business into ITC Hotels Limited, covering inter-alia overview of Hotels Business, key growth strategies and financial performance.
» Sustained the intensity of interaction with analysts/ fund managers of FPIs, domestic MFs, Insurance cos. etc during the year leveraging both physical and virtual meeting platforms.
» Engaged with investors with specific focus on ESG.

Government and Regulatory Authorities

Frequency of engagement — ***Ongoing***

Consultation Mechanism

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

Key issues

» Regulatory compliance
» Sound corporate governance mechanisms
» Tax revenues
» Transparency in disclosures
» Livelihood generation
» Climate Adaptation and Mitigation
» Natural Resources Management
» Women Empowerment including Maternal & Child Health and Nutrition
» Waste Management

Select Stakeholder Engagements Conducted during FY 2024-25

» Representations on policy issues submitted to regulatory authorities through industry associations and other bodies.
» 95 Public Private Partnerships (PPPs) signed by Social Investments Programme (SIP) till date, of which 19 were operational in FY 2024-25. 3 new PPPs signed in FY 2024-25.

Customers and Consumers

Frequency of engagement — ***Ongoing***

Consultation Mechanism

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

Key issues

» 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

Select Stakeholder Engagements Conducted during FY 2024-25

» 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.
» Agri Business- Tobacco SBU partnered with several customers to address key sustainability focus areas in tobacco growing regions. This included the Sustainable Tobacco Programme (STP 2.0) with annual reporting for & assessments by global major tobacco companies. Apart from group reporting, participation in 'Thrive' reporting with British American Tobacco (BAT), Reporting in 'Omina' for Phillip Morris and using the 'PLM – Leaf Care Tool' for Imperial Brands. The business also underwent Social Risk Monitoring Protocol (SRMP) and Monitoring Verification & Reporting (MVR) frameworks implementation assessment by third party on behalf of a premium customer.
» In alignment with customer goals, the Tobacco business engaged in joint efforts to drive 'Leaf Partnership Programme' with 'Imperial Brands' Customer, that covered 17,382 beneficiaries through Clean Water Initiatives (RO Drinking Water Plants & Village Water Tank Renovations) along with Sanitation and Hygiene (School Infra up-gradation & Solid Waste management).

Employees

Frequency of engagement — ***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 2024-25

» 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, World Environment Day, Earth Day and others.

ITC SustaiNext'24: Annual Sustainability Strategy Meet

The second edition of ITC SustaiNext'24 was organised on November 5 and 6, 2024, an event that brought together 200+ participants representing diverse stakeholders' voices, thoughts and ideas on some of the key focus areas in sustainability. The name 'SustaiNext' is an amalgamation of ITC's sustainability strategy - Sustainability 2.0 and the ITC Next strategy – and signifies how the former is an integral part of the latter.

The participants were addressed by the Chairman and Managing Director. Eight eminent external speakers delivered insightful sessions on priority areas like India's decarbonisation journey, net zero for Businesses, role of technology in sustainability reporting, sustainable supply chains, and consumer-centric sustainable brands. Sustainability 2.0 Excellence Awards, designed to recognise outstanding work by different ITC teams, were also presented at SustaiNext.

Farmers

Frequency of engagement — ***Continuous***

Consultation Mechanism
- Regular formal/ informal conversations
- Farmer training programmes and workshops
- Agreements for all procurement activities
- ITC MAARS, 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 farm economics
- Capacity development for enabling further investment in agriculture
- Easy, affordable and reliable access to inputs such as quality seeds, fertilisers, 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
- Facilitating reach and implementation of Agri-tech

Select Stakeholder Engagements Conducted during FY 2024-25
- More than 13,500 Farmer Field Schools and 17,600 Choupal Pradarshan Khets were conducted to disseminate knowledge to farmers
- Over 1,850 Agri-Business Centres (ABCs), and 2,050 Farmer Producer Organisations (FPOs) were created or strengthened to facilitate extension services
- Climate smart agricultural interventions operational in over 100 districts of 19 states enabled connect with over 12 lakh farmers, including 1.87 lakh women farmers.
- 2.1 million farmers are connected to ITCMAARS

78 | Sustainable and Climate Resilient Agriculture ↗

184 | Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth ↗

Value Chain Partners (Suppliers and Service Providers)

Frequency of engagement — ***Ongoing***

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

Key issues
- Knowledge and infrastructure support
- Resource-use efficiency, including sustainable natural resources 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

Select Stakeholder Engagements Conducted during FY 2024-25
- 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.
- Various tech-enabled avenues have been deployed to constantly receive feedback and ideas from value chain partners.
- ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified critical suppliers.
- ITC facilitated capacity building workshops which has covered ~800 suppliers till date on the topics of Governance & Fair Business; Labour Practices & Human Rights; Health & Safety; and Environment.
- Supplier assessment conducted for ~70% Critical Tier 1 suppliers till date (across Businesses).
- Corrective action plans are developed by divisions for suppliers found to have any non-conformance. The corrective action plans will then be implemented in specific timelines and reassessments will be conducted.

Media

Frequency of engagement — ***Ongoing***

Consultation Mechanism
- Leadership Interviews
- Press briefings by Senior Leadership
- Press releases
- Media Advertisements
- Building Relationships

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

Select Stakeholder Engagements Conducted during FY 2024-25
- Chairman, Executive Directors, Members of the Corporate Management Committee, Business Heads and some heads of Corporate Functions have engaged with senior editors and journalists of different leading publications and television channels for interviews that encapsulated various facets of the 'ITC Next Strategy' that focussed on building ITC as a future tech, competitive, climate positive and inclusive enterprise.
- Press Releases on ITC's financial results, various brand launches, sustainability initiatives and other growth drivers were also issued.
- Corporate Communications also engaged extensively with Editorial Teams of different media houses to sensitise them on various facets of ITC and its Businesses, Brands as well as Sustainability interventions.

Experts & Knowledge Partners

Frequency of engagement — ***Need-based including ongoing engagements***

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) and Alliance for Water Stewardship (AWS)
- Ongoing discussions & scoping meetings for developing S2.0 aligned projects/studies.
- Partnerships for implementation of CSR interventions

Key issues

- Sustainability 2.0 priority areas like climate change, water security, circular economy, sustainable packaging, biodiversity and human rights
- Contemporary knowledge in areas like agriculture, health, nutrition

Select Stakeholder Engagements Conducted during FY 2024-25

- Several engagements during the year that entail planning and collaborating for undertaking need-based studies/research, technical support in designing and guiding implementation of an intervention plan, validation of impacts and outcomes, and knowledge sharing, among others.
- Engagement with the academic and research institutions, agricultural universities, Government departments and international bodies (refer to the names given in next point) for various activities including field assessments, capability building and access to contemporary knowledge.
- Knowledge partnerships till date include those with **CGIAR** for Climate Smart Villages, **IUCN** for Sustainable Agriscapes, **IWMI** and **WWF India** for water, **IIT – Delhi's CERCA unit** for digital mapping of Crop Residue Management, IIT Delhi and IIT Kanpur to expand scope of work on research and development in areas linked to sustainability, **Indian Institute of Science (IISc),** Bengaluru for South Pennar river basin water security study, **National Dairy Research Institute (NDRI), Kalyani, West Bengal** for strengthening livelihood through livestock development and training of Pashu Sakhi cadres, **National Institute of Nutrition, Hyderabad** for Maternal and Child Health and Nutrition; **Agricultural Institutes** like Tamil Nadu Agricultural University (TNAU), Indian Institute of Rice Research (IIRR), Indian Institute of Soya Research (IISR), ICAR-Agricultural Technology Application Research Institute (ATARI), Kanpur, Dr. Rajendra Prasad Central Agricultural University, Pusa and district level Krishi Vigyan Kendras (KVK).
- Association with coalitions like India Sanitation Coalition and organisations like Sattva Consulting, Bridgespan, The/Nudge and Ignite Life Science Foundation.

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Civil Society

Frequency of engagement — ***Continuous with implementation partners, Need Based for others***

Consultation Mechanism

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

Key issues

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

Select Stakeholder Engagements Conducted during FY 2024-25

- ITC's Social Investments Programme (SIP) has established implementation partnerships with 100 reputed and expert partners for execution of the various projects across India.

Local Communities

Frequency of engagement — ***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 2024-25

Community needs assessment activities:

- A Core Area Perspective Plan (CAPP) is done in ITC's catchments to understand the need of the communities and design the interventions basis that. As a follow up to the second CAPP 2.0 done in FY 2021-22, household surveys are conducted yearly on a smaller sample to re-assess and reaffirm the continued relevance of the needs identified and accordingly cognise the same in the plans. In FY 2024-25, over 3,000 households were covered.
- In addition to the regular community interactions and stakeholder engagements, 48 community engagements were held across 14 States where ITC's Social Investments Programme (SIP) is implemented to discuss and capture views, issues and complaints, if any, of the community. The sustainability audit certification processes and assessments done by external agencies also include stakeholder engagement, wherein auditors/agencies interact with communities and other stakeholders.
- Nine annual surveillance audits were conducted as part of the Alliance for Water Stewardship certification. These audits took place throughout the year, during which auditors assessed the progress of ITC's water commitments both within the factory and in the surrounding catchment areas. As part of the assessment, AWS auditors engaged and interacted with various stakeholders, including community members, Government departments, and institutions.

Engagement with village institutions:

- Over 27,170 grassroots institutions have been strengthened so far including Water User Groups, Vanikaran Sanghas, Charagah Vikas Samitis/ Biodiversity Committees, Agri-Business Centres, Farmer Producer Organisations, Self-Help Groups, and School Development & Management Committees.

Assessment of direct and indirect impacts:

- Impact Assessments were done for projects with significant investments.

Material Issues

ITC's Double Materiality Analysis

Considering the fast-evolving stakeholder expectations, it is pertinent to review the list of Environmental, Social & Governance (ESG) topics that matter to ITC's stakeholders. For this, the Company follows the "Double Materiality" approach that not only took into account ESG topics that can reasonably be expected to trigger material financial effects for the Company ("Financial Materiality"), but also those topics that may entail actual or potential, positive or negative impacts on people or the environment i.e., ITC's stakeholders ("Impact Materiality"). This approach is aligned to the recommendations of GRI Standards 2021.

ITC undertook a comprehensive stakeholder consultation process in FY 2023-24 as part of the double materiality assessment process. This entailed capturing the views of ~120 stakeholder including:

~45 external stakeholders

representing sustainability experts, civil society organisations, B2B customers, third party manufacturers, logistics partners, media and institutional investors

More than 70 internal stakeholders

covering sustainability practitioners and senior management representatives from across ITC Businesses

ITC commissioned a pan-India consumer sustainability survey in 2023 across its key national markets for capturing the views of 1,750 consumers. These were also considered in the double materiality assessment.

Additionally, as part of ITC's process, the list of material topics is reviewed and approved annually to ensure that it remains contemporary and reflects current stakeholder expectations.

Financial Materiality

Impact Materiality

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 both impact materiality and financial materiality, forms the basis of the double 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 through-out this Report.

ITC's Step-by step Approach for Assessing Double Materiality

1. Identification of ESG Topics

Identifying ESG issues based on:
- Previous Assessments
- European Sustainability Reporting Standards (ESRS) Universe of Topics
- Frameworks like GRI, ISSB
- Inputs from existing Due Diligence Processes
- Sector-specific Peer Benchmarking
- Enterprise Risk Management System

ESG topics to be contextualised to ITC's business and strategy including operations, products, services and markets including value chain.

2. Engage Stakeholders for Assessing Impact & Financial Materiality

Impact Materiality
Engaging stakeholders, identified in line with ITC's Stakeholder Engagement Approach, for assessing impacts (actual & potential, positive & negative) for all ESG topics based on severity (scale, scope, irremediability) and likelihood.

Financial Materiality
Engaging senior management for assessing financial risks and opportunities for all ESG topics based on severity and likelihood using either qualitative or quantitative thresholds.

3. Develop Materiality Matrix & Identify Material ESG Topics

Consolidate inputs from previous steps using appropriate thresholds for determining ESG aspects to be considered material.
Validation with senior management to ensure completeness.

4. Strategise, Disclose & Assure

Integration of Material ESG topics with:

- ITC's Sustainability 2.0 Strategy & Goals
- Enterprise Risk Management System
- Annual sustainability disclosures including third-party assurance

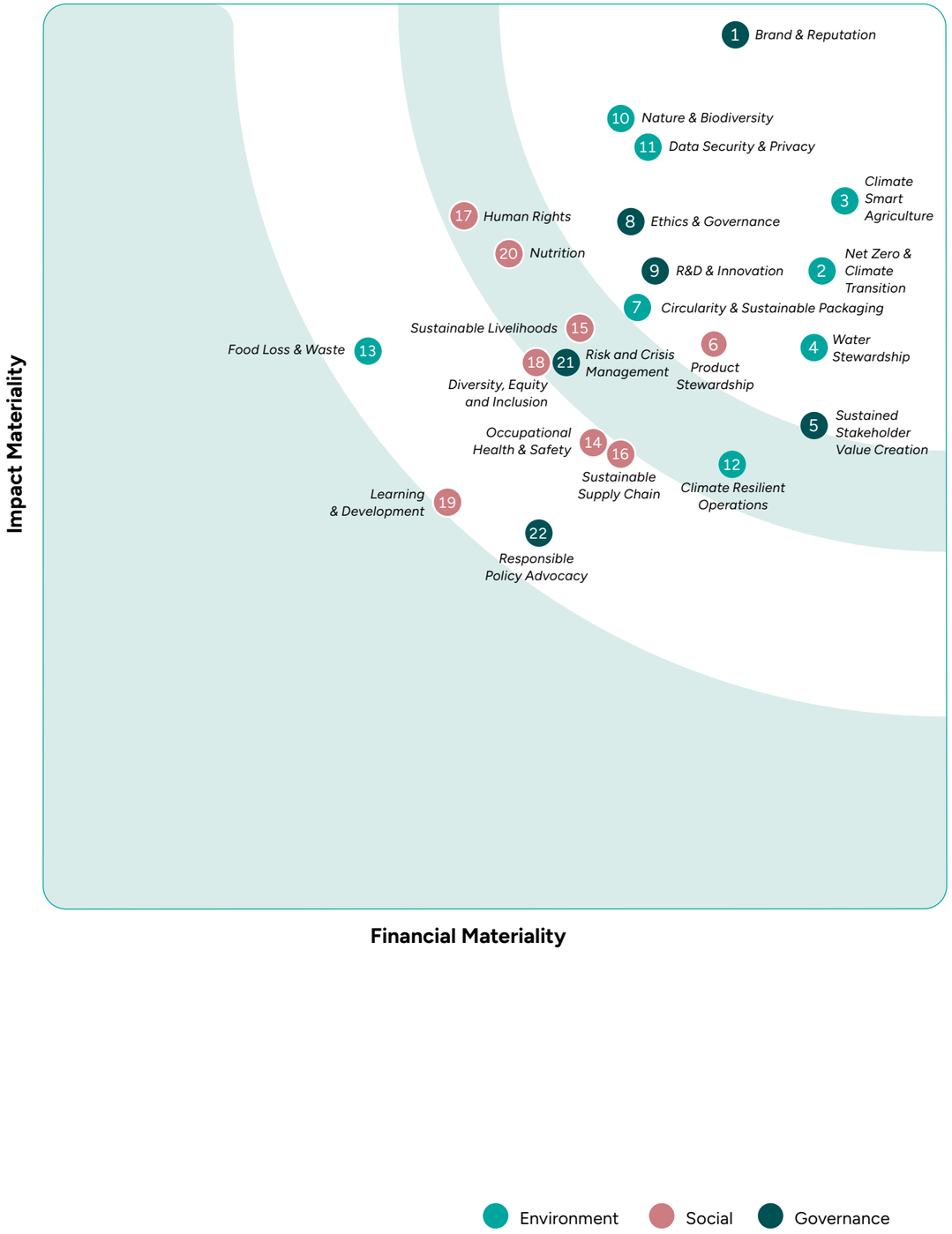
Annual approval of materiality assessment and Sustainability Report by Sustainability Compliance Review Committee (SCRC), Corporate Management Committee (CMC) and CSR and Sustainability Committee of the Board.

5. Review & Reassessment of Material ESG Topics

Annual review of material ESG Topics

- Continuous tracking of global and national sustainability landscape for identifying emerging ESG issues.

Reassessment of Double Materiality every 4-5 years.



Material Topics: Brief Description

1 Brand and Reputation

In present day, collective public perception of a business and its brand are shaped by several factors including performance, customer service, employee satisfaction, social media, news amongst others. In light of this, there are 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 customer loyalty/consumer franchise and reputation. Additionally, there is also a 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. Addressing these risks can also create sources of sustained competitive advantage for the organisation.

2 Net Zero and Climate Transition

Net zero refers to the process of reducing GHG emissions and holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1.5 °C above pre-industrial levels, as laid down in the Paris Agreement. Additionally, as the world transitions towards net zero, organisations also need to ensure management of climate-related transition risks like policy risks, legal risks, technology risks, market risks and reputational risks. A robust climate transition plan also presents opportunities in the form of access to new customers/markets.

3 Climate Smart Agriculture

Agriculture activities significantly contribute towards global challenges like climate change, biodiversity loss and water stress. At the same time, agriculture and consequently farmer livelihoods are extremely vulnerable to impacts of these very global challenges. Climate smart/resilient agriculture refers to improving the resilience of farmers towards current and future impacts of climate change through initiatives and programmes that make agriculture productive, regenerative, sustainable, remunerative and climate resilient.

4 Water Stewardship

Water stewardship is defined as using water in a way that is socially equitable, environmentally sustainable and economically beneficial. This is achieved through a stakeholder inclusive process that involves site and catchment-based actions. This requires organisations to understand their own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water-related areas.

5 Sustained Stakeholder Value Creation

Sustained stakeholder value creation refers to an organisation's ability to create long term value for all stakeholders including shareholders. This is synonymous with the triple bottom-line or people-planet-profit approach that looks at environmental and social performance in addition to economic performance. ITC's credo of 'Responsible Competitiveness' has inspired the Company to build extreme competitiveness even as it enhanced environmental resources, worked for combatting climate change and supported livelihood generation at scale.

6 Product Stewardship

Product stewardship encompasses several aspects including quality & safety, responsible marketing, consumer engagement/feedback mechanisms and more increasingly, enhancing product-level sustainability that requires devising strategies and approaches for minimising the sustainability impacts of products and services across the lifecycle (sourcing, production, distribution/retail, consumption, packaging) and making it an integral part of the brand purpose.

7 Circularity and Sustainable Packaging

Circularity refers to promoting a system whereby the value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimising waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy. Sustainable packaging approaches like developing recyclable and reusable packaging, ensuring recycling of post-consumer packaging waste and integrating recycled content in packaging contribute towards circularity.

8 Ethics and Governance

Developing structures, procedures and practices that ensure ethical conduct across operations including the value chain. This covers aspects like corruption and bribery, discrimination, confidentiality of information, conflicts of interest, antitrust/anti-competitive practices, money-laundering and/or insider trading/dealing, environment, health and safety and whistleblowing.

9 R&D and Innovation

Innovation is one of the key drivers of companies' future success and ability to generate a competitive advantage. Innovation drives product, process, and organisational change and is therefore the key differentiation factor for companies. Managing an effective R&D programme requires deepening of R&D capabilities and increased use of emerging digital technologies such as Industry 4.0, Artificial Intelligence, Big Data, and Machine Learning across areas such as consumer engagement and insight discovery, smart manufacturing, agri value chains, sustainability, supply chain agility and front-end execution.

10 Nature and Biodiversity

Biodiversity refers to the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. Businesses depend on nature and biodiversity for key raw materials and at the same time business operations and aspects like climate change and

deforestation can significantly impact nature. Organisations need to measure, manage and report the biodiversity impact of their operations arising from natural resource use or other activities by undertaking practices like management of landholdings, responsible sourcing activities, biodiversity conservation projects and nature-based solutions.

11 Data Security and Privacy

Due to the current trend of digitisation, including but not limited to cloud computing, online market places and payments, etc., it is crucial that access to network, IT systems and data is assured at all times. In light of emerging regulations in India and around the world, organisations need to ensure implementation of best practices for both information/data security and data privacy to ensure compliance with major legislations and standards like the GDPR.

12 Climate Resilient Operations

Climate resilient operations entail working on change adaptation i.e., the process of adapting to actual and expected physical impacts of climate change. They typically include acute physical risks, which arise from particular hazards, especially weather-related events such as storms, floods, fires or heatwaves, and chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

13 Food Loss and Waste

When food is lost or wasted, all the resources that were used to produce this food - including water, land, energy, labour and capital - go to waste. In addition, the disposal of food loss and waste in landfills, leads to greenhouse gas emissions, contributing to climate change. Food loss and waste can also negatively impact food security and food availability, and contribute to increasing the cost of food. Therefore, there is a need to focus on approaches designed to reduce food loss and waste across the value chain.

14 Occupational Health and Safety

Proactively setting up policies, practices, guidelines and mechanisms to create a safe working environment and prevent workplace related illnesses and injuries.

15 Sustainable Livelihoods

Considering the unique socio-economic challenges in India, supporting sustainable livelihoods requires integrating social and environmental objectives with business strategies and crafting unique models to support creation of sustainable livelihoods across the value chain - farmers, distribution and retail, local communities.

16 Responsible Sourcing and Sustainable Supply Chain

Installing a fair evaluation system for assessing the social/ environmental performance of suppliers, encouraging and facilitating suppliers to responsibly manage the social and environmental impacts of their operations and incorporating sustainability considerations while procuring goods and services.

17 Human Rights

Protection and promotion of relevant human rights (fair wages, safe working environment, no child labour, no discrimination, etc.) across own operations and across the value chain for identified rights holders in line with UN Guiding Principles on Business & Human Rights.

18 Diversity Equity and Inclusion

Recruit, develop, retain, engage and motivate a results-oriented, high-performing workforce irrespective of their gender, caste, community, religion, sexual orientation, disability or place of origin.

19 Learning and Development

Continually assessing training and development needs for employees across levels and effectively delivering these programmes (Trainings, Career Management, Academic Partnerships, Leadership Management).

20 Nutrition

Integrating health and nutrition considerations across the food product portfolio via product formulation & reformulation strategy, policies, nutrition profiling system and R&D/innovation, working towards a sustainable food ecosystem across the entire value chain through initiatives like responsible manufacturing, reducing food loss & waste, planet friendly alternatives, biofortification, and engaging with communities, consumers and employees on health and nutrition.

21 Risk and Crisis Management

Effective risk and crisis management are vital for long-term financial planning and organisational flexibility. Companies need to implement internal control processes to comply with existing regulations and be proactive in developing their control mechanisms. This requires ensuring that robust systems are in place for identification and management of risks including Sustainability/ESG risks and that the same are transparently communicated to relevant stakeholders.

22 Responsible Policy Advocacy

Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the wider organisational policies and voluntary/regulatory frameworks like the National Guidelines on Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs, Government of India. Additionally, Businesses should utilise the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy and ensure that its policy advocacy positions promote fair competition and respect for human rights.

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 all Businesses of ITC have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in the Businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This provides 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 & Chief Financial Officer of the Company.

Cyber Security Committee

A Cyber Security Committee, led by the Chief Information Security Officer (CISO), is established to focus specifically on cyber security risks. Its primary responsibility is to monitor emerging practices and technologies and provide recommendations to enhance the security of the organisation's IT systems and infrastructure. Further, the CISO actively participates in meetings of the Risk Management Committee whenever matters related to cyber security are discussed.

ITC's Information Management Policy defines the framework/policy on cyber security and risks related to data privacy.

Board of Directors ↗

CSR and Sustainability Committee

54 | ESG and Sustainability Governance ↗
47 | Governance ↗

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.

Risks, Potential Impacts and Mitigation

1. Climate Change & Sustainability

Risk Description: *Climate and nature related physical and transition risks 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. These could have significant impact on the Company's operations including the health and safety of its workforce, its physical assets and agri value chains leading 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 may impact crop cycles, output and productivity resulting in disruption of operations/supply chains;
» Availability of water for own operations as well as agri value chains may be adversely impacted by erratic precipitation patterns;
» Changes in nature, biodiversity and / or ecosystem intactness (e.g. soil erosion and depletion, species diversity and composition) may adversely disrupt supply chains and operations;
» Besides physical risks, transition risks associated with climate change, may impact the Company's operations:

- Additional levies may be imposed by regulatory authorities for emission/water intensive industries to address climate change, resulting in higher cost of compliance, and potential regulatory penalties and reputational risk in case of non-compliance.

Risk Mitigation Strategy

Physical Risk Management:

» Use contemporary climate risk modelling tools for identifying high-risk/vulnerable sites and agri value chains, and undertaking detailed assessments for developing locally contextual adaptation plans and measures for improving climate resilience of ITC's operations, people and value chains;
» Promote climate smart agriculture, and development of heat/drought tolerant and high yielding varieties to improve productivity by adopting micro region-specific agronomic practices:

- Developing region-specific package of practices and promoting climate smart farming techniques to mitigate impact of weather;
- Enhancing climate resilience of farmers through capacity building programmes by leveraging ITCMAARS and the Farmers' Producer Organisation (FPO) ecosystem, 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.

» Supply chain diversification and contingency planning;
» Map risks arising out of climate crisis, build adaptive capacity and invest in mitigative measures to strengthen resilience across the value chain;
» Conduct site-specific assessments for understanding the impacts and dependencies on biodiversity and ecosystem services in order to develop specific biodiversity management plans in vulnerable areas.

Transition Risk Management:

» Continue to focus on energy conservation, improving energy efficiency and enhancing the share of renewables in ITC's total energy requirement as part of ITC's Sustainability 2.0 targets;
» Strengthen governance mechanisms for reviewing performance and progress against Sustainability 2.0 targets by the Sustainability Compliance and Review Committee (SCRC);
» Adopt the Life-Cycle Assessment (LCA) approach to evaluate the potential environmental impacts of products during their entire lifecycle; leverage the same for designing sustainable products and offering the same to consumers anchored on scientific and robust claims.

2. Cyber Security and Information Technology

Risk Description: *Increasing intensity of sophisticated cyber-attacks may result in non-availability of Information Technology systems and Information Assets, loss of data integrity and compromise/theft of sensitive or personal information.*

Potential Impact

With accelerated adoption of 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;
» Compromise/theft of sensitive or personal information of organisations/individuals may impact stakeholder confidence;
» Data loss may lead to disruption of business operations;
» 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 authorisations, 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;
» Identify critical IT systems and information assets, and establish robust IT Continuity Plans along with periodic review and testing thereof;
» Dedicated security team under the leadership of Chief Information Security Officer (CISO) in place to continuously monitor cyber risk and threat landscape and prioritise digital initiatives for strengthening cyber resiliency of the organisation;
» Centralised supervision of software updates and establishment of a Next Generation Cyber Security Operations Centre (SOC) to monitor and mitigate cyber risks across end points, network, cloud, email, web and data centres. This involves use of contemporary cybersecurity technologies, continuous threat intelligence feeds and automated operations towards enhancing cyber threat detection, response, and prevention capabilities; deployment of AI-powered email security gateway and advanced endpoint detection and response (EDR) solution;
» Comprehensive Incident Response Plan is in place to address and manage cyber incidents that could disrupt operations or compromise security; Incident Response tabletop exercises conducted periodically for simulated cyber incidents;
» Robust Data Loss Prevention (DLP) framework featuring encryption, access controls and continuous monitoring is in place to safeguard sensitive information from unauthorised access, breach, and loss;
» Vulnerability Assessment and Penetration Testing (VAPT) by independent experts for all internet facing applications;
» Comprehensive guidelines on IT-OT integrations and Continuous Threat Detection and Response (CTDR) platform are in place across manufacturing facilities. This platform is designed to comply with industry standards such as ISO 62443 and the NIST Framework for Industrial Control Systems, to protect against cyber-attacks that target the OT infrastructure;
» Intensify cybersecurity awareness campaigns and training for all users across the organisation; carry out phishing simulations at regular intervals to enhance employees' ability to recognise such threats and reduce the risk of breaches;
» Periodic assessment of ITC's IT security posture by independent experts specialising in Information Security to validate adequacy of policy, practices and controls;
» ISO 27001 certification of ITC Corporate Data Centres to continue to provide an independent third-party assurance of the effectiveness of the Company's Information Security Management System (ISMS);
» Ensure that network access is tightly controlled and monitored by usage of Secure Access Service Edge (SASE) platform. Further, reduce vulnerabilities and potential attack surfaces within the network by utilising the principle of least-privilege (PoLP) and zero-trust architecture.

3. 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 business operations and long-term growth prospects;
» Talent attrition beyond acceptable levels may impact ability to effectively fulfil organisational goals and customer expectations.

Risk Mitigation Strategy

» Strengthen and communicate ITC's talent proposition about 'Building Winning Businesses. Building Business Leaders. Creating Value for India;
» Provide meaningful and challenging roles which enrich individual capability and act as a powerful incentive to stay, learn and grow;
» Build a robust talent pipeline across responsibility levels through requisite quality in key roles, depth of bench and reliable succession plans;
» Invest in capability building of managers through access to the best-in-class upskilling programmes and development interventions;
» Recognise and nurture specialism so that employees who wish to focus on niche, business critical skills can continue to grow in their area of expertise;
» Benchmark 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;
» Ensure the talent quotient in the Company remains healthy and vibrant through annual segmentation supported by differential rewards and progression opportunities for industry leading talent;
» Energise and nurture pride in membership through frequent leadership outreach to managers;
» Engage 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;
» Promote 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;
» Agile HR practices to provide contemporary and relevant work policies to employees such as flexible work arrangements.

4. Discriminatory and Punitive Taxation, and Stringent Regulations on Domestic Legal Cigarette Industry

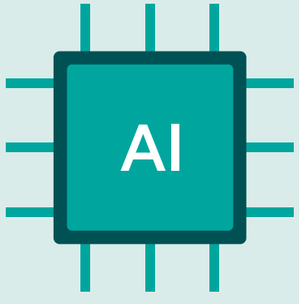
Risk Description: *Discriminatory and punitive taxation coupled with extremely stringent regulations adversely impacts the domestic legal cigarette industry.*

Potential Impact

» 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

» Engage 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.



5. 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;
» Create future-ready portfolio to address existing and emergent consumer needs anchored on purpose-led brands; Utilise digital technologies and platforms to enhance consumer engagement by delivering personalised brand experiences. Leverage the Company's AI-powered 'Sixth Sense' Marketing Command Centre and Consumer Data Hub to gain insights on consumer trends and behaviour and synthesise the same to craft personalised brand communication and product development;
» Deepen consumer engagement and sharply communicate brand proposition and purpose through contemporary brand marketing interventions. These are supported by micro segmentation and sharp targeting the consumer cohorts with hyper personalised content;
» Utilise 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;
» Utilise the Customer Relationship Management (CRM) platform to collect customer complaints, inquiries, feedback, and suggestions from multiple channels, and ensure these are addressed promptly and effectively;
» Leverage multi-channel go-to-market capability to drive penetration and accessibility by strengthening core channels and winning in emerging channels;
» 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.

6. Corporate and Brand Reputation

Risk Description: *Inadequate protection against malicious attacks, fake news, market rumours and misinformation, trademark infringement, misrepresentation or fraudulent activities, including those in print, electronic media, and digital & social media platforms can impact the Company's corporate and brand reputation.*

The Company's corporate and brand reputation may also be negatively impacted if it is perceived that the Company's operations/products & services are not aligned with market/industry standards or regulatory guidelines.

Potential Impact

» Reduced stakeholder confidence on the Company due to misleading or malicious information in print, electronic media, and digital & social media platforms regarding the Company's operations and activities;
» Reduced stakeholder confidence due to misleading posts/articles related to product quality and performance of the Company's brands leading to maligning the image and reputation with consequent revenue loss;
» Loss of time and resources on dispute resolution;
» High attrition rates and adverse employee advocacy may arise if a safe and equitable work environment is not ensured for employees.

Risk Mitigation Strategy

» Structured and targeted media-engagement plan in place for sensitisation on ITC's responsible business practices;
» Effective engagement and responsible advocacy with stakeholders on issues relating to ITC's products, services, initiatives, and business practices;
» Leverage 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;
» Fraud alert campaigns on social media platforms for creating awareness on nefarious activities by unscrupulous players to protect the Company's reputation;
» Compliance with best practice guidelines laid down by Advertising Standards Council of India;
» Ensure that mechanisms are in place for adhering to SEBI's regulation on verification of market rumours for quick redressal;
» Familiarisation programmes 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 and quality checks prior to launch in the market;
» Detailed standard operating procedures/process guidelines to ensure standardisation of services/products and adherence to quality standards;
» Reduce risk exposures across Company's facilities through policies focused on employee occupational health and safety backed by comprehensive training and continuous monitoring.

7. Heightened Uncertainty in the Macroeconomic and Operating Environment

Risk Description: *Heightened uncertainty in the macroeconomic and operating environment, amplified by evolving global trade dynamics, resulting in fluctuations in demand for the Company's products and services, inflationary pressures, and volatility in financial & 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;
- Commodities used by various Businesses are subject to price volatility caused by geopolitical and other macroeconomic factors, which can impact business operations and the bottom line;
- Regulatory 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 and fast evolving consumer preferences;
- Develop a future-ready product portfolio comprising a wide range of innovative and differentiated products, addressing the current and emergent needs of diverse consumer cohorts; continually strengthen the Company's brand propositions to position them as the "brand of choice" for consumers;
- Diversify the vendor-base for sourcing key inputs and increase safety stock levels as warranted;
- Leverage digital technologies along with best-in-class planning, manufacturing, logistics and distribution processes to enhance supply chain responsiveness and market servicing;
- Continue to use various measures such as long-term contracts, pipeline inventory management, and hedging agreements to effectively mitigate the volatility associated with commodity prices.

8. Supply Chain Disruption

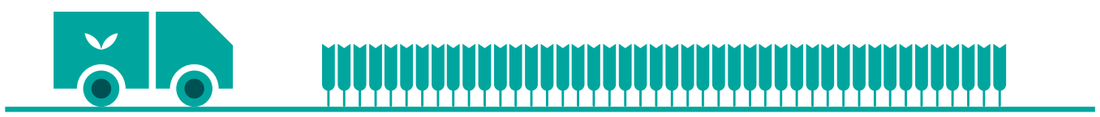
Risk Description: *The Company's operations are dependent on a large and complex network of suppliers, owned & outsourced manufacturing units and logistic facilities to effectively produce and deliver products to its customers in a timely manner. Disruption in the supply chain caused by events such as natural disasters, geopolitical tensions, industrial accidents, labour unrest, trade restrictions, supplier insolvency, may lead to delays in production, cost increases, inventory shortages, or inability to fulfil consumer demand.*

Potential Impact

- Operational delays that disrupt production schedules and result in missed delivery timelines can cause customer dissatisfaction and potential loss of business;
- Disruptions in the supply chain necessitate expedited shipments, emergency sourcing, and higher inventory levels, which contribute to increased operational costs;
- Regulatory violations and unethical conduct by supply chain partners can harm the Company's brand and corporate reputation.

Risk Mitigation Strategy

- Continuously build an adaptive, agile, and resilient supply chain that can swiftly respond to disruptions;
- Operate through a combination of geographically dispersed in-house and outsourced manufacturing units; build strategic redundancies into the manufacturing network;
- Regularly update and test business continuity plans for uninterrupted market servicing. This includes increasing safety stock levels, diversifying the vendor base, identifying alternative sources for critical inputs, and the use of substitute materials in product formulations and recipes;
- Maintain harmonious industrial relations and ensure that employees and supply chain partners are well trained in key areas such as environment, health and safety, incident management, business continuity, and disaster recovery;
- Facilitate workshops for supply chain partners to promote awareness of applicable laws, labour standards, environmental regulations, human rights and ethics in their operations. Conduct regular assessments to ensure conformance with the Board-approved policy on "Sustainable Supply Chain and Responsible Sourcing" and ITC's "Code of Conduct for Suppliers and Service Providers".



9. 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;
  - 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.

10. Product and Plastic Packaging

Risk Description: *Inability to comply with current or future regulations on plastic packaging and/or failure to meet commitments on packaging and the environment.*

Potential Impact

- Non-compliance with 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 and product distribution related issues;
- Disruptions in the supply chain for recycled plastic or plastic packaging substitutes as required by law, could 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

- Pursue initiatives in line with ITC's holistic sustainable packaging strategy that entails:
  - No Plastics: Leveraging synergies between ITC Life Sciences and Technology Centre , paper and packaging business, and FMCG Businesses for developing solutions that enable complete or partial substitution of plastics with sustainable alternatives, and exploring paper as a substrate for packaging;
  - Less Plastics: Progressive reduction in plastic packaging intensity over time, and introducing Post-Consumer Recycled (PCR) content in plastic packaging, wherever permitted by regulations;
  - Better Plastics: Ensuring 100% of packaging is reusable, recyclable or compostable/ biodegradable by improving recyclability of multi-layer laminate packaging, phasing out hard to recycle plastics, and exploring alternative packaging materials with lower environmental impact including bio-based compostable plastics.
- Partner with upstream players and suppliers for ensuring supply of Post-Consumer Recycled (PCR) plastic for meeting regulatory/market demand for increasing recycled content in plastic packaging;
- Sustain plastic neutrality through behavioural change programmes to ensure segregation of waste at source, and creating replicable, scalable and sustainable models of plastic waste management; work with recycling partners for developing viable recycling options for Multi-Layered Plastic (MLP) packaging;
- Ensure a robust compliance management system supported by internal and external process review; additionally, undertake third party assurance of underlying data related to plastic waste generation and collection.

ITC's Report and Accounts 2025 ↗

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 values 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 Vision, Mission and Values
- ITC's Sustainability Policies

Management Systems

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

Stakeholder Engagement

Double Materiality Assessments

Risks & Opportunities

Sustainability 2.0 Priorities

- *Climate Change*
- *Water Security*
- *Sustainable Agriculture*
- *Sustainable Packaging 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*
- *Nutrition*

Sustainability 2.0 Ambitions

Transparency and Disclosures

ITC's Sustainability Report
Aligned to GRI Standards, Integrated Reporting 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

Climate Change

50% of Total Energy from Renewable Sources

Achieved

2030

- **50%** — % of Total Energy Consumed from Renewable Sources
- **52%**

100% Purchased Grid Electricity Requirements[3] from Renewable Sources

On track

2030

- **100%** — % of Total Electrical Energy (Grid Purchased) from Renewable Sources
- **53%**

50% reduction in Specific GHG Emissions

On track — *Baseline Year: 2018-19*

2030

- **50%** — % reduction in Specific GHG Emissions (Scope 1, 2)

ITC*	46% ↓
Paperboards & Specialty Papers Business	27% ↓
Branded Packaged Foods Businesses	53% ↓
FMCG Cigarettes	12% ↓

30% reduction in Specific Energy Consumption

On track — *Baseline Year: 2018-19*

2030

- **30%** — % reduction in Specific Energy

ITC*	31% ↓
Paperboards & Specialty Papers Business	11% ↓
Branded Packaged Foods Businesses	29% ↓
FMCG Cigarettes	6% ↓

Sustain and enhance Carbon Sequestration by expanding forestry projects through ITC's Social and Farm Forestry Programmes and other such initiatives

On track — *Baseline Year: 2018-19*

2030

- **1.5** — Area under Social and Farm Forestry (million acres)
- **1.32** *(cumulative)*

[1] ⚑ *Goals (Coverage: ITC Standalone)*
● *Target*
[2] ○ *Performance against S2.0 targets reported on a standalone basis*
[3] *This includes all electricity sources except onsite power from co-generation plant*

↑ *Improvement in KPI compared to Baseline Year*
↓ *Decline in KPI compared to Baseline Year*
** Since ITC is a conglomerate with diverse Businesses, Intensities i.e., specific GHG emissions, specific energy consumption and specific water consumption are reported in terms of per rupee of turnover at the organisation-level (ITC) and in terms of per unit of production at the Business-level.*

Water Stewardship

40% reduction in Specific Water Consumption

On track — *Baseline Year: 2018-19*

2030

- **40%** — % reduction in Specific Water

ITC*	35% ↓
Paperboards & Specialty Papers Business	17% ↓
Branded Packaged Foods Businesses	42% ↓
FMCG Cigarettes	28% ↓

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

Achieved

2030

- **5x** — Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations.
- **5x**

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

On track

2030

- **2,000** — Potential Water Usage Saved (million kl)
- **1,400**

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

Achieved

2035

- No. of AWS Certified Sites
  - **8 sites by 2024**
  - **All high-risk sites by 2035**
- **9 Sites** – Food Factories in Malur (Karnataka), Ranjangaon (Maharashtra) and Kapurthala (Punjab), Cigarette factories in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh), Paper Mills at Kovai (Tamil Nadu) and Bhadrachalam (Telangana) Green Leaf Threshing Unit in Mysuru (Karnataka) have received Platinum-level certification.

Ensure water security for all stakeholders through Watershed Development & Managed Aquifer Recharge

On track — *Baseline Year: 2016-17*

2030

- **2.2** — Watershed Area (million acres)
- **1.81** *(cumulative)*
- **50,000** — Water Harvesting Structures (numbers)
- **35,900** *(cumulative)*
- **60** — Storage Potential (million kl)[4]
- **59.90** *(cumulative)*

[1] ⚑ *Goals (Coverage: ITC Standalone)*
● *Target*
[2] ○ *Performance against S2.0 targets reported on a standalone basis*
[3] *This includes all electricity sources except onsite power from co-generation plant*
[4] *Target 2030 to be revised during FY 2025-26*

↑ *Improvement in KPI compared to Baseline Year*
↓ *Decline in KPI compared to Baseline Year*
** Since ITC is a conglomerate with diverse Businesses, Intensities i.e., specific GHG emissions, specific energy consumption and specific water consumption are reported in terms of per rupee of turnover at the organisation-level (ITC) and in terms of per unit of production at the Business-level.*

Plastic Waste & Circular Economy

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

On track

2028

- **100%**
  % of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/Bio-degradable
- **>99%** (less than 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.

Sustain Plastic Neutrality (attained in 2021-22) by enabling sustainable management of waste in excess of the amount of packaging utilised

On track

Ongoing

- **>100%**
  of Plastic Packaging Waste Sustainably Managed
- **>100%** Achieved & Sustained Plastic Neutrality since FY 2021-22

Sustainable Agriculture

Promote Climate Smart Agricultural practices

On track *Baseline Year: 2016-17*

2030

- **4**
  Area Covered (million acres)
- **3.17**

Biodiversity Conservation

Revive and sustain Ecosystem Services provided by Nature and provisioning of products through adoption of Nature-based Solutions and Biodiversity Conservation

On track *Baseline Year: 2016-17*

2030

- **1**
  Area Covered (million acres)
- **0.64 (cumulative)**

Sustainable Livelihoods

Supporting Sustainable Livelihoods for 10 million people by 2030

On track

2030

- **10**
  Sustainable Livelihoods supported (number in million)
- **9**

[1] *Goals (Coverage: ITC Standalone)*
Target
[2] *Performance against S2.0 targets reported on a standalone basis*

Supporting 9 million Sustainable Livelihoods

ITC's deep engagements in agriculture, manufacturing and services, as well as its extensive distribution infrastructure, support millions of livelihoods across the Company's operations and value chains. The Company'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.

ITC's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. This approach has enabled the Company and its Businesses to support close to 9 million[5] sustainable livelihoods across the Country. These include livelihood supported in:

- **Upstream value chains** including farmers, people employed at third party manufacturing units, tier 1,2 suppliers of agri commodities and employment generated in upstream logistics.
- **Own operations** including direct employees and outsourced/contractual employees, and employees of service providers at plant locations.
- **Downstream value chains** including employment generated at warehouses, downstream logistics, retailers and wholesalers, and delivery salesforce.
- **CSR programmes/flagship programmes of ITC Mission Sunehra Kal** including beneficiaries of initiatives like water stewardship, climate smart agriculture, social forestry, livestock development, women empowerment, etc. Livelihoods supported by paper business' farm forestry and Well-being Out of Waste (WOW) initiatives have also been considered.

As part of its 2030 Sustainability 2.0 goals, ITC aims to support sustainable livelihoods for over 10 million people.

5 The estimates are based on ITC's internal methodology using FY 2023-24 data and will be revised once in three years.

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:

1. Management must have the executive freedom to drive the enterprise forward without undue restraints, and
2. 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:

I **Strategic Supervision**
by the Board of Directors (the Board)

II **Strategic Management**
by the Corporate Management Committee (CMC)

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

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

Refer to ITC's Report and Accounts 2025

ITC's Corporate Website ↗

Strategic Supervision by the Board of Directors

Name	Designation
Mr. Sanjiv Puri	Chairman & Managing Director
Mr. Sumant Bhargavan	Executive Director
Mr. Supratim Dutta	Executive Director & Chief Financial Officer
Mr. Hemant Malik	Executive Director
Mr. Hemant Bhargava	Independent Director
Ms. Alka Marezban Bharucha	Independent Director
Mr. Chandra Kishore Mishra	Independent Director
Mr. Siddhartha Mohanty	Non-Executive Director
Mr. Shyamal Mukherjee	Independent Director
Mr. Anand Nayak	Independent Director
Mr. Alok Pande	Non-Executive Director
Mr. Sunil Panray	Non-Executive Director
Ms. Nirupama Rao	Independent Director
Mr. Ajit Kumar Seth	Independent Director
Mr. Atul Singh	Non-Executive Director
Ms. Pushpa Subrahmanyam	Independent Director

Data as on March 31, 2025

Strategic Management
by the Corporate Management Committee Members

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

Data as on March 31, 2025

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
	Ms. Kavita Chaturvedi	Chief Operating Officer – Snacks, Noodles & Pasta
	Mr. Rohit Dogra	Chief Operating Officer - Chocolates, Coffee and Confectionery
	Mr. Vivek Kookkal	Business Head - Dairy & Beverages
	Mr. Anuj Kumar Rustagi	Chief Operating Officer - Staples & Adjacencies
	Mr. Ali Harris Shere	Chief Operating Officer - Biscuits & Cakes
Personal Care Products Division	Mr. Sameer Satpathy	Divisional Chief Executive
Education and Stationery Business	Mr. Vikas Gupta	SBU Chief Executive
Matches and Agarbatti Business	Mr. Gaurav Tayal	SBU Chief Executive
Packaging and Printing Business (PPB)	Mr. S. N. Venkatraman	SBU Chief Executive
	Mr. Cherian K. Thomas	Chief Operating Officer - PPB
Agri Business (including Agri Business SBU)	Mr. S. Ganesh Kumar	Divisional Chief Executive and SBU Chief Executive – Agri Business SBU
Agri Business - Tobacco SBU	Mr. H. N. Ramaprasad	SBU Chief Executive
Paperboards and Specialty Papers Division	Mr. Rajesh Kumar Ponnuru	Divisional Chief Executive
Trade Marketing & Distribution (TM&D)	Mr. Sandeep Sule	Chief Executive Officer - TM&D
Life Sciences & Technology Centre (LSTC)	Dr. Suresh Ramamurthi	Chief Scientist & Head of Corporate R&D (LSTC)
Central Projects Organisation (CPO)	Mr. Sandeep Chandrashekar	Head - CPO

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

Data as on March 31, 2025

ITC's Corporate Website ↗ *Read more about Divisional Management Committees*

Governance Structure

BOARD OF DIRECTORS

↓

CSR and Sustainability Committee

Audit Committee

Nomination & Compensation Committee

Securityholders Relationship Committee

Independent Directors Committee

Corporate Management Committee

↓

Businesses cover
FMCG Businesses, Paperboards & Specialty Papers, Packaging & Printing and Agri Businesses.

Corporate Functions cover
Planning & Treasury, Accounting, Taxation, Risk Management, Legal, Secretarial, Internal Audit, Sustainability, EHS, Human Resources, Social Investment Programme, Corporate Communications, Corporate Affairs and IT Support Services.

Shared Services cover
Life Sciences & Technology, Central Projects Organisation and Trade Marketing & Distribution.

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

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. The Board, through the CSR and Sustainability Committee, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its "Triple Bottom Line" objectives. The CSR and Sustainability Committee of the Board, which is chaired by the Chairman of the Company, approves the Sustainability Report of the Company.

Selection of Directors

The Corporate Governance Policy of the Company 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. Further it is the Company's Policy for appointment as a Director on the Board that no person is discriminated based, inter alia, on the grounds of age, gender, gender identity, marital status, caste, race, colour, religion, ethnicity, sexual orientation, or any other personal or physical traits. **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 2025.** 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.

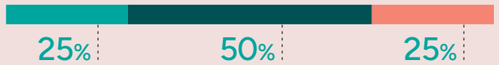
In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than six nor more than eighteen. Directors are appointed / re-appointed with the approval of the Shareholders for a period of three to five years or a 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.

Composition of the Board

The strength of the Board as on March 31, 2025 was sixteen comprising the Chairman & Managing Director, three Executive Directors, eight Non-Executive Independent Directors, of which three are Women Directors, and four Non-Executive Non-Independent Directors.

Composition of the Board as on March 31, 2025:



Executive Directors	4
Non-Executive Independent Directors	8
Non-Executive Non-Independent Directors	4
TOTAL	16

The details of the Directors, including their tenure and other Directorship(s) / Committee Membership(s) as on March 31, 2025, were as follows:

Director	Category	No. of other Directorship(s) [6]	Tenure on the Board (years) [7]	No. of Membership(s) / Chairpersonship(s) of Audit Committee / Stakeholders Relationship Committee of other Indian public limited companies
S. Puri	Chairman & Managing Director	6	9	Nil
S. Dutta	Executive Director & Chief Financial Officer	10	3	2 (also as Chairperson)
H. Malik	Executive Director	Nil	2	Nil
B. Sumant	Executive Director	2	6	Nil
H. Bhargava	Independent Director	4	3	2 (including 1 as Chairperson)
A. M. Bharucha (Ms.)	Independent Director	4	2	4 (including 2 as Chairperson)
C. K. Mishra	Independent Director	7	1	2
S. Mukherjee	Independent Director	2	4	3 (including 2 as Chairperson)
A. Nayak	Independent Director	Nil	6	Nil
N. Rao (Ms.)	Independent Director	2	9	1 (also as Chairperson)
A. K. Seth	Independent Director	Nil	6	Nil
P. Subrahmanyam (Ms.)	Independent Director	Nil	1	Nil
S. Mohanty	Non- Executive Director *Representative of the Life Insurance Corporation of India as Investor*	11	...	1
A. Pande	Non-Executive Director *Representative of the Specified Undertaking of the Unit Trust of India as Investor*	1	1	Nil
S. Panray	Non-Executive Director *Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor*	Nil	3	Nil
A. Singh	Non-Executive Director *Representative of TMI as Investor*	1	1	Nil

[6] Directorship(s) in both Indian and foreign entities.
[7] Tenure of the Directors has been computed on the basis of period served on the Board from the date from which their appointment was approved by the Shareholders of the Company. Fractions, if any, have been rounded off.

6 meetings of the Board were held during the year ended March 31, 2025.

Board Committees

Currently, there are five Board Committees – the CSR and Sustainability Committee, the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee and the 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 2025.

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 on a half yearly basis 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 authorised 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.

ITC's Corporate Website

For more details on ITC Code of Conduct, Corporate Governance at ITC and other ITC Policies

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 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, succession plans including management development processes, and new initiatives proposed by the Company. Induction programme is organised by the Company for the Non-Executive Directors joining the Board. Visits to Company facilities are also organised for the Directors from time to time.

The Nomination & Compensation Committee, as reported in earlier years, 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 parameters for performance evaluation of individual Directors, inter alia, include ability to provide thought leadership across the role spectrum, and contribution to Board cohesion, governance & organisational processes. 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.

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 the Head of Human Resources (HR) of the respective Business / Chief Financial Officer and the 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 Company has robust systems and processes for redressal of grievances of various stakeholders such as shareholders, employees, local communities, customers and value chain partners.

Company's Report and Accounts 2025 ↗

For more details on ITC's grievance mechanisms

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 on an annual basis.

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 and Accounts 2025, and also to the regulatory authorities on a half yearly basis.

Further, the Company 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 & 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 of the Company; such goals have been included as a factor in assessing Business performance, which, in turn, contributes in determining remuneration of the employees of the Company, including Executive Directors, Key Managerial Personnel and Senior Management.

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, the 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 the Executive Directors is subject to the approval of the Shareholders. Such remuneration is linked to the performance of the Company inasmuch as the performance 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 and Equity Settled Stock Appreciation Rights, 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 performance against 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, which is determined by the Board within the limit approved by the Shareholders of the Company. The commission of Non-Executive Directors 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 eligible for coverage under Personal Accident Insurance and sitting fees for attending the 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 (i.e., the Chairman & Managing Director of the Company) to the median remuneration for the FY 2024-25 was 377:1. During the FY 2024-25, there was no increase in the total remuneration of the highest paid employee, while the median remuneration of employees increased by 7%; the average remuneration of employees during the year increased by 5%. The remuneration of Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company. For this purpose, 'remuneration' includes salary, performance bonus, long term incentives, allowances, contribution to the approved Provident Fund & Pension Funds, and other benefits / applicable perquisites borne by the Company, except contribution to approved Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under statute.

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:

i. to avoid any actual or potential conflict of interest in their business dealings with the Company that could create a perception of unfairness or lead to uncompetitive favours;
ii. 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;
iii. 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.

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

Divisional CEOs and 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. Formulating and monitoring 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 approves the Sustainability Report, besides reviewing the Business Responsibility and Sustainability Report of the Company and recommending the same to the Board for adoption.

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 and Accounts 2025 ↗

Sustainability Compliance and Review Committee (SCRC)

The CMC has constituted the Sustainability Compliance and Review Committee (SCRC), which presently comprises eight members of management, with the 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 responsible for 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.

Role of Governance Bodies in Stakeholder Engagement

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

The Board of Directors of the Company, through the CSR and Sustainability Committee, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its "Triple Bottom Line" objectives. Half-yearly reports on the progress made by the Company in this regard are placed by the CMC before the CSR and Sustainability Committee. The CMC in turn has constituted the SCRC which evaluates and monitors compliance with the Policies formulated in this connection. The SCRC places a quarterly report on the subject before the CMC.

Sustainability Policies

ITC has adopted a comprehensive set of Board approved Sustainability Policies that are being implemented across the organisation. These Policies are Policy on Stakeholder Engagement, Policy on Responsible Advocacy, Policy on Product Stewardship, 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, Policy on Animal Testing and Policy on Responsible Marketing.

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 have adopted the Sustainability Policies and are implementing them. The overall responsibility for ensuring implementation of these Policies resides with the Divisional / Strategic Business Unit 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

Grown nearly 40x

since the turn of the millennium

(constitute about two-thirds of Net Segment Revenue)

25 World Class Indian Brands

Annual consumer spends ~₹340 billion

reach over 260 million households in India

Shareholder Returns

CAGR ~18.4% p.a.

in last 2 decades

EBITDA margin expansion in FMCG – Others Segment

560 bps

between FY 2019-20 and FY 2023-24

(even in the face of heightened competitive intensity and inflationary pressures)

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 Company's superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Competitiveness' - that focuses on competitiveness in a manner that also 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 pursuing its bold Sustainability 2.0 agenda comprising multi-dimensional interventions in decarbonisation, building green infrastructure, scaling up carbon sequestration, promoting climate-smart and regenerative agriculture, restoring biodiversity through nature-based solutions, enhancing water stewardship, creating an effective circular economy and sustainable packaging solutions, building climate resilience & adaptive capacity of value chains and developing inclusive value chains that can support 10 million livelihoods by 2030. With its bold Sustainability 2.0 ambitions, the Company is setting the bar even higher, and remains committed to making a meaningful contribution to the Nation's future across all the three sectors of the economy – Agri, Manufacturing and Services, while retaining its status as a sustainability exemplar.

ITC aims for

I. Strengthening its position as one of India's most valuable corporations.

II. Achieving leadership in each of the business segments within a reasonable time frame.

III. Achieving a Return on Capital Employed (ROCE) in excess of the Company's cost of capital, at all times.

Key Developments & Outlook

Global growth slowed down from 3.5% in 2023 to 3.3% in 2024 and remained appx. 40 bps below long-term trend rate. Amongst Advanced Economies which grew at 1.8% (Vs. 1.7% in 2023), uptick in EU (0.9% in 2024 Vs. 0.4% in 2023) was offset by a relatively slower pace of growth in US & Japan. Emerging Markets & Developing Economies grew at a subdued rate of 4.3% (Vs. 4.7% in 2023), largely due to structural weakness in China. Rising geopolitical tensions, evolving global trade dynamics and extreme weather events have rendered the global macroeconomic environment highly uncertain and volatile.

India continues to remain the fastest growing large economy in the world - a relatively bright spot amidst the challenging global operating environment. The pace of growth, however, moderated from 9.2% in FY 2023-24 to 6.5% in FY 2024-25. While headline inflation (CPI) remained within the RBI's target range at 4.6%, food inflation witnessed a sharp uptick (FY 2024-25: 7.3% YoY). The cumulative impact of inflationary pressures on household savings, along with muted wage growth over the last few years, continued to weigh on consumption expenditure, particularly in urban markets. The weakness in consumption was reflected, inter alia, in the muted volume growth of the FMCG sector. While growth in Industry witnessed deceleration at 5.6% (Vs. 10.8% in 2023-24), Services sector grew at 7.3%, and the Agri sector witnessed a moderate uptick at 4.6% (Vs. 2.7% in 2023-24).

The Company delivered a resilient performance during the year amidst a challenging macroeconomic and operating environment.

- The **FMCG-Others** Segment delivered a resilient performance amidst weak demand conditions and heightened competitive intensity. Further, the impact of sharp escalation in key input costs, viz. edible oil, maida, potato, cocoa, packaging inputs especially in the second half of the year, exerted pressure on margins, which was partially offset through focused cost management interventions, judicious pricing actions and premiumisation. Competitive marketing and trade investments were sustained during the year despite heightened inflationary pressures towards supporting growth and market standing.
- In the **FMCG-Cigarettes** Segment, strategic portfolio/ market interventions continued to be made, with focus on competitive belts and to counter illicit trade, to drive volume-led growth and reinforce market standing. Differentiated and premium offerings continue to perform well. Severe cost escalation in leaf tobacco was partially mitigated through mix enrichment.
- The **Agri Business** Segment delivered robust performance during the year. The value-added agri portfolio recorded strong growth driven by scale up of exports of spices and coffee. While operations remained constrained due to continuation of trading restrictions on certain agri-commodities, the Business demonstrated execution agility in leveraging opportunities in Rice exports in the second half of the year when restrictions were eased. Strong customer relationships and focus on new business development aided strong growth in leaf tobacco exports. Superior grade/crop mix and strategic cost management initiatives enabled expansion in margins, despite steep escalation in green leaf tobacco costs.
- The **Paperboards, Paper & Packaging** Segment continued to witness a challenging operating environment, with low-priced Chinese and Indonesian supplies in global markets including India, soft domestic demand conditions, leading to subdued realisations. Segment margins were impacted by the unprecedented surge in wood costs. The Business continued to sharpen focus on portfolio augmentation, export customer/ market development and structural cost management to mitigate near term challenges, while enhancing resilience for the future. The Packaging and Printing Business continues to be acknowledged as a 'first choice packaging partner' by several reputed FMCG companies in the country for providing superior and cost-effective packaging solutions. The Business continues to aggressively pursue new business development across various segments.

ITC Financial Performance

(Continuing Operations)[10]

In FY 2024-25, Gross Revenue and EBITDA stood at ₹ 734.65 billion and ₹ 240.25 billion respectively. Profit Before Exceptional items and Tax at ₹ 260.01 billion, grew by 1.4% over previous year. Profit After Tax grew by 0.9% to ₹ 200.92 billion (previous year ₹ 199.10 billion). Earnings Per Share for the year stood at ₹ 16.07 (previous year ₹ 15.98).

[10] A comprehensive discussion on the significant socioeconomic, environmental, regulatory and macroeconomic factors that constitute the external environment in which ITC's multiple Businesses operate and the impact of these factors on ITC's ability to create value is presented in the 'Report of the Board of the Directors and Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2025.

Snapshot

KEY ECONOMIC INDICATORS (₹ billion)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24*	FY 2024-25*
Total Income	517.76	623.35	726.89	708.22	776.90
Profit Before Interest and Taxes (PBIT)	172.12	198.71	247.19	256.67	265.65
Cost of Bought out Goods and Services	251.02	326.76	369.12	327.05	377.39
Employee Benefits Expense	28.21	30.62	35.69	32.01	34.17
Payments to Providers of Capital	130.79	151.00	188.16	199.44	201.48
- Dividend/ Interest to Providers of Capital	132.78	142.13	192.97	171.97	179.93
- Retained Profits	(1.99)	8.86	(4.81)	27.47	21.55
Financial Assistance received from Government due to be paid *(Outstanding Balance of Deferred Sales Tax for Paperboards and Specialty Papers Division (PSPD), by State of Andhra Pradesh - interest free deferral period of 14 years)*	0.06	0.05	0.05	0.03	0.02
Financial Assistance received from Government (on account of fiscal and export incentives, etc.)	0.43	2.59	3.01	2.35	2.95

** Financials for FY 2023-24 & FY 2024-25 excludes the performance of Hotels business transferred to ITC Hotels Limited (ITCHL) on a going concern basis pursuant to Scheme of Demerger.*

Total Assets and Returns

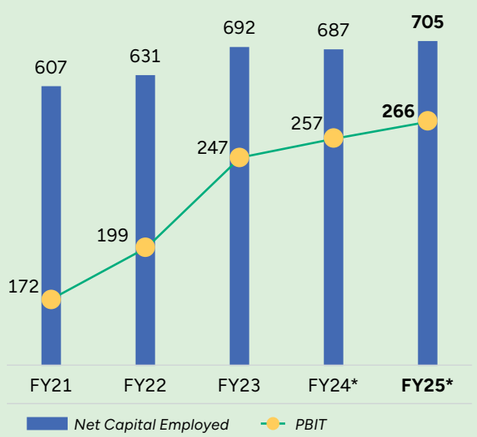
The net capital employed relating to continuing operations stood at ₹ 705 billion as at March 31, 2025 (previous year ₹ 687 billion) generating profit before interest and taxes (PBIT) of ₹ 266 billion (previous year ₹ 257 billion).

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. The Company'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, increasing Indian agri exports and promoting sustainable business practices. Investments made by the Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'Aatma Nirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

The Company is a pioneer in the green building movement, with 17 buildings having received Platinum certification by USGBC (US Green Building Council)/IGBC. (Indian Green Building Council). To continuously reduce the Company's energy footprint, green features continue to be integrated in all new and old constructions including manufacturing units, warehouses and office complexes.

Net Capital Employed and PBIT

₹ billion



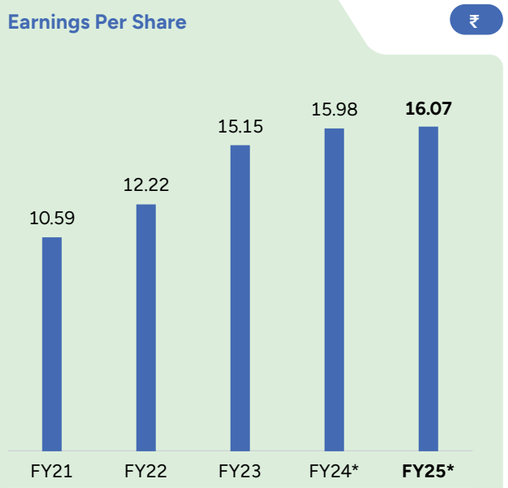
** Financials for FY 2023-24 & FY 2024-25 excludes the performance of Hotels business transferred to ITC Hotels Limited (ITCHL) on a going concern basis pursuant to Scheme of Demerger.*

Shareholder Returns and Earnings Per Share

Since the turn of the millennium, the Company's non-cigarettes Businesses have grown nearly 40-fold and presently constitute about two-thirds of Net Segment Revenue. Earnings Per Share from continuing operations stood at ₹ 16.07 for the FY 2024-25 (previous year ₹ 15.98). Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 18.4% per annum in the last two decades, placing the Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Earnings Per Share

₹



** Financials for FY 2023-24 & FY 2024-25 excludes the performance of Hotels business transferred to ITC Hotels Limited (ITCHL) on a going concern basis pursuant to Scheme of Demerger.*

Value Addition and Contribution to the National Exchequer

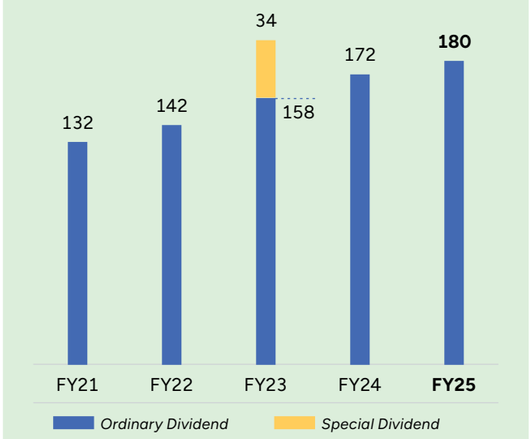
Over the last five years, the Value-Added by the Company, i.e., the value created by the economic activities of the Company and its employees, aggregated over ₹ 3,160 billion, of which over ₹ 2,110 billion accrued to the Exchequer. Including the share of dividends paid and retained earnings attributable to government owned institutions, the Company's contribution to the Central and State Governments represented appx. 75% of its Value-Added during the year. **The Company has, over the years, consistently ranked amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.**

Dividend

Final Dividend of ₹ 7.85 per Ordinary Share for the financial year ended March 31, 2025 (previous year: Final Dividend of ₹ 7.50 per Ordinary Share) has been recommended by the Board of Directors. Together with the Interim Dividend of ₹ 6.50 per Ordinary share (previous year ₹ 6.25 per Ordinary share), the total Dividend for the financial year ended March 31, 2025 amounts to ₹ 14.35 per Ordinary share (previous year: ₹ 13.75 per Ordinary Share).

Interim & Proposed Dividend

₹ billion



Employee Benefits

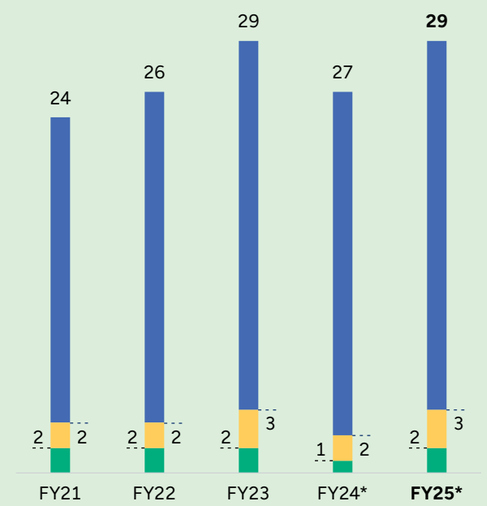
The employees are entitled to retirement benefit schemes which include employee pension, provident fund and gratuity. All statutory payments, as applicable, e.g., Provident Fund and Family Pension contributions, are deposited with the Government in a timely manner. The pension plans and other applicable 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'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, where compensation or career advancement decisions are solely based on merit and ability. 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. Through policies offering flexible work arrangements, extended child care leave, child care travel support, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various large-scale sensitisation programmes, Employee Resource Groups and the commitment and sponsorship of leaders, ITC provides an enabling environment to further its Diversity, Equity and Inclusion goals. ITC is also enabling career opportunities for women employees across the board by offering programmes to support women during maternity and after returning from career breaks.

168 ↗ *Workforce for Tomorrow*

Human Capital Investment

₹ billion



** Financials for FY 2023-24 & FY 2024-25 excludes the performance of Hotels business transferred to ITC Hotels Limited (ITCHL) on a going concern basis pursuant to Scheme of Demerger.*

Environmental Stewardship

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. To address these issues related to climate change, ITC has implemented large scale interventions for decarbonisation and adaptation.

Environmental Management

Policies

ITC believes that conservation and preservation of natural resources are fundamental to the survival and sustenance of life on earth. It is, therefore, important to collaborate with stakeholders to identify emerging trends and formulate the management approach for future readiness, in order to protect, conserve and contribute towards restoring natural resources.

ITC is guided by a comprehensive set of policies approved by the Board of Directors. 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.

ITC has appropriate systems and processes in place to ensure compliance with statutory provisions, as applicable, including processing of grievances for redressal. It shall be the responsibility of the Divisional / SBU Chief Executives, through members of the respective Management Committees, and Corporate Head for Sustainability to ensure progressive implementation of the Policy, and its communication to the employees.

Practice

In line with ITC's sustainability roadmap, Businesses are moving ahead in a phased 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 also been constituted for operationalising the Sustainability Policies.

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 status of different Businesses against the agreed roadmap are reviewed regularly by the Sustainability Compliance and 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, water intake, packaging amongst others. These targets are also integrated with the Annual Performance Cycle of the Divisions.

Training & Capacity Building

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:

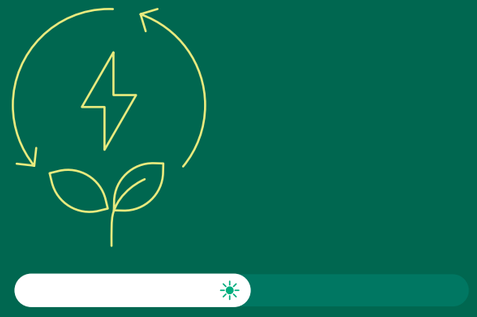
- Alliance for Water Stewardship Standard
- Climate Risk Management
- Nature & Biodiversity Risk Management
- Life Cycle Assessments
- Environment, Health & Safety Management
- Sustainable Supply Chain & Human Rights

In FY 2024-25, 11,150 employees and 10,875 workers were given formal training on various sustainable development aspects including health and safety. Approximately, 800 Tier -1 suppliers, including Critical suppliers have 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

FY 2024-25

52% of the energy from renewable sources



Enhanced Climate Ambition to Achieve

'Net Zero Operations' by 2050

According to the World Meteorological Organization (WMO), 2024 was the warmest year on record and the first calendar year with global mean temperature rise exceeding 1.5 degree Celsius. This follows the decadal trend of record-breaking global mean temperatures, with the past 10 years (2015-2024) being the warmest. As a result, the world is witnessing the consequences of climate change through more frequent as well as severe extreme events including instances of 'climate whiplash'. India, too, remains extremely vulnerable to climate risk with one or more parts of the country experiencing an extreme weather event for 322 out of 366 days in 2024.

(Source: Centre for Science and Environment)

At the same time, according to the International Energy Agency, despite an absolute increase in global CO_2 emissions from energy and industrial processes, the emissions growth was slower than GDP growth, demonstrating early signs of emissions-economy decoupling. While recent developments related to global trade and geopolitics may hinder the pace of global climate transition, the need for a sustained effort to combat climate change is evident. For industry, this implies accelerating decarbonisation as well as building climate resilience.

ITC's operations including factories and warehouses are spread across the country, and also have dependence on agri and forestry-based value chains for sourcing key raw materials. Accordingly, Company's approach focusses on managing transition as well as physical risks of climate change, which also offers opportunities to become a future-ready, climate-resilient organisation. As part of its Sustainability 2.0 vision, ITC is pursuing a multi-pronged climate strategy that addresses transition risks through extensive decarbonisation across the value chain including commitment to achieve 'Net Zero Operations' by 2050, and physical risks through identifying vulnerable sites across the value chain and implementation of locally contextual adaptation plans for these sites.

Highlights

174 MWp[8] of renewable electricity assets across India

9 ITC Units met more than 90% of electrical energy requirements from renewable sources in FY 2024-25

> 3 units – Bollaram Paper Mill, Green Leaf Threshing sites at Mysuru and Chirala consumed ~100% electricity from renewable sources

17 Platinum-rated Green Buildings (USGBC- LEED® /IGBC)

More than 1.3 million acres of plantations with more than 153,000 acres of plantation being added during the year that resulted in:

> ~6.4 million tonnes CO_2 sequestered

8 Excluding ~51 MWp of renewable electricity assets transferred to ITC Hotels Limited post demerger. Total commissioned capacity including that of ITC Hotels Limited is ~225 MWp.

I Transitioning to a Low Carbon Economy: Decarbonisation Across the Value Chain

ITC is targeting 'Net Zero Operations' (Scope 1 + 2) by 2050

- In addition to the 'Net Zero Operations' commitment, the Company will continue to collaborate with its extended ecosystem for facilitating decarbonisation of emissions across the value chain (Scope 3 emissions) as well as setting up systems for monitoring Scope 3 emissions in line with emerging standards.
- Further, ITC's diverse Businesses are also working towards developing their Net Zero roadmaps covering Scope 1, 2 & 3 emissions.

↓

Scope 1+2 — **~10% of ITC's Emissions**

Own Operations

- Investment in energy efficiency measures
- Accelerated adoption of renewable energy
- Building future-ready green infrastructure with low energy and emissions attributes

Scope 3 — **~90% of ITC's Emissions**

Value Chain Emissions

Agriculture *(~55% of ITC's Emissions)*
- Promotion of sustainable and regenerative agriculture in key agri-value chains
- Carbon sequestration through large-scale forestry programmes

Logistics *(~20% of ITC's Emissions)*
- Optimising logistics – reducing distance to market
- Switching to lower emission vehicles

Third Party Manufacturing *(~5% of ITC's Emissions)*
- Facilitating energy efficiency improvement and adoption of renewable energy sources for Third-Party Manufacturers

Other emissions like packaging, waste, product-related *(~10% of ITC's Emissions)*
- ITC's Sustainable Packaging Strategy
- Sustainably managing pre- and post-consumer waste
- LCA-driven innovation for reducing product carbon footprint

II Adapting to Climate Change: Building Resilience Across the Value Chain

Physical Assets

- Climate risk assessments using latest AI-enabled climate models to understand future risks across different scenarios and time horizons for identifying high risk / vulnerable sites
- Detailed site and hazard specific risk assessments for developing locally contextual adaptation plans across vulnerable locations

Agri Value Chains

- Regenerative and Climate Smart Agriculture programmes
- Detailed farm-level climate risk and vulnerability studies
- Integration of early warning systems/weather advisories, region and crop-specific adaptation strategies within regenerative and Climate Smart Agriculture programmes

Transitioning to a Low Carbon Economy: Decarbonisation 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 and transitioning to Net Zero by 2070. Over the last few years, the Indian Government has introduced various policies such as the upcoming Carbon Credit Trading Scheme, National Green Hydrogen Mission, FAME Scheme (Faster Adoption & Manufacturing of Electric Vehicles) and schemes for Viability Gap Funding (VGF) for new technologies such as offshore wind and battery storage.

ITC, through its ambitious Sustainability 2.0 commitments, is well positioned to address the Net Zero challenge. In addition to the 2030 targets, the Company is enhancing its long-term climate-related goals by committing to achieve 'Net Zero Operations' by 2050 which will entail decarbonisation of its Scope 1 and Scope 2 emissions i.e., electrical and thermal energy-related emissions in own operations. Additionally, the Company will continue to collaborate with its extended ecosystem for facilitating decarbonisation of emissions across the value chain (Scope 3 emissions) as well as setting up systems for monitoring Scope 3 emissions in line with emerging standards.

Decarbonising Own Operations

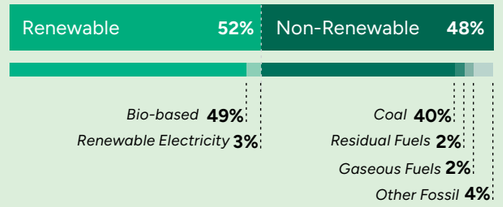
FY 2024-25 Performance

Energy

During the year, ITC Units consumed 25,896 Terra Joules (TJ) of total energy with 52% of energy coming from renewable sources.

Breakup of ITC's Total Energy Consumption

FY 2024-25



GHG Emissions: Scope 1,2 *(ex ITC Hotels)* — kilo tonnes of CO_2e

Greenhouse Gas (GHG) Emissions

For FY 2024-25, ITC's Scope 1 and Scope 2 emissions (market-based) are 1,105 kilo tCO_2e and 159 kilo tCO_2e respectively. In addition, location-based Scope 2 emissions, which excludes the contribution of purchased renewable electricity, are 170 kilo tCO_2e. The reduction in emissions compared to last year is due to the increase in share of renewable energy in total energy mix. Additionally, ITC's emissions from biogenic sources are 1,228 kilo tCO_2e.

Managing GHG Emissions

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

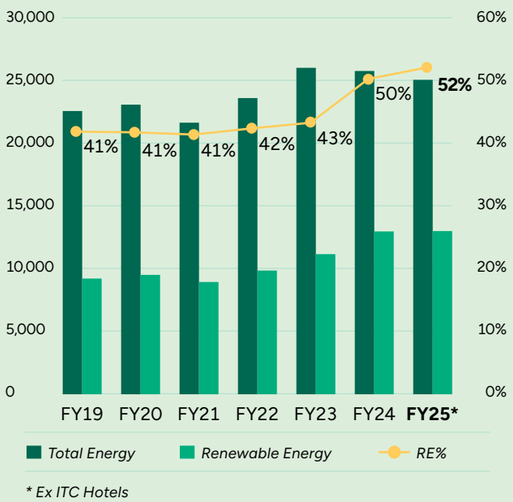
Energy Conservation Measures

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 2024-25, investments in energy conservation equipment resulted in savings of ~40 TJ, equivalent to more than 5,000 tonnes of CO_2e emissions.

Renewable Energy Adoption

Over the years, ITC has been investing in renewable energy projects to meet both electricity and thermal energy requirements. In FY 2024-25, the share of renewable energy marginally increased to 52%, compared to 50% last year, due to higher utilisation of biomass and augmentation of renewable electricity capacity, increasing the total capacity of renewable electricity assets to 174 MWp[9]. Further, to increase the share of renewable electricity consumption, select ITC Units also purchased Renewable Energy Certificates (RECs) or certified green electricity. During the year, three Units – Bollaram Paper Mill, Green Leaf Threshing Units at Mysuru and Chirala sourced 100% of their electricity from renewable sources.

Increasing Share of Renewable Energy (RE) in Total Energy Consumption



** Ex ITC Hotels*

High Pressure Recovery Boiler

PSPD Bhadrachalam

ITC's Bhadrachalam paper mill commissioned India's first High Pressure Recovery Boiler (HPRB) in FY 2022-23, replacing three conventional soda recovery boilers. While this system has helped progressively enhance energy efficiency and renewable energy share at the mill since its installation, it was fully stabilised last year along with all the ancillary systems, enabling complete realisation of its benefits.

During the year, the HPRB resulted in an increase in the energy recovered from black liquor which led to an annual reduction in coal consumption by ~153,000 tonnes at the unit leading to an avoidance of ~240,000 tCO_2e of absolute Scope 1 GHG emissions. Additionally, it significantly reduced reliance on imported pulp, further strengthening cost and resource efficiency. As a result, the mill consumed ~57% of its energy from renewable sources.

[9] *Excluding ~51 MWp of renewable electricity assets transferred to ITC Hotels Limited post demerger. Total commissioned capacity including that of ITC Hotels Limited is ~225MWp.*

Sustainability 2.0 Targets: Renewable Energy & GHG Emissions[10]

As part of its Sustainability 2.0 vision, ITC has set targets which includes sourcing 50% of total energy from renewable sources by 2030, 100% of purchased grid electricity requirements from renewable sources by 2030, 30% reduction in Specific Energy Consumption by 2030 (FY 2018-19 baseline) and a reduction of 50% in Specific GHG Emissions by 2030 (FY 2018-19 baseline). It is to note that while ITC has already achieved sourcing 50% of its energy consumption from renewables, ITC Businesses continue to invest in renewables and energy efficiency measures to improve their environmental footprint.

All ITC Businesses are pursuing renewable energy and energy efficiency investments across operations. Compared to the baseline year of FY 2018-19, ITC's energy intensity per rupee of turnover has reduced by ~31% to ~347 GJ/INR crore. The Businesses-wise performance on renewable energy and energy efficiency is given below.

Business	% Share in Total Energy	% Purchased Grid Electricity from Renewables	% Share of Renewables in Total Energy	% Reduction in Specific Energy Consumption from FY 2018-19	Specific Energy Consumption (FY 2024-25)
2030 S2.0 Target	-	100%	50%	30%	-
Paperboards and Specialty Papers Division	87%	57%	53%	11%	23.0 GJ/tonne
Branded Packaged Foods Businesses	7%	40%	52%	29%	2.9 GJ/tonne
FMCG Cigarettes	2%	63%	54%	6%	5.1 GJ/MNC

MNC: Million Cigarettes

These investments have enabled emissions intensity reductions across operations. Compared to the baseline year of FY 2018-19, ITC's GHG emissions intensity per rupee of turnover (Scope 1, 2) has reduced by ~46% to ~17 tCO_2e/INR crore. The Businesses-wise performance on GHG emissions intensity is given below.

Business	Business' Share (%) in ITC's Total GHG Emissions Scope 1, 2	% Reduction in Specific GHG Emissions Vs. FY 2018-19 Baseline	Specific GHG Emissions Scope 1, 2 (FY 2024-25)
2030 S2.0 Target	-	50%	-
Paperboards and Specialty Papers Division	83%	27%	1.06 tCO_2e/tonne
Branded Packaged Foods Businesses	8%	53%	0.18 tCO_2e/tonne
FMCG Cigarettes	2%	12%	0.33 tCO_2e/MNC

MNC: Million Cigarettes | Scope 2 Emissions: Market based GHG emissions

[10] *Performance against S2.0 targets reported on a standalone basis*

ITC Commits to Achieving 'Net Zero Operations' (Scope 1 & 2) by 2050

As part of its Sustainability 2.0 (S2.0) vision, ITC is progressing towards meeting its 2030 climate goals. At the same time, the Company is **enhancing its long-term climate-related goals by committing to achieve 'Net Zero Operations' by 2050** which will entail decarbonisation of its Scope 1 and Scope 2 emissions i.e., electrical and thermal energy-related emissions in own operations. Additionally, the Company will continue to collaborate with its extended ecosystem for facilitating decarbonisation of Scope 3 emissions across the value chain (with a focus on agri value chains, logistics and contract manufacturing) as well as setting up systems for monitoring Scope 3 emissions in line with emerging standards. Further, ITC's diverse Businesses are also working towards developing their Net Zero roadmaps covering Scope 1, 2 & 3 emissions.

ITC's 'Net Zero Operations' by 2050 Roadmap

Medium-term (2030)

- Achieve S2.0 2030 targets including sourcing 100% of grid purchased electricity from renewable sources
- Continued adoption of biomass boilers in FMCG & pulp & paper operations
- Enhance efficiency through heat recovery & digital decarbonisation initiatives
- Pilot key technologies like Thermal Energy Storage in pulp & paper operations

Long-term (2030-2050)

- Continue to scale up renewable energy adoption in line with business expansion
- Integrate storage solutions like Battery Energy Storage System (BESS) with existing RE assets
- Upscale pilots of key technologies such as large-scale biomass and electric boilers in pulp & paper operations
- Adopt electrical baking and biogas in Foods business
- Engage with ecosystem players including start-ups, academia to advance novel/ breakthrough decarbonisation technologies
- Neutralise any residual emissions through credible & high integrity projects

Enabling Ecosystem for 'Net Zero Operations'

- Access to commercially viable technologies at scale, for
  - Achieving Round-the-Clock zero emission electricity, such as Battery energy storage, small modular reactors (nuclear), and
  - Electrifying / Decarbonizing thermal requirements, specifically in the pulp & paper and foods Businesses, such as thermal energy storage, electrical baking, large scale biomass boilers
- Regional availability of sustainably sourced biofuels such as biomass briquettes or biogas

Developing Green Infrastructure for a Net Zero Future

Globally, the buildings sector contributes to almost 40% 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 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 or low carbon materials for construction and interiors, deploying passive cooling technologies, amongst others to reduce the carbon footprint of the built infrastructure.

As a result, ITC is a pioneer in the green building movement, with a large portfolio of 17 green buildings having received Platinum certification by USGBC/IGBC. In addition, ITC Sankhya is the first LEED® Zero Carbon data centre in the World.

Decarbonizing Value Chain (Scope 3) GHG Emissions

ITC remains focused on measuring and managing its environmental footprint across the value chain. **In FY 2024-25, the boundary for reporting Scope 3 emissions was further expanded to include emissions from key supply chain partners, embedded emissions of raw materials and fuels/energy, and end-of-life emissions of plastic packaging waste, among others.** Over time, the boundary would be expanded to cover other material Scope 3 emissions as well. For FY 2024-25, Scope 3 GHG emissions stood at 1,062 $ktCO_2e$ which includes emissions from the sources listed below:

Categories of Scope 3 GHG emissions	(in tCO_2e)
Category 1: Purchased Goods	5,70,767
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	1,00,234
Category 4: Upstream Transportation & Distribution	1,46,579
Category 6: Business Travel	11,717
Category 7: Employee Commuting	5,481
Category 9: Downstream Transportation & Distribution	1,73,212
Category 12: End-of-Life Treatment of Sold Products	54,350

255 *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' Annexures.*

Managing Value Chain GHG Emissions

ITC is also working with its value chain partners, both upstream and downstream, for decarbonising 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

ITC is focused on developing and scaling 'climate-smart' agriculture systems to decarbonise its agri-value chains. Specifically, ITC's large-scale programmes support farmers in adopting practices such as zero tillage, nutrient management, nano urea application and direct seeded Rice that reduce GHG emissions. In addition to decarbonisation, these practices help de-risk farmers from erratic weather events, while also sustainably managing the natural resources crucial for agriculture.

As a part of its S2.0 vision, ITC is targeting 4 million acres to be covered under the Climate Smart Agriculture (CSA) programme by 2030. In FY 2024-25, 3.1 million acres across 19 States were covered under the programme. Going forward, ITC is focussing on strengthening its systems for measuring and monitoring farm-level emissions from its key agri-value chains.

78 *Sustainable and Climate Resilient Agriculture*

184 *Mission Sunehra Kal for Transforming Lives and Landscapes - sustainable and inclusive growth*

Transportation

'ITC One Supply Chain' initiative aims at optimisation 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. In addition, the Company has also been working on introducing electric vehicles for last mile delivery.

Scaling-up Adoption of Electric Vehicles (EV)

Over the past year, ITC has significantly scaled up the adoption of EVs for mid-mile delivery of FMCG products. With 35,000+ trips in FY 2024-25, the number of EV trips increased by nearly 300%+ compared to the last year. The EV programme is currently operational in 20+ cities across the country.

Current market has limited capacity, and availability of certain range of EVs, particularly larger vehicles, remains challenging. The EV programme will be scaled up progressively based on availability/launch of new models and cost benefit analysis.

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

ITC collects and sustainably manages post-consumer plastic packaging waste across India. Through these programmes, ITC has been able to collect and sustainably manage ~76,000 tonnes of plastic packaging waste during the year which is more than the plastic packaging utilised in its products.

↗ 112 *Towards Circularity*

Product Sustainability

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

Sustaining and Enhancing Carbon Sequestration

The 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 along with social forestry 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.

↗ 78 *Sustainable and Climate Resilient Agriculture*

↗ 184 *Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth*

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.

↗ 127 *Sustainable Supply Chain and Responsible Sourcing*

Sustainable Packaging

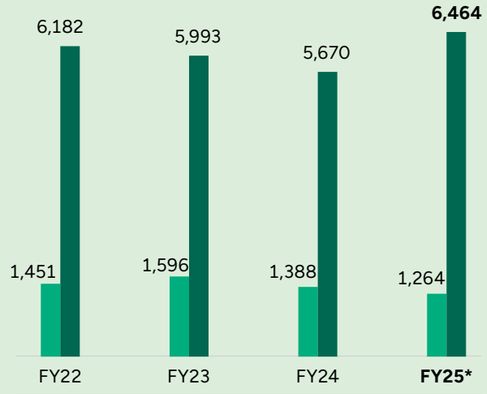
As part of its ITC's Sustainability 2.0 vision, ITC's approach focusses on ensuring 100% of packaging is reusable, recyclable or compostable/biodegradable. This entails improving recyclability of multi-layer laminate packaging by reducing the complexity of the structure, phasing-out hard to recycle plastics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

Further, ITC also uses a Life Cycle Assessment-based tool to assess the environmental impact of the packaging for key FMCG products and sustainable packaging solutions offered by its Paperboards and Packaging Businesses. Insights from these assessments enables ITC Businesses to undertake interventions at the design stage itself to reduce the environmental impact of packaging.

↗ 112 *Towards Circularity*

Carbon Sequestered Vs. GHG Emissions from ITC's Operations (Scope 1,2)

kilo tonnes of CO_2e



** Scope 1 + 2 GHG emissions from FY 2024-25 excludes Hotels*

Adapting to Climate Change: Building Resilience Across the Value Chain

Physical Assets

ITC's extensive manufacturing base including factories and warehouses are exposed to climate change risks on account of rising temperature and extreme weather events such as intense precipitation / floods, heatwaves, cyclones. Taking cognisance of this, ITC has been at the forefront of understanding the underlying risks and impacts of climate change across its operations. Several climate studies have been carried out over the last few years, and these have served as foundational inputs towards developing the Company's three-stepped Climate Risk Management approach, that entails:

Step 1

Portfolio-level Assessment for Identifying Vulnerable Sites

ITC uses AI enabled latest climate models to identify / prioritise vulnerable sites basis present day as well as expected future change in climate risk.

Sites in quadrants 2 and 4 are accorded priority, while sites in quadrant 3 are closely monitored.

Step 2

Site-specific Climate Risk Assessments for Vulnerable Sites

Detailed site-level and hazard specific studies are conducted along with climate experts. These studies include simulations to identify the sources of vulnerability at the site in different scenarios.

The influence of non-climatic/ local factors that can influence site-level risk such as presence of man-made flood defence structures, land use patterns, elevation are also considered.

Step 3

Locally Contextual Adaptation Plans for Vulnerable Sites

Based on the identified sources of vulnerability, local context of the site, and the business criticality, a locally contextual adaptation plan is developed. This includes:

- Within the site: Physical adaptation measures (grey measures) such as hard engineering or nature-based solutions (green measures) or non-physical measures (soft measures) such as early warning systems, extreme weather management practices.
- In the local catchment: Engaging with local authorities and communities to build community-level resilience to climate change.

ITC has assessed around 140 sites covering owned assets, key third-party manufacturing Units and potential sites using a contemporary AI-based climate modelling tool. The tool provides future forecasts of 20+ climate metrics that quantitatively illustrate the extent of impacts from numerous climate hazards such as rising heat, intense rainfall, floods, extreme wind, drought and more, across different climate change scenarios (SSP1 – 2.6 (1.8°C), SSP2-4.5 (2.7°C) & SSP5-8.5 (4.4°C)) and time horizons. In FY 2024-25, the tool was used to assess upcoming / strategic sites to screen for physical climate risks. Based on the results, sites were prioritised for further assessment.

Agri Value Chain

Changes in temperature, precipitation, extreme weather events like droughts, make agriculture in India quite vulnerable to climate change. ITC is dependent on agri and forestry-based value chains for sourcing key raw materials. For major crops like Wheat, pulpwood, leaf tobacco, potato, 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. ITC is leveraging ITCMAARS and AI-based solutions to provide farmers with an integrated early warning system that includes weather forecasts, crop advisories and other critical insights for building climate resilience of farmers.

Additionally, ITC has also conducted detailed farm-level studies using AI-enabled climate modelling tools to understand the crop and region-specific yield impacts across India. These assessments help in sourcing from strategic locations with minimal climate impacts, and further calibrate the climate resilience measures that are being implemented across the 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.

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Building Heat Resilience

As climate change drives rising temperatures across India, ITC's in-house projects team has identified various strategies to address the rising energy demand for cooling and address the health and safety concerns of workers as well.

The team implements climate-responsive design principles and passive cooling strategies early in the planning stage of infrastructure projects, thereby significantly enhancing the thermal performance of the asset. These include strategies such as orientation optimisation for maximising natural ventilation, thermal massing and optimal envelope design to reduce heat load on HVAC, minimise solar heat ingress and buffer temperature fluctuations. Simulation tools are used to create a digital twin of these infrastructure projects and predict the effectiveness of proposed passive design interventions, ensuring that each building is not only energy efficient but also climate resilient.

Further, to combat heat stress amongst workers exposed to high solar radiation / heat and intense activity levels such as at construction sites, the team has identified personal cooling vests that works on the principle of evaporative cooling. Laboratory tests have demonstrated that this vest can lower temperatures by approximately 6°C, thereby improving worker safety and comfort.

Building Coastal Resilience through Mangrove Conservation near ITC Unit at Chirala, Andhra Pradesh

Close to the Green Leaf Threshing unit at Chirala, along the coastlines of the Bapatla district, ITC's Mission Sunehra Kal team has developed a large-scale mangrove conservation project, covering about 1500 acres.

Mangrove forests play a crucial role in building coastal flood resilience by acting as natural barriers against storm surges and preventing coastal erosion. Further, they also provide various ecosystem services to the fisheries and coastal population, supporting their livelihood, while also acting as a carbon sink.

184 *Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive growth*

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 Decarbonisation

Scope 1 & 2
Implementing the roadmap for achieving ITC's 2030 Sustainability 2.0 goals and the long-term commitment of 'Net Zero Operations' by 2050, through continued investment in renewable energy, energy efficient technologies and green infrastructure.

Scope 3
Scale up ITC's large-scale programmes and initiatives for decarbonising Scope 3 emissions, and deploy systems to measure and monitor the emission impacts of these programmes with special emphasis on agriculture, logistics and third-party manufacturing.

Climate Adaptation Strategy

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

Climate 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

Scaling-up sustainable farming certifications across key agri value chains

20,947 acres
of certified organic farms

16,817 acres
certified as per leading sustainable farm certifications like Rain Forest Alliance (RFA), Global GAP, Fairtrade, BAP-4* and ASC

Leveraging the Company's enterprise strengths and its large presence in rural communities, ITC has, over the years designed and implemented large-scale sustainable agriculture programmes across the country. With the growing impacts of climate change on agricultural productivity, and a constant deterioration in the state of natural ecosystems, a **sustainable agricultural production system that is resilient to climate change is imperative for India.**

ITC is committed on implementing 'climate smart' agriculture practices that address the environmental and social impacts of climate change and enable its agri-value chains to withstand the climatic impacts. Climate Smart Agriculture encompasses a range of practices and technologies developed for specific agro-ecological conditions and socio-economic contexts including adoption of climate-resilient crop varieties, conservation agriculture techniques, agroforestry, precision farming and water use efficient (more crop per drop) practices among others. These practices ensure improved productivity, enhanced resilience and reduced emissions, and support sustainable livelihoods. At the same time, ITC is also focussing on building new and diverse farm value chains for crops like millets for improving climate adaptability and ensuring nutrition and food security.

ITC's initiatives for increasing agricultural productivity in a sustainable manner are scientifically planned and follow the key principles of 'regenerative agriculture'. According to Indian Council of Agricultural Research (ICAR), regenerative agriculture leads to development of healthy soils, capable of producing high-quality nutrient-dense food, while simultaneously improving, rather than degrading the land, and ultimately leading to productive farms, healthy communities and thriving local economies.

Moreover, with the unique set of challenges that Indian farmers face, farmer well-being remains 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 extending assistance to transition to sustainable practices. Further for securing farmer livelihoods, ITC's Agri Business Division and Social Investments Programme (ITC Mission Sunehra Kal-MSK) focus on various mechanisms for making the dominant sources of income for farming communities more sustainable.

**BAP- Best Aquaculture Practices*

Highlights

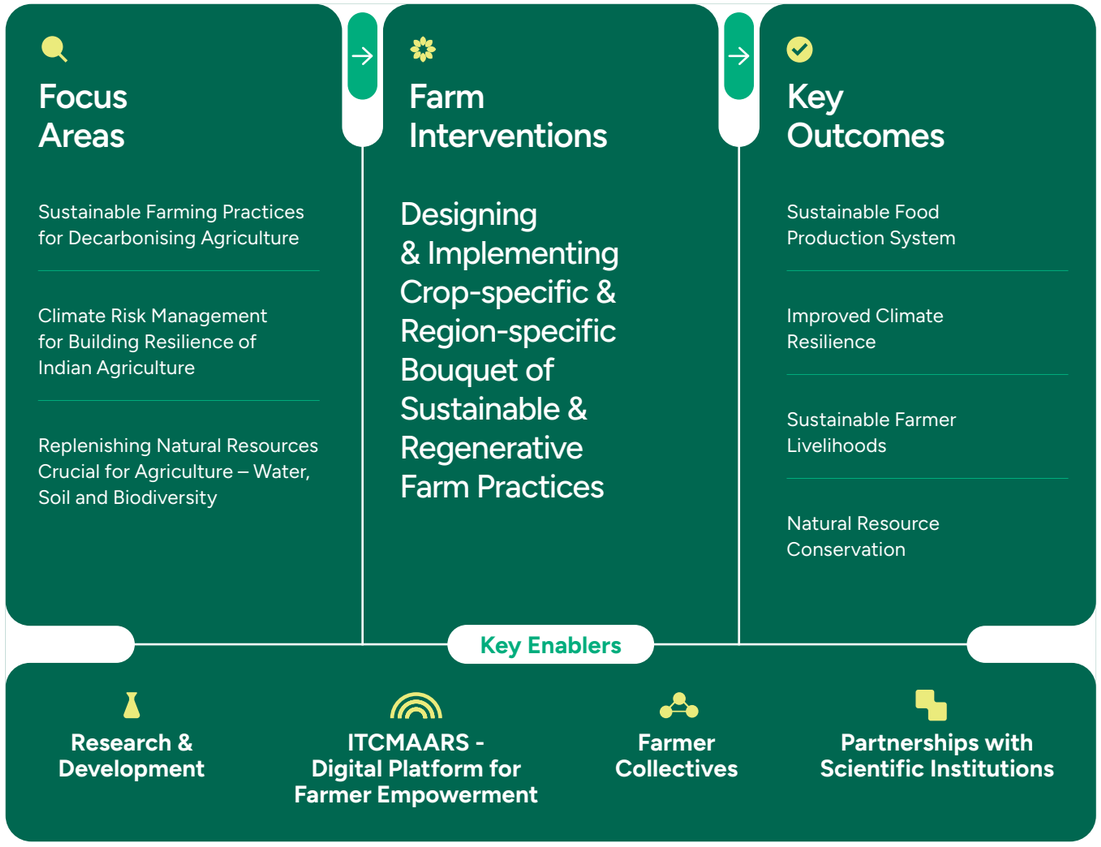
During the year, the coverage of Climate Smart Agriculture programme was enhanced against the S2.0 target of covering 4 million acres by 2030

- 3.17 million acres
- 1.2 million farmers
- 19 states

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

- 10 states
- Over 2.1 million farmers
- 2,050 FPOs

ITC's Approach: Sustainable & Climate Resilient Agriculture



Focus Areas

Sustainable Farming Practices for Decarbonising Agriculture

For its key agri value chains, ITC has estimated the GHG emissions in line with global standards while taking into account the regional context. Based on these estimates, climate mitigation actions are planned across key nodes in the agri-value chain. Key agri-commodities such as Wheat, Rice, Tobacco contribute significantly to ITC's Scope 3 emissions. Based on ITC's estimates, the major emission hotspots are **farm-level practices, irrigation, fertiliser production and application**. Therefore, effective decarbonisation will entail reducing emissions from these identified key sources.

As part of ITC's Social Investment Programme (SIP), **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, minimising climate related risks and decarbonizing agriculture. The CSA programme has covered **3.17 million acres** covering over **1.2 million farmers** till date across **19** 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). At the core of ITC's Sustainable and Climate-resilient Agriculture practices, is a scientific temperament supported with research-based, technology backed programmes and close collaboration with farmers.

Climate Risk Management for Building Resilience of Indian Agriculture

ITC's approach is 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 its key agri value chains.

Initiatives for Managing Climate Risks in the Short-term

- Promotion of biotic and abiotic stress tolerant varieties
- Promotion of climate smart practices across crop cycle
- Weather forecasting and customised crop advisories using ITCMAARS

Crop Advisory from ITCMAARS App

Initiatives for Building Long-term Climate Resilience

- Long-term climate risk modelling and scenario analysis using latest AI-based climate tools
- 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 international, national and regional agricultural research institutions
- Scaling up of water stewardship initiative including urban water management and river-basin level interventions

Replenishing Natural Resources Crucial for Agriculture – Water, Soil and Biodiversity

In the agri-catchments, the focus is on drought-proofing agriculture by reducing crop-water demand through agronomic practices for improving soil water-holding capacities and improved irrigation techniques (drip irrigation, augmenting water supply through the rejuvenation and/or creation of water harvesting and recharge structures).

ITC Mission Sunehra Kal has collaborated with reputed institutions and thematic expert organisations (ACWADAM, GEOVALE, Indian Institute of Science Bengaluru, IWMI, WWF India, iit-iit Foundation, etc.), to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation.

In agricultural catchments, ITC continues to work for biodiversity conservation along with soil and water, as these three are essential natural capitals vital for sustainable agriculture. As a part of its biodiversity conservation efforts, ITC has focused on:

- Biodiversity conservation in agri-supply chains to minimise the adverse impacts of agriculture on biodiversity.
- Community driven biodiversity conservation at the watershed level by 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.

202 *Biodiversity Conservation - Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth*

Bouquet of Sustainable & Regenerative Farm Practices & Key Outcomes

For making agriculture sustainable and future-ready, ITC adopts a variety of practices with the aim of making agriculture regenerative, productive, sustainable, remunerative, and climate-resilient. These practices promote optimal use of resources resulting in reduced costs and improved yields, and thereby enhancing incomes of farmers, whilst also building resilience to climate change. With reduced requirement of external inputs, '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. For example, various studies as well as internal estimates suggest that the optimised fertiliser dosages result in around 15% reduction in fertiliser-related emissions. Similarly, zero-till practices have been observed to reduce GHG emissions around 70-80% without significantly affecting the yield. For effectively scaling-up the adoption of these practices, ITC's extension programmes with farmers focus on technology-based practices across multiple crops.

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. These 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.

A summary of major sustainable farm practices for key agri value chains along with potential outcomes is presented below.

Sustainable Farm Practices	Key Outcomes			
	Decarbonisation	Climate Resilience	Natural Resource Management	Sustainable Farmer Livelihoods
Wheat Value Chain				
Conservation Agriculture – Zero Till	+++	+++	++	+++
Introduction of New Varieties	+	+++	+	+++
Integrated Nutrient Management *including Murate of Potash*	+++	+	++	++
Integrated Pest Management	+	++	++	+++
Crop Diversification	++	+++	+	+++
Organic Certification	++	+	+++	+++
Paddy Value Chain				
Water-use efficiency *(Direct Seeded Rice Or Alternate Wetting and Drying)*	+++	++	+++	+++
Crop Residue Management *(No stubble burning)*	+++	+++	+++	++

Effectiveness of Agri-interventions for potential outcomes: +++ High, ++ Medium, + Low

Sustainable Farm Practices	Key Outcomes			
	Decarbonisation	Climate Resilience	Natural Resource Management	Sustainable Farmer Livelihoods
Leaf Tobacco Value Chain				
Weather Resilient Tobacco Production System	++	+++	++	+++
Green Manuring	+++	++	+++	++
Subsoilers	+++	+	+++	++
Soil and Moisture Conservation	++	++	+++	++
Crop Rotation	+	+++	+++	+++
Drip Irrigation	+	++	+++	++
Safe usage, disposal of Agro-chemical waste	++	+	++	++
Energy Conservation Measures	+++	+	+++	++
Spices Value Chain				
Crop Diversification	+	+++	+++	+++
Integrated Pest Management	+	+++	+++	++
Nutrient Management	+++	++	+++	++
Mulching	++	+	+++	++
Soya Value Chain				
Broad Bed Furrow	++	+	+++	+++
Coffee Value Chain				
RFA Certification	++	++	+++	+++

Effectiveness of Agri-interventions for potential outcomes: +++ High, ++ Medium, + Low

Stories of Change: Transforming Indian Agriculture

CASE STUDY

Advancing Climate-Smart Wheat Cultivation through Zero Tillage, Happy Seeder and Surface Seeding

In the Wheat-growing regions of Eastern Uttar Pradesh and Bihar, ITC's Crop Development Programme (CDP) has successfully scaled the adoption of regenerative practices such as Zero Tillage, Happy Seeder, and Surface Seeding. These technologies enable farmers to sow Wheat directly into unploughed fields while retaining crop residues, which conserves soil moisture, enhances organic matter, and significantly reduces the need for land preparation. This approach not only improves soil health, but also results in economic savings, cutting land preparation costs by up to 50% and reducing greenhouse gas emissions. This approach has helped farmers in advancing the Wheat sowing period by 10-15 days and has also improved the Wheat yield and quality.

A key innovation under the programme has been the introduction of a Surface Seeding machine in two districts of Uttar Pradesh. This low-cost, eco-friendly equipment allows Wheat seeds to be broadcast directly onto the field surface with minimal soil disturbance and has already been adopted by 2,752 farmers over 15,000 acres. The success of these interventions is essentially due to the dual benefit of **environmental sustainability and economic viability,** making Wheat cultivation more climate-resilient and cost-effective. These efforts demonstrate how regenerative agriculture, backed by appropriate technologies and farmer engagement, can transform traditional farming systems and promote long-term sustainability.

CASE STUDY

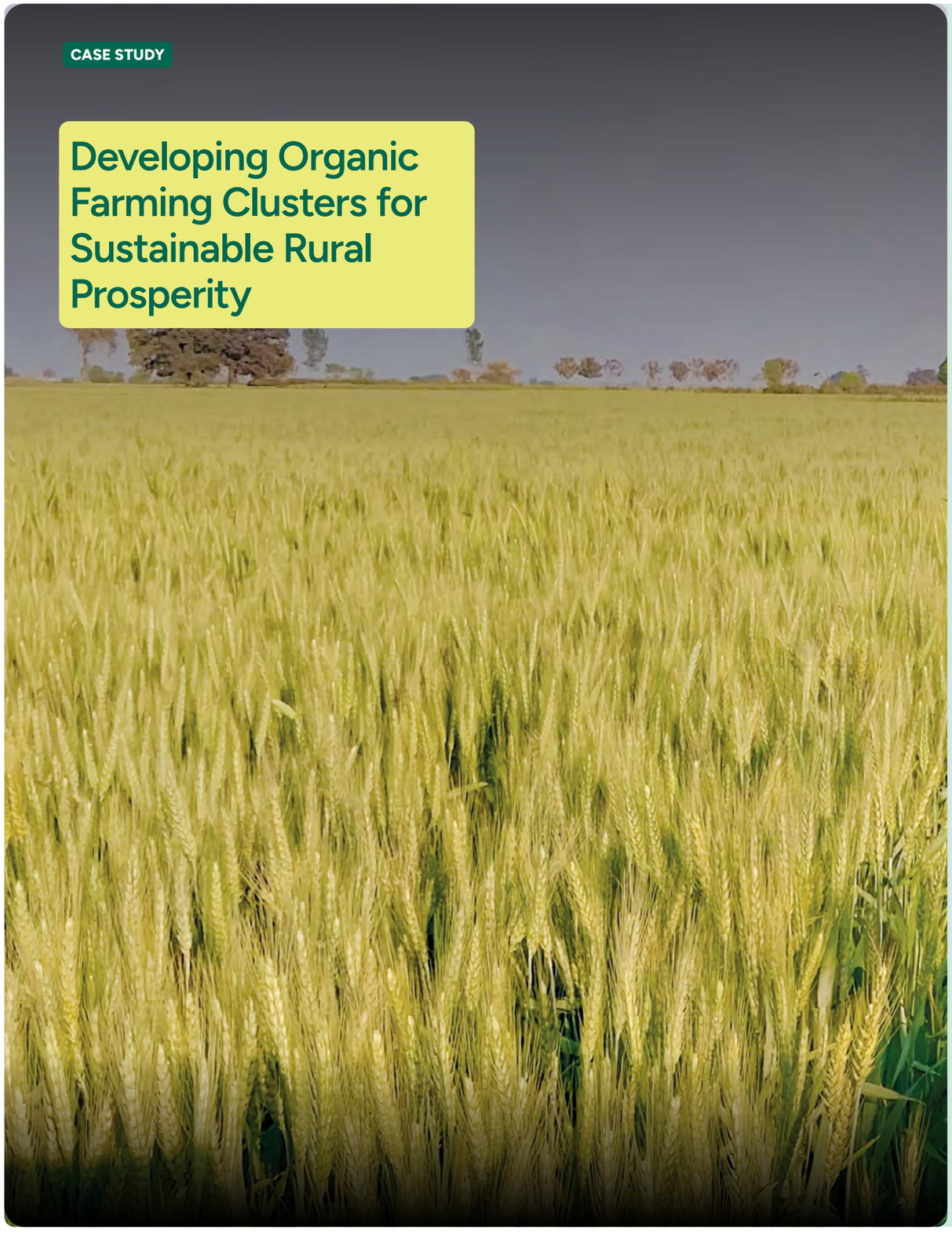
Regenerating Soil Health through Green Manuring with Summer Moong and Sesbania

ITC's Crop Development Programme has promoted the use of green manuring for crops like Summer Moong and Sesbania in Eastern Uttar Pradesh and Bihar. These crops are cultivated between major crop cycles and **help enrich the soil with nitrogen and organic carbon through biological fixation.** This natural process reduces dependence on chemical fertilisers, lowers production costs and improves nutrient availability for subsequent crops. **Under this initiative, Summer Moong was cultivated by 2,596 farmers across 4,566 acres of land, while Sesbania was adopted by 1,583 farmers over 3,577 acres.** These interventions not only improve soil fertility, but also contribute to better soil structure and increased microbial activity, which are essential for long-term agricultural productivity.

By enhancing soil organic carbon levels and supporting nutrient cycling, green manuring has become a key strategy for building soil resilience and ecosystem health. The reduced reliance on synthetic inputs also leads to environmental benefits, such as lower emissions and less chemical runoff. Farmers have reported improved crop yields and reduced input costs, validating the agronomic and economic benefits of these practices. Through widespread promotion and farmer support, the programme is helping create a more sustainable and regenerative farming model that can be replicated across diverse agro-climatic zones.

CASE STUDY

Developing Organic Farming Clusters for Sustainable Rural Prosperity



Organic farming has emerged as a key pathway to sustainable agriculture in India, offering a strong alternative to conventional systems reliant on synthetic chemicals. By using natural pest control methods and biological inputs derived from plants and animals, organic farming protects the environment while enhancing soil fertility and biodiversity. For Indian farmers, this approach leads to healthier soils, reduced input costs, and access to premium markets that value certified organic produce. Recognising these benefits, **ITC's Agri Business Division (ABD) is developing organic farming clusters across five States– Uttar Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, and Jammu.** These clusters pivot around Farmer Producer Organisations (FPOs), promoting collective action, efficient service delivery, and improved market linkages.

The initiative currently includes 12 Internal Control Systems (ICS) clusters, encompassing over 5,400 farmers and 14,682 acres, with a focus on key crops such as Wheat, Paddy, Soybean, Gram, and Mustard.

ITC supports these clusters with a holistic approach that includes technical guidance on organic practices, regular training sessions, farmer meetings for capacity building and support for essential organic inputs. Dedicated input centres ensure timely access to high-quality materials, reducing dependence on costly external sources.
The clusters are being developed under the National Programme for Organic Production (NPOP) certification, which guarantees the authenticity of produce in domestic and export markets. All 12 ICS clusters have completed first-year certification, with six advancing to the second year. Upon successful completion of the third year, full NPOP certification will open broader market opportunities. Additionally, organic practices are contributing to improved soil organic carbon and overall soil health. By combining technical support, input access, certification, and market opportunities, the initiative is enhancing farmer incomes while fostering environmental stewardship and rural resilience.

CASE STUDY

Farmer-led Transformation through Sustainable Crop Diversification

As part of ITC's sustainable agriculture and rural development initiatives, the success story of Mr. Vinod Vishwakarma from Shekhpura village, Sehore district, exemplifies the transformative impact of farmer-led crop diversification. Formerly dependent on Wheat cultivation, Mr. Vishwakarma faced stagnant returns–earning barely ₹ 25,000 per acre net, with increasing input costs and climatic challenges.

In 2022, under ITC's Medicinal Plant Extension and Varietal Promotion Strategy, he adopted **Ashwagandha (Withania somnifera)**–a climate-resilient, low-input, high-value medicinal crop. Beginning with 0.5 acre, his confidence grew with support from ITC, leading to an expansion to **2.6 acres** by 2024–25.

Through access to certified varieties (CIM Pushti, Vallabh), Good Agricultural Practices (GAP) training, and assured buyback, Mr. Vishwakarma achieved exceptional outcomes:

Yield

700 kgs/acre

Quality

90% Grade A roots

Net profit

₹1.85 lakh/acre

Alongside economic gains, he embraced sustainable farming–constructing a **farm pond,** adopting **drip irrigation,** and transitioning to **organic inputs,** all of which enhanced water efficiency and soil health. The increased income enabled improvements in his family's quality of life–better education for his children, improved nutrition, and social recognition.

"With ITC's support, I moved from subsistence to sustainability. My farm is now a model for others," he proudly States. Mr. Vishwakarma's journey is a shining example of ITC's commitment to empowering farmers through inclusive and sustainable rural livelihoods.

CASE STUDY

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

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

20,947

acres of certified organic farms.

16,817

acres certified as per leading sustainable farm certifications like Rain Forest Alliance (RFA), Global GAP, Fairtrade, *BAP-4 and ASC.

**BAP- Best Aquaculture Practices*

Creating an Enabling Ecosystem for Indian Farmers

Research & Development (R&D)

ITC Life Sciences and Technology Centre (LSTC)'s R&D initiatives are equipped with world-class scientific platform and centres of excellence that deliver processes and products. ITC LSTC Crop Sciences team is involved in the development of crops for Agri Business that enable achieving the objectives of climate resilience and farmer profitability with enhanced yield and quality. Some of these include development of climate resilient varieties/hybrids of crops like Wheat, Potato, Tobacco and Pulpwood.

Wheat:
LSTC is conducting cutting-edge multidisciplinary R&D activities across both traditional and non-traditional Wheat production geographies of India, enabling farmers to produce region specific superior varieties with enhanced yield and quality through the development of best site-specific agronomic practices. For developing climate resilient varieties, ITC LSTC has fostered collaborations with international Wheat research institutes like International Maize and Wheat Improvement Centre, Mexico & Resource Seed International (RSI), Mexico.

Potato:
To promote sustainable production of processing potato, ITC LSTC in association with Central Potato Research Institute (CPRI), India's premier research institute for potato research under Indian Council of Agricultural Research (ICAR), is involved in developing region-specific varieties that perform well under challenging conditions in different climate zones with acceptable processing quality and formulation of variety or region specific good agricultural practices. Also, promotion of localised production of processing potatoes closer to processing units lowers the environment impact by reducing carbon footprint through minimised long-distance transport and improves local farmers' profitability by ensuring assured market price.

Tobacco:
R&D efforts on tobacco mainly concentrate on development of region-specific superior varieties and good agricultural practices to sustain the quality raw material availability and farmer profitability across tobacco growing geographies. To minimise the water used in growing tobacco crop in limited water conditions and with residual moisture, cultivation of genetically inherent water-use efficient (WUE) or drought tolerant varieties is necessary for sustainable production. LSTC is developing water use efficient varieties for rainfed zones and hybrids with 15-20% enhancement in yield for irrigated regions.

Pulpwood:
Agroforestry, one of LSTC's key expertise, involves working on productivity improvement of trees by using contemporary research tools for Eucalyptus, Casuarina, Corymbia, and Subabul species. LSTC has established different cutting-edge tools and platforms for improving tree and crop species of interest to ITC for desired traits like yield, quality, abiotic and biotic stress for securing the raw material to various Businesses of ITC given the rising challenges of climate change and depleting resources. Ongoing research has major emphasis on developing climate resilient crops and pulp wood species. As an example, in the past 5 years more than 1 crore saplings of new hybrids with >20% higher wood yields have been deployed in farmers' fields. This should lead to secured raw material supply to business while ensuring better farm income and enhanced carbon sequestration.

Market Access and a Digital Driven Agri-Transformation

ITCMAARS - Metamarket for Advanced Agriculture and Rural Services

To power next generation agriculture, ITC launched ITCMAARS 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 Farmer Producer Organisations (FPOs) as the pivot.

FPOs - A Crucial building-block of ITCMAARS

FPOs have tremendous potential to serve as major facilitators for augmenting farm livelihoods by enabling both aggregation efficiencies and targeted delivery of farm solutions. They can become a facilitator in agri transformation, acting as a crucial link between markets and individual farmers, especially those with small and marginal land holdings. Contributing significantly to the Government's drive to promote and strengthen FPOs, ITCMAARS has seamlessly integrated them into the model. The 'phygital' ecosystem of ITCMAARS involves ground-level engagement through Farmer Producer Organisations (FPOs). They provide physical staging point for inputs and outputs supply chains in villages. They also leverage ITC's trust and presence in village communities.

ITCMAARS: Services Offered

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.

AI-based Innovation for Farmer Empowerment

The **'Krishi Mitra' AI chatbot** is the latest standout innovation within ITCMAARS. Developed in collaboration with Microsoft, it understands and responds to farmer queries in voice and regional languages, deploying voice-to-text-technology to deliver personalised guidance.

Scale and Reach of ITCMAARS

ITCMAARS has, so far, been launched in 10 States - Uttar Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Bihar, Karnataka, Andhra Pradesh, Telangana, West Bengal and Gujarat. It now empowers over 2.1 million farmers through 2,050 FPOs.

The model already covers agri value chains such as Wheat, Soybean and Millets. The super app has onboarded several banking partners (such as State Bank of India, Axis Bank and IDFC First Bank), crop nutrition and protection majors (such as Bayer, BASF, Syngenta, Corteva Agrisciences and Coromandel) and multiple ICAR Agri Institutes.

ITCMAARS will progressively cover as many as 4,000 FPOs, empowering 10 million Indian farmers by 2030.

Refer "ITCMAARS" on the portal for more details

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:

Making Indian Farming Resilient to Climate Change:

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.

Innovation and Research-led Transformation of Indian Agriculture:

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 bring 4 million acres under Climate Smart Agricultural practices across the country and promote 10,000 Climate Smart Villages in core agribusiness catchments by 2030.

Biodiversity Management

ITC published its first nature report in line with TNFD recommendations

Refer ITC's Nature Report for details

Till date, ITC Mission Sunehra Kal (MSK) has taken up biodiversity revival and conservation work in

Over 647,000 acres spread across 10 States.

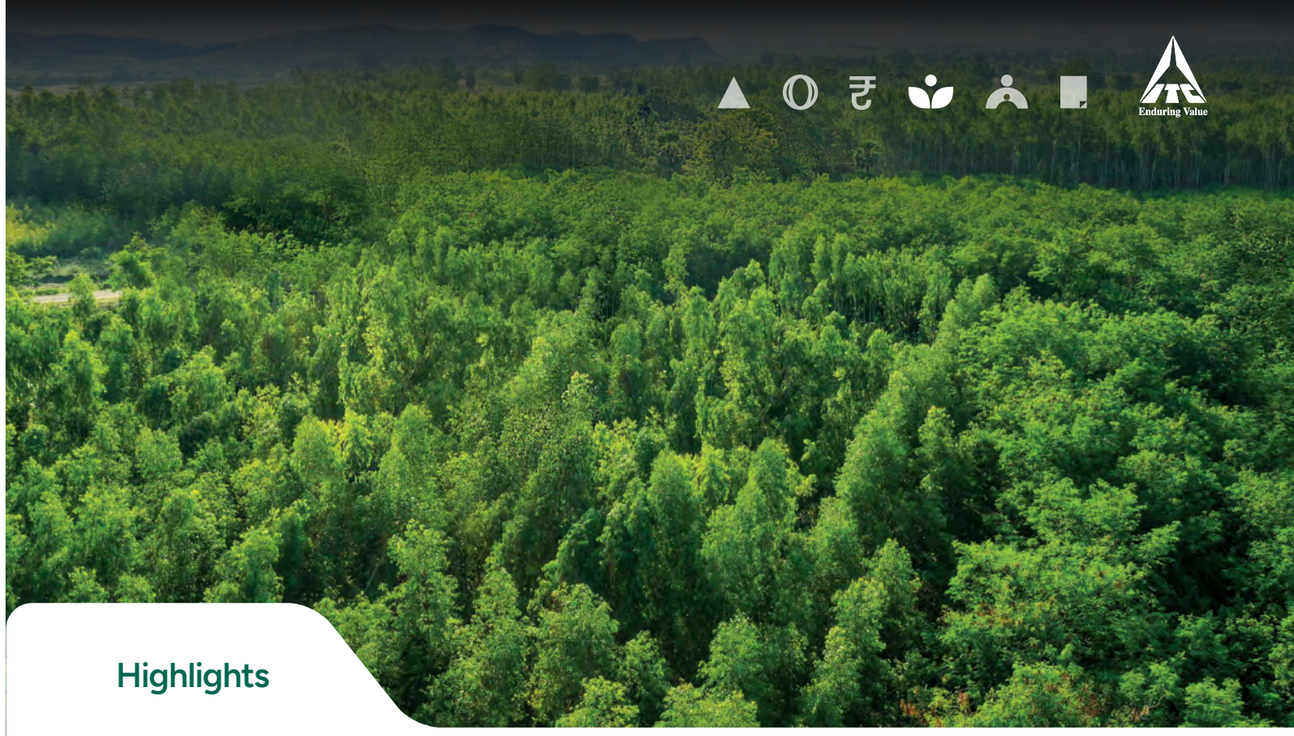
S2.0 target of covering

1 million acres by 2030

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.

ITC's operations and value chains too depend on nature, and accordingly location-specific and locally 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 policies on Biodiversity Conservation and Deforestation.**

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, oceans and atmosphere, and manage dependencies in a sustainable manner. **ITC's approach is also in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) including L.E.A.P. (Locate, Evaluate, Assess and Prepare) approach which entails identification and management of material nature-related Dependencies, Impacts, Risks and Opportunities (DIRO).**



Highlights

ITC has the distinction of being the first-in-India to have obtained the Forest Stewardship Council-Forest Management (FSC®-FM) certification.

Till date, ITC has received FSC®-FM certification for close to
165,000 acres of plantations involving around 26,337 farmers

ITC sustained its position as the
leading supplier of FSC® certified paper and paperboards in India

During the year, over 466,738 tonnes of FSC®-certified wood was procured from these certified plantations during the year

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

20,947 acres of certified organic farms across key agri value chains

16,817 acres of sustainably certified farms as per global Standards like Rain Forest Alliance (RFA), Global GAP and Fairtrade

ITC's Mangrove and Turtle Conservation in Bapatla district of Andhra Pradesh

Mangrove conservation:
1,500 acres covered under mangrove conservation till date

Olive Ridley Turtle conservation:
9,200 eggs were hatched and the hatchlings successfully released into the sea

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

L: Locate

I

Locating & Scoping Business-Nature Interface

- Compilation of all business interactions with the natural environment for own operations and value chains.
- Identification of locations in proximity to ecologically sensitive areas such as: Key Biodiversity Areas, Protected Areas, Tiger Corridors, IUCN Red List.
- Portfolio-level screening of sites/locations for water and climate risks based on risk assessments carried out at site and catchment level.

E: Evaluate | A: Assess

II

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

- Sectoral analysis across ITC Businesses for identification of key dependencies and impacts using available secondary information and TNFD recommended tools/ methodologies like ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) and SBTN Materiality Screening Tool by the Science Based Targets Network.
- Prioritisation of actions based on material risks and opportunities identified for the business and stakeholders.

P: Prepare

III

Implementing Management Strategy in line with UN Mitigation Hierarchy

Planning mitigation actions for key risks and opportunities identified in line with the UN Mitigation Hierarchy:

Step 1: Avoid
Step 2: Minimise/ Reduce
Step 3: Restore/ Regenerate
Step 4: Offset
Step 5: Positive Contribution/ Transform
Developing and implementing location-specific and locally contextual Biodiversity Management Plans & Initiatives.

IV

Setting Nature related Targets

Setting time-bound, science-based targets including KPIs for tracking progress.

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

V

Reporting on Progress & TNFD-aligned Disclosures

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

Managing Biodiversity in line with UN Mitigation Hierarchy

The following table summarises a bouquet of sustained initiatives implemented by ITC's Businesses, as well as by Social Investment Programme towards managing biodiversity related impacts in line with the UN Mitigation Hierarchy.

Avoid & Reduce

Avoid creating impacts from the outset or set aside key conservation areas, and *Reduce* the intensity and/or extent of impacts, if any

- Robust Environment Management System across locations covering key impact parameters like GHG, air emissions, water, waste and effluents.
- 52% of total energy from renewable sources, and focus on reducing specific energy, GHG and water consumption.
- Recycling >99% of waste generated across operations thereby avoiding waste to landfill.
- 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.
- Climate smart agriculture practices over 3.1 million acres that lead to significant reduction of farm related emissions across crops.
- Improving crop water use efficiency across 1.8 million acres covering around 15 crops resulting in potential annual savings of 1,400 million kl of water usage.
- 'Grow own fuel' - model plantations as part of energy plantations and other bund plantations in over 114,000 acres in Karnataka and Andhra Pradesh, thus **reducing pressures on forests** and other unsustainable wood sources.

96 *'Deforestation-free Leaf Tobacco' in 'Biodiversity Management'*

- FSC® certification for procured wood to ensure **deforestation-free pulpwood** value chain.

Restore & Regenerate

Restore & Regenerate degraded ecosystems

- Catchment treatment work done as part of water stewardship facilitates control of top soil run-off. 1.15 million acres covered through catchment treatment till date of which over 116,500 acres was done during the year.
- Multiple regenerative agriculture practices are being adopted for restoration and regeneration of natural resources.

78 *Sustainable and Climate Resilient Agriculture*

No till / Zero tillage practices to add crop stubble back to soil helps in retaining soil moisture and reduces soil erosion. During the year, 810,000 acres of Wheat was covered through zero tillage cultivation.

- Community driven biodiversity efforts have conserved more than 647,000 acres till date. Technical studies have shown increase in species richness in the biodiversity conservation plots as compared to control areas, as indicated by Shannon and Simpson Index.
- ITC's Farm and Social forestry programmes have together greened over 1.3 million acres till date.

Offset & Transform

Offset any adverse, residual impacts and *Transform* underlying systems

- Expanding forestry projects on wastelands through ITC's Social and Farm Forestry resulting in sequestration of 6,464 kilo tonnes of CO_2 during the year.
- Creating rainwater harvesting potential equivalent to over 5 times the net water consumption in operations.
- Enabling sustainable management of ~76,000 tonnes of plastic waste in excess of the amount of packaging utilised.

ITC's Nature Strategy in Action

Avoid & Reduce

CASE STUDY

Conserving Biodiversity in ITC's Aquaculture Business

ITC's Agri Business Division (ABD) has taken significant steps toward promoting **sustainable aquaculture** by adopting globally recognized certifications – Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices (BAP). These certifications are instrumental in aligning ITC's shrimp farming operations with the highest environmental and social responsibility standards.

In FY 2024-25, ITC procured a total of 2,592 tonnes of shrimp from certified farms, highlighting its focus on sustainable sourcing. This included 2,328 tonnes from farms certified under the Best Aquaculture Practices (BAP-4) and 264 tonnes from farms certified by the Aquaculture Stewardship Council (ASC).

Both certifications are globally recognized and emphasise responsible aquaculture practices including enforcing stringent standards related to water resource management, feed efficiency, effluent treatment, and the judicious use of antibiotics. Through these efforts, ITC continues to support environmentally sustainable practices while ensuring the quality and safety of its shrimp supply.

ITC also ensures **ecosystem protection** by avoiding shrimp sourcing from ecologically sensitive areas like mangroves, thereby safeguarding vital coastal biodiversity. Farm operations are carefully managed to maintain the integrity of surrounding ecosystems, with practices that protect local flora, fauna, and water bodies. This approach supports long-term environmental sustainability in aquaculture operations.

Deforestation-free Pulpwood Value Chain

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 165,000 acres of plantations involving over 26,337 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 the year, 466,738 tonnes of FSC® certified wood was procured from these certified plantations.**

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 focused on the twin strategy of a) reducing fuel wood requirement in tobacco curing by promoting Energy Conservation barns and b) promoting energy plantation in the supply chain by engaging with the farming community, Community Based Organisations (CBOs), Non-Governmental Organisations (NGOs), research institutions and Government departments. These initiatives have reduced the total wood requirement for tobacco curing and has also enhanced wood sustainability in tobacco growing area.

Energy Conservation Barns – Reducing Fuel Wood Requirement for Tobacco Curing

Energy Conservation Barns with roof insulation and turbo ventilators reduces fuel requirement by 27% and they have been scaled up to 42,501 barns in Karnataka and Andhra Pradesh. SMART curing barns which reduce fuel requirement by 40% have been scaled up to 126 units.

Energy Plantation – Enhance Wood Biomass in Tobacco Growing Areas

To promote a self-sustaining model for wood sourcing, an initiative for behavioural change among farming community to Grow Own Fuel (GOF) in their own fields following agro-forestry models is being carried out. This is part of an overall programme on Energy Plantations. The initiative has been cumulatively scaled up to 257,000 acres till date through Energy Plantations.

Proximity Analysis to Key Biodiversity Areas (KBAs)

Analysis of tobacco growing areas in proximity to protected areas and recognised high biodiversity value areas was carried out in collaboration with Indian Institute of Forest Management (IIFM), Bhopal, in Karnataka and Andhra Pradesh. Biodiversity Management Plan (BMP) to guide farmers in limiting impact and enhancing biodiversity value of farms and surrounding areas is being planned in coordination with key stakeholders.

Restore & Regenerate

ITC's Community-centric Approach to Biodiversity

Biodiversity is a critical natural resource which has a direct bearing on sustainability of agriculture and allied livelihoods. ITC's agri value chains and biodiversity are interrelated and hence biodiversity conservation in agri catchments is important to ensure that nature is protected and the ecosystem services provided by nature continues to flow.

ITC undertakes its social interventions through its Social Investments Programme (SIP). The stakeholders residing in **catchments of factory locations** and **agri-business value chains** are covered in these programmes. These communities primarily consist of **small and marginal farmers, landless, daily wage labourers, women** and **other vulnerable and underprivileged** sections of society.

ITC's community-centric biodiversity conservation is implemented to sustain agriculture and rural livelihoods and benefit the rural communities which depend on the ecosystem services offered by nature and the local biodiversity for their livelihoods. Thus, establishing a linkage between biodiversity and livelihoods makes it meaningful for the communities to work for biodiversity conservation.

Restoration and Rehabilitation of Degraded Plots

Mosaic Restoration

ITC implements community driven biodiversity conservation 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 plantation of native species, and reducing pressures on forests.** Restoration of village commons is currently the major component and the work includes, social protection by communities, soil & moisture conservation to expedite in-situ native root stock regeneration, improve green cover and carbon sequestration. These plots also act as hosts to insects and birds beneficial to agriculture. In highly degraded patches where in-situ regeneration is not possible, trees of native species are planted.

CASE STUDY

Mangrove Conservation in Coastal Regions of Andhra Pradesh

The project on mangroves conservation which are important biodiversity reservoirs in coastal areas of Andhra Pradesh was initiated in FY 2023-24 and has been further strengthened. A total of 1,000 acres of mangrove conservation was done during the year in convergence with the Forest Department, Bapatla.

Mangrove forests are coastal ecosystems considered to have higher carbon sequestration potential as compared to conventional forests. Mangroves need to be conserved in the face of degradation and encroachments. The programme involves restoration activities for degraded mangroves as well as planting of native mangrove species.

Alongside mangroves conservation, Olive Ridley turtle conservation was also taken up, wherein the eggs laid by turtles are protected from natural predators by moving them to hatcheries established along the coast and then releasing the hatchlings into sea. 9,200 turtle hatchlings successfully got hatched and were released into the sea during the year.

184 *Refer Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive growth*

Offset & Transform

Sustainable Agriscapes: Revival of Ecosystem Services for Agriculture

In addition to the work done on biodiversity conservation in plots, ITC earlier collaborated with the International Union for Conservation of Nature (IUCN) to develop a template for 'Sustainable Agriscape for Future'. The major eco-system services provided by nature are **Regulatory Services:** water, carbon, local temperatures, pollination; and **Provisioning Services:** food, fuel, fodder & medicine. In this case, ecosystem services that benefit agricultural activities and livelihoods were mapped – examples include regulating hydrological cycle for year-round water flow in streams, hosting pollinators and predator birds (on crop pests), improving soil microbial health, and provisioning of food, fodder and fuelwood for the local communities.

Till date, ITC has taken up revival and, conservation work in more than 9,800 biodiversity plots covering over 647,000 acres spread across 10 States by involving famers and community members. The area covered includes **village commons, private wastelands, mangrove forests in coastal areas and Miyawaki forests in small patches available in rural and urban areas. 5,000 acres of encroached land could get released** in Andhra Pradesh and Rajasthan in last three years as a result of vibrant community institutions like **Charagah Vikas Samitis (CVS), Banjar Bhoomi and Charagah Vikas Samitis (BBCVS), and Biodiversity Conservation Committees.**

As per two technical studies done in the past, 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 Shannon Index (Diversity of species) was in range of 2.55 to 3.87 (measurement range is 0.1 to 5) denoting fairly good floral diversity in the plots. As per two detailed technical studies conducted during the year in two biodiversity conservation plots in Rajasthan, 128 plant species were recorded under floral diversity, including a diverse range of trees, shrubs, climbers, herbs, and grasses and in case of fauna, four mammal species, 63 birds, 29 butterflies, five reptiles and five amphibians were recorded. The diversity emphasised site's ecological significance as a habitat for diverse species.

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 related to widely adopted frameworks such as the Taskforce on Nature-related Financial Disclosure (TNFD) and is proactively working towards aligning its reporting, and calibrating its practices in line with the evolving stakeholder expectations.

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 Agriculture programme to 4 million acres, watershed development to 2.2 million acres, social and farm forestry programmes to 1.5 million acres, and biodiversity conservation to over 1 million acres by 2030.

TNFD aligned Nature-related Disclosures:

ITC has published its first TNFD Report, aligning its strategy as well as disclosures to the recommendations by the TNFD framework. ITC will continue to monitor and report on Biodiversity and Nature-related targets and metrics.

Water Security

ITC has achieved its S2.0 2030 Target of creating rainwater harvesting potential equivalent to

over 5 times the net water consumption from operations

Total rainwater harvesting potential (RWH) of more than 60 million kl (cumulative) created

which is approximately 5.7 times the net water consumed by ITC's operations in FY 2024-25

Rising population, urbanisation, and economic growth coupled with climate change significantly affect the availability, quality and access to water around the world. In India, added dimensions of reliance on an increasingly unpredictable monsoon, diminishing groundwater resources and changes in land use patterns further accentuate the water crisis.

ITC's manufacturing locations, spread across the country, rely on continuous availability of water for uninterrupted operations. Besides direct water consumption, ITC Businesses also depend on multiple agricultural value chains. Recognising the importance of water availability for its operations and the catchments from where agricultural commodities are sourced, **ITC's Sustainability 2.0 approach centres on enabling water security for all stakeholders in its catchments.** ITC actively works with farmers, a crucial part of its supply chain, in conserving and replenishing water by promoting water-efficient agronomic practices like micro-irrigation techniques and working with them for creating infrastructure for rainwater harvesting. Additionally, 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.

Highlights

ITC's Foods Business has achieved the S2.0 2030 Target of

40% reduction in Specific Water Consumption

from a baseline of FY 2018-19 well ahead of the target year

ITC spearheading adoption of Alliance for Water Stewardship (AWS) Standard in India

9 AWS-certified sites in India

ahead of ITC's S2.0 target of 8 sites by 2024 with all 9 receiving Platinum level certification

- These 9 sites represent more than 86% of ITC's Operational Water Footprint
- Food unit in Kapurthala and Paper unit in Bhadrachalam achieved Platinum level AWS certification in FY 2024-25

Reviving India's river basins

ITC has successfully implemented projects in 4 river basins for addressing the water balance gap and has successfully turned all of them water positive

ITC has till date created 9.49 million kl of rainwater storage potential in these basins

Improving Crop Water-Use Efficiency

In FY 2024-25, water efficient agri practices promoted by ITC have been adopted by farmers across over

1.8 million acres spanning 15 major crops

These practices have potentially saved

~1,400 million kl of water during the year

ITC's Integrated Water Stewardship Approach in Action

ITC has adopted a collaborative water stewardship approach to achieve long term water security. While all ITC Units focus on using water responsibly, the Social Investments Programmes implemented in catchments, work towards improving both supply augmentation and demand management aspects.

Considering ITC's pan-India operations, special focus is accorded to Units in water stressed regions. A multi-dimensional approach for conducting water risk assessments has been adopted. At a portfolio level, these risks are reviewed annually and reassessed periodically (every 2-3 years).

Key Attributes for Assessing Water Risk in a catchment

- Ground Water Extraction Status *(Central Ground Water Board Data)*
- Baseline Water Stress - Total Demand Vs Supply *(WRI Aqueduct)*
- Water Quality-related Aspects
- Future Drought Risk *(From Climate Models)*
- Social Aspects & Local Context *(From Stakeholder Engagement)*

For sites exposed to high water risk, ITC's approach entails developing an in-depth understanding of the environmental and social aspects of water resources at the catchment/sub-catchment or micro-watershed level where it is located, which is achieved through detailed hydrological and hydrogeological studies and stakeholder engagement processes, respectively.

ITC's Water Stewardship Approach

I

Optimising Water Use Efficiencies in Operations: ITC Units, Key Value Chain Partners

Focus on reducing, recycling, reusing and rejuvenating water resources within its operations including key value chain partners (third party manufacturers).

II

Catchment-level Water Stewardship Programmes for addressing Demand-Supply Gap

Large-scale watershed development initiatives to address water scarcity around ITC units and sourcing locations.

III

Improving Access to Water, Sanitation and Hygiene (WASH) in Local Communities

Multi-pronged approach towards improving public health and hygiene with special focus on awareness campaigns for driving behavioural change.

IV

Partnerships & Advocacy for Solving Shared Water Challenges

Collaboration with Government bodies, national institutions, and knowledge partners to drive sustainable water management.

Continuously Monitor & Review Efficacy of Water Stewardship Programmes

ITC leverages internal mechanisms as well as external / third-party validation using credible, globally applicable, and recognised standards like Alliance for Water Stewardship (AWS) and LEED® for continuously assessing and validating the efficacy of water stewardship interventions.

Optimising Water Use Efficiencies in Operations

Water Performance in Own Operations

In FY 2024-25, ITC's total water withdrawal was around 31.4 million kilolitres (kl), a reduction of 6.4% as compared to previous year due to a series of interventions at ITC's Bhadrachalam Paper Unit, which accounts for more than 76% of ITC's total water consumption.

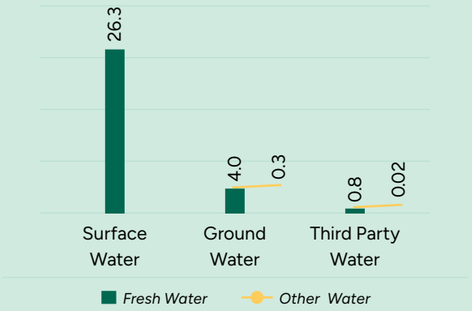
242 *For details on Bhadrachalam Paper unit, refer "Site-wise Details of Water Stewardship Plan"*

Total Water Withdrawal by Source

In FY 2024-25, out of the total water withdrawal of 31.4 million kl, around 83.8% was sourced from surface water and rain water, 13.6% from ground water sources and the remaining 2.6% from third-party water sources.

In order to drive continuous improvement, all ITC Units have systems to monitor specific water consumption (total water withdrawal per unit of product/service).

Sources of water (FY 2024-25) million kl

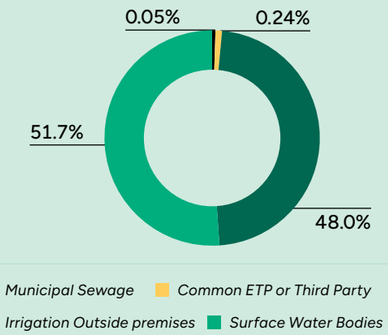


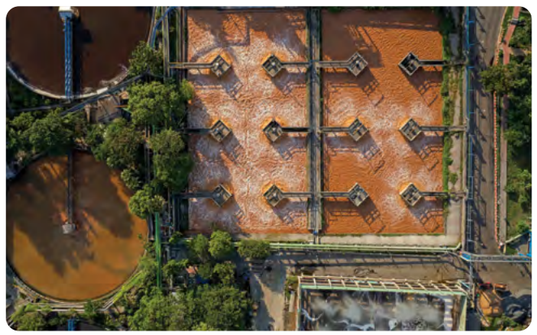
Effluent Discharge

During FY 2024-25, all ITC Units met their regulatory requirement related to effluent discharge quality and quantity.

In FY 2024-25, around 20.7 million kl of treated effluent was discharged outside the premises by ITC Units leading to a net water consumption of 10.7 million kl.

Treated Effluent Discharge by Destination (FY 2024-25)





Through various rainwater harvesting initiatives, ITC has harvested 922 thousand kl of rainwater within its Units and has substituted more than 70,000 kl of fresh water with rain water and treated waste water.

For instance, at ITC's Cigarette unit at Bengaluru, more than 40% of its process water requirements is fulfilled by using rainwater & treated wastewater, which was earlier being met through fresh water.

Water Efficiency Management Programmes

In order to drive this reduction in specific water consumption, ITC Units have adopted a multidimensional approach which involves:

Supply Side Management:

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

Demand Side Management:

» Improving water-use efficiencies by adopting the latest technologies, and increasing reuse and recycling practice in operations.
» Making water security assessments an integral part of greenfield/ brownfield project design and development.
» Training employees on water efficiency management programmes.

Sustainability 2.0 Target: Improvement in Specific Water Consumption

In line with Sustainability 2.0 ambitions, ITC Businesses are implementing various measures to enhance water use efficiency, aiming for a 40% reduction in specific water consumption by 2030 compared to FY 2018-19.

As a result, ITC's Specific Water Consumption per rupee of turnover has reduced by ~35% to ~420 kl/₹ crore compared to FY 2018-19 baseline. The Businesses-wise performance on Specific Water Consumption is given below.

ITC Business[11]	Business' Share (%) in ITC's Total Water Consumption in owned Units	Specific Water Consumption[12] Performance	
		Specific Water Consumption in operations in FY 2024-25	% Reduction Vs. FY 2018-19
Paperboards and Specialty Papers Division	94.0%	28.0 kl/ tonne	17% ↓
Branded Packaged Foods Businesses	3.5%	1.80 kl/ tonne	42% ↓
FMCG Cigarettes[13]	0.7%	2.50 kl/ MNC	28% ↓

↓ Improvement in KPI ↑ Decline in KPI

11 Other Businesses such as Personal Care, Matches & Agarbatti, Education and Stationery, Agri Business, Packaging and Printing Businesses together contribute to ~1.8% of total water consumption.
12 Specific water consumption is total water withdrawal (kl) per unit of output (e.g. tonnes of production)
13 For FMCG Cigarettes, specific water consumption is kl of water withdrawal per million cigarettes

Driving Water Use Efficiency through Automation and Process Optimisation across ITC Units

Foods Business

At ITC's Foods Business, various interventions have resulted in a reduction of over 42% in specific water consumption since the FY 2018-19 baseline. In FY 2024-25, second-stage Reverse Osmosis (RO) systems were implemented to repurpose RO reject water for non-potable uses such as flushing and gardening at the Kapurthala unit. Additional measures, including pressure regulation in potato chips manufacturing, reuse of starch recovery water in the destoner, and closed-loop condensate recovery, have further minimised freshwater consumption.

Moreover, to reduce reliance on freshwater, significant efforts have been made to adopt rainwater harvesting systems at the Malur and Medak Units. These systems have enabled the collection and reuse of rainwater for various operational processes, conserving over **15,000 kl** of freshwater in FY 2024-25.

Paperboards and Specialty Papers Division

At ITC's Bhadrachalam paper mill, the process engineering team reconfigured the heat exchanger to operate using ETP treated wastewater, eliminating the need for utilising fresh water for cooling black liquor. Additionally, a cross-functional group of water resource managers was established to coordinate and assess white water availability against production grades and dynamically allocate it to the pulp tower for dilution on a daily basis reducing the dependency on fresh water for dilution. These process improvements led to a reduction of **4,000 kl/day** of water intake at the unit.

Agri-Business (Tobacco SBU)

ITC's Green Leaf Threshing Unit at Mysuru undertook several key interventions towards reusing and recycling of water like segregation of Combined Effluent Treatment Plant (CETP) into dedicated effluent and sewage treatment plants to reuse the treated effluent in Boiler by installing new ultrafiltration and RO system, which resulted in savings of approximately **~3,900 kl in FY 2024-25.**

Personal Care Business

Personal Care Units implemented series of initiatives to improve water use efficiency like automating overhead tanks with level sensors and solenoid valves, optimising cleaning processes through automation of Clean-in-Place (CIP) system and batch planning, reusing steam condensate and backwash water from water treatment and introducing systems like pigging and improved spray balls. As a result, the Units were able to achieve a total water reduction of **2,300 kl in FY 2024-25.**

Water Performance of Select Supply Chain Members

In FY 2014-15, ITC had initiated the process of accounting for water withdrawal of supply chain members[14]. 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 2024-25, total water withdrawal by supply chain members was ~207,000 kl[15]. ITC intends to progressively include more supply chain members in the reporting boundary. Capacity building and regular review of performance will continue with key supply chain partners in coming years.

14 Details of supply chain members are included in the reporting boundary in 'About this Report' section
15 In FY 2024-25, ITC inducted 46 Third Party Manufacturers (TPMs) of Foods Business in the reporting boundary.

Catchment-level Water Stewardship Programmes for addressing Demand-Supply Gap

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.

Furthermore, in light of the escalating water stress in urban catchments, ITC has also directed its attention towards comprehending the complexities of urban water stress. As a result, measures have been put into action in two of ITC's urban catchments which are Bengaluru and Tiruvottiyur (catchment in Chennai), where Company's Units are situated to address the challenges of urban water context related to flash floods, depleting groundwater tables, and water shortages. These urban programmes facilitate the revival of urban water bodies, improve natural streams (drainage systems), roof water harvesting, groundwater recharge, including, shallow aquifers, and test models that help in treating the water and recycling it for agricultural use.

The coverage of the Integrated Watershed Development projects extends to over 1.8 million acres of land creating total rainwater harvesting potential (RWH) of over 59.90 million kl.

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Demand Side Management in Agriculture

In agri-catchments, ITC focusses on drought-proofing agriculture by reducing crop-water demand through agronomic practices for improving soil water-holding capacities and improved irrigation techniques (drip irrigation, augmenting water supply through the rejuvenation and/or creation of water harvesting and recharge structures). In FY 2024-25, water efficient agri practices promoted by ITC have been adopted by farmers across over 1.8 million acres covering 15 major crops. These practices have potentially saved ~1,400 million kl of water during the year as compared to conventional practices.

Additionally, as an extension of efforts towards reducing the demand for fresh water resources, ITC has also initiated prototyping and pilot testing of community level models for wastewater recycling and reuse, wherein domestic wastewater and grey water is treated and is used for agricultural purposes.

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Towards Water Positive Agri Value Chains

ITC has embarked on a mission to create positive water footprint across its key agri value chains - Wheat, Tobacco, and Pulpwood, which together account for around 75% of ITC's total embedded water consumption from agri-based raw materials. Promoting water use efficiency during cultivation is the foundation of this endeavour and the focus in on the key crops listed earlier as well as other crops cultivated in the same catchments. Besides substantial water savings, these practices also contribute towards enhancing farmer livelihoods by improving yields and consequently farmer income as well as reducing costs, and are also carbon-efficient as compared to conventional practices. The package of practices is developed along with knowledge partners such as ICAR, who also assess the impact on livelihoods, unit water savings, and GHG emissions.

Water Efficient Leaf Tobacco Value Chain

To address the increasing water-related challenges posed by climate stress in the value chain, ITC has undertaken a series of targeted interventions to improve water use efficiency across key crop-growing regions as highlighted below:

Drip Irrigation in Andhra Pradesh: In the Northern Light Soils (NLS) region of Andhra Pradesh, over 35,200 acres of crop have been brought under drip irrigation systems. This precision irrigation method minimises nutrient-rich topsoil erosion due to surface runoff and significantly enhances water use efficiency, ensuring optimal utilisation of water resources in crop production.

Water Soluble Fertilisers (WSF) via Drone Technology: To enhance nutrient use efficiency while conserving water, water-soluble fertilisers are being applied as foliar sprays using drones. Unlike traditional methods such as broadcasting or top dressing, this technique ensures direct nutrient absorption by crops. This initiative currently covers 230,000 acres of crop area.

CASE STUDY

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

Increasing demands on water resources from various sectors including agriculture, and climate change are impacting many of India's river basins by turning water balance negative, thus impacting agriculture and depleting groundwater levels. 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.

Accordingly, ITC has initiated five exclusive river basin revival programmes to achieve water positive status in river basin/ sub basin areas spread across five States where ITC has operational 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.

ITC successfully implemented projects in 4 river basins for addressing the water balance gap and has successfully turned all of them water positive

Main River Basin	Sub River Basin *(where ITC is working)*	Districts of Focus	ITC's Presence	Catchment Area	Ongoing Impact Created
Bhima-Krishna	Ghod (Tributary of Bhima-Krishna River)	Pune and Ahmednagar districts, Maharashtra	Two Factories in Pune	~ 8.8 lakh acres area	**Supply side augmentation** ITC has till date created 9.49 million kl of water storage in these five basins as part of supply side augmentation interventions. **Demand side management** Water use efficiency in agriculture is promoted in ~2.87 lakh acres of agricultural land, which has created potential water saving of ~349 million kl in crops such as Paddy, Soybean, Sugarcane, Onion, Banana, Wheat, Coconut and Curry Leaf
Godavari	Murreru (Tributary of Kinnerasani – Godavari river)	Bhadradri Kothagudem and Khammam districts, Telangana	Paper unit in Bhadrachalam	~ 2 lakh acres area	
Kaveri	Upper Bhawani (Tributary of Kaveri)	Coimbatore district, Tamil Nadu	Paper unit in Kovai	~ 0.51 lakh acres area (Upper Bhawani)	
Kolans	Catchment of Upper Bhopal Lake	Sehore and Bhopal districts, Madhya Pradesh	Agri Business Division Catchment	~ 0.49 lakh acres area	
South Pennar River basin		Bengaluru and Kolar districts, Karnataka	Factory in Bengaluru Foods Factory in Maluru and Hoskote	~7.9 lakh acres area	

Strengthening Water Resilience: ITC's Commitment towards Creation of Rainwater Harvesting Potential[16]

ITC has achieved its S2.0 Target of creation of rainwater harvesting potential equivalent to over 5 times the net water consumption from operations by 2030.

Water Balance:
Net Water Consumption Vs Total RWH Potential (FY 2024-25) (million kl)

Net Water Consumption	10.7
Total Rainwater Harvesting Potential Created	60.8

16 Performance against S2.0 targets reported on a standalone basis

Improving Access to Water, Sanitation and Hygiene (WASH) in Local Communities

To address the emerging challenge of WASH, ITC has interventions in Schools and Anganwadis for creating Child and Climate-friendly infrastructure and drive high impact awareness campaigns to inculcate positive behaviour change. Also, ITC has waste management interventions at community level which includes liquid waste management, particularly in rural areas, where ITC has initiated pilots of various decentralised solutions such as soak pits, in line treatment, waste stabilisation ponds and vertical filters across nine States. In parallel, ITC continues to focus on improving access to appropriate sanitation facilities by constructing community toilets for households with space constraints, and retrofitting for twin pits in households with single pit toilets.

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Partnerships & Advocacy for Solving Shared Water Challenges

ITC recognises that addressing shared water challenges requires a collaborative and locally contextualised approach. Given the highly localised nature of water issues, active engagement of local communities is critical for designing and sustaining effective solutions. ITC also places strong emphasis on multi-stakeholder partnerships that bring together local insights and technical expertise.

Community Partnership
Community Partnerships lie at the heart of ITC's interventions, ensuring that local user groups, are empowered to plan, co-invest in, and maintain water assets.

Implementation Partnership
Field implementation is carried out in collaboration with credible civil society organisations with deep grassroot presence.

Public Private Partnership (PPP)
Through PPPs with institutions such as NITI Aayog, IWMP, MGNREGS, NABARD, and various state departments, ITC works to scale successful models and influence policy.

Knowledge Partnership
Knowledge partnerships with leading academic and research institutions such as IIT Madras, IISc Bengaluru, Indian Institute of Rice Research, WWF India, IUCN and others, enable ITC to continually enhance its technical capabilities and developing innovative responses to water risks.

Spearheading Adoption of Alliance for Water Stewardship (AWS) Approach in India

ITC is spearheading the implementation of Alliance for Water Stewardship (AWS) Standard which is a credible, globally-applicable and recognised framework for ensuring sustainable water management within the wider water catchment context.

Till date, nine ITC Units have been certified as per AWS Standard and all have been awarded the highest - 'Platinum Rating' based on an independent assessment by a third party as highlighted below. These include:

2019

(Recertified in 2023)

Paper Mill at Kovai, Tamil Nadu

1st Site in India and 2nd globally to receive Platinum Certification

2022

Food Factory at Malur, Karnataka

1st Food & Beverage Facility in Asia to receive Platinum Certification

2023

Food Factory at Ranjangaon, Maharashtra

4th Food & Beverage Facility in Asia to receive Platinum Certification

2024

Cigarette Factory at Saharanpur, Uttar Pradesh

4th Cigarette Factory globally to receive Platinum Certification

2024

Cigarette Factory at Bengaluru, Karnataka

3rd Cigarette Factory globally to receive Platinum Certification

2024

Cigarette Factory at Pune, Maharashtra

2nd Cigarette Factory globally to receive Platinum Certification

2024

Green Leaf Threshing (GLT) Unit at Mysuru, Karnataka

1st GLT in the world to receive Platinum Certification

2024

Food Factory in Kapurthala, Punjab

1st Beverage Factory in India to receive Platinum Certification

2024

Paper Factory in Bhadrachalam, Telangana

2nd Paper Factory globally to receive Platinum Certification

242 *Site-wise Details of Water Stewardship Plan*

Road Ahead

Ongoing Water Risk Assessment

Periodic site-level vulnerability assessment to identify high water stressed sites including consideration of climate change-driven risks, and deployment of interventions for mitigating water stress.

Optimising Water Use Efficiencies in Operations

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

Catchment-level Water Stewardship Programmes to address Demand-Supply Gap

» Strengthen the integrated watershed management programme, and further expand coverage in line with S2.0 targets.
» Working with farmers to reduce water consumption through water efficient irrigation and farm practices.
» Internal as well as external/third party validation of approach, efforts and water stewardship outcomes.

Improving Access to Water, Sanitation & Hygiene (WASH) in Local Communities

» Continue providing access to sanitation, WASH interventions in Schools and Anganwadis, waste management to improve habitats, as well as ensure a healthy community.

Partnerships & Advocacy for Solving Shared Water Challenges

» Continued Partnership with various technical and Government institutions to scale up ITC's strategy towards addressing Shared Water Challenges.

Continuously Monitor & Review Efficacy of Water Stewardship Programmes

» Internal as well as external/third party validation of approach, efforts and water stewardship outcomes.
» Expand coverage of Alliance for Water Stewardship (AWS) Certification for all facilities in high water-stress areas by 2035.

Towards Circularity

Plastic Neutral for Fourth Year in a Row

Collected and sustainably managed

76,000 tonnes of plastic waste

in FY 2024-25

Independent third-party assurance

for plastic neutrality for FY 2023-24

Running Behavioural Change Programmes to Ensure Source Segregation

ITC's programmes have reached out to more than

14.7 million households till date

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 are 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. Moreover, 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.

Highlights

Sustainable Management of Waste in Operations:

Over 99% of waste
generated in operations sent for recycling in FY 2024-25

ITC's Paper Mill in Kovai utilised
nearly 85,000 tonnes of external waste paper as raw material
in FY 2024-25

Packaging-focussed Life Cycle Assessments undertaken across ITC Businesses for Key SKUs for

Driving Sustainable Packaging Design

Global and National Recognitions for ITC's Sustainable Packaging Initiatives

2 Global Dow Innovation Awards in 2024 for Industry-first Innovations
Recyclable monolayer pouch for Fiama Handwash Refillable Pouch and 100% Paper Outer Bag in ITC Sunfeast Farmlite Digestive

WorldStar Packaging Award and IFCA Star Award
Sustainable packaging for incense sticks

2 AsiaStar Awards 2024
Paper-based take away pouch for replacing single-use plastics in QSR segment, and recyclable micro-perforated laminate for staple packaging

10 IndiaStar Awards 2024
Innovations across Personal Care Business, Foods Business and Packaging & Printing Business

2 SIES SOP Star Award
Replacing PET blister tray with paperboard in headphone packaging and sustainable shoe packaging

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

Spanning FMCG and Paperboards & Packaging Businesses
Sustainable packaging design approach across FMCG Businesses:

- Better Plastics: Enhancing the recyclability, reusability, compostability or biodegradability of packaging through innovative packaging solutions
- Less Plastics: Reducing use of virgin plastic
- No Plastic: Exploring sustainable alternatives

Leveraging ITC LSTC and Paperboards & Packaging Businesses for developing sustainable packaging solutions for the industry

Utilising Life Cycle Assessments (LCAs) for sustainable packaging design

Sustainable Waste Management & Plastic Neutrality

- Running behavioural change programmes to ensure segregation of waste at source
- Creating replicable, scalable & sustainable models of solid waste management
- Supporting advancements in recycling technologies and enabling viable recycling options for post-consumer multi-layered plastic packaging waste

Sustainable Process Waste Management across Operations

- Source segregation of waste and channelising it to suitable recycling streams
- Reducing specific waste generation at ITC Units through continuous monitoring and improvement of material utilisation efficiency
- Utilisation of Waste Paper as Raw Material at ITC's Paperboards and Specialty Papers Units

Sustainable Packaging Strategy

Comprehensive Approach to Sustainable Packaging Leveraging In-house Expertise and Synergies

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 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 MSK and WoW initiative.

Sustainable Packaging Design Approach across FMCG Businesses

Better Plastics:
Enhancing the recyclability, reusability, compostability or biodegradability of packaging through innovative packaging solutions

- Improving recyclability of multi-layer laminate packaging, and phasing-out hard to recycle plastics.
- Exploring alternative packaging materials with lower environmental impact including bio-based compostable plastics.
- Exploring refillable/reusable models.

Better Plastics Highlights from FY 2024-25

Fiama Handwash Pouch (750 ml)

Fiama Handwash (750 ml) pouch was launched in a **recyclable monolayer** structure, thereby replacing the multi-layered structure used previously.

Engage Perfume Spray Gift Box

Recyclability of the gift box of Engage Perfume spray (25ml x 4) was improved by moving from **EVA foam to PET Blister tray with 60% PCR.** This also led to a **10% reduction in total packaging weight.**

Nimyle Floor Cleaner

Recyclability of the Nimyle Floor Cleaner bottles was improved by **replacing the multi-material foil-based induction sealing wad with bi-injection molded HDPE caps with integrated sealing plug.**

Less Plastics:
Optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product.

» Progressive reduction in plastic packaging intensity over time.
» Introducing recycled content in plastic packaging, wherever permitted by regulations.

Less Plastics: Highlights from FY 2024-25

Engage Deodorant Spray Cans
31% reduction in weight of Engage deodorant packaging through design optimisation. This initiative has also led to an estimated **29% reduction in the life cycle GHG emissions** of packaging.

Mangaldeep Dhoop Sticks and Cones
Mangaldeep Dhoop Sticks and Cones have been launched in jars with **50% Post Consumer Recyclate (PCR)** content.

Incorporation of PCR across Portfolio of Food Product Packaging
Recycled content has been introduced in rigid packaging across various food product portfolio like **biscuit trays (100% PCR), confectionary jars (50% PCR), beverage containers (40% PCR)** and **ghee jars (40% PCR).**

Based on internal LCA studies, these initiatives also result in reduction in embedded carbon emissions. For instance:
» Addition of 50% PCR in confectionary jars led to an estimated **27% reduction in embedded carbon emissions** of the jars.
» Addition of 100% PCR in biscuit trays led to an estimated **78% reduction in embedded carbon emissions** of the trays.

Over the last three years, ITC's FMCG Businesses have avoided nearly 7,200 tonnes of virgin plastic in packaging through various packaging design initiatives including optimisation and incorporation of PCR.

PCR: Post Consumer Recyclate

No Plastics:
Exploring Sustainable Alternatives to Plastics

» 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.

No Plastics: Highlights from FY 2024-25

Aashirvaad Chakki Atta
An innovative bag-in-bag packaging was launched for SKUs of Aashirvaad Chakki Atta (1kg and 5kg SKUs) having an outer pack made of 100% paper and an inner pack that is a surface printed de-inkable recyclable pouch.

Leveraging ITC LSTC and Paperboards & Packaging Businesses for Developing Sustainable Packaging Solutions for the Industry

ITC's Paperboards and Specialty Papers Division, with emphasis on harnessing state-of-the-art technology, has emerged as one of the leading manufacturers of Packaging and Graphic Boards in South Asia. Similarly, ITC's Packaging & Printing Business is one of the largest value-added converter of paperboard packaging in South Asia. It converts over 1,00,000 tonnes of paper, paperboard and laminates per annum into a variety of value-added packaging solutions for the food & beverage, personal & home care products, quick service restaurants and consumer goods industries.

Leveraging the synergies between ITC's Paperboards & Packaging Businesses and the research expertise of the Centre of Excellence in Material Sciences at ITC Life Sciences and Technology Centre, ITC provides a diverse range of sustainable packaging solutions and environmentally friendly alternatives to single-use plastics.

Select Highlights of ITC's Sustainable Packaging Solutions

Improving Recyclability of Instant Coffee Sachets
ITC's Packaging and Printing Business addressed a customer request to replace the existing multi-material plastic structure of their instant coffee sachets with a more recyclable solution as well as meeting ultra-high barrier requirements for freshness and aroma. The team developed a three-layer laminate structure with BOPP, high-barrier BOPP and polyethylene, achieving the necessary barrier performance while significantly enhancing recyclability.

Spout Packs for Fabric Conditioner
In partnership with a leading fabric-conditioner manufacturer, ITC replaced their traditional packaging involving rigid plastic containers with stand-up pouches featuring an integrated spout. This innovation reduced the overall plastic intensity of the packaging as well as improved ease of dispensing.

Compostable Flow Wrap for Playing Cards
ITC's Packaging & Printing Business developed a compostable paper-based packaging for a leading playing cards manufacturer. ITC's propriety solution of Bioseal coated paper was used as the substrate which provided necessary barrier properties without compromising on the machinability or aesthetics of the packaging.

Removing Plastic Films from Packaging
ITC's Packaging & Printing Business replaced the metallised plastic layer in packaging for several products of both internal as well as external clients using metallic ink through advanced sheet-fed gravure printing technology.

In a separate initiative, PET film lamination was replaced with oil and grease resistant coating for a global quick-service restaurant chain, thereby removing plastic completely from their packaging.

Plastic Intensity Reduction for Microwavable Packages
Significant reduction in the plastic packaging intensity was achieved by replacing blister tray & outer plastic pouch with PET laminated carton boxes for a major quick-service restaurant chain.

Replacing Plastic Moulds in Packaging
Collaborating with a prominent DTH service provider, ITC developed moulds made of recycled pulp fibre replacing the traditional polystyrene moulds, thereby reducing the plastic footprint of the customer.

Replacing Plastic Coated Food & Beverage Disposable Packaging with Sustainable Alternatives
A leading multinational fast-food chain, with a presence in 135 cities across India and nearly 500 stores, aimed to replace its plastic-coated food and beverage disposables with certified recyclable and industrially compostable alternatives. The team collaborated with the NextGen Products team of ITC's Paperboards & Specialty Papers Business to explore plastic substitution alternatives. Following which, a unique, cost-effective solution was developed and tested through a short experiential marketing campaign. The FiloBev Premium range was selected for rollout in key consumer markets nationwide, enhancing the brand's eco-equity, with additional conversions planned for the future.

Utilising Life Cycle Assessments (LCAs) for Sustainable Packaging Design

In line with the overall strategy to embed principles of sustainability into various stages of product or service life cycle, ITC has been conducting Life Cycle Assessments (LCA) of its products and services with an objective of evaluating the impacts and identifying areas for improvement. Packaging design teams across ITC Businesses use a packaging-focussed Life Cycle Assessment-based tool to assess the environmental impact of different packaging formats/designs for various FMCG products and sustainable packaging solutions offered by Paperboards and Packaging Businesses. The insights from such assessments are considered during new product development and design stages.

Sustainable Waste Management & Plastic Neutrality

ITC's Holistic Approach for Managing Plastic Waste

In India, the collection and recycling of multi-layered laminates and plastic packaging have always posed a significant challenge due to the lack of proper waste segregation at the source, insufficient infrastructure for collection and recycling, and the absence of market incentives.

In response to this, ITC is proactively initiating programmes aimed at behavioural change to ensure waste is segregated at source and is implementing models for solid waste management that are replicable, scalable, and sustainable.

These initiatives facilitate increased collection and recycling of solid waste, including multi-layered laminates and plastic packaging, thereby promoting a more circular economy for plastic waste and also creating opportunities that support sustainable livelihoods within 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, Panchayats, 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.

ITC's programmes have reached out to more than 14.7 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. In order to implement these models, apart from directly collaborating with waste management agencies, ITC has various unique waste management models under its 'Well-Being Out of Waste' (WOW) and Mission Sunehra Kal programme. 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.

Creating Well-Being Out of Waste (WOW)

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. This programme enables the creation of a **clean & green environment** through **awareness** and education of citizens on source segregation and recycling of dry recyclables materials, which otherwise go into landfills. Programme targets Government and private offices, schools and other commercial establishments for recycling initiatives. During the year, the programme continued to be executed in Bengaluru, Chennai, Coimbatore, Delhi, Dindigul, Hyderabad, Mysuru, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about **67,100 tonnes** covering **8.28 lakh households** from over 1,760 wards. The programme has covered over **7 million households, 7 million school children** and around 2,240 corporates, since its inception. It has also promoted sustainable livelihood for over 17,900 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 maximising value capture from the collected dry waste.

ITC's Mission Sunehra Kal focussing on Inclusive Solid Waste Management (SWM) models.

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 34 districts across 12 States covering 2.46 million new households during the year and over 7.5 million households cumulatively in collaboration with ULBs and Panchayats. Under the programme, 670,000+ tonnes of waste was collected during the year. This programme focuses on minimising waste to landfill by managing waste at source. During the year, home composting was practised by 0.19 million households and about 420,000 tonnes of wet-waste was composted and 180,000 tonnes of dry-waste was recycled including 4,000 tonnes of plastic waste. As a result of this decentralised model, 87% of the total waste was avoided from going to landfills.

184 *Mission Sunehra Kal for Transforming Lives and Landscapes*

Sustaining Plastic Neutrality for 4th Year in a Row

ITC has successfully implemented multiple large-scale models of solid waste management across the country. These models, based on principles of circular economy, are scalable, replicable and sustainable, and have enabled the Company to sustain its plastic neutral status since FY 2021-22.

In FY 2024-25, ITC collected and sustainably managed 76,000 tonnes of plastic waste across India, which is more than the plastic packaging utilised by the Company.

To further strengthen this commitment, ITC has also obtained independent third-party assurance for its plastic neutrality status annually since FY 2022-23.

272 *Plastic Neutrality Report & Assurance Statement for FY 2023-24*

Supporting Advancements in Recycling Technologies and Enabling 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.

ITC, through its various partners, has collected and managed 76,000 tonnes of plastic packaging waste during the year, with over 45% getting channelised for recycling, and remaining being sent for energy recovery.

Transforming Multi Layered Plastic Waste Management through Community-Centric Innovation

ITC in partnership with Kashtakari Panchayat and SWaCH Pune, runs an inclusive and decentralised waste management model in Pune to specifically focus on collection and recycling of low value multi-layered plastic packaging. Through a mobile collection system operating across 12 city wards and the Pune Cantonment Board, over 750 waste pickers collect MLP waste daily, receiving direct payments. The initiative processes over 130 tonnes of flexible plastics monthly, and has cumulatively recycled nearly 4,100 tonnes since 2019. The programme not only boosts incomes for informal workers (contributing to ~12–15% of their earnings), but also provides formal employment to 43 individuals, showcasing a replicable model that combines environmental stewardship with social equity.

YiPPee! – Building A 'Better World'

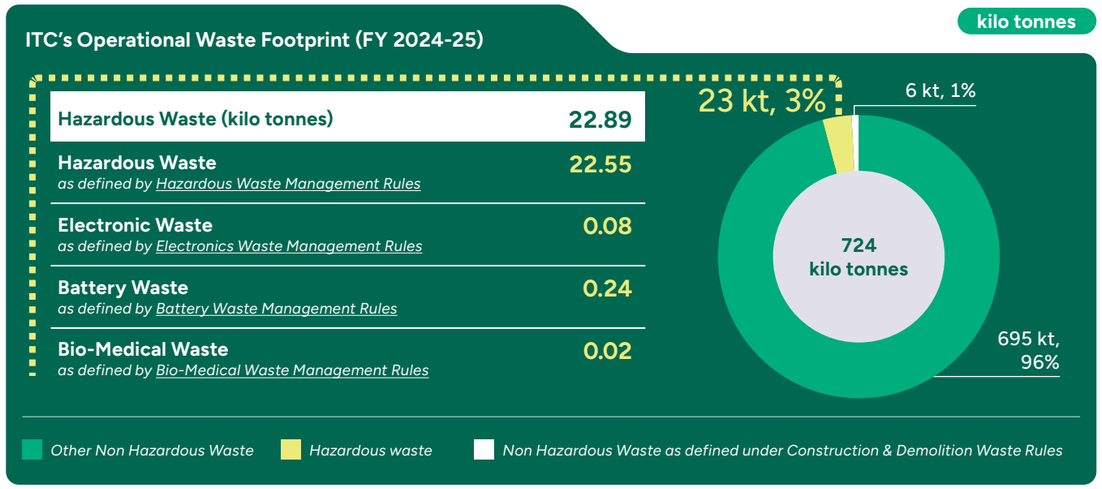
ITC's 'YiPPee! Better World programme' is aimed at creating awareness about plastic waste and ways to reduce, recycle and reuse it among students. During the year, the intervention reached out to 1.4 million children across 4,175 schools. This programme along with ITC's Social Investments Programme has provided schools with over 1,850 benches and tables and 350 sports kits made from recycled plastic.

Sustainable Management of Process Waste

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 724 kilo tonnes of waste including 701 kilo tonnes of non-hazardous waste (including 6 kilo tonnes of Construction & Demolition Waste) and 23 kilo tonnes of hazardous[17] waste.



ITC has systems in place to ensure that waste is sent to authorised agencies in line with relevant regulatory requirements. In FY 2024-25, over 99% of total waste was sent for recycling and the remaining waste was treated in line with authorised norms.

Waste Management Approach (FY 2024-25) (kilo tonnes)		Hazardous Waste	Non-Hazardous Waste	Total Waste
Waste Recycled (Diverted from Disposal)	Recycling & Composting	21.9	697.4	719.3
Waste Sent for Disposal	Incineration with Energy Recovery	0.1	0.6	0.7
	Incineration without Energy Recovery	0.5	0	0.5
	Landfilling	0.4	1.2	1.6

17 Hazardous Waste includes Hazardous Waste, Battery Waste, Bio-Medical Waste and e-Waste as defined by respective waste management rules in India.

Recycling Externally Sourced Waste Paper

In addition to segregation of waste at source, and sending it to authorised recyclers, ITC's Kovai Paper Mill utilised nearly **85,000** tonnes of external waste paper as raw material in FY 2024-25.

Focus on recycling ~100% waste generated at ITC Units combined with utilisation of externally generated paper waste as a source of fibre at Paper Mill in Kovai, enabled ITC to recycle **111%** of the waste generated across ITC.

Organic Waste Composting for Sustainable Waste Management at ITC Foods Factory

ITC's Food Factory in Ranjangaon, Pune has adopted a bio-mechanical composter to manage its organic waste efficiently. The system processes waste potatoes, peels, and other organic waste residues from the manufacturing process, combined with materials like dry horticultural waste, waste Wheat sawdust and fly ash. Over a 20-25 day-cycle, it produces uniform, nutrient-rich compost that is used for horticulture. In FY 2024–25, the Unit generated around **61 tonnes** of compost through this system.

Creating an Overall Positive Waste Recycling Footprint

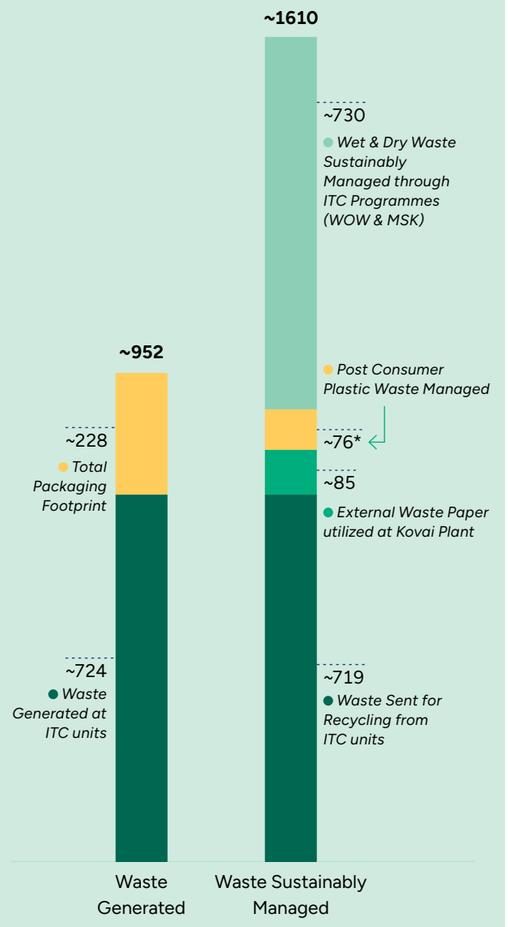
Several initiatives contribute to ITC's efforts to enable a circular economy and maintain a waste-positive footprint. These initiatives include:

- Recycling nearly 100% of waste generated in ITC Units.
- Utilising externally generated paper waste as a source of fibre at the Paper Unit in Kovai.
- Sustainably managing waste through ITC's large scale solid waste management programmes like WOW and MSK's decentralised waste management models.
- Maintaining Plastic Neutrality by sustainably managing plastic packaging waste in excess of the packaging utilised in its operations.

Through these efforts, the total waste managed by ITC exceeded the waste generated directly at ITC Units and indirectly through ITC's overall packaging footprint.

ITC's Circularity Footprint: Waste Generated vs Waste Sustainably Managed *(FY 2024-25)*

kilo tonnes



**Includes plastic waste sustainably managed as part of ITC's Extended Producer Responsibility as well through various initiatives under ITC's Social Investment Programme.*

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:

Accelerate the implementation of sustainable packaging strategy

- Ensure that 100% of packaging is reusable, recyclable or compostable/biodegradable.
- Utilise internal synergies to develop and use sustainable packaging alternatives.
- Leverage life-cycle approach for evaluating alternative packaging solutions.
- Scale up ITC's innovative sustainable packaging solutions portfolio.

Sustainably manage solid waste including plastic waste

- Continue to scale up ITC's sustainable solid waste management models.
- Sustain plastic neutrality.

Sustainably manage process waste across operations

- Continue to redesign processes and eliminate waste to the extent possible.
- Continue working on segregation of waste at source, and recycling more waste than what is generated across operation.

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 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 (NO_x) and Sulphur Oxides (SO_x) on a regular basis to ensure compliance with applicable norms and regulations as stated in Units' consent to operate like monitoring mechanism and frequency to be followed.

Emissions levels as monitored are well within the prescribed regulatory limits for all ITC Units. Aggregated emissions level for all ITC Units is as below:

Other Significant Air Emissions (in tonnes)	FY 2024-25	FY 2023-24
NOx	2,064	2,338
SOx	2,287	2,384
PM	553	558

Ozone Depleting Substances (ODS)

During FY 2024-25, the total consumption of ODS[18] across Units stood at 64.6 kg of CFC-11 equivalent. ITC is working towards phasing out ODS from its operations through following interventions:

- Replacement of all existing equipment using ODS well before the stipulated phase-out period.
- Ensuring disposal of equipment undergoing replacement to authorised recyclers to ensure safe disposal of ODS as well.

18 Ozone depleting substances include some of the refrigerant gases used in chillers and, refrigerators. Leakage of such gases is difficult to monitor, hence, refilling quantity of such refrigerants are reported here with the assumption that similar quantity was released.

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.

Environment friendly and safer alternatives are continuously sought by ITC for improving existing processes and chemicals safety. In addition to substitution to 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 the 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.

78 *Sustainable and Climate Resilient Agriculture*

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.

05

Social Stewardship - Fostering Sustainable and Inclusive Growth

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 important. 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.

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 guided by corporate stewardship as well as stringent regulations. The global movement towards net zero, and the underlying thrust on mapping and mitigating Scope 3 emissions is driving massive supply chain transformations. This, along with unprecedented climate events and ensuing supply chain disruptions have brought supply chain sustainability even more to the fore.

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 strategy. ITC has a Board-approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' and a 'Code of Conduct for Suppliers and Service Providers' which lay 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.

Highlights

During FY 2024-25

ITC processed around 3.48 million tonnes of raw materials, out of which around **86%*** were from renewable sources

~81% of the fibre produced in ITC's Paperboard manufacturing unit at Bhadrachalam is from **Wood sourced through the Company's Forestry initiatives**

All four manufacturing Units of PSPD have obtained the FSC® Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining ITC's position as the leading supplier of FSC® – certified paper and paperboards in India

Sustainable Farm Certifications in place for Key Agri Commodities:

Certified Organic and NPOP, NOP and EU certifications

20,947 acres

Rainforest Alliance, Global G.A.P. (Good Agriculture Practices), ASC, Fairtrade & BAP 4

16,817 acres

~800 Suppliers trained on ESG aspects including 100% of Critical Tier-1 suppliers

70% Critical Tier-1 suppliers assessed on ESG aspects by a Third Party, till date

Over 87% Raw materials and Stores & Spares Locally Procured over the Years, consistently

** by weight*

ITC's Vertically Integrated Supply Chain

Value Chain

Upstream

Farmers | Mandis | Auction Platforms
(Agri-raw materials)

Other Suppliers
(Other raw materials)

Key Agri Produces

- Wheat
- Potato
- Pulpwood
- Spices
- Milk
- Fruits
- Bamboo
- Leaf Tobacco

ITC's Own Operations

1. **Agri Business (Leaf Tobacco)**
2. **Agri Business**
3. **Paperboards & Specialty Papers**
4. **Information Technology**

FMCG

- 1 3 **Cigarettes**
- 2 **Foods**
- 3 **Personal Care Products**
- 3 **Education and Stationery Products**
- 5 **Matches & Agarbattis**
- 3 5 **Packaging & Printing**

Downstream

- ITC's Own Warehouse
- Institutional Customers, Exports
- Leased Warehouse
- Distributors, Institutional Retailers
- Retailers
- 4 **End Consumers**

Value Created

Elements of Sustainable Value Chain

Responsible Sourcing

- 1 Regenerative & Climate-Resilient Agriculture
- 3 Sustainable Forestry
- 3 Sustainable Bamboo Plantations
- 5 Responsible Sourcing in line with ITC's Code of Conduct for Suppliers and Service Providers
- Empowering Farmers and Farmer Producer Organisation (FPO) through knowledge resources and market linkages with the ITCMAARS platform

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
- Managing Talent, Upholding Human Rights & Fostering Diversity

Sustainable Packaging

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

Sustainable Logistics & Warehousing

- Strategically Located Manufacturing Units: Optimising Distance to Market
- Strategically Located Automated Warehouses

Delighting Consumers and EPR*

- Sustainable Models for managing Post-Consumer Packaging Waste
- Responsible Marketing
- Consumer Satisfaction & Feedback Management

EPR- Extended Producer Responsibility

ITC's Approach

	Advocate	Assess	Address
Sustainable Supply Chain *(Critical Tier-1 suppliers including logistics partner, traders, outsourced manufacturing)*	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 ESG assessments by a third party for Critical Tier-1 suppliers.	» 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) & Sustainable Supply chain Guidelines. » Collaborating and collectively finding solutions with suppliers on material aspects of sustainability. » Providing grievance redressal mechanism for suppliers, and addressing their grievances, if any.
Responsible Sourcing *(Farmers)*	Capacity building of farmers across key agri value chains, thereby enabling them to adopt sustainable and regenerative practices aligned to global and national certification standards.	Facilitating third party assessments in line with international standards for obtaining certifications like Rain Forest Alliance, Forest Stewardship Council®, Certified Organic, Fairtrade and Sustainable Tobacco Programme.	» Large-scale sustainable agriculture programmes across key value chains. » Implementing systems and processes for enabling supply chain oversight, transparency and traceability. » Human Rights due diligence and preventive or corrective actions. » Enhancing coverage of sustainably certified crops.

Building Resilient & Agile Supply Chains

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 Policies for Driving Sustainability in the Supply Chain

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 also has a **'Code of Conduct for Suppliers and Service Providers',** which require suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. 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

All Suppliers and Service Providers are expected to meet the requirements of this Code. ITC also expects its Suppliers and Service Providers 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. In the event of a serious or consistent lack of commitment to corrective action, business relationship with supply chain members is disengaged.

Purchasing practices towards suppliers are continuously reviewed to ensure alignment with the Code of Conduct for Suppliers and Service Providers and to avoid potential conflicts with ESG requirements.

Identification and Engagement with Critical Suppliers

For focussed engagement, ITC Businesses identify a prioritised set of critical or significant suppliers based on multiple criteria like the value of the business with these suppliers, business relevance, potential ESG risks and opportunities associated with the supplier, ESG risk exposure of the sector/ country/ region/ commodity type (as applicable), and substitutability of the supplier, among others. This structured approach ensures that ITC remains committed to driving sustainability across its supply chain operations. ITC closely engages with these prioritised set of suppliers and periodically revisits the list.

ITC's three-step approach to 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.

During the year, supplier trainings on multiple ESG aspects were conducted by external expert agencies. In addition, there were constant engagement and awareness programmes for the procurement and sustainability practitioners of the Company. These training programmes covered aspects like:

» Emerging sustainability/ESG concepts, frameworks & guidelines
» Fundamentals of ESG integration in supply chain
» ITC's expectation from its suppliers as captured in its codes, policies and supplier assessment framework
» Regulatory updates including NGRBC principles; SEBI's BRSR Core for Value Chain; and introduction to international frameworks like International Financial Reporting Standards (IFRS), EU Corporate Sustainability Reporting Directive (CSRD)
» Demystifying concepts of Environment, Health & Safety, Labour practices, Human Rights, Governance & Fair Business

Till FY 2024-25, the ESG focussed training programmes organised by ITC covered ~800 Tier-1 Suppliers, including 100% Critical Tier-1 Suppliers from across ITC Businesses.

Supplier Testimonial

> The assessment not only helped in strengthening the governance pillar of our business and enhancing our sustainability performance, but has also helped us in developing a strong alignment with ITC's vision of building future-ready, responsible, and resilient supply chain...
>
> ...the structured approach and collaborative engagement throughout the assessment reinforced our commitment to responsible business practices. The assessment process will serve as a catalyst for further strengthening our operational standards and sustainability initiatives.
>
> DPPL, Supply Chain Partner of ITC's Education and Stationary Products Business

Assess

ITC Businesses systematically screen suppliers before initiating a business relationship to ensure that supply chain risks, if any, are mitigated at an early stage. The process includes a financial and non-financial assessment and covers risks like supplier's capacity to undertake assigned work, quality of products or services, potential ESG risks associated with the supplier as well as any sector/country/commodity-level risks.

ITC's Supplier Sustainability Assessment Framework is based on four pillars:

- Environment;
- Health & Safety;
- Labour practices & Human Rights; and
- Governance & Fair Business.

Each pillar is composed of essential and advanced indicators. Essential indicators reflect latest compliance requirements, ITC's Codes/Policies and other established norms in the industry. On the other hand, advanced indicators are based on best practices and requirements emanating from global sustainability standards and frameworks. Adherence to advanced indicators signifies higher level of supplier maturity in terms of sustainability.

Through baseline assessment of suppliers, areas of improvement were identified under each of the pillars. Appropriate actions were undertaken for issues like documentation of policies on labour practices, improvement of practices for waste segregation, among others.

Till FY 2024-25, ~70% of Critical Tier-1 suppliers have been assessed by a third party in line with ITC's Supplier Sustainability Assessment Framework.

Address

Findings from third-party supplier assessments guide ITC in formulating and implementing action plans in collaboration with its supply chain partners. ITC engages suppliers with scores below a pre-defined threshold to implement corrective actions identified during their baseline assessments. For any identified non-conformance, suppliers are required to implement corrective actions and undergo follow-up assessments to ensure compliance.

The nature of non-conformities determines the level of support extended by Businesses to assist suppliers in mitigating risks. ITC works closely with suppliers through various measures, such as knowledge-sharing initiatives and hand-holding sessions, to assist them in audits and meeting certification standards.

CASE STUDY

Driving Sustainability across Third Party/ Contract Manufacturers

ITC encourages critical value chain partners like third party manufacturers (TPMs)/ Contract Manufacturing Units (CMUs) to adopt management practices detailed under International Standards such as ISO 45001 and ISO 14001. Ensuring compliance with accepted standards on matters related to EHS, human rights and labour practices form part of the agreements with these value chain partners. Some of the key EHS related initiatives are as below:

- Sector-specific EHS Guidelines intended to cater to operational safety requirements are developed by Businesses and shared with contract manufacturing Units and other third-party managed facilities such as warehouses and cold storages.
- Trainings/ handholding sessions are conducted to create awareness on the requirements.
- Internal /third-party assessments are carried out against the guidelines.
- Guidance is extended for implementing corrective actions vis-à-vis gaps identified during assessments.

ITC's Foods Business engages with its vast network of 100+ CMUs for driving sustainable initiatives related to resource conservation and operational efficiency such as adoption of biomethane based baking technology, adopting renewable energy-based electricity alternatives for thermal energy-based baking processes, and onsite solar plants. Over time, the Business has built technical capacity of its CMUs for adopting robust data management systems, thereby enabling monitoring and reporting of progress on various environmental and efficiency parameters. Adoption of these technologies along with sound monitoring have led to reduction in GHG emissions to the tune of 40-50% in case of certain product lines.

Similarly, ITC's Education and Stationary Products Business has been promoting adoption of renewable energy amongst its key TPMs. With continuous engagement, four TPMs have invested in onsite Solar power generation.

246 *ITC's Sustainable Supply Chain Initiative in Annexure*

Select supply chain sustainability practices across ITC's major Businesses are summarised below:

Third-party manufacturers

- Continuous engagement and assessment on applicable labour laws, quality standards
- Environment, Health and Safety guidelines with sector specific requirements
- SA8000 standards for select Businesses

Raw material/packaging suppliers

- 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
- Human Rights due-diligence and preventive or corrective actions

Service Provider Employees/ Contract Workers

- Assessed for compliance to applicable labour laws
- Trained for health and safety practices

Supplier Category *Interventions*

Responsible Sourcing

Agri-Sourcing Practices

Agri Business Division (ABD) primarily engages in sourcing of agri-commodities like Wheat, Coffee, Spices, Maize, Soybean, Mustard, Rice, 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. The Division has large-scale programmes on sustainability certifications of traded commodities driven by customer demands and emerging international regulations on due diligence and transparency.

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, and Compliance to Agriculture Labour Practices (ALP) Code, where the production practices are in alignment with defined environment and labour standards.

Sustainable Tobacco Programme 2.0 is an industry initiative to enhance agricultural supply chain due diligence and accelerate positive impacts on environmental, social and governance elements. The programme focuses on 8 themes demanding leaf suppliers' commitment on – Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. In-depth assessments were done by twentyfifty organisation during 2023, to deepen the understanding of progress of sustainability initiatives, identifying the key challenges in Tobacco regions and enabling Business to prioritise sustainability topics. Business demonstrated good understanding on due diligence management systems with an overall maturity rating of 'Efficient Management' level in the assessment.

CASE STUDY

Implementing Rainforest Alliance 2020 Sustainable Agriculture Standard in Coffee Value Chain

ITC's Agri Business Division (ABD), operating in traditional coffee-growing regions of Karnataka, Kerala, and Tamil Nadu, has implemented the Rainforest Alliance 2020 Sustainable Agriculture Standard. As part of its commitment to sustainable practices, the standard has been implemented in coffee-producing areas such as Coorg & Hassan in Karnataka, Wayanad in Kerala and Kodaikanal in Tamil Nadu.

The certification programme focuses on 6 key areas: management, traceability, income and shared responsibility, farming practices, social welfare, and environmental stewardship. The standard requires all certified farms to be managed efficiently, transparently, inclusively, and economically.

During FY 2024-25, the business provided training on relevant chapters of the Standard; safety equipment like PPE kits for safe pesticide spraying, eye wash bottles, and first aid boxes; and conducted health check-ups for workers. The Business also incentivised planters with premiums above market prices for certified crops. As a result, approximately 4,100 tonnes of coffee covering around 6800 acres were certified under the standard.

CASE STUDY

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 484 villages of Andhra Pradesh & Karnataka impacting nearly 33,579 farmers. ITC's agri-extension and field teams play a critical role in understanding the needs and grievances of farmers and supply chain partners. The Business organised independent due diligence studies in Adarsh Grams covering one of its Tobacco farm supply chain in the States of Andhra Pradesh and Karnataka. The framework for the study was adapted based on international standards, including the Sustainable Tobacco Programme (STP), OECD FAO Guidelines on Responsible Business Conduct in Agriculture, UN Sustainable Development Goals (SDGs), and ISO 26000:2010 Guidance on Social Responsibility.

78 *Sustainable and Climate Resilient Agriculture*

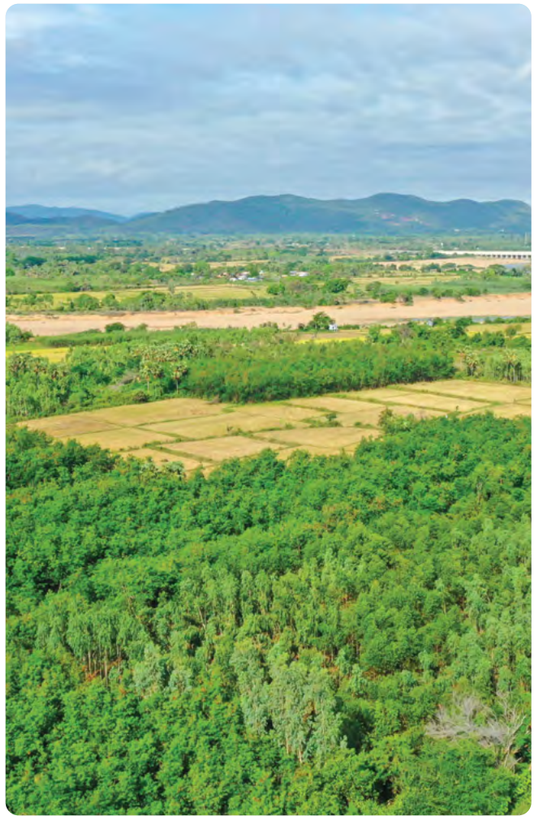
Human Rights Impact Assessment in Leaf Tobacco Supply Chain

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. Customised 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.

ITC implements strategic initiatives and programmes in Tobacco regions focussing on human rights compliance on farm:

- Training and Awareness on Human Rights organized in 361 villages covering subjects such as Child Labour, Forced Labour, Modern Slavery, Farm Safety, Fair Wages, Equitable Treatment, Freedom of Association, Non-Discrimination and access to Water, Sanitation and Hygiene (WASH). The objective is to build informed, rights-conscious rural communities that prioritise ethical practices across the tobacco farm value chain.
- Farm Safety: ITC undertakes a holistic approach that address the farm safety challenges. 10,316 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and Secured Storage Box for safe storage of chemicals was provided for 7,830 farmers. Technology like Drones were scaled up covering 30,900 acres, minimising human interference while chemical spraying, besides increasing the efficacy of operation and water saving.



Responsible Sourcing of Fibre by Paperboards and Specialty Papers Division

Paperboards and Specialty Papers Division (PSPD) processed 2.53 million tonnes of raw materials (about 73% of the total raw material procured by ITC), out of which over 90% were from renewable sources.

Approximately, 63% of the total fibre requirements of ITC's PSPD is met by pulp, manufactured at the Bhadrachalam Unit. Another 13% comes from recycled fibre processed at the Unit in Kovai. The balance 24% is imported pulp used at Bhadrachalam and Tribeni Units.

In terms of traceability:

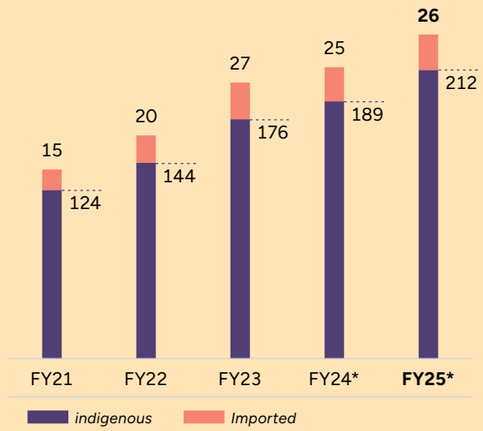
- Approximately, 81% of the fibre produced in Bhadrachalam is from wood sourced from ITC's Forestry initiatives.
- The fibre used at the Kovai Unit is either recycled or reclaimed fibre.
- Overall, 100% of the fibre used by ITC's PSPD is of known and legal origin. All four manufacturing Units of the 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.

Supporting a Local and an Inclusive Value Chain

ITC encourages competency development among local vendors and its vendor base includes micro, small and medium-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 successfully scaled-up ITCMAARS (Metamarket for Advanced Agriculture and Rural Services).

Raw Materials, Stores & Spares Consumed

₹ billion



** Financials for FY 2023-24 & FY 2024-25 excludes the performance of Hotels business transferred to ITC Hotels Limited (ITCHL) on a going concern basis pursuant to Scheme of Demerger.*

More than 87% raw materials and stores & spares have been locally procured over the years, consistently. Further, the total percentage of input material [inputs to total inputs by value (i.e., raw material, stores and spares including services and capital expenditure)] sourced from suppliers within India stood at 92%+.

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 as 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 rise in the uptake of sustainable products. Despite the 'say-do' gap between what consumers say or believe versus what they buy, which is primarily driven by factors like awareness, availability, affordability and trust, more and more products with sustainable attributes supported by green claims are reaching the market. At the same time, the regulatory landscape governing green claims and protecting consumers continues to evolve around the world including India. For consumer brands, leveraging the sustainable markets opportunity and effectively closing the 'say-do' gap, means providing sustainable choices to consumers that are rooted in science and build trust through effective communication in line with regulatory as well as voluntary guidelines on product sustainability claims. Even the road to reaching net zero will necessarily pass through a transformation in the consumer markets for sustainable products and services.

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 have state-of-the-art facilities with internationally benchmarked quality management systems.

Highlights

ITC has built a vibrant FMCG portfolio with over

25 world-class Indian brands

One of the country's leading marketers, ITC's FMCG Business has garnered an annual consumer spend of over **₹34,000 crores** in FY 2024-25 with the Company's bouquet of FMCG products reaching over **260 million** households in India.

100+

New product launches during the year

Around 97% (117 out of 121)

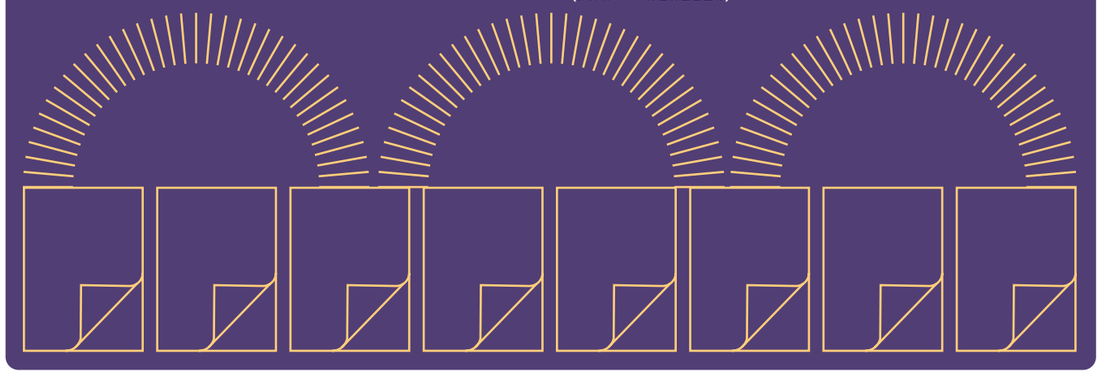
of the branded packaged food manufacturing locations (including third party manufacturing Units) are certified as per recognised global standards like **FSSC 22000/ ISO 22000/ HACCP**

Nimyle Herbal & Lemongrass achieved the prestigious

CII GreenPro certification

100%

of Paperkraft Notebooks are FSC® certified (FSC® - C181115)



ITC's Approach

Sustainable Product Innovation

Fuelling Innovation – Leveraging ITC's Life Sciences and Technology Centre (LSTC)

» Building purpose-led brands powered by agile innovation platforms of LSTC.

Leveraging Life Cycle Assessment Approach

» Building a sustainable product portfolio

Product Responsibility & Stewardship

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 Centricity

» Systematic approach to monitor consumer satisfaction and address feedback

Sustainable Product Innovation

LSTC - ITC's Innovation Engine

ITC's state-of-the-art Life Sciences and Technology Centre (ITC LSTC) in Bengaluru, for more than 50 years has been at the core of driving science-led product innovation to support and build ITC's portfolio of world-class products and brands. It has completed five decades of industrial research and development (R&D). The research community at ITC LSTC comprises of over 400 highly qualified scientists with diverse expertise base and skill sets with a mandate to work on future ready science platforms, design differentiated products to address unique consumer needs and deliver superior benefits. The R&D programmes are designed to make impactful business outcomes, provide superlative product experience to Indian consumers at affordable price, and offer them multiple choices through a bouquet of products with world class quality. At the inception stage of designing new product and process innovation, sustainability is considered as a key guiding principle.

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'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.

Healthy & Sustainable Food Products

- Innovative science-based platforms such as health and wellness and superior sensory attributes continue to drive creation of healthier and superior foods. In addition, research efforts continue towards reduction in salt, sugar and fat without compromising on sensory attributes. Efforts are also underway to increase nutrients that are beneficial for health/ nutrition like fibre, vitamins and minerals.
- LSTC, in collaboration with 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.
- State of art analytical testing facilities at LSTC are deployed to ensure safety and superior quality of the products.

Sustainable Products in the Personal & Home Care Segments

- Personal Care Products 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, the team has been developing products with sustainable formulation, efficient processing and sustainable packaging, which include high recycled content, lower packaging weight and recyclable packaging across personal care and home care categories.

Sustainable Materials & Packaging

- ITC LSTC has developed proprietary patented innovative barrier solutions that serve as a sustainable alternative to conventional synthetic polymers. These advanced materials offer excellent barrier to oil, grease and water, making them an ideal choice for FMCG packaging.
- For Quick Service Restaurant (QSR) segment, these tailored-solutions not only enhance product performance, but also align with global sustainability goals by reducing dependency on conventional fossil fuel derived materials.

Agro-Forestry and Crop Sciences

- LSTC has established different cutting-edge tools and platforms with an ambitious R&D programme for improving tree and crop species of interest to ITC for desired traits like yield, quality, abiotic and biotic stress. These tools and platforms support securing raw materials, given the rising challenges of climate change and depleting resources.
- Ongoing research has major emphasis on developing climate resilient crops and pulp wood species in order to address the security of raw material supplies across the Company's value chains while ensuring enhanced farmer profitability. As an example, in the past 5 years, more than 10 million saplings of new hybrids with >20% higher wood yields have been deployed in farmers' fields. This enables secured raw material supply, while also ensuring better farm income and enhanced carbon sequestration.

Reducing Distance to Market

Identifying Chip-Grade Potato Varieties Suitable for Sourcing in South India

In Southern India, ITC has four potato processing Units for its Bingo! Chips brand. For all these Units, raw materials are sourced and transported from Central and West India, covering distances between 1500 to 2500 kms. The long-distance logistics result in carbon emissions as well as high freight charges, and additional losses in terms of quality and quantity.

Popularising localised production of chips-grade potatoes in non-traditional Southern region is challenging as the current available varieties do not meet the processing quality parameters (such as % dry matter) and the short-duration growing window requirements due to genetic and environment limitations. Therefore, solving this challenge required identification of a region-specific, chips-grade and short-duration variety suitable for growing in Southern India.

To overcome this challenge, LSTC in collaboration with Central Potato Research Institute (CPRI), Shimla screened and evaluated more than 100 potato genotypes suitable for growing across target regions in South India for 3-4 consecutive seasons / years. Further, LSTC conducted large-scale trials on select varieties to identify those with desired traits such as early bulking, ability to accumulate acceptable level of dry matter (22-24%) within the narrow growing window. As a result, LSTC successfully identified chips-grade, short-duration potato varieties suitable for growing in South India, closer to the factory. Sourcing of these varieties for chip manufacturing has been initiated and will be scaled up with Technico Agri Sciences Limited (TASL) going forward. These superior genotypes aid in developing a local and cost-effective potato value chain that has a lower carbon footprint and also empowers marginal farmers involved in potato farming.

Leveraging Digital Capabilities for NextGen R&D

In a quest to continuously enhance efficiency and be future-ready, LSTC is engaged in developing/ deploying cutting-edge digital tools for quality performance analytics, benchmarking and strengthening quality management systems, besides various ongoing digitalisation processed like biomass prediction tool for sustainable forestry plantations, automated clonal identification, etc.

Life Cycle Assessments (LCA) Driven Innovation

In line with the overall strategy to embed principles of sustainability into various stages of product or service life cycle, ITC has been conducting Life Cycle Assessments (LCA) of its products and services with an objective of evaluating the impacts and identifying areas for improvement. Over the years, LCA studies have been carried out for some of the Company's key products from Paperboards and Specialty Papers Business, Personal Care Products Business, Education & Stationery Products, Matches & Agarbatti and Branded Packaged Foods Businesses for identifying additional opportunities to reduce environmental impact across the value chain under various scenarios as well as quantifying the footprint improvement of planned product/packaging design interventions. These assessments have enabled identification of levers that have led to improvements like more efficient packaging designs and enhanced loading efficiencies in transportation. Further, packaging design teams across ITC Businesses use a packaging-focussed Life Cycle Assessment-based tool to assess the environmental impact of different packaging formats/designs for various FMCG products and sustainable packaging solutions offered by Paperboards and Packaging Businesses. The insights from such assessments are considered during new product development and design stages.

Business	LCAs conducted over the last few years
Paperboards & Specialty Paper	» OmegaBev vio Paperboard (cradle-to-grave) » CFKE Paperboard (cradle-to-grave)
Printing & Packaging	» Atta Laminate Packaging (cradle-to-grave) » Instant coffee sachet (cradle-to-grave)
Branded Foods	» Aashirvaad Whole Wheat Atta (cradle-to-grave) » B Natural Mango (cradle-to-grave) » Jars (secondary packaging) of Candyman Fantastik (cradle-to-grave) » Shrink wrap (secondary packaging) of select Aashirvaad atta SKUs (cradle-to-grave)
Personal Care	» Savlon Powdered Handwash (cradle-to-grave) » Savlon Liquid Handwash (cradle-to-grave) » Cans of select Engage Deodorant SKUs (cradle-to-grave) » Nimyle Herbal Floor Cleaner (cradle-to-gate)
Educational & Stationery	» Multiple SKUs of Classmate and Paperkraft brands (cradle-to-grave)
Matches & Agarbatti	» Mangaldeep Sandal Agarbatti (cradle-to-grave)

CII GreenPro Certification for Nimyle Herbal and Lemongrass

Nimyle is a leading floor cleaner brand with a consumer value proposition of "Naturally safe floors and happy homes". Products like Nimyle Herbal and Nimyle Lemongrass have attributes like '100% Natural Action, No Chemical Residue', and a Biodegradable formula. Over the last few years, the product had undergone multiple changes across its lifecycle stages such as design, manufacturing and packaging to optimise for various aspects of its environmental footprint. To further reinstate the brand's commitment to sustainability, the brand undertook the CII GreenPro certification.

CII GreenPro is accredited by the Global Ecolabelling Network for its Ecolabel Certification. This ensures that GreenPro Ecolabel Certifications is at par with international standards and protocols for green product labelling. The certification process requires the products from all manufacturing sites to be tested in a NABL-accredited lab on 30+ parameters to assess the safety, non-polluting and sustainable attributes of the product. In addition to product-related assessments, the certification also considers the environmental performance of the manufacturing Units, such as emissions, water consumption and waste generation and the sustainability performance of the Company.

The Nimyle Herbal and Lemongrass products and all manufacturing Units were audited and have achieved the prestigious GreenPro certification.

ITC's Sustainable Product Portfolio – A Snapshot

Sustainable Formulations

Right Shift, ITC's new nutrition brand focused to address the nutritional needs of consumers over 40

EDW Essenza and **Engage L'amante** Aerosol Sprays with Unique Bag-on-Valve Technology, uses Nitrogen, a renewable propellent compared to traditional propellants

Paperkraft Eco Folder is made from paper and completely avoids plastics, making it fully repulpable

Laboratoire Naturel' – ITC's co-creation lab for product development with consumers is LEED® Gold Certified

Fiama Shower Gel 'Happy Naturals' Range is made of 97% Natural Origin Content (as per applicable standards)

Nimyle Herbal and Lemongrass have achieved the CII GreenPro certification

Sustainable Sourcing

All **Paperkraft Notebooks** SKUs are **FSC® Certified (FSC® - C181115),** supported by Paper Business's FSC® Forest Management Certified plantations & FSC® Chain of Custody certification of all four paper mills

Ask for ITC's FSC®-certified Products

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 – 90%+ chemicals used are International Fragrance Resource Association (IFRA) Approved Chemicals

Leaf Tobacco Business complies to global **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 Bollaram Unit runs on ~100% Renewable Electricity

Units of ITC's Packaging & Printing Business are **SA8000 Certified** (Social Accountability)

Gollapudi Unit of ITC's Education & Stationery Product is **SA8000 Certified** (Social Accountability)

ITC Mangaldeep 'Sixth Sense' Panel - an Inclusive Initiative that has recruited visually impaired fragrance testers

Green Leaf Threshing Units at Mysuru and Chirala sourced 100% electricity from renewable sources

Sustainable Packaging

Sunfeast Farmlite Core Digestive (800g Pack) available in a 100% paper outer bag

Fiama Handwash Pouch (750ml & 350ml SKU) available in a recyclable monolayer structure

Savlon Wet Wipes, with PET layer in the packaging made from 70% PCR content

Mangaldeep 3 in 1 Scent Portfolio transitioned to 100% mono material laminate from multi-layered plastic laminates

Paper based inner pouches with 80%+ paper content in **Mangaldeep Flora**

Select SKUs of **Mangaldeep Dhoop Sticks and Cones** in PET jars with 50% recycled plastics

Aashirvaad Khapli Atta launched in an innovative bag with outer pack made of 100% paper and a recyclable plastic inner pouch

Use Phase Sustainability

Mangaldeep Lo Smoke Incense Sticks release up to 85% Less Smoke when burning as compared to conventional 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, by Meal Plan & Ask an Expert

Responsible 'End of Life' Management

'OmegaBev', 'OmegaBarr' & 'OmegaBev Vio' - Compostable paperboard alternatives to plastic-coated containers and cups suitable for multiple applications including deep freeze, and hot & cold applications

BIOSEAL - Compostable coating with excellent Oil & Grease Resistance (OGR) and heat sealability for Quick Service Restaurant (QSR) segment (tubs & lids) and tea envelopes

OXYBLOCK - Patented barrier coating that provides oxygen barrier and helps in converting non-recyclable packaging into recyclable ones for segments such as oil, ketchup.

'FiloBev', 'FiloPack' 'FiloBowl' & 'FiloTub' - Compostable as well as fully recyclable in standard mill recycling system

Paperboard Alternatives to Plastic-coated Containers and Cups including Deep Freeze, and Hot & Cold Applications

ITC sustained its Plastic Neutral status for 4th 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 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.
- 117 out of 121 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.
- ITC is leveraging recent developments in digitisation, by progressively transitioning to digital Quality Monitoring Systems (QMS) and Integrated Operations Management Systems (IOMS) in its manufacturing Units.
- Targeted training programmes are provided to the employees on standards such as FSSC 22000 through expert agencies.

Food Quality and Food Safety

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 customised methods.
- 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, Paperboards, 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.
- For spices, Agri business has various certifications like HACCP, BRC, Sedex, NPOP, NOP, and also Halal and Kosher for specific countries. Further, for the food-safe spices value chain, the ITC Life Science and Technology Centre, along with NABL, APEDA, FSSAI and EIC-approved laboratories, tests for food safety parameters such as Eto, mycotoxins, pesticide residues, heavy metals, and illegal dyes, ensuring high standards of health and safety. For value added products such as bulk staples (maida) and fruit & vegetable (F&V) pulps, the products are compliant basis the FSSAI & FSSC 22000 Standards.
- 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. This includes standards such as USFDA 21CFR, EC Regulations (EU) No.10/2011, Regulation (EC)No. 1907/2006 of REACH, LFGB Standards, RoHS 2011/65/EU. All paper & paperboard products intended for direct food contact compulsorily go for food safety testing.
- Additionally, the factories of the Packaging & Printing Business also conform to the BRCGS standards.

Cigarettes

- 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, which are in turn aligned with international standards like ISO 14001, ISO 9001 and ISO 45001.

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 itself. Risks during procurement, manufacturing and delivery stages are also mapped and evaluated, based on which necessary control measures are deployed.

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. In addition to the mandatory requirement for declaring nutritional information basis per 100 g/ 100 ml and per serve % contribution to RDA, to given better insights of nutritional information to consumers, the business voluntarily provides the nutritional values on 'per serve' basis of the product.
- 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.
- In some specific cases, product quality information via test reports, organic certification status, etc. are being provided to consumers via QR codes provided on the pack labels. Furthermore, to avoid ambiguity w.r.t sensitive food additives, source name declaration for all sensitive emulsifiers used in ITC products is being declared upfront on the product labels.
- 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 Legal Metrology Act, 2009 (Packaged Commodities Rules), Drugs & Cosmetic Act, Bureau of Indian Standards and the applicable Trade Marks Law.
- The product labelling includes instructions for safe and effective usage.
- 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.
- 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.

Education & Stationery Products

- Labelling on all products follows the statutory requirements including standards specified by Legal Metrology acts and statutory requirements under Plastic Waste Management Rules.
- For art stationery products, BIS standard is followed by the manufacturer which complies with Child Safety norms. Also, erasers follow a phthalate-free formula focussed on child safety.
- All Paperkraft notebooks are FSC® labelled.

Safety Matches & Agarbatti

- Product specific claims on packs in select SKUs for consumer awareness such as:
  - Communication on long lasting fragrances
  - Charcoal free Agarbatti
  - Number of quality checks performed on the product

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

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 necessary. The Business complies with the statutory requirements for exports.
  - Products sold through Choupal Saagars are labelled 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.

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.
- 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), 2003.

During the year, no incident of non-compliance concerning marketing communications was reported.

Brands with Purpose

(Select examples)

Aashirvaad's 'Sach Much' Organic Campaign

ITC's Foods Business continued its 'Sach Much Organic' campaign under the Aashirvaad Organic brand during the year, to educate consumers about the benefits of organic farming while promoting environmental stewardship and raising awareness about its range of organic products.

The initiative involved partnering with prominent lifestyle, food and nutrition influencers who witnessed sustainable agriculture practices such as vermicomposting, natural pest control at certified organic farms in Madhya Pradesh. The campaign also raised awareness about the number of quality controls and tests Aashirvaad's organic range of products undergo.

The campaign garnered significant reach amongst consumers, leading to the growth of Aashirvaad Organic flour and pulses.

The 'Feel Good with Fiama' Initiative

In continuation of its campaigns aimed at spreading awareness on mental well-being, ITC's personal Care brand Fiama, in partnership with The Minds Foundation, launched the 'Feel Good with Fiama' initiative. The programme introduced Virtual Clinics to enable affordable access to mental health therapy from licensed practitioners.

The campaign aimed to reach digital-savvy GenZ and Millennials through the existing meme culture and motivate them to have constructive conversations on their state of mental well-being. As a result, the campaign led to around 2000 signups for the virtual therapy sessions with MINDS Foundation within its first two months.

Fiama further launched a large-scale Mental Wellbeing consumer survey to understand young India's changing attitude towards mental wellbeing. With these efforts, Fiama is continuously making efforts to make Mental Health a mainstream topic of conversation and enable those who need therapy by giving the right kind of professional help.

Data Privacy

Data privacy is relevant to ITC including its 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 function 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. The Company is also piloting AI-enabled conversational bots to enhance the current approach towards speedy resolution of consumer / customer grievances. Additionally, brand health is also tracked through large scale equity studies.

Paperboards and Specialty Papers

Customer satisfaction survey for paperboard converters in India was conducted during the year, and the results are awaited. As per the last survey in FY 2022-23, 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, customer satisfaction survey is carried out by an external agency periodically to understand performance. The most recent survey carried out in FY 2024-25, found that close to 60% of the customers as promoters (i.e., a score of 9/10 out of 10) and around 37% as passives (i.e., a score of 7/8 out of 10). Overall, the satisfaction score was around 84%.

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.

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.
- Expand 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.

Nutrition

Delivering on ITC's Nutrition Strategy - "Help India Eat Better"

In the last few decades, India has advanced on different facets of economic and social factors. However, it still faces challenges of managing all forms of hunger and malnutrition, especially the 'Triple Burden of Malnutrition' across all levels of society. As per the latest National Family Health Survey (NFHS-5, 2019-21), only 11.3% children aged 6-23 months received an adequate diet. It is observed that the prevalence of overall manifestation of undernutrition has decreased over years as children under 5 are suffering from stunting (36%), wasting (19%), underweight (32%), and more than 50% women between the age group of 15-49 years are anaemic. Further, overnutrition, metabolic syndromes and prevalence of non-communicable diseases (NCDs) are alarmingly increasing amongst Indians (especially among the young adults and older adolescents). Similarly, the incidences of cardiovascular diseases are topping the charts for the NCDs followed by diabetes, where the occurrence is observed amongst population much younger that the western population. This sets the urgent need to modify the lifestyle of Indians with healthier food systems that are sustainable ensuring access to safe and nutritious food.

As one of India's leading foods business organisations, ITC continues to support national commitments towards improving nutrition and health priorities identified through National Nutrition Policy (Department of WCD, Ministry of HRD) and National Nutrition Strategy (National Nutrition Mission/Poshan Abhiyaan by Niti Aayog, 2017). The focus of these initiatives is to reduce all forms of malnutrition, particularly amongst vulnerable groups like pregnant, lactating women and young children. Multi-pronged approaches are essential to help meet the national and global nutrition and sustainability targets. The UN Sustainable Development Goals (SDGs, 2030) are represented by 17 SDGs which include 12 nutrition-linked indicators. ITC's nutrition strategy is in line with these national initiatives and strategies to manage the different forms of malnutrition.

ITC's Nutrition Portal

Highlights

Help India Age RIGHT with Right Shift

According to experts, by 2050, 40% of India will be 45+ (consumers more than 45 years of age) and every fifth Indian over 45 years is reported to have poor health. Differential changes are observed to occur in the human body including impaired taste sensations, reduced appetite leading to decreased food intakes, poor digestion and nutrients absorption. These series of complications lead to continued feeling of tiredness and weakness. With age, the bone and muscle structure and functions are compromised leading to reduced mobility, hampered digestion causing impaired gut and skin health. Due to the compromised metabolism with aging, the risk of lifestyle diseases like Type II diabetes, heart ailments also increase manifold. Due to these bodily changes, aging people are consciously looking to make shifts in their food choices, but are often unaware of right options. To empower this growing section of Indians make the Right Shift on dietary practices, ITC has introduced a new nutrition brand named Right Shift, with focus on specially formulated products to meet the evolved needs arising from above mentioned changes.

Right Shift is a comprehensive line of healthier food options to include in every meal type, from breakfast to dinner to snacks. The diverse range of offering includes high protein and high fibre options like upma, oatmeal, masala oats, cookies, savoury roasted mixtures and valued added atta.
The products are made with ingredients with inherent benefits like oats, millets, nuts and seeds. These offerings are carefully curated to the differential requirements deriving benefits from clinically proven proprietary ingredients complemented with essential nutrients to provide meaningful calories. Leveraging ITC's robust farm to fork chain, experts (product technologists, chefs, nutritionists etc) along with deep understanding of the Indian food habits, following products have been launched as part of Right Shift range.

Breakfast range

Oats ++, Millet masala oats spinach & corn, Millet oatmeal (with fruits, nuts & seed), Millet oats upma mix-goodness of oats, millets, seeds, goodness of protein, fibre and B vitamins

Staple

Multigrain Atta (low GI, 30% more protein), Multi millet mix (goodness of millets & quinoa)

Biscuits

Jaggery Ragi cookies, oats cookies (goodness of oats, seeds, millet, protein, fibre, B vitamins)

Snacks

Roasted mixes (made with multigrain, multi-millet)

ITC's Approach to Nutrition

Under the Nutrition Strategy - "Help India Eat Better", ITC has nurtured an ecosystem of a 4-pillar model to support a healthier nation, anchored by Foods Business.

Pillar 1

Value-Added Products Portfolio

Pillar 2

Sustainable food ecosystem

Pillar 3

Healthy communities

Pillar 4

Consumer and employee awareness

The strategy has been developed to create an ecosystem and guide the organisation towards supporting the vision of a healthier nation with value-added product portfolio, sustainable food system initiatives, empowered people and healthier communities. This also includes focus on dietary diversity, obtaining optimal nutrition through balanced diet, meaningful food fortification and leveraging traditional systems of knowledge.

Pillar 1

Value-Added Products Portfolio

Balanced diet and active lifestyle are essential components to lead a healthier life. As a part of its core strategy, ITC Foods Division delivers through designing products that are safe and nutritious, prepared with highest quality standards and can be enjoyed as part of a balanced diet. It endeavours to support sustainable food systems by addressing needs of essential nutrients like protein, fibre, iron, etc. and value-added ingredients like millets, whole grains, multigrains, pulses, legumes, fruits, vegetables, nuts, seeds, herbs, spices, dairy, etc. Providing portfolios with these essential nutrients would support the evolving consumer needs. The product development at ITC is strongly guided by national and international dietary guidelines for general and specialised requirements. Products are also gauged for their compositions with respect to components to encourage and limit. Core constituents of new product development and reformulation strategies are:

- Sustainable Nutrition Commitments
- Nutrition Profiling System
- R&D Science and Technology platforms
- Responsible Policies

Research suggests that diet is the major modifiable risk factor for all forms of malnutrition. Diets lower in wholesome ingredients and higher in components promoting NCDs and other disorders, have been established to influence major metabolic syndrome disorders like obesity, diabetes, cardiovascular diseases and hidden hunger in the form of micronutrient deficiencies, especially amongst the vulnerable populations.

Sustainable Nutrition Commitments

ITC Foods Division is committed to formulate products with meaningful benefits in terms of wholesome ingredients and nutrients to encourage and those to limit. The meticulous implementation of evolving scientific principles and technological advancements by ITC's research and development teams enables development of such formulations. Further, ITC will continue to manufacture value added products by appropriate reductions in sugars, sodium, saturated fats (in specific product categories), trans-fat free foods portfolio, while improving the amounts of fibre, protein, micronutrients like iron, wholesome ingredients like whole grains, nuts, legumes, etc. These commitments support business' vision to provide consumers with healthier options and enable them to make informed choices.

ITC strives to deliver better formulations on a year-on-year basis with the following as delivered last year:

ITC Foods Division's Product Portfolio Goodness

96%
Portfolio provides goodness of protein*

76%
products provide goodness of fibre

15,98,932
tonnes of products sold with goodness of iron*

68%
of products provide goodness of wholegrains*

Products with Goodness of Protein

100%
of ITC's staples and adjacencies (atta, ready-to-cook chapati, vermicelli, organic Dals)

100%
of ITC's noodles & pasta

99%
of ITC's fresh dairy*

100%
of ITC's snacks

89%
of ITC's Biscuits portfolio

100%
of ITC's Right Shift portfolio

87%
of ITC's ready-to-eat portfolio

100%
of ITC's papad portfolio

Products with Goodness of Iron

98%
of ITC's staples

100%
of Right Shift portfolio

Products with Goodness of Wholegrain

99%
of ITC's staples

100%
of Right Shift portfolio

Products with Goodness of Fibre

99%
of ITC's staples

100%
of ITC's Sunfeast Farmlite biscuits

Products with special focus on Goodness of Micronutrients

100%
of Right Shift portfolio is source of B vitamins

97%
Marie portfolio has goodness of iron, vitamin B, vitamin A & D

**The values are derived considering business relevance, external landscape and industry best practices.*

Pillar 1

Value added ITC food products

Aashirvaad Atta Range
Multigrain atta, Sugar Release Control atta, ready to cook chapati, Namma Chakki atta with methi

Aashirvaad dals
100% of dals are organic

Aashirvaad Soya Chunks
Rich in protein, dietary fiber, calcium and iron

Right Shift
Oats++, Millet oatmeal, Multigrain+ atta, Jaggery oats cookies

Farmlite High Fibre Biscuits
Farmlite Digestive High Fibre, Farmlite Oats and Almonds

Millet products
Aashirvaad Multi-Millet mix, Farmlite Super Millet Ragi & Jowar Chocochip cookies

Aashirvaad Lactose Free milk
especially designed for people with lactose intolerance, fortified with vitamins A & D

+F portfolio
All fresh milk variants are fortified with vitamins A & D

100%
of Foods portfolio are trans- fat free

ITC Foods Division's Nutrition Profiling System
ITC Foods Division's Nutrition Profiling System has been developed in the context of India's nutrition challenges, unique food diversity and it has also been aligned with many global and national benchmarks. The profiling methodology acknowledges the importance of enhancing diet diversity, enrichment and positive nutrition by value addition via macro and micro nutrients (critical vectors of fortification), whole grains, multi-grains, nuts, legumes, vegetables, pulses, millets, dairy along with management of reduction of nutrients of concern like added sugar, saturated fat, trans fat and sodium in all appropriate product categories.

The Nutrition Profiling system has been designed under expert guidance, keeping in mind the public health needs, dietary patterns, dietary recommendations such as those issued by World Health Organization (WHO), ICMR-NIN, and FSSAI, whilst also keeping a tab on the scientific rationales from other globally accepted profiling systems. This profiling system continues to enable ITC Foods Division to map its product portfolio and ensure progress in line with its commitment of providing better composed, sustainable, affordable and accessible food choices.

Nutrition Profiling System ↗

R&D-led Science and Technology Platform Development
In the context of the new era of health and wellness, ITC Life Sciences and Technology Centre (LSTC) strives to deliver innovative projects which not only meet consumer desires on better tasting options but also to implement the emerging science-based applications. These time-tested research areas are aligned with the business impetus. The state-of the-art research along with ITC's value chain from farm-to-fork has been leveraged to deliver differentiated and nutritionally better products. The team of scientists including subject matter experts that support brands to fulfil their vision to be market leaders by offering sustainable food choices to consumers in various emerging domains like healthy ageing, proteins, gut-health and metabolic health. Several other technological benefits in terms of differential texture, taste, sensation are constantly being evaluated for possible applications for enhanced consumer experience. New products are mapped through ITC's research and development platforms including plant proteins which are affordable, accessible as well as in formats that are easy to incorporate in daily diets.

Responsible Policies
ITC Foods Division has instituted a robust set of publicly available policies for guiding its nutrition and product sustainability strategies. These policies are periodically monitored at divisional level and reviewed for their systematic implementation. The policies include:

- Quality and Food Safety Policy
- Food Products Policy
- Nutrition Policy
- Marketing and Communication Policy
- Labelling Policy
- Policy on Food Loss and Waste
- Nutrition Profiling System
- Nutrition and Public Health Engagement Policy

ITC's Policies ↗

Pillar 2

Sustainable Food Ecosystem

Sustainable food production is central to the global sustainability agenda and requires a systems-based approach for accelerating and scaling inclusive innovation that meet the needs of various stakeholders. ITC has always focussed on building sustainable value chains and its approach towards creating a sustainable food ecosystem entail providing sustainable, affordable and accessible food solutions, reducing food loss and waste, and creating an eco-friendly food production system across the value chain including using sustainable ingredients like millets and potatoes.

Affordability & Accessibility Strategy

Pricing of food products can have a significant impact on the level of food and nutrition security impacting undernutrition, micronutrient deficiency and obesity at a population level. Providing consumers with affordable and accessible healthier products encourages healthier eating behaviour.

ITC Foods Division Affordability & Accessibility strategy includes:

- Innovation and renovation strategies e.g., using locally sourced nutritious ingredients and fortification of healthier portfolio at an affordable pricing to drive better consumption patterns
- Mapping of category-wise competitive price points to enable mass scale adoption
- Operational capabilities e.g., local manufacturing, closer-to-market production Units, lean processes and digital stores
- Local and wide spread distribution system via traditional and digital platforms

Healthy Planet, Healthy People

The well-being of the planet is inherently connected to the well-being of people. A better climate means better agriculture and better agriculture means optimum nutrition. ITC supports the purpose of 'Healthy Planet, Healthy People' by helping reduce the carbon emissions through green and efficient manufacturing and local sourcing of agricultural produce such as fruits for B Natural beverages. ITC Foods manufacturing includes various primary ingredients which are known to incur reduced environmental burden. Potato, a primary ingredient of Bingo chips, is a sustainable crop due to its low carbon and water footprint. It uses less land per kg production compared to most other fruits, vegetables, and cereals. As per United Nations (FAO, 2008), potato yields more nutritious food more quickly on less land and in harsher climates than any other major crop: up to 85% of the plant is edible human food, while for cereals the figure is around 50%. Thus, this efficient resource use, makes potato an environmentally friendly choice compared to many other crops. ITC also supports the production and use of traditional millets which are known to be planet friendly with products like Sunfeast Farmlite Super Millet, Right Shift Millet Oatmeal, Right Shift Millet Oats Kheer Mix, Right Shift Millet Masala Oats, Aashirvaad Atta with Millet and Aashirvaad Millets Batter Mix.

Pillar 3

Healthy Communities

ITC's Mission Sunehra Kal's intervention on Maternal and Child Health Nutrition (MCHN) which started in FY 2016-17, covers pregnant and lactating mothers, children (up to 5 years), adolescent girls and eligible couples. This programme is focused to improve the health-nutrition status by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing Government Schemes like National Health Mission, leveraging technology and increasing access to basic primary and secondary healthcare services.

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In line with the national health priorities, strategies, programmes and the Sustainable Development Goals (SDG 2030), ITC Foods Division works towards developing a robust framework of appropriate stakeholders and engages in various community-centric health initiatives. ITC's focus through these initiatives has always been to improve the overall quality of life of people, address the community level challenges and needs of the vulnerable segments of population, and bring positive changes in health, livelihood, and the environment.

These initiatives focus on nutrition awareness and overall wellbeing, education, women empowerment, environment sustainability and food safety. A summary of initiatives undertaken by ITC Foods Business during the year is presented below.

ITC Foods Business Programmes – Coverage and Impact

Project Name	Objective	SDGs	Beneficiaries	Initiatives & Interventions
Nutrition				
Samposhan *Odisha*	Improving role of Schools, SHGs and Anganwadi centers to promote Nutrition Security in tribal blocks of Koraput district.	3	**4931** (1245 households in 20 villages) tribal beneficiaries 218 households, 39 Anganwadis and 7 schools supported through nutrition gardens.	Improved knowledge of communities and local institutions on value of dietary diversity, farming and cultivation techniques. Women empowered by training of SHG members for on-farm and off-farm activities like development of Community Poshan Vatika; vermicomposting and mushroom cultivation, etc.
Aashirvaad Smart India Programme *Karnataka* *Andhra Pradesh* *Telangana*	Develop a community-based educational programme aimed at improving awareness on Iodine Deficiency Disorders and promoting healthy eating practices among rural and urban households and schools.	3	**702,490** beneficiaries	Conducted informative sessions/workshops on healthy eating and Iodine deficiency especially among school teachers and children, frontline health workers and stakeholders (SHGs, village heads and other community-groups).
Education				
Bounce of Joy *Bihar* *UP*	Enabling sports training to underprivileged school children, fostering holistic development.	4	» **43,451** underprivileged students » **120** Physical education teachers	» Underprivileged children across 140 schools provided with sports training and kits » Provided permanent infrastructure in schools to help encourage long term physical activities
Sunfeast Bigger Fantasies *Karnataka* *Telangana*	Empowering underprivileged children to express creativity through media literacy and promoting peer-to-peer teaching.	4	**55,975** students	Promoted peer-to-peer teaching and learning, fostering collaborative and supportive educational environments in schools to build stronger connections with the educational community and increase student participation in creativity through media literacy skills and peer-to-peer teaching.

Pillar 3

Project Name	Objective	SDGs	Beneficiaries	Initiatives & Interventions
Women Empowerment				
Samarthya *Rajasthan*	Creating sustainable livelihood opportunities through papad rolling for women.		**100** women	» Expert led training on food safety, quality, hygiene, digital financial literacy, etc. » Established women led FPOs, workshops to enhance understanding of business models.
Aashirvaad Raho 4 Kadam Aage *Uttar Pradesh* *Bihar* *Delhi* *Rajasthan*	Encouraging women empowerment through certified trainings across various entrepreneurial sectors.		**30,735** women	» Expert-led, certified training provided on skill development in the food processing sector, micro-allied skills, agriculture sector, etc. » Dual certification of "FSSAI-FoSTaC" and "Skill India". » Livelihood opportunities for women by establishing market linkages.
Main Bhi Kisaan *Karnataka* *Maharashtra*	Empowering women farmers by providing training in farming techniques, financial and supply chain management, nutrition and gender equality.		**520** women farmers	» Skilled and trained women fruit farmers through four-pronged approach of Financial, Technical, Market linkages and Nutritional awareness.
YiPPee Live Better Delhi-NCR	Support migrant women from lower socio-economic strata in their entrepreneurial journey by providing financial support and technical know-how to setup Food Consumption Outlets.		**85** women	» Trained migrant women on vocational skills (including food-related and safety/hygiene related skills), including business management, entrepreneurial skills, socio-emotional skills). » 35 Food carts also provided to these women post trainings. » The programme has provided better livelihood opportunities to these women.
Food Safety				
Sunrise Swasthya Bengal *West Bengal* **Aashirvaad Swasthya Andhra** *Andhra Pradesh*	Engage community, especially women through various multidimensional sensitisation activities and formation of peer educator groups that will create effective awareness on adulteration in spices and it's impact on health.		**173,570** beneficiaries **48,150** beneficiaries	» Created cohort of dedicated peer educators *Pradhan Suraksha Sakhi's* and trained them on food safety and home-based food adulteration test. » *Pradhan Suraksha Sakhi's* spread awareness among vulnerable women/households of society. » The programme has not only empowered these women to make better choices while purchasing food/spices for their households but also given them a purpose to make difference in their lives as well in society.
Umang *West Bengal*	Enhancing food safety practices among cooks and caterers.		**2,600** caterers	» Created awareness in the catering community about food safety and hygienic standards as per FSSAI guidelines. » Facilitated FOSTAC certification. » The programme also helped build awareness about the critical role FSSAI plays in the food safety control systems of the country.
Environment Sustainability				
YiPPee Better World *Karnataka* *Tamil Nadu*	Promoting sustainable practices and reducing the impact of plastic waste on the environment among students.		**14 lakh** students	» Created awareness about the harmful effects of plastic waste and promote sustainable practices such as reducing plastic consumption, recycling, and reuse. Also, conducted Science fairs on how to reuse/reduce/recycle waste. » Provided basic facilities in schools through deployment of ~1420 recycled benches and desks, 325 sports kits made from recycled plastic waste. » 25,917 kg waste was used to provide this infrastructural support in FY 2024-25.

CASE STUDY

Sunrise Swasthya Bengal

Mrs. Mousumi Maity, aged 32, resides in Dumuria Village, Jhargram district, West Bengal, with her husband and daughter. She serves as a "Prani-Mitra" (Animal Friend) under the Paschim Banga Go-Sampad Bikash Sanstha, a Government of West Bengal organisation.

Born and raised in a remote tribal village, Mrs. Maity faced extreme poverty and illiteracy during her early childhood. However, with her father's support and her unwavering dedication, she completed her education and committed herself to the development of her community through education and poverty alleviation. Due to family's financial challenges, she could not continue her dream of community development and join a Government position as a "Prani-Mitra," yet her determination to uplift her community remained steadfast. She actively educated girls in her village.

In October 2024, Mrs. Maity was introduced to the Swasthya Bengal Program and participated in the Training of Trainers to become a Pradhan Suraksha Sakhi. Motivated by her newfound knowledge, she approached her Village Panchayat, demonstrated rapid testing methods to the Panchayat members, and successfully persuaded them to support her mission to eliminate the use of loose spices among villagers. Within a week, she trained and engaged over 100 Community Suraksha Sakhis, inspiring them to educate every woman in her village and neighbouring areas.

In the subsequent months, she helped organise numerous health camps, Haat activities, and Rabibar Chabi Katha events, significantly extending her outreach to many beneficiaries in surrounding villages. Mrs. Maity has revitalised her childhood mission to promote education by raising awareness about food safety, food adulteration, and the benefits of consuming packaged and safe food products. Her exceptional performance earned her the Best Performer Award as part of ITC's Sunrise Swasthya Bengal Program.

Today, her identity as a "Prani-Mitra" has evolved into that of a "Swasthya-Mitra" (Friend for Health), and she is affectionately called as "Pradhan Suraksha Didi" by the women in her community. This recognition is a significant honour for her, and she takes great pride in her new identity.

"Sunrise Swasthya Bengal Program has provided me with the opportunity to transform my village into a healthier community, where people are aware about adulteration and importance of consuming safe food. I will persist in this mission to eradicate loose adulterated spices from my village and its surroundings. It is true that many individuals in remote tribal villages are illiterate, making it difficult for them to understand the importance of labelling. However, through the efforts of the Swasthya Bengal Program, they can now recognise the FSSAI logo and other aspects of labelling. This is my greatest achievement, even those who are literate have now become informed consumers." - Mrs. Mousumi Maity

CASE STUDY

Aashirvaad Smart India Program

Aashirvaad Smart India Program with the mission to create awareness on Iodine deficiency and healthy eating practices. In India, many people like Ayyavarisetti Mani, who work at grassroot level are still unaware of the importance of healthy eating including micronutrients deficiencies like that of iodine, iron, vitamin D, etc.

In the heart of Pudhipatla Village, nestled in Tirupati Rural of Chittoor district, lives Ayyavarisetti Mani, a dedicated Anganwadi Sevika who has become a beacon of change in her community. Her recent experience with the ITC Aashirvaad Smart India Project, facilitated by the Institute for Global Development (IGD), has significantly enhanced her ability to champion the cause of nutritional health.

Mani attended a two-day intensive training program designed to empower grassroots workers with essential knowledge and tools to combat iodine deficiency disorders and promote healthier dietary habits. Reflecting on her experience, Mani shares, ***"This training was a truly enriching experience. It not only deepened my understanding of the causes and consequences of iodine deficiency but also equipped me with practical methods to encourage iodised salt consumption in our village. I also learned how to test iodine in the salt using a simple potato test at home."***

The training sessions were a blend of interactive discussions, real-life case studies, and hands-on learning supported by IEC (Information, Education, and Communication) materials. Mani highlights how the relatable, real-world examples shared during the sessions helped her connect the lessons to her day-to-day work. "What stood out was how the trainers made each concept easy to grasp. The group discussions and materials made the sessions come alive," she said.

Through this program, Mani gained valuable insights into guiding families–especially pregnant and lactating mothers–towards healthier food practices. The training has boosted her confidence and equipped her to take a more proactive role in raising awareness about nutrition and health in her community.

"I now feel more confident in guiding women and children in my village," she says with pride. Ayyavarisetti Mani's story is a powerful reminder of how targeted training and grassroots engagement can ignite meaningful change.

CASE STUDY

YiPPee! Better World

In the Nagarhole Tiger Reserve, located at the foothills of the Western Ghats near the Kabini backwaters, lies the lesser-known tribal settlements where over 2,800 families reside, living in close harmony with nature.

While rich in culture and tradition, these communities face significant challenges in daily life. Most tribal schools are under-resourced, children attend classes in poorly equipped buildings with no or poor desks & benches. The lack of basic school infrastructure makes the learning environment uncomfortable and discouraging.

Furthermore, the community has had limited exposure to waste management practices. Plastic and other waste are often discarded in open areas or burnt, due to a lack of awareness and infrastructure, posing risks to both environmental and human health.

In Balle Hadi (village) in reserve, Government Higher Primary school, classrooms were overcrowded and under-equipped. With only broken or borrowed mats for seating, both students and teachers found it difficult to have a sustainable education environment. The installation of recycled plastic benches revitalised the space for children, bringing joy and overall enhancing the teaching experience for teachers. This initiative has gone beyond the deployment of benches. It has empowered tribal children, introduced environmental education, and ignited a sense of pride among local teachers and students.

Pillar 4

Consumer and Employee Awareness

ITC's Nutrition Portal

To enhance the nutrition knowledge and healthier lifestyle practices amongst its entire workforce and consumers, ITC Foods Division undertakes multiple initiatives to enable them to make informed choices.

Supporting HR programmes towards workforce wellness, there are credible commitments in regards to nutrition, health and wellness, affordable and healthier food options at work, free health checks, access to healthcare experts and nutritionists. In alignment with these commitments, various activities are undertaken to enhance the overall health and wellbeing of its workforce across locations.

ITC's Nutrition Portal

ITC Nutrition portal is a responsive and easily navigable site that is aligned to ITC's commitment to support 100% employees on their journey towards leading an active and healthy lifestyle and helps consumers deepen their knowledge on health and nutrition and make informed choices. The site hosts science-based information on basic nutrition, health and lifestyle management, general wellbeing and population status data of health and nutrition indicators.

Employees also have access to interactive nutrition module hosted on this site. This encourages all employees to be NutriChamps.

Pillar 4

National Nutrition Month

In support of the Governments flagship programme ‘Poshan 2.0’, ITC celebrates Rashtriya Poshan Maah i.e., National Nutrition Month, annually in the month of September to create awareness about key nutrition and public health topics.

ITC Poshan Maah activation was done around themes like Healthy aging, gut Health, nutrition for children and importance of dietary fibre. Body composition analysis was conducted for employees to help them understand their health status along with nutrition quiz and awareness videos. Weekly awareness content was shared on external digital platform to amplify the mass messaging. ITC will continue to engage in such nutrition movements and guide its employees towards a healthier lifestyle.

Happy Tummy

Digestive health is a key aspect of overall well-being. Happy Tummy is dedicated to provide consumers with credible, science-based information on the importance of dietary fiber and its association with digestive health. The consumer driven website of Aashirvaad Atta with Multigrain, Happy Tummy campaign, hosts Digestive Quotient (DQ) questionnaire, Fiber Meter, High fibre Recipes, Experts Talk and Happy Tummy GPT (earlier Ask an Expert) to empower consumers to make informed choices. These are simple, quick & scientifically validated assessment tools to evaluate the digestive health score and identify the gaps in consumption of dietary fiber and get expert led responses to health & nutrition queries. This year the portal could engage and sensitise **8 lakh consumers** about their fibre intakes and helped them with easy solutions to incorporate fibre in their daily balanced diet in right form and amounts.

Road Ahead

As part of its Sustainability 2.0 Vision, ITC’s Nutrition strategy is committed to:

+ Building a robust product portfolio with better product innovations which are affordable, accessible and sustainable, that cater to consumer health and nutrition needs aligned with emerging consumer trends.
+ Expanding reach to vulnerable groups in community through brand purpose and public health led initiatives aligning with the national health priorities.
+ Providing consumers with transparent, credible and science-based information to help them make informed choices for a healthier life.

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 →

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.

In FY 2024-25, **ITC employed 33,843 full-time employees,** of which 1,719 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 25,488 service provider employees were also engaged with ITC, following applicable statutes.

Nurturing Leaders of Tomorrow

Fostering Employee Engagement: The ITC Way

Upholding Human Rights

Embracing Diversity, Equity and Inclusion

Total New hires for the period was 6,256 employees.

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 that 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 programmes such as 'Launch Pad' and the 'Young Manager Committee'. The 'Studio One Xchange' forum, Interaction with Chairman and platforms such as 'Let's Talk and Make A Difference', 'Sunbean Conversations' and Townhalls enable personalised 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.

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, key 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.

In FY 2024-25, the overall attrition (voluntary separation, retirement, termination and abandonment of services of permanent employees) across management, and non-management employees was 13.9%. Gender-wise attrition stood at 13% for male employees and 18% for female employees.

During FY 2024-25, 270 (66 females & 204 males) employees were due to return from parental leave, and 266 of them re-joined work after their leave ended, a return-to-work rate on parental leave of 98.5%. The retention rate for employees who availed of parental leave is 94%-92% for male employees and 100% for female employees (standalone).

Learning & Development

ITC has assiduously built a culture of continuous learning, innovation and collaboration by providing leading-edge learning and development support to employees 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 interventions 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 of 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 programmes undertaken to sharpen the strategic competencies during the year include: Marketing Compass and ITC Advanced Marketing Workshop (a curriculum on Brand Marketing), Business Planning (Formulation and Execution of Strategy), Building application focused skills in Data Science and Analytics, etc. The programs such as ITC Executive Coaching Program, Orchestrating Winning Performance, Business Leadership Program, and ITC Young Leaders' Program, offer critical leadership input across levels throughout the employee's career. ASCEND is a marquee development programme tailored for ITC's senior women managers, further bolstering the Company's drive towards Diversity, Equity & Inclusion.

To promote on-demand learning, the ITC Centre of Learning platform as well as established MOOC platforms are being leveraged to provide employees access to various e-learning programmes on critical skills to help build contemporary capabilities.

In FY 2024-25, there were 140,258 person-days of formal training provided to permanent and other than permanent employees, collectively, across the Company. The average training hours per employee (permanent) is 28 hours.

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.

Employee Well-being

ITC offers a number of 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, 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.

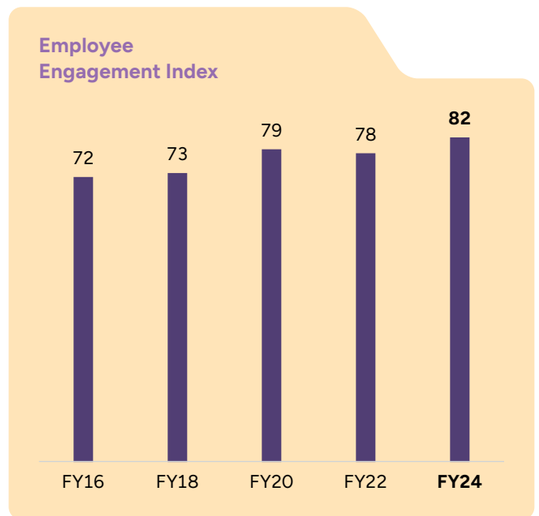
"Wellbeing on the Web", an online Employee Assistance Programme to promote holistic wellbeing of employees and their families has been offered as a part of the employee wellness initiative. The Company offers employees and family members, monthly health talks by medical experts called 'The Living Well' Series. Initiatives such as Furofit, #FitForward, Sports Day, Parenting programmes, and Career counselling sessions for employees' children are also offered to ensure employee wellbeing and workload flexibility. Dietary guidance is also provided to employees through various wellness platforms.

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, every alternate year, through a Company-wide survey in 2024. 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 last conducted survey in 2024 points to continued high engagement levels and consolidation of the gains achieved in the past.

Highlights of the Survey are as under:



The Company's Employee Engagement scores have significantly improved over the last 8 years.

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 ITD Applause, Applause & Bravo Awards, Value Awards, Inclusive ChangeMaker Awards, Warriors of West & Spot Awards, PRIDE Series, Miles2Smiles, IGNITE, 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 extended to cover more number of leaders across the Company.

Awards and Accolades

This year, the Cigarettes Businesses received the Platinum Award for 'Best Practices in Digitisation in HR' among Large Manufacturing Sector Companies at the 8th CII National HR Competition 2024. The Business won the top spot for its comprehensive and cogent approach on leveraging technology to enhance employee experience and process productivity areas of L&D, Well-Being and Rewards & Recognition.

The Personal Care Business and ITC Foods Business were honoured with FICCI's Women Empowerment Award 2024, under the category, Impactful Care Ecosystem for Employees. This prestigious recognition honours ITC for fostering an inclusive and holistic workplace culture that supports women across every phase of their professional and personal journeys.

ITC's Life Sciences and Technology Centre (LSTC) won the CII Award on Excellence for Women in STEM 2024. LSTC was the only organisation in the Life Sciences Sector to be recognised in top 25 companies by CII in this category.

What some of ITC's trailblazers have to say about their experience

"ITC is an organisation where forward-thinking leadership drives both performance and purpose. I'm proud to be part of an organisation that not only leads in excellence but also sets a benchmark for responsible industry transformation."

Shilpi Sahay Choudhury, General Manager – HR, Paperboards & Specialty Papers Division

"ITC is widely recognized for its commitment to cultivating a dynamic environment that promotes both individual and organisational growth, with an emphasis on continuous learning and development opportunities for its employees."

Babita Sharma, Head of Department, Security & Admin, Paperboards & Specialty Papers Division

"I am truly grateful to be a part of such a supportive and growth-oriented company. I have high level of honour for ITC's commitment in soil & climate change programmes to bridge the gap between research and practical application in agriculture, ultimately ensuring long-term resilience for our ecosystems and improving the socio-economic status of the poor farmers."

Dr. K. Mahavishnan, Senior Lead Scientist, Life Sciences and Technology Centre

"Sab Saath Badhein" – how true ITC is to its core philosophy! ITC as an organisation drives everyone's growth and development. Numerous lives transformed, diverse & inclusive outlook and employee wellbeing at its core. Vast learning and many opportunities through my journey in the organisation has been professionally and personally gratifying."

Srilekha Kumar, Senior Manager, Quality Team (Staples & Adjacencies) – Foods Business Division

"ITC has given me the unique opportunity to connect with the backbone of our country- the farmers. Today, I can proudly say that this journey has brought me closer to the heart of India, and I am honoured to have been part of such a remarkable organisation that empowers lives and builds strong, sustainable communities."

T Usha Rani, Deputy General Manager – Plantations, Paperboards & Specialty Papers Division

"Being a part of ITC LSTC's Agrisciences Research team has been a fulfilling professional journey rooted in passion and purpose. ITC has created an ecosystem where research, innovation and on-ground impact integrate flawlessly. This journey has transformed me, both as a scientist and as a steward of nature."

Dr. Pavitra Kotari, Associate Scientist, Life Sciences and Technology Centre

"At ITC, I have always witnessed an inclusive culture where different perspectives are encouraged and embraced. People are respected and empowered to contribute their unique perspective which sets the stage for collaboration, innovation, creativity and ultimately sets the stage for success."

Rajeev Jha, Factory Head, FCPL – Foods Business Division

"Being a part of ITC has been an incredibly enriching experience, offering a perfect blend of professional growth, diverse opportunities, and a culture that values innovation, sustainability, and inclusive excellence."

Simran Simmi, Manager-Spices Marketing, Agri Business Division

"ITC offers a true experience of women empowerment through equal opportunities, leadership support and a culture that values every voice. It's inspiring to be part of a workplace where diversity isn't just embraced – it's celebrated."

Akshaya Lanka, Associate Manager – Technical, Agri Business Division

"From the very beginning, I knew my work had purpose and my contributions mattered. ITC doesn't just talk about impact; it gives you a platform to create it."

Nidhi Akkin, Associate Manager – Sustainability, Agri Business Division.

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'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 customers better while creating value for all stakeholders.

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, where compensation or career advancement decisions are solely based on merit and ability.

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. Through policies offering flexible work arrangements, extended child care leave, child care travel support, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various large-scale sensitisation programmes, Employee Resource Groups and the commitment and sponsorship of leaders, ITC provides an enabling environment to further its Diversity, Equity and Inclusion goals. ITC is also enabling career opportunities for women employees across the board by offering programmes to support women during maternity and after returning from career breaks.

Comprehensive development programmes 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 across pivotal roles in Sustainability, Brand Management, Manufacturing, 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. ITC's flagship programme, ASCEND on developing women talent creates transformative experience through immersive workshops, one-on-one coaching and guided practice sessions.
- Strengthening residency and retention through policies such as flexi-working, child care travel support, child care leave. These enabling policies have eased work life integration and have been warmly appreciated.

ITC's Life Sciences and Technology Centre is an exemplar of gender diversity with 48% 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.

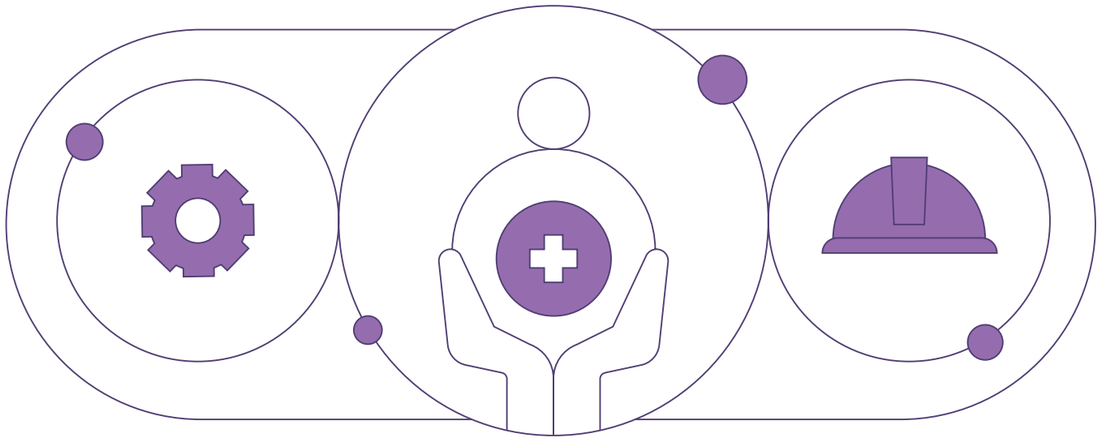
Employees undergo sensitisation on diversity and inclusive behaviour at the workplace and internal redressal committees are in place across Businesses. During FY 2024-25, 4 cases of sexual harassment was raised and 3 resolved.

Encouraging Women in Manufacturing

ITC's food manufacturing Units have been engaging an increasing number of women on the shopfloor. With more than 1600 women, ITC's Integrated Consumer Goods Manufacturing and Logistics (ICML) at Pudukkottai in Tamil Nadu engages a workforce with approximately 70% 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 36%. Similarly, the recently commissioned ICML in Medak, Telangana and Khordha, Odisha have women representation of 54% and 52% respectively. ICML Kapurthala has become the first manufacturing unit in Punjab to deploy female employees across all shifts with a 27% women representation.

These factories have a state-of-the-art manufacturing facility 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 organised 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, and access to special welfare assistants have been established to address employee concerns and address grievances, if any. ICMLs have also been organising 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.



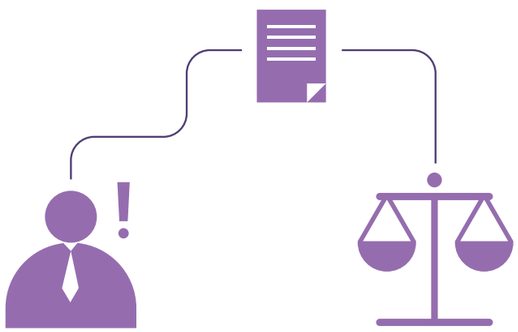
Inclusion of the Specially-abled

Apart from gender, employment of the differently-abled is a priority area in ITC's diversity agenda. In several of ITC's 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 371 differently-abled persons.

Grievance Redressal

To address employee grievances pertaining to human rights and labour practices, a Grievance Redressal Procedure with appropriate systems and mechanisms exists across ITC. It aims to facilitate open and structured discussions on any grievances.

The implementation is ensured by Divisional/SBU Chief Executives, through members of the respective Management Committees. **Nil grievances were received from employees on matters relating to policy, welfare and administration in FY 2024-25.**



Performance Indicators

Domain	FY 2024-25
Total Full-time employees	33,843
Total Female Full-time employees	5,548
Total Male Full-time employees	28,295
Total Seasonal workers	1,719
Permanent Full-time Employees (Male)	27,918
Permanent Full-time Employees (Female)	5,392
Rate of New Hires	19%
Total New Hires	6,256
Total New Hires (Male)	4,637
Total New Hires (Female)	1,619

Age wise data (permanent employees)

Domain	<30 yrs	30-50yrs	>50yrs
Total Employees	30%	60%	10%
Total New Hires	62%	38%	1%
Total Attrition	42%	46%	12%

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.

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 decent work place. All ITC contracts for the construction of factories and property upgrades 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 Suppliers' 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 2024-25, ITC engaged 1,427 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.

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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 9,805 employees were covered under the collective bargaining process across India. Employees that are not covered under collective bargaining are covered as per Company policy and in alignment with local applicable laws.

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 agri value chain. 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 has 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 to ensure 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 of processes for continual risk identification, assessment and mitigation with active participation of the workforce. Digitisation of EHS Management processes has now given additional thrust to their effective implementation.

Several national awards and certifications acknowledge ITC's commitment and efforts towards providing a safe and healthy workplace to all.

ITC's approach Towards Achieving Zero Accident Goal

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 optimising 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 requirements as per best-in-class Standards and practices are incorporated. Compliance with these Standards is 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 have resulted in significant 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.

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

EHS requirements are 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

Execution Stage

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

Operations Stage

Compliance with Corporate guidelines during the operation phase of all ITC Units, 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 HIV/AIDs, hepatitis, dengue, malaria and other wellness related issues

Monitoring compliance through:

- Internal audits of ITC Units at Divisional as well as Corporate levels periodically
- 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

Safety Performance FY 2024-25

ITC reports its safety performance on two fronts – 'on-site' - refers to the place of work i.e. factory, office, etc. which is under direct operational control of ITC, and 'off-site' - is 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 FY 2024-25, the total on-site Lost Time Accidents (LTA) increased to 15, as compared to 10 in FY 2023-24. Out of these 15 accidents, 3 pertain to ITC employees, and the balance 12 relate to service providers' employees. These accidents involved 14 male employees and 1 female employee.

Further, detailed investigations are carried out for all accidents, including LTA*, to identify the root causes and to understand the measures that require implementation, to prevent recurrence. The learnings from all accidents are disseminated across the organisation and formal compliance obtained.

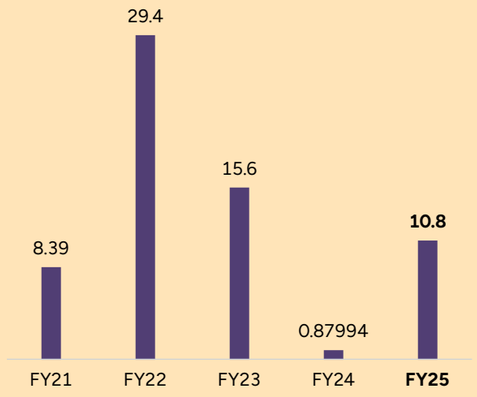
Lost Day Rate

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 2,00,000 person-hours worked.

Injury Rate

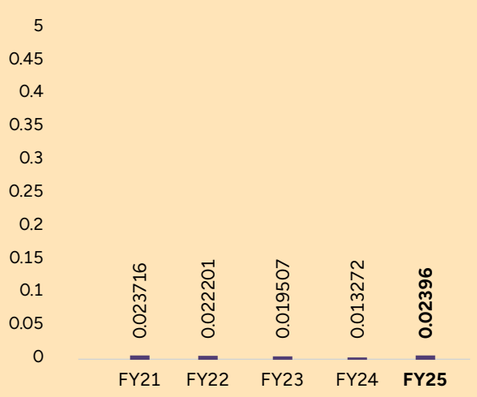
Injury rate (IR) is defined as the frequency of LTAs, for every 200,000 person-hours worked.

Lost day rate



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 increased lost day rate in FY 2024-25 as compared to FY 2023-24 is due to the increase in fatal accidents from 0 to 2. Further, data pertaining to ITC Hotels have not been included.*

Injury rate



Injury rate shown is for the combined workforce i.e., ITC employees and service providers' employees.
For FY 2024-25, ITC Hotels data have not been considered.

** 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.*

High Consequence Work Related Injury (HCWRI)

There have been no High Consequence Work Related Injury and following is the rate of High Consequence Work Related Injuries (excluding fatalities), for every 200,000 person-hours worked.

Financial Year	High Consequence Work Related Injuries (HCWRI)	HCWRI Rate
FY 2024-25	0	0
FY 2023-24	0	0

Rate of Fatalities

Unfortunately, there have been 2 fatal accidents pertaining to service provider employees and following is the rate of fatalities, for every 200,000 person-hours worked.

Financial Year	Fatalities	Rate of Fatalities
FY 2024-25	2	0.003

Zero Accident Units

The following 52 Units achieved 'Zero On-site Lost Time Accident' status in FY 2024-25. Also, amongst all operational Units as of March 31, 2025, 26 Units held on to the "Zero On-site Lost Time Accident" performance since FY 2020-21.

Manufacturing Units

- GLT Anaparti
- GLT Chirala
- KGLT Mysuru
- FBD Haridwar
- ICML Medak
- ICML Guwahati
- ICMF Uluberia
- ICML Mysuru
- ICML Khorda
- ICML Pudukkottai
- FBD Munger
- FBD Jammu Confectionary
- NENPL, Mangaldoi
- Sunrise Agra
- Sunrise Reengus
- Sunrise Sankrail
- Sunrise Jaitpura
- Sunrise Bikaner
- ITD Bengaluru
- ITD Kidderpore
- ITD Munger
- ITD Pune
- ITD Saharanpur
- PCPB Guwahati
- PCPB Manpura
- PCPB Haridwar
- PCPB Uluberia
- PPB Munger
- PPB Nadiad
- PPB Haridwar
- PSPD Bollaram
- SNPL - Seratar Unit
- ATC Hosur

Offices and Others

- ABD (Agri-commodities) DHQ
- ABD (Leaf Tobacco) DHQ Guntur
- R&D Rajahmundry
- CPO
- ITC Green Centre Gurugram
- Corporate (HO) Kolkata
- ESPB DHQ
- FBD DHQ, Bengaluru
- ITD DHQ
- MAB DHQ
- PCPB DHQ
- PPB DHQ
- PSPD DHQ
- I3L Bengaluru
- Technico HQ, Chandigarh
- Technico R&D Centre Manpura
- TM&D DHQ
- TM&D Warehouses
- ITC Grand Central

Off-Site Safety

In FY 2024-25, the total number of off-site LTAs increased to 21 (out of a total of ~33,000 own employees) compared to 15 (out of a total of ~32,000 own employees) in FY 2023-24 and all of these, except one, were road accidents. One fatal road accident was reported in FY 2024-25.

As a standard practice, off-site accidents are duly investigated and learnings from these accidents also 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

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 FY 2024-25, a total of 7,422 employees underwent preventive medical examinations.

Way Forward

ITC will remain committed to achieve the 'Zero Accident' Goal

In line with the Company's EHS policy, ITC will continue 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 will continue 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 to create 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.
- 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 Transforming Lives and Landscapes

Sustainable and Inclusive Growth

'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, some CSR programmes are also implemented by Businesses in their areas of expertise.

MSK aims to **transform lives** including those from the most marginalised amongst its stakeholder groups. On 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 to 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 for 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.

Need Assessment exercise, Madhya Pradesh

Key Stakeholders

For MSK, the key stakeholders are communities with whom the Company has a long association, while also having engagement with State & Central Governments. Technical Institutions, Implementation partners and Coalitions / Collaboratives are inter alia also important stakeholders.

Communities are the major key stakeholders and target group for ITC's CSR interventions, and include:

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 up to the Company to help them find viable solutions to combat climate change 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).

Geographical Spread and Coverage

ITC's CSR footprint is spread across **24 States / Union Territories covering more than 300 districts,** predominantly focussing on the above-mentioned key stakeholders.

Multi-dimensional programmes under ITC Mission Sunehra Kal have been able to reach **10 million beneficiaries, including 6 million women** across different sections of the society including farmers, youth, children and persons with disabilities.

MSK's Approach

Stakeholder Needs and Priorities

ITC undertakes studies, surveys and consultations at regular intervals with the purpose of taking stock of emerging and changing needs of the target communities. These findings help in designing new programmes and modifying existing ones to address the community needs & challenges and fill the gaps.

Social Investments team conducts a comprehensive **Core Area Perspective Plan (CAPP)** in ITC's catchments every five years to understand the needs of the communities and design the interventions basis that. Participatory Rural Appraisals, Focus Group Discussions (separately with men, women and vulnerable groups), key informant interviews and household surveys are done to ascertain the needs of the community and prioritise the intervention areas under CAPP. CAPP 1.0 was developed and first done in FY 2015-16 and subsequently, CAPP 2.0 in FY 2021-22 which was across 21 factories and 7 agri locations.

In addition to CAPP exercise every five years, sample household surveys are conducted annually to reassess and reaffirm the continued relevance of the needs identified and also cognise for any operational changes that may

State level meeting with Government officials in Rajiv Gandhi Watershed Mission, Madhya Pradesh

be needed in the future plans. In FY 2024-25, over 3,000 households were surveyed. The survey was done engaging a mixed-method approach to collect both quantitative and qualitative data through structured questionnaires administered to households.

Besides the periodical need assessments, regular third-party impact assessments, baseline & mid-term evaluations, and structured annual engagements to ascertain feedback & understand grievances if any, are also undertaken to guide the programmes.

21 | Stakeholder Engagement

Further, **national priorities of relevance** are also identified and the Government schemes and programmes **that help in addressing the identified issues mapped** (details given in Figure 1 presented ahead).

The Two Horizon Approach for Holistic Development

From the revisit of **community needs assessment surveys** 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. The 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 communities for a better life tomorrow.

Transforming Lives and Landscapes

Horizon-I

Strengthening today's Livelihoods

Natural Resource Management
- Water
- Soil
- Biodiversity

Climate Smart Agriculture
- Resilience
- Risk Diversification
- Income
- Institutional Linkages

Horizon-II

Building capabilities for Tomorrow

Human Capital Development
- Education
- Skilling

Public Health
- Community Health
- Nutrition
- Sanitation
- Circular Economy

Livelihoods
- Nano & Microenterprises

Alignment to National Priorities of Viksit Bharat and Sustainable Development Goals

Investing holistically, the Two Horizon approach establishes enabling conditions for the emergence of habitations with indicators aligned to **national priorities** and **Sustainable Development Goals (SDGs),** whether in the area of protection of natural resources or the development of human capabilities. Figure 1 below illustrates these linkages for key interventions.

Government has identified 4 focus groups - **Kisan (Farmers), Yuva (Youth), Garib (Poor) and Mahila (Women) for achieving the goal of Viksit Bharat by 2047 through 9 pathways.** These are the very groups that also serve as the primary stakeholder groups for ITC's Social Investments Programme. The focus on **inclusive growth and holistic development** of households keeps **women and other poor & vulnerable communities** at the core, and 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 **change makers** in the society.

The Two Horizon approach aligns its interventions with these focus groups, ensuring that farmers and vulnerable communities are supported through context-specific strategies, including those that promote nutrition-sensitive agriculture, food security and sustainable livelihoods. At its core, the approach supports inclusive development, contributing meaningfully to global and sustainability targets.

Figure 1: Linkage to Key Government priorities and Sustainable Development Goals (SDGs)

Objectives	Government Priorities and Programmes of Relevance	SDGs
Horizon I: Strengthen current dominant source(s) of livelihoods		
Natural Resources Management	Atal Bhujal Yojana, Biodiversity conservation, Jal Jeevan Mission (Urban), Har Khet ko Pani, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Mangrove Initiative for Shoreline Habitats & Tangible Incomes (MISHTI) programme, National Water Mission, River Basin Management	
Climate Smart Agriculture	Agri biomass for energy needs and Agri start-ups, Chemical Free farming, Drone didi programme, India's Net Zero plans, Liquid and nano fertilizer use, Millet mission, Solar energy in agri	
Livelihood Diversification	Assistance for Agro-forestry, Ministry of New and Renewable Energy for Biogas, National Livestock Mission, Pradhan Mantri Matsya Sampada Yojana, Rashtriya Gokul Mission	
Institutional Support	Crop Insurance, Custom Hiring Centers, Farmer Producer Organisations, Kisan Credit Card, PM KISAN, Soil Health Card	
Horizon II: Create capabilities for Tomorrow		
Support to Education	Early Childhood Care and Education, National Education Policy, Samagra Shiksha Abhiyan, Swachh Vidyalaya Campaign, Pradhan Mantri Schools for Rising India	
Skilling of youth	National Action Plan for Skill Development of Persons with Disabilities (NAP-SDP), Pradhan Mantri Kaushal Vikas Yojana, Skill India Mission, Prime Minister Internship scheme	
Public Health - Sanitation, Waste Management, Nutrition and Healthcare	Anaemia Mukt Bharat, National Health Mission, Rashtriya Bal Suraksha Karyakram (RBSK), Saksham Anganwadi programme and POSHAN 2.0, Swaach Bharat Mission 3.0, TB Mukht Abhiyan	
Empowering women	Financial literacy to women, Krishi Sakhi Scheme, Lakhpati Didi program, National Rural Livelihood Mission (NRLM), Pasu Sakhis Scheme, Producers' Enterprises, Self Help Groups	

Implementation Strategy based on Key Tenets

MSK is committed towards building and adopting sustainable processes that would lead to long-term sustenance of the programme outcomes. MSK's approach and implementation strategy focuses on **strengthening grassroots institutions** for **community ownership, multi-stakeholder partnerships** and fund leverage for **scale and sustenance**. 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 finalised 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 2024-25 also, impact assessments were undertaken for projects implemented 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.

+ Report and Accounts 2025 ↗ ⊕ ITC Portal ↗

For details on the findings of impact assessments conducted in FY 2024-25

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 underprivileged sections of society like differently abled.** Besides having these sections of society at the core of all programmes, special interventions are also implemented for these groups to provide them the leverage to be able to achieve gender & social equity. For instance, during FY 2024-25, the programme for skilling differently abled youth was expanded to Maharashtra, Uttar Pradesh and Odisha also, which was started in Karnataka and West Bengal the year before. A programme is also operational since 2014 focusing on enhancing the social and economic status of ultra-poor women.

218 | Horizon II ↗

Participatory Development through Empowered Grassroots Institutions

Community behaviour change is a key approach facilitated through focus on training and capacity building and demand generation for all programmes, thereby enabling participation, contribution and asset creation for the community.

Activities are undertaken through empowered community-based grassroots institutions. 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 1 below gives details of some such institutions.

Table 1: Grass-root Institutions facilitated (cumulative)

Intervention	Institution	Nos.	Members
Natural Resources Management - Water Stewardship and Biodiversity	Water User Groups (WUGs) and Charagah Vikas Samitis (CVSs)	11,760	1,23,520
On-farm Livelihood Diversification - Social Forestry	Vanikaran Sanghas (VSs)	1,790	44,050
Climate Smart Agriculture	Agri-Business Centres (ABCs)*	1,850	1,15,160
Climate Smart Agriculture	Farmer Producer Organisations (FPOs)	2,050	~6,00,000
Women Empowerment	Self-Help Groups (SHGs)	8,240	98,250
Education	School Development Management Committees (SDMCs)*	1,480	8,900
		27,170	~9,89,880

**ABCs and SDMCs are annual numbers*

Along with the grassroots Institutions covered in Table 1, several other types of community-based activity groups are also formed and / or strengthened under the programmes to ensure community ownership and sustenance of outcomes. **Mohalla Committees** are formed under the decentralised 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. **Rogi Kalyan Committees** are activated in the programme of upgrading infrastructure in Primary Health Centres.

Prototype-Pilot-Scale-Amplification-Multiplication approach

MSK has been continuously strengthening and adapting the multi-dimensional interventions basis feedback from community and insights gained from knowledge partners and other agencies.

- New ideas and design changes are first tested as **prototypes for hypotheses** related to efficacy of solutions
- Encouraging prototypes are then **piloted at multiple locations to test for value** for beneficiaries and community, as also identifying simple yet effective approaches to scale
- Successful pilots are then considered for **implementation at scale** by taking it to all relevant catchments
- Interventions at scale are **amplified to non-core catchments** through **Public Private Partnerships (PPPs)** that leverage the funds, scale and reach of the Government. Rigour of approach, process orientation and outcomes has been a key reason for Governments across States to engage with ITC through PPPs and thus enabling amplification of reach and impact.
- Engagement with **Collaboratives** on successful interventions for **multiplication**

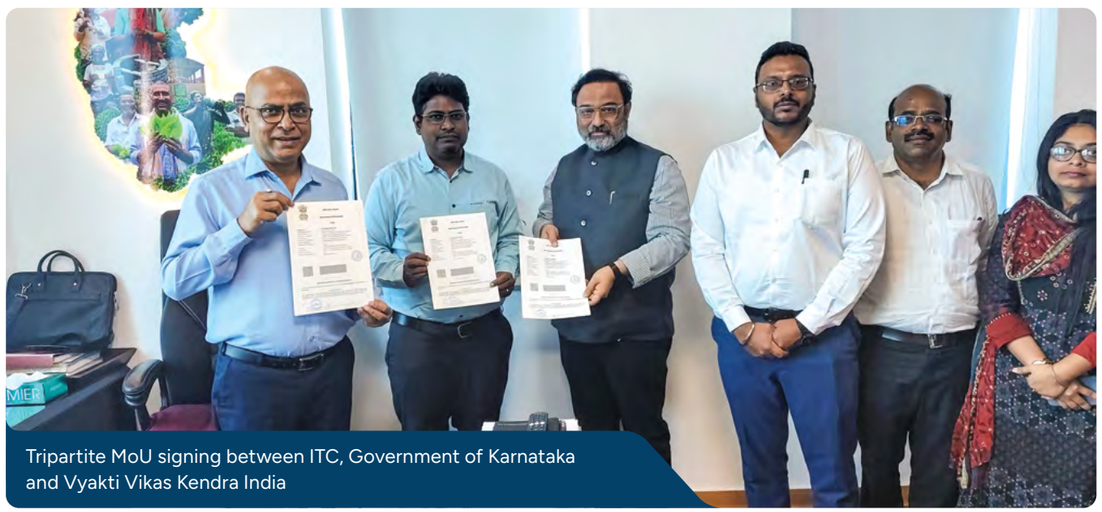
Government Partnerships

PPPs with Central and State 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. Such PPPs act as force-multipliers and are exemplars of collaborative governance.

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.

MSK has forged **95 Public Private Partnerships (PPPs)** till date. Snapshot of all the MoUs signed so far is presented in **Table 2** below. Of these, **19 are currently active** including **3 signed** during the year and as mentioned below:

- **Water Resource Department, Government of Maharashtra** for **Securing Water Resources in Godavari, Krishna and Tapi river basins** flowing in Maharashtra by promoting Water Literacy among the Water User Associations of 60 irrigation projects across 20 districts.
- **Department of Rural Development & Panchayat Raj (RDPR), Government of Karnataka and Vyakti Vikas Kendra India** for improving rainwater harvesting infrastructure in South Pennar Basin flowing in Karnataka by targeting restoration of 13,000 water harvesting structures across four districts, 12 Taluks and 238 Gram Panchayats, estimated to generate **200 million person-days** of livelihood.
- **Watershed Development and Soil Conservation Department, Government of Rajasthan,** to promote sustainable livelihoods from watershed development project in **22 Gram Panchayats** of Bundi and Jhalawar districts covering an area of 44,000 acres.



Tripartite MoU signing between ITC, Government of Karnataka and Vyakti Vikas Kendra India

Table 2: Government Partnerships (signed till date and active ones)

Theme	Partnerships Signed	Partnerships Completed	Partnerships active in FY 2024-25
Water Stewardship	49	45	4
Biodiversity Conservation	4	2	2
Climate Smart Agriculture	6	2	4
Off farm Livelihood diversification – Integrated Animal Husbandry	2	2	0
Support to Education	7	6	1
Skilling of Youth	2	2	0
Maternal and Child Health and Nutrition	2	0	2
Sanitation	4	4	0
Waste Management	15	10	5
Women Empowerment	4	3	1
Total	95	76	19

MoU signed between ITC and Watershed Development and Soil Conservation Department, Government of Rajasthan

Table 2.1: List of 19 Active PPPs

Themes	Government / Partnership Agency	States	Active PPPs
Water Stewardship	NABARD	Andhra Pradesh	4
	Water Resource Department	Maharashtra	
	Watershed Development and Soil Conservation Department	Rajasthan	
	Department of Rural Development & Panchayat Raj	Karnataka	
Biodiversity Conservation	Rural Development Department	Andhra Pradesh	2
	Forest Department	Maharashtra	
Climate Smart Agriculture	Rajiv Gandhi Mission for Watershed Management	Madhya Pradesh	4
	NABARD - WADI Project	Rajasthan	
	Farmer Welfare and Agriculture Development Department	Madhya Pradesh	
	Tribal Co-operative Marketing Development Federation of India	Andhra Pradesh and Odisha	
Support to Education	Women Development and Child Welfare Department	Andhra Pradesh	1
Maternal and Child Health and Nutrition	Directorate of Women and Child Development	Assam	1
	Child Development Services and Nutrition Department	Uttar Pradesh	1
Waste Management	Saharanpur Municipal Corporation	Uttar Pradesh	5
	Ministry of Urban Development	Uttar Pradesh	
	Zilla Parishad, Mysuru	Karnataka	
	Lohiya Swachh Bihar Abhiyan, Jeevika	Bihar	
	Department of Drinking Water and Sanitation through India Sanitation Coalition	Bihar, Assam, Uttar Pradesh, Maharashtra, Punjab, MP, Gujarat, Tamil Nadu, Karnataka	
Women Empowerment	Madhya Pradesh State Rural Livelihoods Mission	Madhya Pradesh	1

As a result of these partnerships and MSK's direct interventions, ₹516 million was leveraged during the year by way of local contributions and external funds across programmes.

CASE STUDY

+ Madhya Pradesh Government

Promoting Climate Smart Villages

The daunting climate crisis poses severe challenges globally, with India among the worst-affected nations. Agriculture, highly vulnerable to climate change is getting impacted due to extreme water stress and erratic weather, thereby threatening livelihoods. Recognising this, ITC launched its Climate Smart Village (CSV) Programme in 2016 in partnership with the Climate Change and Food Security (CCAFS) programme of Consultative Group on International Agricultural Research (CGIAR).

District level orientation and training of Government staffs, Madhya Pradesh

The objective of the programme is to enhance farmers' resilience to adapt and mitigate climate risks.

ITC started the CSV programme with an approach of prototype development to pilot testing to amplification:

- The prototype development of CSV was done in 600 villages of 3 States (Madhya Pradesh, Maharashtra and Rajasthan) during 2016 to 2019 along with CGIAR
- The prototype was then pilot tested in 1,700 villages of 12 States during 2019 to 2021. In this phase, ITC incorporated additional elements for a comprehensive CSV model which included four critical elements of climate smart agriculture, natural resources management, livelihood diversification and institutional support.
- ITC's CSV programme is now extended to 7,000 villages across 12 States, wherein the villages are being enabled to progress on the trajectory of becoming 'High Resilient and High Yield' Village
- ITC plans to reach out to 10,000 Climate Smart Villages by 2030

Scaling-up of CSV with Government and Other Stakeholders

Considering the magnitude of climate change related risks to Indian Agriculture, ITC had realised that there is a need for developing multiple pathways for scale-up of the CSV programme. Considering this need, parallel to the pilot testing, during 2020 and 2021, ITC and CGIAR worked together for developing State level Climate Change Adaptation Plans which focussed on risks to agriculture (crop and zone wise) and the measures to be adopted to mitigate those risks. State Agricultural Adaptation Plans were developed for three States (Madhya Pradesh, Maharashtra and Rajasthan) through structured consultations with stakeholders from State Agriculture and Rural Development and other related Departments, State Agriculture Universities and Krishi Vigyan Kendras, ICAR Institutes, progressive farmers and Civil Society Organisations.

These Plans were developed in three steps:

- Desk research for estimation of climate change related patterns in each of the climatic zones of the State with the expected adverse impacts those patterns will have on the major crops of each zone. Review of other available plans such as in case of MP, State's 2012 Climate Action Plan was reviewed
- Developing the adaptation plan for all major crops for each of the climatic zone of the State covering change of practices, climate resilient varieties to be introduced, weather forecast, access to natural resources and scheme linkages, etc.

In Madhya Pradesh, ITC has been regularly engaging with the Agricultural Department through:

- Series of workshops about CSV programme and the State level Adaptation Plan
- Field visits of senior officials of the Departments to the CSV villages promoted by ITC
- Local engagement with district administration, agriculture & allied departments and with KVKs which helped the State level officials in getting insights and feedback about ITC's CSV programme

As an outcome of these engagements, ITC and Madhya Pradesh Government's Farmer Welfare and Agriculture Development Department partnered in 2023 to replicate ITC's CSV model through Department's own machinery and resources with technical support from ITC. Phase I of the partnership which is for three years focussed on six districts of MP where ITC is already working so that the entire district will be saturated. The intent though is to extend the partnership to entire State in Phase II.

Taking clue from the partnership between ITC and Agricultural Department, the Watershed Department of MP State - Rajiv Gandhi Watershed Department also partnered with ITC for making all of its ongoing 82 watersheds as Climate Smart Watersheds.

In both the partnerships, apart from playing the role of technical support and capability development, ITC also coordinates with multiple Government Departments for the benefit of the programme.

The power of the two partnerships can be understood from the fact that, while in MP, ITC through direct engagement will be reaching 100,000 acres and 60,000 households across 1,500 CSVs by 2030, this partnership is projected to reach 7 million acres and 1 million households in 6 districts within 3 years, making 10,000 villages as CSVs through the partnership approach. This is exclusive of the ITC's direct intervention target of 10,000 CSVs by 2030.

As on date:

- ITC has developed survey formats and field training manuals suitable for the field level department staff
- Trained close to 700 Government officials on programme planning and implementation
- Continuous on-ground support given to Government officials for implementation
- Documenting the baseline data for CSV components in the villages covered by Government so as to measure the progress and impacts going forward
- Government staff have already initiated the work for Climate Smart Villages in 8,280 villages

Going forward, ITC plans to replicate such partnerships in other States as well and also engage with other Corporates and development agencies for multiplication.

Technical Collaborations

Knowledge Partnerships with national & international organisations / agencies in order to remain contemporary and access the latest knowledge / technical know-how to continuously improve the quality of programmes.

Prominent knowledge partnerships over the years include those with **CGIAR** for Climate Smart Villages, **IUCN** for Sustainable Agriscapes, **IWMI** and **WWF India** for water, **IIT – Delhi's CERCA unit** for digital mapping of crop residue management, **Indian Institute of Science (IISc), Bengaluru** for South Pennar river basin water security study, **National Dairy Research Institute (NDRI), Kalyani, West Bengal** for strengthening livelihood through livestock development and training of Pashu Sakhi cadres, **National Institute of Nutrition, Hyderabad** for Maternal and Child Health and Nutrition; **Agricultural Institutes** like Tamil Nadu Agricultural University (TNAU), Indian Institute of Rice Research (IIRR), Indian Institute of Soya Research (IISR), ICAR-Agricultural Technology Application Research Institute (ATARI), Kanpur, Dr. Rajendra Prasad Central Agricultural University, Pusa and district level Krishi Vigyan Kendras (KVK).

In addition to the earlier partnership with IIT Delhi, ITC also entered into a partnership with IIT Kanpur in FY 2024-25. The purpose of such partnerships is to support research and development in the areas of science, engineering, technology, energy, de-carbonisation, and medicine aimed at accelerating India's journey towards achieving its Sustainable Development Goals.

Implementation Partnerships

Implementation Partnerships were done with **over 100** reputed and expert implementation partners for execution of the various projects across India, which included both **thematic experts and grassroot agencies.** These partners with their thematic expertise and grassroots presence play a pivotal role in the execution of the projects. Engagement with ARHEDS, BAIF, Bandhan-Konnagar, BITAN, CJWS, DB Tech, Dhan, DRDCT, DSC, EFFORT, FES, GRAMASIRI, Green Cross, IDYWC, IIRD, MYKAPS, MYRADA, NCHSE, Outreach, Pratham, Pravah, SEWA, SJSM, SMGVS, SSGS and Vikramshila for over 10 years are a testament to enduring partnerships.

ITC invests in financial and project management skills of these partners to ensure robust outcomes and also **enable their capacity building** through exposure to ITC projects across geographies and cross-fertilisation of learnings. Their perspectives were also considered for the **Double Materiality** exercise that ITC undertook in 2023-24 with all stakeholders and which has been discussed in earlier sections of this Report.

Table 3 below highlights key interventions under Horizon I and II for transforming lives and landscapes, along with performance status against Target 2030 for select interventions being implemented at scale. Details of these interventions are given in subsequent sections.

Table 3: Key interventions under the Two Horizon approach and achievement against 2030 targets

Objectives	Key Initiatives & Interventions	Key Initiatives	UoM	Target 2030	Achieved till 24-25
Horizon I	**Strengthen current dominant source(s) of livelihoods**				
Natural Resource Management to conserve and replenish natural resources critical for agriculture	» **Water stewardship** for water positive catchments through: – supply augmentation with focus on wetland conservation – revival of traditional water bodies, groundwater recharge – demand management initiatives with focus on agri and domestic water use efficiency – reuse and recycling of water – river basin level and urban water related interventions » **Biodiversity conservation** through restoration of commons for reducing pressures on forests, Miyawaki plantations, mangrove conservation and native species-based improvement at landscape level, as per the Sustainable Agriscapes approach » **Soil health** improvement through conservation agriculture practices like Zero Tillage, in-situ stubble incorporation, green manuring, and field application of compost, tank silt, biochar and toilet manure (circularity)	Water Stewardship area	Lakh acres	22.00	**18.16**
		Water harvesting structures	Nos.	50,000	**35,900**
		Water storage potential#	million kl	60.00	**59.90**
		Crop water use efficiency (annually)	million kl	2,000	**1,400**
		Biodiversity conservation	Lakh acres	10.00	**6.47**

Table 3: Key interventions under the Two Horizon approach and achievement against 2030 targets

Objectives	Key Initiatives & Interventions	Key Initiatives	UoM	Target 2030	Achieved till 24-25
Horizon I	**Strengthen current dominant source(s) of livelihoods**				
Climate Smart Agriculture (CSA) for climate change adaptation, increased resilience and actions for sustainable improvement of crop yields and incomes	» **Farmer capability building through Farmer Field Schools and Choupal Pradarshan Khets,** digital outreach and exposure visits for awareness » Large-scale adoption of Regenerative, Sustainable and Climate Smart / Resilient Agri-Practices to improve farmer incomes, resilience to extreme weather episodes and agro-ecology, whilst also reducing Agriculture's GHG footprint » Promote **Climate Smart Villages (CSV)** to make entire village climate resilient on agri and allied services » **Focussed approach for capability building and promotion of women agriculturists** as climate smart farmers and women ABCs and FPOs	CSA area	Lakh acres	40.00	**31.70**
		Climate Smart Villages	Nos.	10,000	**7,000**
		CSV area (sub part of CSA area)	Lakh acres	30.00	**21.80**
Livelihood Diversification to improve incomes and de-risk livelihoods from climate change	» **On-farm diversification** through tree-based farming comprising of fruit, fuel, timber and other commercial purpose plantations done in small-farmer friendly plantation models such as **(Agro-forestry, Block and Bund plantations)** to improve income from farms. » **Off-farm diversification** through animal-based livelihood promotion **(small and large ruminants; piggery, apiaries and fisheries)** to improve income and de-risk livelihoods of rural households.	On-farm diversification -Social Forestry planted area	Lakh acres	6.30	**5.28**
		Off-farm diversification – Animals -based livelihood strengthening	Lakh house holds	10.00	**8.90**
Institutional support for risk mitigation and reduction of costs of cultivation	» **Link farmers with Government programmes and schemes** in the areas of credit, insurance, soil health information, additional income, marketing and pension » **Promote farmer institutions like Farmer Producer Organisations (FPOs) and Agri Business Centres (ABCs)** to leverage the power of collectives for sale of agri-produce, and strengthen access to credit, inputs, farm equipment, etc.	Link farmers with Government schemes	Linkages (No. lakhs)	50	42
		Agri Business Centres (annually)	Nos.	2,000	1,850
		Farmer Producer Organisations	Nos.	4,000	2,050

Table 3: Key interventions under the Two Horizon approach and achievement against 2030 targets

Objectives	Key Initiatives & Interventions

Horizon II | Create capabilities for tomorrow

Support to Education

for improving quality of education and creating a conducive, holistic learning environment

- Build capabilities of Anganwadis and support children (0-5 years) in education, stimulation and nutrition support through **Early Childhood Care and Education (ECCE)**
- **Improve the quality of education and learning,** teacher training and activity-based learning for children
- **Mainstream out-of-school children** by **providing** support through **Supplementary Learning Centres**
- **Provide 'climate and child friendly infrastructure' support** to schools and Anganwadi centres. Develop Model Schools and Anganwadis for demonstrating holistic child development
- **Mainstream dropout adolescent girls** of classes 9th-12th, and create **career intentionality** amongst those pursuing secondary education

Key Initiatives	UoM	Target 2030	Achieved till 24-25
Children covered under Support to Education#	No. lakhs	20	**21.80**
Infrastructure support to Govt. Schools and Anganwadis#	Nos.	4,000	**4,100**

Skilling of youth

for enabling gainful employment or livelihood

- Promote and develop skills required for gainful employment and livelihoods among unemployed youth including differently abled youth

Key Initiatives	UoM	Target 2030	Achieved till 24-25
Youth trained under skilling programme	No. lakhs	2.25	**1.27**

 # Target 2030 to be revised during FY 2025-26

Table 3: Key interventions under the Two Horizon approach and achievement against 2030 targets

Objectives	Key Initiatives & Interventions

Horizon II | Create capabilities for tomorrow

Public and Community Health

Provide access to sanitation, waste management and healthcare services to improve habitats, reduce mortality, as well as ensure a healthy community

- **Sustainability of Open Defecation Free (ODF)** habitations and focus towards making habitations ODF+ through improved hygiene, sanitation and decentralised waste management practices
- **Improve Maternal and Child Health and reduce malnutrition** among women and children under the age of five. Build the capacity of frontline workers like ASHA and Anganwadi cadre and create awareness and social behaviour change among the community
- **Improve Access to community healthcare services** in needy areas through doorstep delivery of curative and preventive healthcare through **Mobile Medical Units, Mobile Vision Units** and upgradation of health infrastructure like **Primary Healthcare Centres (PHCs)**

Key Initiatives	UoM	Target 2030	Achieved till 24-25
Household toilets constructed	Nos.	40,000	43,840
Households covered under Decentralised Solid Waste Management#	No. Lakhs	75.00	75.21
Engagements done under Maternal and Child Health and Nutrition programme# (annually)	No. Lakhs	15.00	15.24

Women Empowerment

for reduction in economic and social discrimination against women and girls

Through different interventions, 60 lakh women and girls have been reached out till date

- **Inclusion of girls and women** in education and skilling programmes
- **Financial inclusion of women** through **financial literacy** and Government scheme linkages
- **Socio-economic mainstreaming of ultra-poor women** (household income of less than ₹30,000/- per annum, women sole bread earner), through empowerment and enterprise development.
- **Socio-economic empowerment of Self-Help Groups** women through focused interventions for livelihood through Agri-Business Centres, nano / 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**

Key Initiatives	UoM	Target 2030	Achieved till 24-25
Women covered through livelihood interventions and other microenterprises#	No. Lakhs	5.00	4.51

 # Target 2030 to be revised during FY 2025-26

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 implementation partners.**

Horizon I

Strengthen current dominant source(s) of livelihoods

Series of Ponds, Kapurthala, Punjab

Natural Resource Management

India is grappling with severe environmental challenges, including the degradation of nearly 30% of its land[19] and water stress affecting over 600 million people[20]. These pressures threaten rural livelihoods, as more than 60% of the population relies on agriculture[21]. In response, ITC is focused on conserving and restoring three critical natural resources – **water, soil, and biodiversity** – to sustain agricultural livelihoods, protect the environment, and foster ecosystem resilience.

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; urban water management to mitigate risk of flash floods during rains and groundwater depletion for the rest of the year.
- **Soil health improvement** through practices such as manure application, tank silt application, conservation agriculture, green manuring; and
- **Biodiversity conservation** through **commons restoration** and **forest fringe development**.

Water Stewardship

This programme champions water stewardship for all stakeholders in ITC's operational areas to promote water security through community-based participation in scientific water-balance assessments, planning and execution. The programme is aligned to Government's **National Water Mission, Jal Jeevan Mission (Urban), Har Khet ko Pani, Atal Bhujal Yojana, and River Basin Management programmes** which focusses 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. In addition to rural and agri focus, two **urban water management programmes** are also being implemented in Bengaluru and Chennai aimed at addressing the challenges of urban water context related to flash floods, depleting groundwater tables and water shortages. These urban programmes facilitate revival of urban water bodies, improving natural streams (drainage systems), roof water harvesting and groundwater recharge including shallow aquifers and also testing models that help in treating the

Water Harvesting Structure, Karnataka

19 FAO. (2020). India at a glance. Food and Agriculture Organisation of the United Nations.
20 NITI Aayog. (2019). Composite Water Management Index 2.0. Government of India.
21 Indian Council of Agricultural Research [ICAR]. (2019). Natural Resource Management. Indian Council of Agricultural Research.

water and recycling for agricultural use. Focus is also on prototyping and pilot testing of technologies and solutions that help in improving water use efficiency to especially help small and marginal farmers. Pilot testing of solutions such as **Mobile drip/sprinklers, Smart Irrigation switches and Organic hydrogel** (when applied in soil, holds rainwater and slowly releases to plants so that irrigation requirement comes down) is being done with a plan to scale-up in coming years basis results.

Water is a finite source and ITC realises the fact that positive water balance can be achieved only when water demand is also optimised apart from supply augmentation through rainwater harvesting. ITC focussed on improving **crop water use efficiency in agriculture** (More Crop per Drop), 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 over **18 lakh acres** during the year across 15 crops such as Paddy, Wheat, Soya, Sugarcane, Chilly, Banana, Coconut and Vegetable crops. These practices have potentially saved **1,400 million kl** during the year basis calculations done as per various studies.

As part of supply side augmentation, in FY 2024-25, the Water Stewardship Programme covered over **1.78 lakh acres**, of which over 1.16 lakh acres were covered through catchment treatment and over 65,600 acres by providing access to irrigation, taking the total cumulative area to over **18.16 lakh acres** spread over 17 States. More than **3,500** water harvesting and ground water recharge structures have been constructed during the year, taking the cumulative to 35,900, with net fresh water-harvesting potential of **59.90 million kl**.

The work with community has also contributed towards getting Platinum certification for two more Units in Kapurthala and Bhadradri Kothagudem, thus taking the total to **nine Units** with **Alliance for Water Stewardship (AWS)** Platinum certification.

To address the magnitude of water stress, in the recent years, the programme on water stewardship was also extended to **river basin level** interventions so that the competing demands from neighbouring areas of ITC's catchments are also addressed and a more holistic and sustainable impact created. Work has been done in four river basins till date - **Maharashtra (Ghod basin), Madhya Pradesh (Kolans basin), Tamil Nadu (Upper Bhawani basin) and Telangana (Murreru basin)** and they have achieved water positive status, as against the water deficit estimated in earlier studies. In addition to these four basins, work has started in the fifth basin in Karnataka **(South Pennar basin),** based on the recommendations from the river basin study done through Indian Institute of Science (IISc). In pursuit of the above interventions, ITC collaborates with reputed institutions and thematic expert organisations to improve water use efficiency in agriculture, map zones for managed aquifer recharge and for water balance estimation. ITC has partnered with reputed agencies like Indian Institute of Science (IISc) Bengaluru, IWMI, WWF India, iit-iit Foundation, ACWADAM, GEOVALE and others.

CASE STUDY

Upper Bhawani River Basin

The Bhawani River originates in Kerala and flows through Tamil Nadu. The Upper Bhawani River basin majorly flows in Coimbatore and adjacent districts. ITC has a unit in Karamadai block of Coimbatore district and as part of ITC's holistic Water Stewardship Programme, this river basin was considered for a programme. Since Coimbatore district was highly water stressed ("over-exploited" category for groundwater as per Central Groundwater Board), ITC focussed on understanding the water issues and possible solutions for making the basin water positive. ITC worked with World Wildlife Fund (WWF) during 2015 and 2016 for studying the basin. The study's key finding was that whilst the Upper Bhawani Basin remained water positive, the Periyapallam catchment showed a water deficit of 26 million kl, which needed to be addressed to ensure that total basin becomes positive.

To make Periyapallam basin water positive, the study recommended measures such as optimising agricultural water use, developing forest fringe areas to improve green cover in forests to help hold rainwater for a longer period, recharging unconfined aquifers, and creating additional water storage structures.

ITC's Interventions to make the basin Water Positive

- Partnered with Tamil Nadu Agricultural University (TNAU) to identify and disseminate water use efficient practices in banana, coconut and curry leaf crops which are the major water intensive crops in the basin
- Engaged an expert implementation partner, COODU, to implement the recommendations derived from the study on ground
- Worked with Agriculture, Forest and Rural Development Departments to leverage programmes and schemes

Intervention in Upper Bhawani River Basin catchment, Coimbatore, Tamil Nadu

Coverage and Impact

- **Crop Water Optimisation:** Water-efficient practices for Banana, Coconut and Curry Leaf crops, resulting in 28.03 million kl of potential water savings annually across 21,270 acres.
- **Fringe Area Development:** Biodiversity enhancement initiatives were undertaken across 661 acres of forest fringe areas.
- **Aquifer Recharge:** 503 Managed Aquifer Recharge (MAR) structures were established, contributing to an increase in groundwater levels by 18 feet.
- **Additional Storage Creation:** 617 structures (including MPTs, check-dams, and farm ponds) were constructed, creating 1.03 million kl of rainwater harvesting potential.
- **Farmer incomes improved because of the water use efficient and climate smart practices by 66% in Banana (₹ 9,000/- per acre)** and **33% in Coconut (₹ 30,000/- per acre)**, against baseline.
- Against the estimated water balance gap of 26 million kl, in 2024, ITC facilitated 29.06 million kl (supply + demand savings) making the basin water positive.
- A revisit of Periyapallam basin's water balance was done in 2024, as per which the basin continues to be water positive even in the changed context. The basin would have had 22.8 million kl negative water balance gap if ITC's programme was not done.

(Water saving, yield & income improvement data based on TNAU Study in field ; Source: - TNAU Agri portal & Primary survey by ITC MSK)

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 fields – Tank silt, compost, toilet manure and green manuring. During the year, over **7.5 lakh tonnes of tank silt (cumulatively, 91.95 lakh tonnes)** was applied in fields, and over **6,300 compost Units (cumulatively, over 67,300)** were promoted.
- **Catchment treatment** work done as part of Water Stewardship aids in controlling top soil run-off. **11.50 lakh acres** has been covered through catchment treatment till date of which over 1.16 lakh 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, **8.10 lakh acres** of Wheat was covered through Zero Tillage cultivation under MSK.

Biodiversity Conservation

Biodiversity conservation is vital for sustaining agriculture, as it supports critical ecosystem services such as pollination, water regulation, and soil health. In India, agricultural intensification has led to significant biodiversity loss, with over 60% of India's land being affected by degradation[22]. 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. Also, the rural communities depend on the ecosystem services offered by nature and the local biodiversity for their livelihoods. Therefore, establishing a linkage between biodiversity and livelihoods makes it meaningful for the communities to work for biodiversity conservation. As part of its biodiversity conservation efforts, ITC has focussed on the following:

- Biodiversity conservation in agri-supply chains to minimise 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. The major eco-system services provided by nature are, a) **Regulatory Services:** Water, carbon, local temperatures, pollination; b) **Provisioning Services:** food, fuel, fodder & medicine.

As is the 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. In the last 3 years, **5,000 acres of encroached land could get released** in Andhra Pradesh and Rajasthan.

During the year, ITC's community driven biodiversity efforts have conserved more than **1.76 lakh acres** of area, taking the total till date to over **6.47 lakh acres**.

Piloting Miyawaki Forests

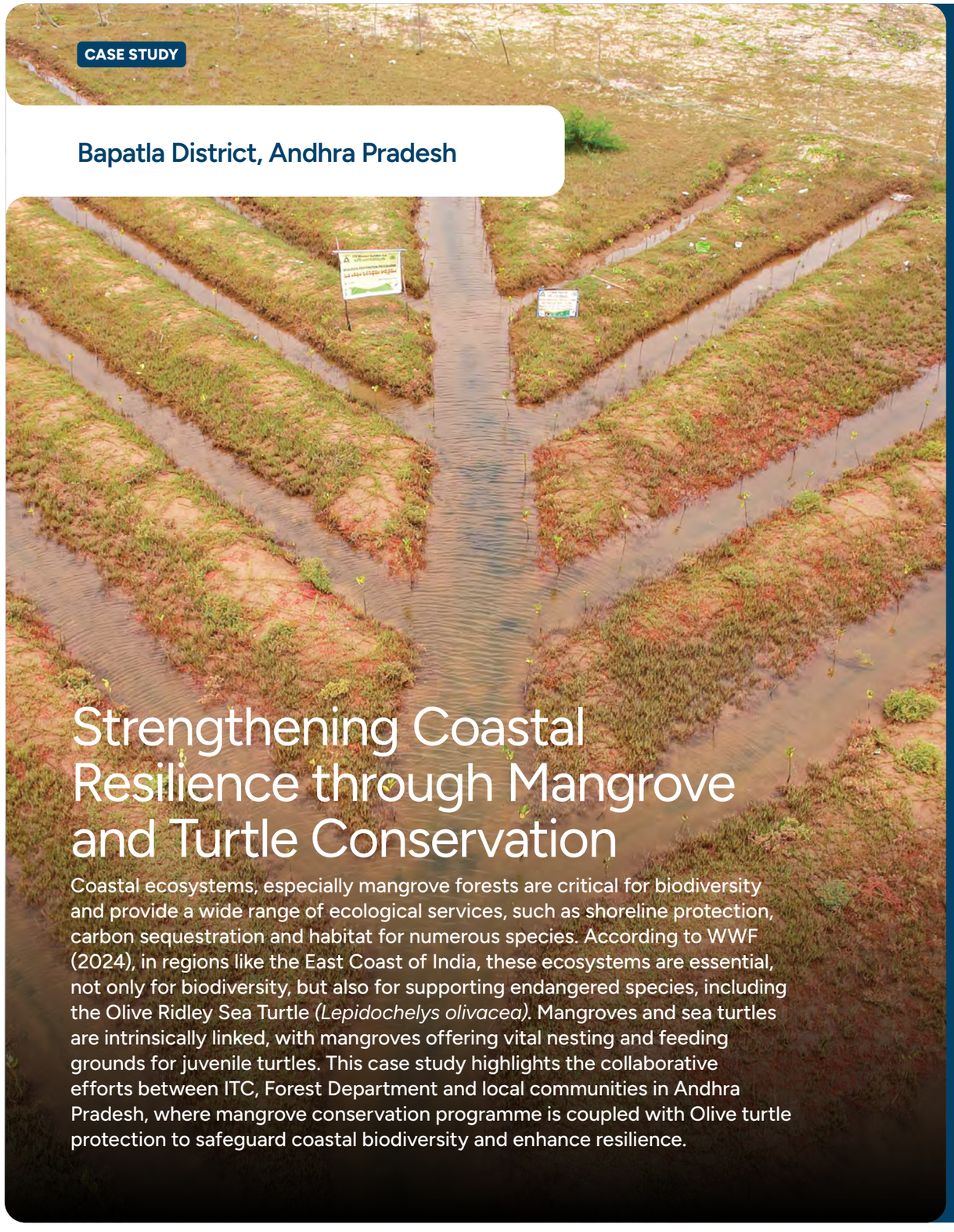
Improving Forest Cover and Regreening World is the need of the hour which can be achieved by promoting all possible options/models such as strengthening & adding forest cover, biodiversity conservation, Miyawaki, tree plantation, etc. Miyawaki forest is a unique way to create forests which mimics the natural forests by creating similar eco-system within a short (2 years) time. However, the major challenge in scaling-up of Miyawaki forest is its high cost. MSK is working on prototypes to bring down the cost significantly including by leveraging Government schemes.

For Water Stewardship and Biodiversity Conservation, ITC has major **partnerships with State Governments of Andhra Pradesh, Maharashtra, Rajasthan, Karnataka and with NABARD in Andhra Pradesh.**

Biodiversity conservation Plot, Bundi, Rajasthan (Pre-intervention)

Biodiversity conservation Plot, Bundi, Rajasthan (Post-intervention);

22 FAO. (2018). "The State of the World's Land and Water Resources for Food and Agriculture." Food and Agriculture Organisation of the United Nations.



CASE STUDY

Bapatla District, Andhra Pradesh

Strengthening Coastal Resilience through Mangrove and Turtle Conservation

Coastal ecosystems, especially mangrove forests are critical for biodiversity and provide a wide range of ecological services, such as shoreline protection, carbon sequestration and habitat for numerous species. According to WWF (2024), in regions like the East Coast of India, these ecosystems are essential, not only for biodiversity, but also for supporting endangered species, including the Olive Ridley Sea Turtle *(Lepidochelys olivacea)*. Mangroves and sea turtles are intrinsically linked, with mangroves offering vital nesting and feeding grounds for juvenile turtles. This case study highlights the collaborative efforts between ITC, Forest Department and local communities in Andhra Pradesh, where mangrove conservation programme is coupled with Olive turtle protection to safeguard coastal biodiversity and enhance resilience.

ITC's Mangrove and Turtle Conservation in Bapatla district of Andhra Pradesh

Approach and Interventions

» **Mangrove Plantations and Restoration:** Over the past year, degraded coastal lands were restored through the planting of native species of mangrove trees, raising seedlings in nurseries, digging fishbone design-based water channels for sea water to flow, and planting saplings along these channels. Special attention was given to maintaining the ecological integrity of these areas, ensuring that they could provide the full spectrum of benefits to local communities and wildlife.

» **Protection of Olive Ridley Turtle Nesting Sites:** Efforts were made to protect Olive Ridley turtles as their population increase is dependent on mangroves. Protecting these habitats not only benefits turtles, but also supports the entire marine food web. As part of the conservation activity, the eggs laid by the turtles were relocated to protected hatcheries, ensuring their safety.

» **Community Engagement and Awareness:** Local coastal communities were engaged through awareness programmes and capacity-building efforts. Fishermen, women, and youth were empowered to play an active role in environmental stewardship, enhancing local participation in the conservation initiatives.

» **Monitoring and Research:** Data collection and monitoring efforts were a vital part of this intervention. The survival rates of mangrove saplings and turtle hatchlings were closely monitored, alongside the overall health of the ecosystem.

Coverage and Impacts

» The cumulative area of mangrove conservation reached **1,500 acres**, improving coastal resilience and biodiversity. As per scientific study, **339 tonnes of Carbon Sequestration gets added per acre** through mangroves.

» **9,200 eggs were hatched** and the hatchlings successfully released into the sea. Project's protective measures ensured that their chances of survival were maximised.

» Livelihoods strengthened through fodder plot development, fruit tree plantations, and women's entrepreneurial training in bag stitching, food processing, and digital literacy. Communities were also linked to LPG gas connections to reduce dependency on mangrove wood for domestic use.

Conclusion

The integrated approach to mangrove and Olive Ridley turtle conservation in Andhra Pradesh demonstrates how Forest Department, corporates and communities can come together for enriching environmental stewardship to protect vital coastal ecosystems.

> "Before this project, we had no idea about the importance of mangroves in coastal ecosystem which resulted in damages and lost lives and livelihoods in Pottisubbayapalem during Tsunami in 2004. Now, we had an opportunity to learn that our village can be protected us if mangroves are properly conserved. With this understanding, our Sanghas has come forward to collectively grow & protect mangroves in our villages which is a lifeline for us and our futures."

- Mamilla Ankaiah, Etimoga, Bapatla

Climate Smart Agriculture (CSA)

Women Farmer Field School, Amravati, Maharashtra

Globally, the agri-food system is a major contributor to climate change, accounting for one-third of total greenhouse gas emissions. With the global population projected to reach 9.7 billion by 2050, food demand will rise significantly, putting increased pressure on natural resources. Historically, increased food production has been driven by agricultural expansion and unsustainable resource use, further aggravating emissions and land degradation. In response to these intertwined challenges, Climate-smart Agriculture (CSA) has emerged as a holistic approach to simultaneously address food security, promote sustainable development, and mitigate climate change.[23]

In India, agriculture employs nearly 43% of the workforce and contributes to approximately 14% of the country's total GHG emissions, primarily from enteric fermentation, Rice cultivation, and fertiliser application. As India faces increasing climate variability–droughts, floods, and erratic monsoons–CSA becomes a critical pathway to transform agriculture into a more adaptive and sustainable sector. Government programmes such as the National Mission on Sustainable Agriculture (NMSA), PM-KUSUM, and Soil Health Card Scheme, among others, provide policy frameworks that support CSA.[24,25]

ITC's CSA programme aims to make **agriculture regenerative, sustainable, remunerative and climate resilient** which helps farmers in adaptation, apart from increasing their incomes. The programme is closely aligned to Government's **PM KUSUM, Sustainable Agriculture, Natural Farming, and Millet Mission programmes** which focus on improving farmer incomes, minimising climate-related risks, and decarbonising agriculture. As part of CSA, relevant components of Natural Farming programmes are also considered as appropriate. CSA focusses on large scale promotion and adoption of proven crop specific practices aimed at the following:

- Reducing costs and improving yields, and thereby incomes of farmers, whilst also building resilience to climate change – **Adaptation to climate change;**
- Reducing GHG emissions – **Mitigation of climate change and decarbonising agriculture;** and
- Improving water use efficiency and conserving other natural resources – **Sustainable and Regenerative**

23 World Bank. (2024). Climate-smart agriculture. https://www.worldbank.org/en/topic/climate-smart-agriculture
24 FAO. (2021). Climate-smart agriculture sourcebook. Food and Agriculture Organisation of the United Nations.
25 Ministry of Environment, Forest and Climate Change (MoEFCC). (2023). India's Third Biennial Update Report to the UNFCCC.

ITC builds farmer capabilities by working with Knowledge partners to identify relevant technologies & practices, and by then training farmers through **Farmer Field Schools and Choupal Pradarshan Khets. ITCMAARS** and WhatsApp platforms are also used for capability building through digital mode and for dissemination of information including localised weather forecasts. Post the creation of farmer awareness, ITC ensures adoption of the practices by providing on-field technical assistance to farmers, year-round engagement and hand-holding and by linking them with relevant Government programmes & schemes as also with local farmer collectives.

A Gender-responsive approach to climate-smart agriculture empowers women farmers by ensuring equitable access to knowledge, resources, and decision-making[26]. Tailored interventions, such as **Women Farmer Field Schools, Drone Didis, Krishi Sakhis**, enhances resilience and productivity among women in agriculture. Through **800 exclusive Women Farmer Field Schools**, scientific and technological best practices were disseminated to over **1.87 lakh women** farmers during the year. Promoting inclusivity in climate-smart practices thus also contributes to sustainable and equitable rural development.

The CSA programme covered over **31.70 lakh acres** benefitting over **12 lakh farmers** during the year across 19 States. During the year, major climate smart agriculture practices that were promoted under MSK included the following:

- **Zero Tillage (ZT)** method, **Broad Bed Furrow (BBF)** method of sowing and other standard package of practices in Wheat covered close to **17.4 lakh acres**
- Sustainable Rice cultivation practices - **Direct Seeding of Rice (DSR), Alternate Wetting and Drying (AWD)** (also referred as Pani Pipe) and **Crop Residue Management** (no stubble burning) in **5.2 lakh acres**

Direct Seeding of Rice (R) and Traditional Practice (L), Uttar Pradesh

26 A gender-responsive approach to climate-smart agriculture: Evidence and guidance for Practitioners. CCAFS. (2016). https://ccafs.cgiar.org/resources/tools/gender-responsive-approach-climate-smart-agriculture-evidence-and-guidance

Crop Residue Management, Kapurthala, Punjab

- **Crop Residue Management (CRM)** - Avoiding Paddy stubble burning in the areas where it is prevalent, especially Punjab, by promoting both **in-situ** (incorporating stubble into soil) and **ex-situ** solutions in 2.84 lakh acres. In-situ solutions include promotion of use of happy-seeder, super-seeder and rotavators to add Paddy stubble back to soil, and ex-situ includes collection of Paddy stubble by baling and sale as fodder, biomass for power generation, ethanol production, etc. in **2.84 lakh acres.** As a result, no stubble burning happened in 96% (2.73 lakh acres) of targeted area, witnessing total stoppage of stubble burning, thereby **avoiding approximately 2.14 lakh tonnes of carbon release into the atmosphere.** These practices have now got internalised as farmers continue on their own and do not burn stubble.

» **Broad Bed Furrow** method of Soya cultivation and other standard package of practices in **6 lakh acres**
» Seedling planting, drip irrigation and trash mulching in Sugarcane in **66,000 acres**
» **Raised bed planting** and drip in Onion in **50,000 acres**
» **Organic turmeric cultivation** in **9,500** acres area of Andhra Pradesh and Odisha, by promoting natural farming recommended practices such **as Beejamrut, Ghanajeevamrut,** Organic manure application, mulching and bio-decoctions for pest control
» Other crops:
  - Micro irrigation, Climate Resilient & High Yielding varieties & other standard Package of Practices (POPs) method in Cotton, Vegetables (Chilly, Onion, Tomato), Agronomical crops (Maize and Millets), Pulses and Oilseed crops, Fruit (Banana), Plantation (Arecanut, Coconut, Curry leaf, Oil palm), and other crops in around **1.85 lakh acres**
  - Demonstration of standard practices of **Makhana cultivation** in water bodies **in Bihar** - demonstration plots established to train close to 1,000 farmers.

For Climate Smart Agriculture, ITC currently has **partnerships with Farmer Welfare and Agriculture Development Department in Madhya Pradesh, Watershed Development Programme of Madhya Pradesh, TRIFED in Andhra Pradesh and Odisha.**

Prototypes and pilots undertaken during the year included:

» Natural Farming models such as **Food Forest and Akkadi Saalu** in 100 acres spread over four States to understand the impacts on farmer economics and the ecological aspects of soil health, agri-diversity and green cover, etc.
» Over 1,000 solar pumps promoted for **solarisation** of agriculture to reduce GHG footprint by shifting existing diesel and grid linked pumps to solar pumps. This was done through mobilising **PM KUSUM** scheme.
» **Biological Inoculums** promoted in 1,500 acres aimed at reducing chemical fertiliser requirement of crops.

In addition to the CSA programme, in the core agricultural catchments, ITC has been working to convert entire village as **Climate Smart Village (CSV).** The objective of CSV is to make the village resilient to climate change as manifested in higher gains in a good season and lower losses in a bad season compared to any other village.

Till date, **7,000 villages** have been identified and work being done for developing them as CSVs. ITC had earlier partnered with Climate Change and Food Security (CCAFS) programme of CGIAR for technical support for the same. Post the completion of partnership, ITC developed a more comprehensive CSV Framework basis experiences at pilot stage, and which now comprises the following three components also, in addition to CSA:

» **Natural Resources Management (NRM):** 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. This provides additional incomes to farmers through options that have higher resilience to climate change as compared to agriculture.
  - On-farm diversification with tree plantation (fruit/plantation/timber species) in the field
  - Off-farm diversification with households having at least one significant animal dependant livelihood such as major ruminants (cow and buffaloes), minor ruminants (goat and sheep), piggery, poultry and fishery
» **Institutional Support**: 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 Organisations (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 **(PMKISAN),** institutional credit **(Kisan Credit Card),** crop insurance **(PM Fasal Bima Yojana),** Soil Health Card, pension (Kisan Pension) and other agriculture and allied sector support schemes.

A village with majority households covered through above components and habitations connected with Natural Resources Management becomes a CSV.

CASE STUDY

Climate Smart Village Programme for Agri-resilience and Farmer Livelihood Security

Climate change is impacting farmer livelihoods adversely and has amplified the problems already faced by Indian farmers. As a response, ITC has promoted the Climate Smart Village (CSV) programme which was initiated in partnership with the Climate Change and Food Security Programme (CCAFS) of CGIAR in 2016. Later, ITC has layered the programme with other components of relevance based on its experience of working for agricultural development. This model is referred as ITC's Climate Smart Village Programme.

The first component of CSV programme is Promotion of Climate Smart Agriculture (CSA) practices, which help farmers adapt to changing weather episodes. Subsequent to CSA, three other components are promoted, namely Natural Resources Management, Livelihood Diversification, and Institutional Support which together help in improving, insulating, and strengthening agri and allied sector livelihoods. CSV's four components also help in facilitating Carbon, Water and Nature Positive status in villages.

A village with majority (80%) households getting saturated with all 4 components and the village becoming – a 'High Yield & High Resilience' village is considered as becoming a CSV.

CSV Programme in Icchhawar cluster of Madhya Pradesh

Icchhawar block in Sehore district, Madhya Pradesh is one such CSV cluster adopted by ITC in 2017, covering 40 villages and 6,900 farmer households.

The region's profile was as follows:

- Major crops were Soybean (Kharif) and Wheat (Rabi) with lower yields than the State average
- Witnessing erratic and untimely rainfall or droughts or prolonged dry spell days in Kharif season, leading to damage to field crops
- Low access to irrigation and hence less intensity of double cropping
- Practice of cultivating only crop per season and no alternative practice of tree cultivation (21%)
- Few households with animal source income (34%)
- Lack of awareness of Government programmes with low penetration of crop insurance (67% households) which could have helped in overcoming crop losses

As a result, in the quadrangle analysis done by ITC, out of 40 villages, majority were in Low Yield & Low Resilience (Capacity to cope-up with the adverse impacts of climate change) category.

ITC initiated the programme by first focussing on promoting the CSA practices with majority farmers in both the crops, and subsequently layered it with the other three CSV elements

- Along with CGIAR, developed CSA tool kit for both Soybean and Wheat crops in consultation with scientists, farmers and development practitioners
- CSA tool kit included - Broad Bed Furrow method of planting, Seed treatment & Germination test, High yielding & drought resistant varieties in Soybean (NRC 150, JS-2303, JS-1135, RVS 2018, JS-2172, JS-2117 & RVS-2024) and high yielding & heat-resistant varieties in Wheat (HI-1634, HI-1636 & HI-1650) and other Pest & Disease Management practices
- The CSA tools kits were promoted through Farmer Field Schools and Choupal Pradarshan Khets (demonstrations)
- Continued the water resources development programme that was being implemented in the area before initiation of the CSV programme
- Targeted focus on households which didn't have practice of cultivating trees along with crops and any animal source, by promoting tree plantation and animal ownership
- Collectivising farmers by enrolling them in ITC's Farmer Producer Organisations and Agri Business Centres and linking them with digital advisory and service platforms like ITCMAARS
- Linking farmers with 5 major Government schemes for Institutional Credit (Kisan Credit Card), Insurance (PMFBY), Income (PM KISAN), Soil Health awareness (Soil Health Card) and Pension (Government pension schemes)

The transformation happening through the CSV programme can be understood from the experiences of Mogra village in Icchawar covering 335 farmers. The impact of the CSV programme in the village include:

- 87% of the household have adopted majority CSA practices in both crops (nil in baseline)
- 86% have access to irrigation (40% in baseline)
- 45% have adopted on-farm diversification (10% in baseline) and 77% have adopted off-farm livelihood diversification (50% in baseline)
- 60% households associated with farmer collectives like FPO or ABC (against 30%) and 90% covered through scheme linkages (10% in baseline)
- The village became High Resilience and High Yield village as compared to baseline status of Low Yield & Low Resilience
- Village used to witness few untimely rains during February – March months earlier (2018) which used to result in upto 50% damage due to standing water in Wheat crop leading to lodging of crop. Similar untimely rains are now more frequently occurring, almost once in two years, including the one that happened during March 2024. In that situation, the Broad Bed Furrow method of planting helped in draining away the excess water from the fields with minimal to nil damage to the Wheat crop. The weather advisories received from ITCMAARS also helped farmers in not irrigating the crop as rainfall was expected. The other issue of increasing terminal heat in Wheat cropping season got addressed by the heat tolerant varieties promoted, resulting in sustaining yields even when temperatures shoot-up in March including in 2025.

In the Icchhawar cluster, 10 villages are in High Yield and High Resilience Category as against only three in baseline, while the others are expected be in this category in the coming year.

Rajendra Singh CSV Farmer in his horticulture plantation plot

Farmer Case Study

Rajendra Singh Thakur is from Molga village. And has four members in his family including his wife and two children. He owns four acres of agricultural land wherein he used to cultivate Soybean during Kharif, but Wheat in only 2 acres in Rabi due to lack of sufficient water. The yields were very less due to low awareness of practices and lack of irrigation sources. Further, due to climate vagaries, there were frequent crop losses. He had no other annual source of income except cultivation of crops. He had a Kisan Credit Card (KCC) and was a member of the Agriculture Cooperative Society, but had no other scheme linkage.

ITC started the CSV programme in the village and engaged Rajendra Singh along with other farmers

- Trained through Farmer Field School and helped in adopting CSA practices apart from being linked to ITCMAARS to receive dynamic and regular advisory services
- Benefitted from construction of irrigation tank renovation work in the village with 2,50,000 cubic meter of water harvesting potential which now acts as a major source of irrigation for him and other villagers
- Got him sprinkler irrigation system by linking with PM Krishi Sinchayi Yojana
- He became a member in a ITC promoted FPO – Bhaukhedi FPO. He was also linked to crop insurance, Soil Health Cards, PM KISAN and PMKSY schemes
- Through Horticulture Department scheme linkages, he was helped with tree plantation in two acres of land with Bamboo, Guava, Mango and Teak
- His wife was encouraged to become a member of a Self-Help Group (SHG) and through SHG loans, she procured two Murrah Buffaloes

Impacts

As per Rajendra Singh, he has experienced a yield increase of 125% in Wheat (8.0 qt/acre baseline to 18.0 qt/acre) and 55% in Kharif in Soya (3.5 qt/acre baseline to 5.5 qt/acre). As compared to farmers with conventional practices, he could now withstand heavy rain damage in both crops as BBF ensured draining out of excess water. He also harvested Wheat crop immediately after receiving timely forecast from ITCMAARS about untimely rains, which helped avoid crop damage.

Net Income / Year	Baseline (in ₹)	Current (in ₹)
From Agriculture	45,000	1,53,800
From Livestock	-	52,000
PM Kisan Scheme	-	6,000
Grocery Shop	-	45,000
Total	45,000	2,56,800

Net Income increased by almost 5 times from all the activities compared to baseline and had an additional savings of ₹5,000/- per year due to reduced costs, as he availed of some services through the FPO.

Livelihood Diversification

Agroforestry plantation with intercrop, Telangana

In rural India, where agriculture remains the primary livelihood for a majority of the population, diversification of income sources through on-farm and off-farm activities is essential to reduce vulnerability and improve financial stability[27]. The challenges of monocropping, land degradation, and climate-induced shocks, such as erratic rainfall patterns and increasing temperatures, underscore the need for strategies that provide farmers with alternative sources of income.[28]

By promoting tree plantations and animal-based livelihoods, ITC aims to reduce farmers' dependency on agriculture alone by adding additional income sources which are more diversified, and climate-resilient. According to the International Livestock Research Institute[29], integrating livestock into farming systems can significantly reduce income volatility and improve food security.

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 plantations in fields through pulp, fruit or other multipurpose species; ensuring bulk and climate resilient income on harvest and ;
- Off farm livelihood diversification through **Integrated Animal Husbandry** Programme to improve income and de-risk livelihoods of rural households by strengthening animal dependent livelihood options. 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, involving tree plantations for pulp, energy, and other commercial uses, offers an effective means to diversify income, restore degraded lands, and contribute to environmental sustainability. Studies indicate that agroforestry systems, including social forestry, help improve soil health, increase carbon sequestration, and provide a steady income stream, particularly for smallholder farmers.[30]

Social Forestry: Pulp, Energy and Agarbatti Bamboo wood plantations are promoted at scale to help farmers realise 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, Silver Oak and Bambusa Tulda. Considering the interests of small farmers, plantations are done 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. The Social Forestry programme has greened over 37,300 acres, benefitting over 10,500 households during the year, thus, cumulatively covering over **5.28 lakh acres** impacting **1.90 lakh households,** most of whom are small and tribal community farmers. ITC's **Farm and Social forestry programmes** have together covered over **13.10 lakh acres till date.** Farmers are also helped in getting their plantations certified under

27 Hussain, M., Malik, M., & Khan, M. (2019). The role of livelihood diversification in strengthening rural resilience: Evidence from Indian agricultural communities. Environmental Sustainability, 13(2), 110-123.
28 Kumar, P., Agarwal, A., & Saha, A. (2020). Challenges in Indian agriculture and the need for livelihood diversification. Indian Journal of Agricultural Economics, 75(4), 562-578.
29 ILRI. (2018). Transforming livestock-based livelihoods in South Asia. International Livestock Research Institute.
30 Wani, S. P., Pathak, P., & Rego, T. J. (2009). Agroforestry practices for improving productivity and sustainability of agriculture in semi-arid regions. Food Security, 1(3), 157-172.

Goat Resource Centre, Bihar

Forest Stewardship Council Certification (FSC®), wherein during the year, 890 farmers got about ₹ 42 lakh as **FSC®** premium in addition to regular wood income.

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 23,900 acres of fruit tree plantations were promoted taking the cumulative total to **over 40,000 acres.**

Off-farm Livelihood Diversification: Improved Animal Husbandry Practices (IAHP)

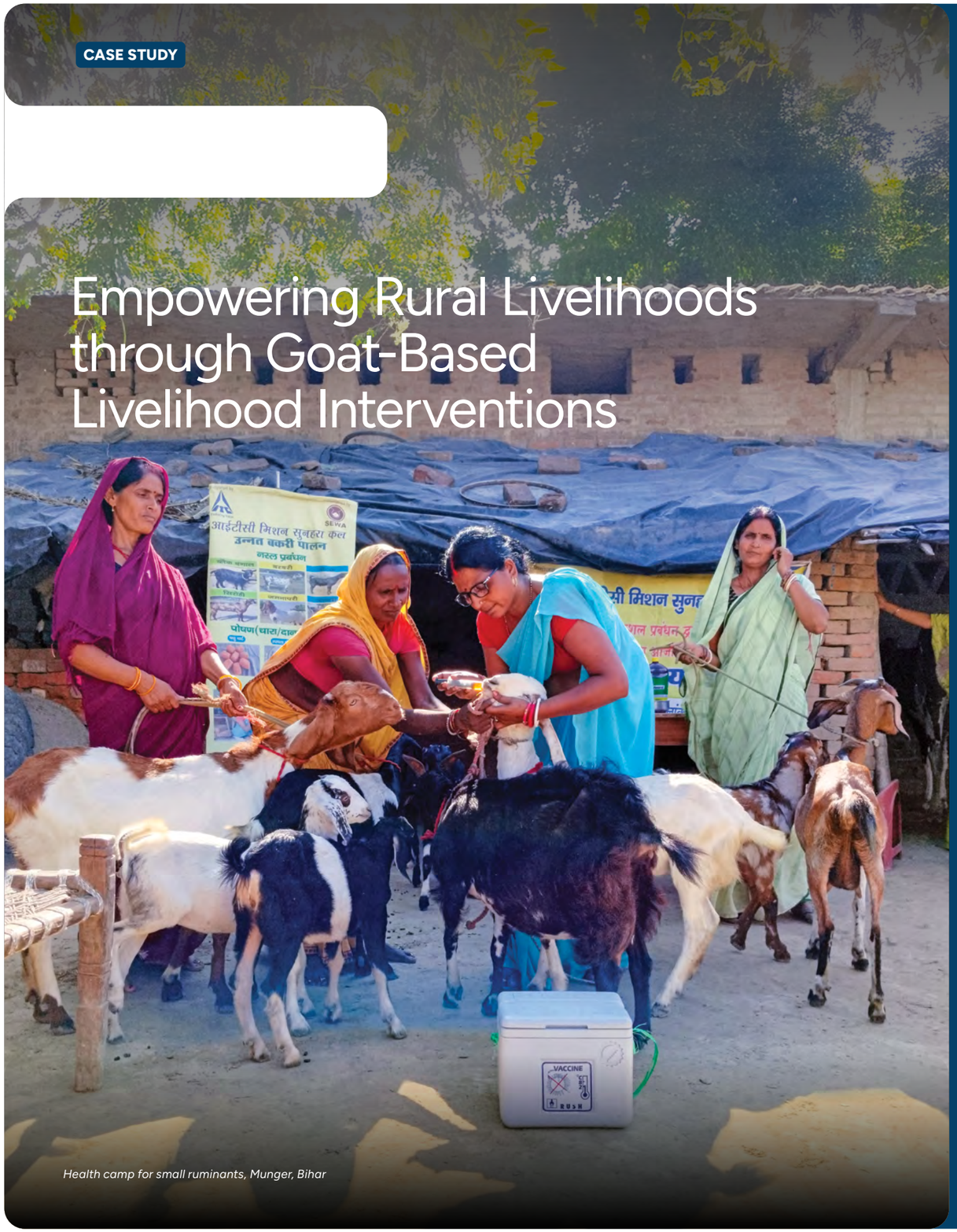
The programme provides an opportunity for farmers to diversify their livelihood portfolio from primary dependence on agriculture by including animal-based income source, which is climate resilient and also a regular income source for households. The programme is aligned to **schemes like National Livestock Mission and Pradhan Mantri Matsya Sampada Yojana** for improving farmer incomes from animal husbandry. IAHP aims at quantitative and qualitative improvement in livestock production systems and capacity building of all dependent 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 on contemporary practices, providing technical support for adoption and linking with relevant Government schemes like for biogas with Ministry of New and Renewable Energy schemes, for fisheries with State Government fish pond support schemes, etc. During the year, around **1.34 lakh** artificial inseminations (AI) were carried for milch animals (cows and buffaloes) leading to birth of over 47,900 high yielding progeny and indigenous breed calves. Cumulatively, over **30.90 lakh** AIs were done till date leading to birth of 10.90 lakh calves. During the year, **1.91 lakh households** were covered through various animal husbandry practices spread across the animal sectors mentioned above.
- Promoting self-employed village cadres 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, 142 Artificial Insemination Technicians and over **1,870 Pashu Sakhis** are providing services which have benefited over **8.9 lakh animal owners** (cattle, goat & sheep) cumulatively.

CASE STUDY

Empowering Rural Livelihoods through Goat-Based Livelihood Interventions



Health camp for small ruminants, Munger, Bihar

India's rural economy heavily relies on agriculture and livestock, with 20.5 million people depending on livestock for their livelihood. Among livestock, goats play a pivotal role contributing 27.8% to total livestock, generating ₹ 38,590 crores annually. Yet, goat rearing remains fraught with systemic challenges and these issues particularly impact women, who shoulder the majority of goat management responsibilities in smallholder households.

Despite India being a global leader in goat population and milk production, the productivity under traditional rearing systems remains low. Key challenges include:

- Limited veterinary and first-aid access
- High mortality and morbidity rates
- Poor breed quality and low birth weight
- Lack of organised, profitable markets
- Inadequate knowledge among farmers, especially women
- Poor feeding and shed practices

MSK launched the Goat-based livelihood interventions first in 2016 with SEWA Bharat in Bihar, and subsequently in Madhya Pradesh, West Bengal and other States. The central strategy was the creation of a trained, community-based cadre, (Pashu Sakhis) to deliver localised, scientific goat-rearing services and promote entrepreneurship among rural women. This intervention addresses the challenges which demotivates people from taking goat rearing as a major source of livelihood. It also serves as a catalyst to give an alternate livelihood option to the Pashu Sakhis.

Objectives

- Improve goat health, breeding, feeding, and marketing through simple, actionable practices
- Create a sustainable cadre of women livestock caregivers and micro-entrepreneurs
- Increase herd size and profitability for smallholder goat rearers
- Promote area specific, scientific rearing practices and disease prevention mechanisms

Implementation Methodology

- ITC provided **training & exposure** through technical & knowledge partners like The Goat Trust (TGT) – Lucknow, National Dairy Research Institute – Kalyani and Centre of Excellence for Dairy Skills in India (CEDSI), Gurugram. The modules were developed in an interactive manner keeping in mind the literacy and understanding level of the community and the cadres.
- Focus was on a package of **16 improved practices** aligned with the recommended veterinary services, and easy to understand and implement, apart from being cost effective. These practices are linked with a **3-tier model of Sell, Services and Enterprise Development** for Pashu Sakhis.
- Pashu Sakhis are providing vaccination, deworming and castration services, parallelly preparing herbal medicine, inputs (Dana mishran, mineral mixture, salt brick)
- In addition to providing services to goat owners, entrepreneurial activities taken up by Pashu Sakhis as a group such as kid nursery, manure preparation, goat milk soap making, etc.

Impacts

- 1,870 Pashu Sakhis are providing services to 2.18 lakh goat rearing households in 13 States.
- Additional ₹ 13,500/- realised annually by households through adopting improved practices, over and above ₹ 19,500/- annual income from goat rearing.
- Pashu Sakhis have started earning more than ₹ 3,000/- per month. As per a study conducted in Bihar, during 2022, there was significant reduction in mortality (Kid goats - reduced from 57% to 4% ; Adult Goats - reduced from 49% to 3%, against baselines) (Study by Sankalp Advisory and Consultancy, 2022).

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. These farmers face barriers to accessing essential resources like credit, inputs, and technology, which are vital for improving agricultural productivity and resilience. According to the National Sample Survey (NSS) 2013-14, about 50% of small and marginal farmers do not have access to formal credit, and only 26% are covered under crop insurance. To address this risk, ITC works for enabling institutional support to farmers to help them in risk mitigation and cost reduction.

» Agri Business Centres (ABCs) and Farmer Producer Organisations (FPO) are promoted to provide services such as agri-credit linkages, collective input procurement and taking agricultural equipment on hire. **2,050 FPOs** have been onboarded on ITCMAARS which has 2.1 million registered farmers on the platform. **1,850 Agri Business Centres** are providing services to more than **1.15 lakh member farmers,** and additionally, over **7,200 Water User Groups and Social Forestry Committees are serving over 1.32 lakh members** for collective mobilisation, 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.

ITC's promotion of Women Agri Business Centres and Krishi Sakhis underscores how grassroots interventions can enhance food system resilience while empowering marginalised communities. Together, these strategies offer a scalable framework for sustainable agriculture that not only enhances yield and income, but also contributes to improved diets and long-term food security.

» During the year, **17.65 lakh scheme linkages** (cumulatively over 42 lakh) were facilitated for various Government schemes like:

- **Soil Health Card** for rationalisation of fertiliser use
- **PM KISAN** financial support programme for supplementary income to farmers
- Institutional credit from **Kisan Credit Card (KCC)** and Cooperative Societies for timely loans and minimising dependency on money lenders
- Crop insurance from **PM Fasal Bima Yojana (PMFBY),** for overcoming crop damage due to extreme weather episodes
- Sale of produce through **e-NAM** market channels
- **PM KISAN Man Dhan Yojana** - Pension scheme for a safe future

CASE STUDY

Women Farmers through Women-led Agri Business Centres

A Case Study from Amravati, Maharashtra

Smallholder farmers often face limited bargaining power and constrained market access. To address this, ITC has fostered the strengthening of the grassroot institutions like Farmer Producer Organisations (FPOs) and formation of Women Agri Business Centres (ABCs), empowering rural communities–especially women–to become anchors of change. ITC actively engages women across agriculture and allied livelihood programmes, promoting climate-smart agricultural practices, driving improved yield, incomes and resilience.

An example of this model's success is seen in Amravati, a district in Maharashtra's Vidarbha region marked by harsh climatic conditions and an agriculture-dependent economy. Women, though central to farming activities, have historically been excluded from entrepreneurial and decision-making roles. **Through 135 women-led ABCs in the region, engaging 1,700 women (940 of whom are shareholders in the Bhumi Kanya Farmer Producer Company)**, ITC has helped transform this narrative.

Each ABC serves as a micro-enterprise providing a range of agriculture-based products and services, like capacity building of women service providers, input procurement, equipment rentals, compost and bio-pesticide sakes, soil testing, and biomass collection. Business training, support for enterprise planning, and convergence with Government schemes are integral to the intervention. Also, **market linkages are facilitated** to ensure consistent income streams.

In **FY 2024-25**, 125 ABCs achieved a turnover of **₹ 90 lakh**, and generated around 9,000 person days of additional employment during the year. Moreover, a significant environmental impact was done by diverting 66 tonnes of biomass from open burning, thereby enhancing environmental outcomes.

The Bhumi Kanya FPO, supported by a ₹ 3 lakh equity grant under the SMART (State of Maharashtra Agriculture and Rural Transformation), generated revenue of **₹ 13 lakh** (FY 2024-25) through procurement and sale of Wheat, Soybean and Gram. Women like Parveen Salim Shah, Secretary of the FPO, now leads enterprises, and inspire others to contribute to the development.

"The programme gave me the confidence and support to step into agri-entrepreneurship. As an ABC member and FPO Secretary, I received training and access to market linkages that helped me start biomass collection and sales. It created a new income source for my family and inspired me to support other women in my village." – Parveen Salim Sha, Secretary, Bhumikanya FPO & ABC Member.

With seasonal fluctuations and infrastructure gaps as challenges, strong mentorship, exposure visits, and Government convergence have enabled women to become **changemakers** – enhancing agri-services, taking leadership as agri-entrepreneurs, promoting environmental sustainability, and strengthening collectives.

This year, across different locations over **1,850 Agri Business Centres (ABC) including 620 exclusive women** ABCs delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire, across India – scaling a model that places women at forefront of agricultural transformation.

Horizon II

Creating capabilities for tomorrow

Children's learning activity in the Anganwadi Centre, Read India Programme

ITC's Horizon II approach aims to promote **inclusive development** by enhancing capabilities and fostering resilient and empowered future of the underserved and vulnerable communities. Through comprehensive interventions in education, health, nutrition, sanitation and waste management along with the empowerment of women, Horizon-II seeks to unlock the true potential of individuals and communities. By nurturing a strong sense of **'community ownership'**, these efforts enable communities to thrive and actively contribute to sustainable developmental outcomes.

Human Capital Development

Support to Education

Infrastructure strengthening in school, Uttar Pradesh

The programme is aimed at improving quality of education and learning levels of children through interventions focused on an enabling environment, as well as child-friendly pedagogy. Aligned to Government's 'Samagra Shiksha Abhiyan' and 'National Education Policy 2020', the programme is designed to provide children from weaker sections access to education with focus on improving learning outcomes and retention. The programme focusses on universal access of education and retention, bridging of gender and social category gaps in elementary education and improving the quality of learning.

Operational in 50 districts of 15 States, the **Support to Education** programme covered over **6.57 lakh children** in FY 2024-25, cumulatively covering over **21.80 lakh.**

Considering importance of **Early Childhood Care and Education (ECCE)** including early stimulation, as per **National Education Policy 2020,** building capabilities of Anganwadi Sevikas on ECCE has been one of the main focus areas during the year. The **partnership with Women Development and Child Welfare Department in Andhra Pradesh** continued to strengthen capacity of over 55,600 Anganwadi Sevikas across all the 26 districts. Through a cascade approach, the Sevikas have in turn reached out to **4.16 lakh children** during the year. Another partnership in Saharanpur, Uttar Pradesh, for improving ECCE **(Poshan Bhi, Padhai Bhi)** of children by **combining nutrition and education interventions** has covered 50,000 children in the district. In addition to these partnerships, in Assam, **early stimulation intervention** covered 5,500 children along with training of 250 Sevikas.

Read India Programme aims to improve learning levels of children in Primary and Upper Primary level. The intervention focused on bridging the gaps in learning levels among children studying in same standard. To ensure the same, children were categorised into groups based on the assessment of their learning levels irrespective of the standard in which they were enrolled. Thereafter, activity-based learning pedagogy was adopted to improve their learning. Additionally, over **5,100 Mothers' groups** were formed and trained on **activity-based learning** to reinforce the outcomes.

During the year, **35,000 Government school teachers and Anganwadi Sevikas** were trained on Read India Programme and Early Childhood Care & Education Partnerships on **child-friendly pedagogy,** which helped achieve scale will also enable sustenance of the programme.

Further, 125 **Supplementary Learning Centres (SLCs)** were operational during the year, mainstreaming more than 4,000 out-of-school children (58% were girls) into the formal education system taking the cumulative number to over **16,800.** Follow up visits are done in schools to ensure that children remain in school after mainstreaming.

Infrastructure Support and Maintenance: According to Unified district Information System for Education (UDISE+)[31] data, many schools still lack essential infrastructure such as functional toilets, handwashing facilities, electricity, safe drinking water and well-equipped science classrooms.

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 640 primary schools/ Anganwadis were provided with infrastructure support in FY 2024-25, taking the cumulative to more than **4,100 schools and Anganwadis.** Infrastructure support to Government schools has helped in increasing enrolment, particularly of girls, in schools.

Three specific activities were initiated in select schools and Anganwadis during the year focusing on water, energy and waste recycling:

- 53 schools and Anganwadis were supported with **solarisation** in Saharanpur, Munger, Howrah and Pune to help them meet requirement of electricity and cooking in the mid-day meal kitchen.
- 2,500 **aerators** were installed in 310 schools / Anganwadis to save water. The activity also included creating awareness among children and encouraging them to take the behaviour change message to their families and local community.
- Plastic collected was converted to recycled benches, round tables, library racks, and paving tiles which were installed in 50 schools in rural / semi-urban catchments demonstrating **a circular model of plastic management.** In this process, children were also made aware of waste management and recycling. ITC has provided over 1,850 benches and tables made of recycled plastic in schools during the year.

Additionally, during the year, **147 smart classrooms** were made functional, either by installing new equipment or operationalising the existing ones, along with training the teachers to use these classrooms to improve learning methodologies and outcomes.

The programme also strengthened **1,480 School Management Development Committees (SDMCs)** during the year 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 was also undertaken. In addition, **1,370 Child Cabinets and Water & Sanitation (WATSAN) Committees** were also strengthened to drive cleanliness and hygienic practices in the schools.

Model Schools: Aligning with **PM School for Rising India (PMSRI)** initiative, the intervention was initiated to demonstrate best practices of the National Education Policy with all 4 components - **Child and Climate-friendly infrastructure; Learning Quality; Social and Mental Well-Being; and Community Engagement** being implemented as a holistic approach. The intervention pathway has three stages – **Rising, Emerging and Model,** and of the 25 schools where this was initiated, 5 are about to become Model, 15 have entered Emerging, whilst remaining 5 are still in Rising category. Further progress is expected in the coming year.

Education Intervention for Secondary and Higher Secondary children: In India, the dropout rate among girls, particularly at the secondary level, remains a major concern, influenced by domestic duties, early marriage, and financial constraints. The Government seeks to tackle this issue in line with the NEP goal of achieving 100% Gross Enrolment Rate (GER) by 2030[32].

To address the issue, pilot interventions of Project Puthri in Pudukkottai (Tamil Nadu) and Project Pragati in -Munger (Bihar) and Kolkata (West Bengal) continued during the year supporting 2,100 girls (cumulatively, 2,500). Mentoring for **career intentionality,** building **21st century skills** and mainstreaming out of school girls through **National Open Schooling System** are the major aspects of this intervention.

For Education programme, ITC also has a **partnership with Women Development and Child Welfare Department, Government of Andhra Pradesh and Uttar Pradesh.**

[31] USDIE+ Report 2023-2024
[32] UDISE+ 2020-21

CASE STUDY

Transforming Education through Child and Climate Friendly School Programme

Model School, Uttar Pradesh

In an attempt to strengthen the foundation of India's education system, ITC's MSK programme, is driving meaningful change across Government schools by fostering holistic, quality learning environments. Rooted in the principles of the NEP 2020 and aligned with PMSHRI, the programme takes a comprehensive, multi-pronged approach that enhances school infrastructure, promotes academic excellence, supports student well-being, and strengthens community ownership.

Aligned with the vision of "Every Child is in School and Learning Well" this initiative focusses on equipping children from vulnerable backgrounds with the skills and support they need to thrive – both inside and beyond the classroom.

The transformation begins with strengthening School Development Management Committees (SDMCs) and developing infrastructure – Government schools are upgraded with child-friendly and climate resilient features, including accessible toilets, ramps, solar panels, and rainwater harvesting systems. In **27 schools**, the application of reflective cooling paint led to an average 2° Celsius drop in classroom temperatures. Additionally, Roof Rainwater Harvesting systems were installed in 89 schools. **Water aerators in 310 schools** have enabled the conservation of **over 7.71 lakh cum of water annually.** Notably, two schools in Maharashtra received the Yellow Certificate from the Centre for Science and Environment's Green School Audit.

Enhancing learning quality is at the heart of the initiative. Through teacher training, **Foundational Literacy and Numeracy (FLN) programmes, digital tools,** and Science, Technology, Engineering, Arts and Mathematics **(STEAM) labs** (Bihar, Punjab and Telangana) in collaboration with Government, this programme promotes experiential and learner-centred education. In States like Bihar, Punjab and West Bengal, **Phygital Learning**, a blend of physical and digital methodologies is helping students engage more deeply with their subjects.

Recognising that education extends beyond academics, the initiative invests significantly on students' well-being and life skills. Activities such as sports, yoga, emotional wellness sessions are conducted, especially for adolescent girls. Anaemia screening and nutrition education, alongside the training of teachers, parents, and mid-day meal staff, ensure a holistic approach to child development.

The active involvement of School Development Management Committees, Mothers' groups, and student-led Child Cabinets, strengthens local ownership and embeds sustenance into the school ecosystem. Schools are systematically assessed and recognised as **Rising, Emerging, or Model Schools** based on consistent performance across these pillars.

Through the programme, MSK is not only enhancing education, but shaping **resilient, confident**, and **future-ready generations**–laying the groundwork for a brighter, more inclusive tomorrow.

"I love coming to school every day. I am studying here from 1st Standard! We have new classrooms, sufficient benches to sit on, and our playground is levelled and we can run and play freely. We also planted new trees and even have a small kitchen garden that we take care of. Our classrooms are smart now, with digital boards and solar power, so our learning never stops. Learning has become fun, and I feel more confident. I want to study hard and make my village proud!" - Shravani Bhandari, Class 6, ZPPS Malthan, Pune, Maharashtra.

Human Capital Development

Women in Automobile skilling centre, Kapurthala, Punjab

Skilling of Youth

India's demographic dividend presents a significant opportunity, with a median age of 28 and 65% of the population under the age of 35. To harness this potential, ITC is committed to nurturing future-ready youth by equipping them with skills to improve their livelihoods. The programme is closely aligned to the **Pradhan Mantri Kaushal Vikas Yojana (PMKVY).**

The programme is being implemented around ITC's factories and agribusiness catchments in 34 districts of 16 States and has trained 15,600 youth during the year (**1.27 lakh** youth cumulatively). In FY 2024-25, 26% of the youth trained were from the SC/ST communities and **52% were female students.** The programme offered courses on 10 skills like Automobile, Beauty & Wellness, Computer skills, Electrical, General Duty Assistance, Hospitality, Retail & Sales, Solar Installation, Warehouse packing and Welding. Youth are also helped in securing employment in the market or starting their own enterprise, not only improving their livelihood, but also boosting their self-esteem and enabling them to support their family's well-being.

Considering the magnitude of the livelihood challenge faced by youth, ITC plans to scale up the skilling programme by focusing on various pathways. Two such pathways are of skilling at community level and levering ecosystem are under pilot. To train youth who can't travel to skilling centres, pilots for skilling in the community itself continued wherein 1,700 youth across 6 States were trained during the year nearer to their homes. In this, the existing ITC skill centre is used as Hub for practical classes, and sessions on job preparedness / interviews, after training at community level. Government or private existing infrastructure was leveraged to set up decentralised training centres. Similarly, 893 youth were trained in in Saharanpur, Uttar Pradesh by leveraging other skill training partners like it is.

During the year, skilling intervention for **persons with disability** continued in Bengaluru, Kolkata and Howrah, and was also expanded to Pune, Lucknow and Bhubaneswar by establishing new centres and also leveraging existing centres of five implementing partners. 850 youth with locomotor disability, hearing impairment and blindness were trained during the year, taking the cumulative to 1,000 (around 45% girls). Apart from technical domain, training is provided on soft skills and confidence building. After training, candidates are assisted to get jobs and about 53% were already placed as on March 2025. Sixth Sense is another programme, specifically designed for the visually challenged and has covered 150 such individuals across five cities. This initiative was started in December 2021, to train visually challenged members on fragrance evaluation.

CASE STUDY

Skilling for Differently Abled Youth: Stories of Inclusion and Empowerment

Skilling for Differently-Abled Youth, Karnataka

Differently abled people often encounter multiple barriers that limit their access to education, skill development, and meaningful opportunities, making it challenging for them to achieve economic independence and social inclusion. With a strong commitment to creating equitable and inclusive pathways for all, MSK extended its youth vocational skilling programme to also include young differently abled individuals.

Piloted initially in Bengaluru, and Kolkata, this thoughtfully designed programme equips participants with **21st Century market-relevant skills** such as **communication, confidence building, digital literacy,** and **workplace readiness.** Beyond training, the initiative facilitates relocation support to attend training, access to essential support services, including Unique ID registration, Government Schemes, and transportation assistance. Encouraged by its early success, the programme has now been expanded to four additional States, positively impacting **over 1,000 youth**. ITC works with Anudip, Cheshire Disability Trust, Dr. Reddy's Foundation, Sarthak and Youth4Jobs.

Bindhu, from a remote village in Mysuru, Karnataka with 85% orthopaedic disability, enrolled in the Embedded Systems Training Programme at the ITC-MSK Employability Centre for Persons with Disability. Equipped with technical and soft skills, she now works as a Trainee on the shop floor, involved in the manufacturing process of shafts and also supports sign-language interpretation between hearing-impaired workers and supervisors. She earns ₹17,500/- per month, supporting daily household needs, agricultural investments, and her brother's education. Her success is reshaping perceptions in her community about the capabilities of girls and more so of persons with disabilities.

"Receiving my offer letter wasn't just about getting a job– it marked the beginning of a new chapter." – Bindhu, Karnataka

From Pune, Umama Khan, a young woman with 100% speech and hearing impairment, overcame deep-rooted hesitation with consistent encouragement and sign language support. Through sign language support and personal mentoring, she completed the Domestic Data Entry Operator course. Today, she works as a Warehouse Associate, responsible for scanning and sorting items using a computer and scanner, earning ₹ 12,000/- per month. She now contributes to her family and serves as an inspiration in her community.

"At first, I thought nothing would come of this course too, but the interpreter, the trainer, and my batchmates gave me confidence." – Umama Khan, Pune

Ankit Kumar, a graduate from Saharanpur with locomotor disability, completed training through ITC MSK. He now works as a Loan Officer, conducting outreach, field coordination activities, with a salary of ₹ 28,500/- per month, which supports his daughters' education and his parents' healthcare needs.

Kajal, from Lakhimpur Kheri, once burdened by self-doubt, underwent skill training in Lucknow and now serves as a Production Executive, where she is involved in assembling medical equipment and managing production floor activities. She earns ₹ 14,000/- per month along with accommodation and meals. She now supports her brother's education and her mother's medical care, finding renewed purpose and dignity in her role.

These journeys exemplify the transformative impact of targeted skilling, employer sensitisation, and inclusive practices thereby proving that with support, differently abled youth can thrive and empower others in turn.

Public Health

Sanitation & Waste Management

Transformative sanitation goes beyond infrastructure, addressing environmental, social and behavioural determinants. ITC's sanitation and waste management initiatives aim to reduce disease transmission through layered, community-led solutions. Grounded in environmental sanitation principles, these efforts promote sustained public health impact at scale.[33,34] Aligning with Swachh Bharat Mission, the objective is to promote a **healthy community and hygienic habitat** by ensuring that **households** have access to **sanitation and waste management systems.**

Access to Sanitation – Households and Community

The programme focuses on ensuring sustenance of Open Defecation Free (ODF) habitations through improved hygiene and sanitation practices aligned with **Swachh Bharat Mission 2.0.**

During the year, **5 community toilets and 40 individual toilets (IHHTs)** were constructed. Tracking of Operations & Maintenance of existing community toilets was also done, along with **behaviour change communication** to ensure the sustenance of Open Defecation Free (ODF) catchments. Cumulatively, **224 community toilets** and over **43,840 household toilets** have been constructed.

Waste Management

MSK's Decentralised Solid Waste Management (SWM): The primary focus of this programme is on source segregation and minimising waste to landfill. The programme is operational in 34 districts of 12 States. During the year, focus was on ensuring impactful execution of the amplification partnerships in towns, villages and temples. The programme was done in collaboration with Panchayats and Urban Local Bodies (ULBs) under Swachh Bharat Mission covering **over 24.60 lakh new households** and cumulatively covering **75.21 lakh households** in urban and rural areas, details of which are given below.

Focus on decentralised 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 minimise environmental impact and associated costs. Households are encouraged and guided to come together and form **Mohalla Committees** for supervisions of waste collection, supporting behaviour change for waste segregation, collecting and/or monitoring user fee and making payments to waste collector. The number of Mohalla Committees paying to the waste collectors has been sustained over the years, while in some locations, the local Government is paying the waste collectors directly. ₹ 112 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 programme. The waste collectors also benefit from the sale of recyclables which is an additional income for them, apart from the monthly amount paid to them by the Mohalla Committees from the User Fee collected.

Under the programme, **6.7 lakh tonnes of waste** was collected during the year, out of which around 4.2 lakh tonnes of wet waste was composted and 1.8 lakh tonnes of dry waste recycled. Thus, **87%** of the total waste was avoided from being sent to landfills through home composting, cluster composting and recycling. Of the total recyclable waste collected, over 3,100 tonnes was plastic waste including 812 tonnes of Multi Layered Plastic (MLP).

Urban Waste Management: The **PPP with Uttar Pradesh Urban Development Department** continued to operate in **85 ULBs across 75 districts of the State.** Under this PPP, ITC is training ULBs in setting up decentralised waste management systems to create Garbage Free Cities and encouraging households to pay for their waste management. After training, handholding support is also provided to ULBs for rolling out and monitoring the intervention. 21 lakh households have been covered by ULBs after training in FY 2024-25 (cumulatively 49 lakh). 8,000 Mohalla Committees (cumulatively 20,000) have been formed who participate in and monitor the waste management programme.

As part of PPP, ITC helped Prayagraj Municipal Authority in promoting plastic free environment, distributed 30,000 cloth bags to devotees and 500 dustbins to shops and stalls, and assisted the Municipality in timely waste collection and processing during the **Kumbh event.** Furthermore, plastic collection bins were placed in temples at strategic locations for disposal of puja offerings. 18 handwashing stations were also activated. Around 1 lakh pieces of **Jalbatti (Fitkari)** – a water purifier element was also offered to devotees to help keep River Ganges clean and also promote awareness on hygienic environment.

Additionally, Social Investments Programme (SIP) team of MSK, participated in **Swachhata hi Seva Campaign 2024 *('Swabhav Swachhata Sanskar Swachhata')*** during the year in 58 towns and 408 Gram Panchayats across 14 States. The campaign activities included:

- **Swachhata ki Bhagidari:** Swachhata Pledges in Schools and community, Rallies, Cyclathons, Swachhta Raths and advocacy workshops, Waste to Art Installations, Cultural fests/events
- **Cleanliness Target Units:** Mass cleanliness drive (of cleaning 602 waste dumps) & Plantation drive – **'ek Ped Ma ke naam'** (**35,296 saplings** were planted post cleaning of waste spots)
- **Safai Mitra Suraksha Shivirs:** Health check-ups and PPE kits distribution to over 10,000 waste collectors

Woman waste collector in Material Recovery Facility centre, Karnataka

Rural Waste Management (RWM): In line with **Swacch Bharat Mission - Grameen** initiative of Ministry of Jal Shakti, **Ganga Gram PPP with Lohiya Swachh Bihar Abhiyan (LBSA), Bihar Government** and **other RWM** projects, continued with capacity building of Panchayats and households across 11 States. Community engagement and ownership by them is one of the key tenets of the waste management programme. Community champions are created to help households and Panchayats to adopt the practices. ITC has also developed **Swachhta Mitra App** which is now being used by LSBA beyond Ganga Gram also. With Mysuru Zila Panchayat, ITC has supported SHGs to take over waste Management as service providers in 120 Gram Panchayats.

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 kitchens and compost for its gardens. During the year, the initiative was expanded to over 512 places of worship (cumulatively over 1,962).

Liquid waste is a major issue in rural India, where limited access to safe disposal system impacts health and environment. After establishing solid waste management model, ITC is now working towards designing and implementing tailored solutions for liquid waste in collaboration with expert agencies. 16,000 soak pits were constructed for **Liquid Waste Management (LWM)** by leveraging Government funds. 300 other structures like vertical chambers, waste stabilisation ponds and horizontal filters were also piloted for LWM. Additionally, 3,000 households were made aware of **toilet sludge application as manure in agriculture fields** under Faecal Sludge Management. 2,000 households have since adopted the practice in the year.

Collaboration for Light House Initiative (LHI): LHI is an initiative of Department of Drinking Water and Sanitation (DDWS), Government of India with **India Sanitation Coalition (ISC)** to create Model Gram Panchayats (GPs) in waste management and sanitation. In the first phase that was initiated in 2023-24, **75 GPs were selected by DDWS, of which 36 were with ITC partnership.** ITC designed behaviour change communication for improving awareness on hygiene practices, supported district-level Swachh Bharat Mission teams and built the capacity of GPs to plan interventions in the areas of sanitation, solid, liquid, and faecal waste management. Additionally, ITC supported GPs in implementation, monitoring, and generating community ownership. As a result of this, 28 GPs of ITC intervention have moved to Model Category as per Government norms and 8 more are expected to become Model by March 2026. After successfully completion of Phase I of the LHI partnership, DDWS has now initiated Phase II, with the objective of creating "Model Blocks", in which ITC as part of its engagement with ISC is partnering in 18 blocks across 16 districts in nine States.

33 Budge S, Ambelu A, Bartram J, Brown J, Hutchings P. Environmental sanitation and the evolution of water, sanitation and hygiene. Bull World Health Organ. 2022 Apr 1;100(4):286-288. doi: 10.2471/BLT.21.287137. Epub 2022 Mar 3. PMID: 35386561; PMCID: PMC8958826.
34 JHA, P. (2003). Health and social benefits from improving community hygiene and sanitation: an Indian experience. International Journal of Environmental Health Research, 13(sup1), S133–S140.

CASE STUDY

Pune, Maharashtra

Community-Led Greywater Management:

A Decentralised Model for Environmental Sustainability

Liquid Waste is a pressing concern in rural areas due to rising access to potable water. According to the Department of Drinking Water and Sanitation (DDWS), Ministry of Jal Shakti (2023), over 70% of rural households in India lack access to safe liquid waste management systems, posing significant environmental and public health challenges. In response, ITC's MSK is working with expert agencies to design geography-specific, cost-effective solutions that can be scaled through Government schemes. Over 16,000+ such structures including soak pits, waste stabilisation ponds, vertical chambers and horizontal filters have already been constructed leveraging Government funds in Andhra Pradesh, Bihar, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttarakhand, Uttar Pradesh, West Bengal.

Constructed Wetland Liquid Waste Management Unit, Pune, Maharashtra

Decentralised Waste Treatment System (DEWATS) for Greywater Management in Nayasarai, Hooghly

In Nayasarai village of Chandrahati I Gram Panchayat, Hooghly, untreated greywater (approximately 36 kl/day) was previously getting mixed up with local water bodies, with high pollutant levels: Biochemical Oxygen Demand (BOD) at 55 mg/L and Chemical Oxygen Demand (COD) at 210 mg/L, far exceeding permissible limits. To combat this, a Decentralised Wastewater Treatment System (DEWATS) was implemented with support from Swachh Bharat Mission. A 47 Kilolitre per day capacity unit was installed to treat wastewater from 227 households, using a settler chamber, aerobic baffled reactor, and horizontally planted gravel filter with Cana Indica. ITC worked with local panchayat in awareness creation and implementation of the designed intervention. The funding support was provided by the Government under Swachh Bharat Mission and Panchayat fund. The intervention included wastewater mapping and community involvement through Mohalla Committees. Water quality improved drastically–BOD reduced by 80% and COD by 86%. The Nayasarai DEWATS model now serves as a replicable, community-driven solution for rural sanitation and environmental restoration.

"Thanks to ITC MSK's efforts, Chandrahati I GP is now recognised by the State Government as a model for decentralised wastewater management, setting an example for other Gram Panchayats. Continuing our strong partnership with ITC MSK, we hope to scale similar initiatives in other villages to promote environmental sustainability and improve community health"
– Gram Sarpanch, Chandrahati I, Hooghly

Constructed Wetland System in Tardobachiwadi Village, Pune

Tardobachiwadi village near Shirur, Pune, faced serious greywater disposal issues. To address this, a Reed-Bed Based Constructed Wetland system was designed and implemented by ITC along with the Panchayat as a pilot, by contextualising the solution with expert help. 87% funding support was provided by ITC and remaining cost was supported by Panchayat, designed to treat 15,000 litres of wastewater daily from around 100 households. The system comprises a screening chamber, silting chamber, anaerobic baffled reactor (ABR), and a planted wetland with Typha and Canna Indica, which assist in natural purification. The system is low-cost, requires minimal maintenance, and is overseen by local sanitation workers. This eco-friendly solution has prevented greywater discharge into water bodies, and improved hygiene by reducing stagnant wastewater and mosquito breeding. Farmers now use the treated water for irrigation and livestock, while fishing activities have resumed–reviving both environment and livelihoods.

"ITC's LWM unit's work through MSK is highly appreciated. At the Block level, we have faced challenges in terms of technical knowledge regarding LWM systems, but ITC's low-cost model has served as an excellent example. We truly appreciate the impact it has had, and we look forward to expanding this model across the entire taluka".
– Block Development Officer, Shirur Block, Pune district.

Transforming Nurpur Jattan's Wastewater into a Sustainable Resource

In Nurpur Jattan, Punjab, a once-polluted 1-acre pond, contaminated by untreated greywater from 157 households, has been transformed into a Waste Stabilisation Pond (WSP) under ITC's MSK initiative, with support from the Gram Panchayat. ITC helped in designing the intervention and contributed 35% of the cost, and balance by the Panchayat from MGNREGS and Panchayat funds. The pond, which was once a health hazard due to mosquito breeding and foul odour, now features a nature-based treatment system including a screen chamber, digestion well, stabilisation tank, and oxidation pond, all operating without power. The effective reuse of Panchayat funds, along with MGNREGA support, financed key construction and other operational activities. The WSP now serves as a sustainable agricultural resource, benefiting 75 households, reclaiming 0.20 acres of encroached land, and improving health by reducing mosquito breeding and odours.

"There was a time when our children fell sick often, and the air around the pond was unbearable–full of foul smells and mosquitoes. We used to fear the rains because the pond would overflow with dirty water, bringing illness and misery. But today, this very pond is our pride. Thanks to the Waste Stabilisation Pond construction, the dirty water is no longer a threat–it is a resource. Sometimes our farmers use treated water for irrigation, and what was once a wasteland, is now green with agroforestry. Even two new homes have been built near the pond, something unimaginable just a few years ago. Our village looks cleaner, feels healthier, and has become a model for others to follow. This is not just infrastructure – it is transformation"
– Sarpanch of Nurpur Jattan and Member of Water User Group

These case stories highlight the potential of nature-based solutions in transforming rural sanitation and safeguarding vital water bodies. By integrating community ownership with decentralised treatment systems, these villages have achieved measurable environmental impact. Such scalable and decentralised cost-effective models hold promise for building climate-resilient and healthier rural communities across India.

An important element of ITC's intervention is the well-being of waste collectors, as they play a critical role in the entire value chain and their efficiency and effectiveness is critical to the sustenance of any intervention related to waste management. **Well-being of waste collectors'** initiative focuses on health, social and economic well-being of waste collectors and their families. The initiative has now expanded into the Government PPPs also. Interventions including financial literacy training, health camps, scheme linkages, mainstreaming out of school children of waste collectors, skill training to youth, SHG linkages, and helping to take up secondary livelihoods were done covering **12,000 waste collectors** and their families. Over 12,900 linkages (like Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Ayushman Bharat, Ujjawala, e-Shram, etc.) were facilitated during the year.

The Company also has a waste recycling programme, **'WOW – Well Being Out of Waste',** which predominantly focuses on larger metros and towns.

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Health & Nutrition

After starting with the Maternal and Child Health initiative in FY 2016-17, ITC is now adopting a holistic approach focusing on two major components - **preventive health care and also curative services.** The objective of the initiative is to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence, aligning with existing Government schemes, leveraging technology and increasing access to basic primary and secondary healthcare services.

Maternal and Child Health and Nutrition (MCHN)

This programme of MSK is aimed to improve the health-nutrition status of pregnant and lactating mothers, children (up to 5 years), adolescent girls and eligible couples. A two-pronged approach aligned to Government's **POSHAN Abhiyaan** was adopted.

- One focusing on first **'1,000 days of life'** in high malnutrition catchments covering mothers and children, and
- Another addressing anaemia at scale among all age groups through screening under **Anaemia Mukt Bharat (ABM) and Rashtriya Bal Suraksha Karyakaram (RBSK)** and thereafter, loop closure through awareness creation and linkages with Govt. schemes.

The **1,000 days approach** is implemented by strengthening Government delivery through capability building of the front-line workers. 16,000 Anganwadi Sevikas and ASHA workers were trained during the year on engagement with community, making effective **'six home visits'** and promoting nutrition through locally available produce. Demonstration of best practices was done through Hub (Model) Anganwadis, where Hubs were used for learning exposure for Spoke Anganwadis. Consumption of **5 Food Groups of locally grown foods** was promoted among community to address issue of nutrition. 5,211 Severally Acute Malnourished (SAM) children were linked with the Government facilities for treatment. This systems approach is enhancing the identification and screening of malnourished children. Community members are empowered not only with access to schemes, but also with the right knowledge, while being linked to relevant maternal and child health programmes, thereby meaningfully contributing towards the vision of **'Suposhit Viksit Bharat'.** Additionally, facilitation of **immunisation** of 86,400 children and **vaccination** of 38,900 pregnant women for tetanus toxoid and other vaccines was done during the year.

Iron Folic Acid Syrup Administration by Anganwadi Sevika, Kamrup, Assam

In addition to the intensive '1,000-days' approach, special focus on addressing anaemia among all age groups continued during the year. Screening of over **2 lakh women and children** for anaemia was done in partnership with Government for baselining and identifying priority areas for interventions. ITC supported non-invasive portable devices developed by start-ups, validated by Government, to help in increasing testing capacity and fast-tracking testing process. A 4E approach was developed to address the issue which included:

- **Exploring** - Identifying hotspots
- **Educating** - Awareness on dietary diversity and hygiene;
- **Encouraging** - **nutrition gardens** and consumption of locally grown '5 Food Groups' through nutri-groups; and
- **Empowering** - Building capabilities of ASHA and Anganwadi Sevikas on identification and management of anaemia

Re-screening of 6,600 community members was also carried out, and 65% have already reported improvement in Hb level due to the intervention.

15.24 lakh beneficiaries spread across 21 districts in nine States were covered during the year, under this programme aimed at improving the health-nutrition status of women, adolescents and children in the catchments with high malnutrition.

Public Private Partnership to address Malnutrition

ITC has been collaborating with Directorate of Social Welfare, Government of Assam to help address challenges of malnutrition in 8 districts, including 7 Aspirational districts in the State. In this partnership, 560 Integrated Child Development Services (ICDS) supervisors were trained during the year who in turn cascaded it to 16,800 Anganwadis. Trained Anganwadi Sevikas created awareness among 9.50 lakh pregnant women, mothers, and adolescents on:

- Antenatal check-ups, preventive vaccinations, timely and appropriate breast feeding,
- Case-specific nutrition management through promotion of locally available 5 Food Groups including **'Shree Anna'** (Millets), emphasised adequate portion sizes, increased meal frequency and the use of nutritional supplements such as Take-Home Ration, Hot Cooked Meals from AWCs, and Iron-Folic Acid Tablets.
- Hygiene and sanitation practices.

Apart from training, ITC helped ICDS supervisors in identification of malnutrition hot spots in their catchment based on available data, which was used by them for implementing targeted approach of addressing malnutrition. Support was provided to them in developing Model Hub Anganwadi used for demonstration and training. Additionally, ITC also helped in creating baseline, regular monitoring of intervention by the department through Project Management Committee and identification of best practices for replication. Experience of partnership has encouraged both Government and ITC to get into next phase of partnership, which is currently under discussion.

"The collaboration between the Directorate of Women & Child Development, Govt. of Assam and ITC Limited has resulted in initiatives to prevent malnutrition in children. The partnership aimed at delivering home-based targeted counselling, by Anganwadi Sevikas, during the first 1,000 days, facilitating cascade trainings, setting up sectoral hubs in each district. I extend my wishes and heartfelt gratitude to the ITC Mission Sunehra Kal team. We will continue to work together, driven by our shared mission to eradicate malnutrition and promote holistic child development."
– Shri Gauri Sankar Sarmah, ACS, Director, Women and Child Development, Assam and SPD, POSHAN Abhiyaan, Assam

Based on learning of the success of Assam partnership, ITC has also collaborated with Child Development Services and Nutrition Department in Saharanpur, Uttar Pradesh for building capability of Anganwadi Sevikas in promoting Maternal and Child Health and creating awareness on nutrition by focusing on the first 1,000 days of life. This is a unique partnership comprehensively focusing on both Early Childhood Care and Education and also nutrition, in line with Government's focus on **Padhai Bhi, Poshan Bhi.**

ITC's **Swasthya Choupal** initiative continued to enhance awareness on various health related issues through a network of 366 women **Village Health Champions (VHCs)** who reached out to nearly **1.45 lakh women and adolescent girls** during the year. The programme is operational in six districts of Uttar Pradesh and two 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.

Iodine deficiency is considered as one of the most common causes of preventable mental impairment and constitutes a significant public health problem. Under ITC's Smart India intervention, over **7 lakh** beneficiaries were given awareness on iodine deficiency disorders and healthy eating, in the States of Andhra Pradesh, Karnataka and Telangana.

Community Healthcare

ITC has taken up curative health care interventions in a phased manner to bridge the gaps in primary and secondary healthcare delivery and to address the challenges of **awareness, availability, accessibility and affordability.** These efforts are grounded to promote equitable access to healthcare services and advancing the broader goal of **universal health coverage.**

ITC Swaasth Kiran initiative in Saharanpur (Uttar Pradesh) and Munger (Bihar) aims to improve health status of community by providing **affordable access to primary health care services at the doorstep** of rural communities. Implemented with support from and in close coordination with the Health Departments of respective districts, this initiative not only enhances service delivery, but also contributes to **health equity** by reaching underserved and remote populations. From **curative health** services to behaviour change interventions, it encompasses preventive healthcare by fostering awareness and encouraging healthier practices.

During the year, 13 Mobile Medical Units (MMU) were functional (7 in Saharanpur & 6 in Munger). These MMUs have provided free medical consultation and medicines to the rural community at their doorstep. During the year, nearly **2.22 lakh individual engagements** were done with community members across 796 villages, 58% of which were with women. Further, 43,400 diagnostic tests were conducted, and 1,130 referrals made during the year.

Understanding the need for high-quality doorstep eye care for the community, a layered eyecare intervention is implemented, as part of which 4 Mobile Vision Units (MVU) were operational in rural Saharanpur. These MVUs equipped with high end ophthalmic equipment can screen and diagnose eye ailments such as Cataract, Diabetic Retinopathy, Glaucoma and other diseases. During the year, more than **1.76 lakh community members** were been screened by youth trained as Community Screeners using a mobile application that measures visual activity. Of those screened, 16,589 cases were referred to the MVUs, and thereafter 1,082 cataract surgeries done at Dr Shroff's Charity Eye Hospital in Saharanpur. **Certified Ophthalmic Paramedic (COP) Course** is a 2-year hospital-based skilling course designed exclusively for girls, with an aim to bridge the gap of low availability of skilled paramedical staff in the field of Ophthalmology which requires specialised training. Post completion, they find employment opportunities across hospitals, nursing homes, Optical Stores, etc. Girls from marginalised communities and those who have cleared 12th Grade examination are selected for the course. 70 girls were recruited for the COP Course in FY 2024-25, taking the total to 135.

ITC Swaasth Kiran in just about two years has facilitated over 7 lakh engagements in the two districts.

Primary Health Centres (PHCs) and Sub Centres play a very important role in preventive healthcare and are the most reliable primary care source for households from the socio economically weaker sections. Infrastructure upgradation aligned to **Indian Public Health Standards** was taken up in **23 PHCs** during the year and 37 till date. They were supported with infrastructure like creating separate facility for Antenatal Check-up, institutional delivery place, sanitation block, patient waiting area, etc and equipment (baby warmer, delivery trolley, BP monitoring machine, suction apparatus and dressing trolley, etc.). These PHCs are also serving as convergence locations for training and engagement with adolescent girls. Special focus was given to activate **Rogi Kalyan Committees** and **Village Health Sanitation & Nutrition Committees (VHSNCs)** which ensures participation of community and enables post project maintenance of the infrastructure.

CASE STUDY

Restoring Sight, Restoring Dignity:

A Journey Enabled by the Mobile Vision Unit (MVU)

In Sherpur Palon Village of Sadholi Kadeem Block, Saharanpur district, Uttar Pradesh, reside Nandini (71) and her daughter-in-law Manjika (55), belonging to an economically marginalised household. Their lives, shaped by personal loss and daily struggles, took a harsher turn with progressive vision loss, which limited their mobility and independence. With no means to afford timely eye care, they endured in silence.

In January 2025, Shubham, a Community Screener trained by ITC identified their vision issues during a routine outreach. Referred to the MVU stationed in the village and equipped with modern state-of-the-art ophthalmic tools and skilled professionals, the two were diagnosed with bilateral cataracts.

According to the National Blindness & Visual Impairment Survey of India report (2015-2019), cataracts accounts for over 65% of blindness cases in India, disproportionally affecting the underserved rural and female populations. The lack of awareness and access to quality ophthalmic services continues to be a major impediment to timely treatment.[35] After counselling, both women were scheduled for free cataract surgeries at Dr. Shroff's Charity Eye Hospital in February 2025. With support from ITC including surgical intervention, post-operative care and accommodation, nutritious meals, transportation and prescription spectacles, and follow-up at a local Vision Centre were provided. The impact was not only life-changing for the beneficiaries, who regained their vision and independence, but also deeply fulfilling for the Community Screener, whose efforts directly contributed to **transforming lives** and advancing **health equity** in the community. The Community Screener trained under this initiative has become a beacon of hope for those suffering from vision loss.

"The most rewarding part of this journey is witnessing the transformation in people's lives. When someone regains their vision, their world lights up–and so does mine. The blessings and gratitude I receive from those

Eye examination by technician using Slit Lamp in Mobile Vision Unit, Saharanpur (UP)

I have helped fills my heart with pride and joy. Their trust inspires me to continue my mission, reach more people, and make an even greater impact."
– Subham, Community Screener.

With their vision restored, Nandini and Manjika returned to farming and resumed participating in community life, retrieving their **confidence, mobility, and independence.**

"We had not only lost our eyesight, but also hope. We are thankful to the Community Screener for his constant support and presence throughout our treatment process. Gaining lost eyesight is just like re-birth. Now, we shall spread awareness in the village about cataract and that it is 100% curable."
– Nandini and Manjika.

Bridging the gap of delivering quality eye care services directly at people's doorsteps through Mobile Vision Units help address these gaps and contributes meaningfully to accessing inclusive and equitable healthcare services. By reaching those left behind, initiatives like Mobile Vision Units (MVUs) align with the broader goal of ensuring essential health services are available, accessible and affordable to all.

Additionally, ITC provided support to the national campaign to eradicate Tuberculosis - **Pradhan Mantri TB Mukt Bharat Abhiyaan** of the Ministry of Health & Family Welfare. After the first phase of completion, the intervention continued in Saharanpur for during the year, and 1,500 Tuberculosis patients were provided prescribed nutritional food kits for the requisite duration. Of the total 1,500 patients, 1,413 cases were treated successfully.

35 John, S., Premila, M., Javed, M., Vikas, G., & Wagholikar, A. (2015). A Pilot Study to Improve Access to Eye Care Services for Patients in Rural India by Implementing Community Ophthalmology through Innovative Telehealth Technology. Studies in health technology and informatics, 214, 139–145.

Livelihoods

Women Empowerment

Women in India often face systemic barriers in accessing education, healthcare, and economic opportunities, limiting their ability to realise their truest potential[36]. MSK recognises that empowering women through inclusive, community-driven initiatives is essential for sustainable development. With a strong focus on women-led and gender-responsive interventions, ITC fosters self-worth, leadership and long-term resilience among women.

ITC's Women Empowerment Programme - Securing Current and Future Livelihoods

EDUCATION & AWARENESS
- Career Intentionality and 21st Century Skills
  - Adolescent school girls
- Maternal & Child Health and Nutrition

EMPLOYABILITY
- Skill Development
  - Women aged 18-30
  - Specially-abled women

ENTERPRISE MINDSET
- Financial Literacy (FL) of SHG women
- Women Cadres as Service Providers
- Nurturing Women Farmers

ENTERPRENUERSHIP DEVELOPMENT
- Targeting Hardcore Poverty for Ultra Poor Women
- Nano & Micro enterprises (Group and Individual)

To date, ITC has reached **6 million women** through diverse interventions anchored on the 4E pillars of Education & Awareness, Employability, Enterprising Mindset and Entrepreneurship development to enhance their current and future livelihood. This initiative is closely aligned with the **'National Rural Livelihoods Missions'** of the Government, which aim to support women to diversify their livelihoods and improve their incomes (to become **Lakhpati Didis**) and quality of life. Education, Employability, Nurturing women farmers, Agri based Micro Enterprises are detailed out in earlier sections.

Enterprise Mindset – Financial Inclusion

Financial inclusion is a critical step toward achieving economic empowerment for women. Financial Literacy and Inclusion Programme was first implemented in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation covering all 52 districts of Madhya Pradesh. Basis the learnings in MP, the programme initiated in other States continued during the year, together covering 98,900 existing SHGs with 10 lakh members (cumulatively over **3.90 lakh SHGs and 38.50 lakh women**). Over 7.46 lakh trained women have also been facilitated with access to bank accounts and Government social security schemes like insurance, savings, pension and health cards during the year with **7.63 lakh linkages** (till date **31 lakh linkages**) with the support of Yojana Sakhis.

Enterprise Mindset – Women Cadres as Service Providers

A Self-sustaining women cadre of **6,200 service providers** is being developed and they are trained to help other women in scheme linkages, health and livelihoods such as:
- **Krishi Sakhi** – Train other farmers on climate smart agriculture
- **Pashu Sakhi** – Provide doorstep animal husbandry services specially to women
- **Yojana Sakhi** – Help financial literacy amongst women and in scheme linkages (Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Sukanya Samridhi Yojana, Ayushman Bharat card) and bank loans
- **Swasth Sakhi** – Create awareness on health and nutrition and make available health and sanitation products to women at door steps

This is planned in a way that it also helps in strengthening livelihoods of the Sakhis through income generated from services provided to the community.

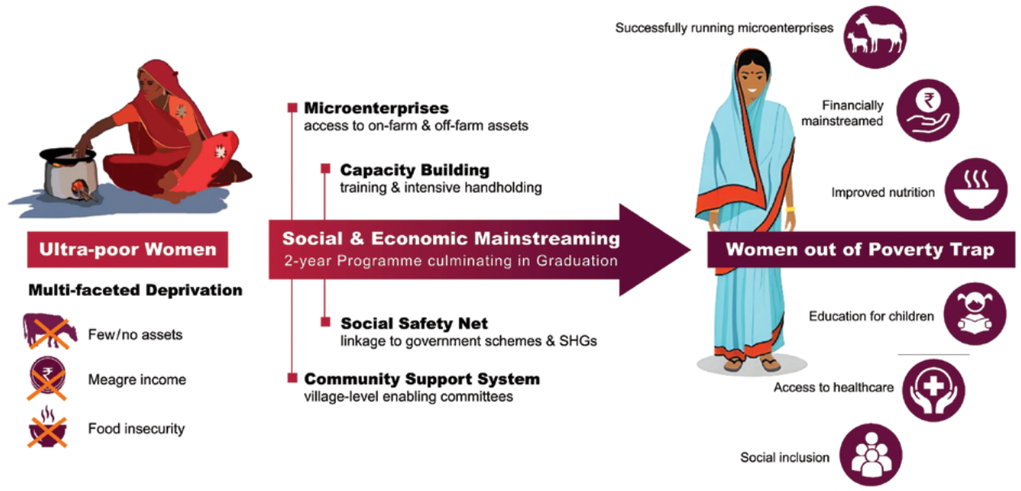
Entrepreneurship Development – Group and Individual Enterprises

Livelihood interventions were introduced with different pilots being pursued in different locations. In Madhya Pradesh, Government resources and the expertise of 'Usha Silai' was leveraged to train 250 women on stitching garments. In Saharanpur, 189 women from low and middle-income backgrounds were provided entrepreneurship development training and mentoring to start, scale and manage their Businesses successfully. The **WINGS** (Women's Initiative for Nurturing Growth and Sustainability) initiative was implemented in Kolkata to address issues of urban livelihood challenges by addressing four dimensions of vulnerability i.e. Social (Entitlement, social security), Environmental (Hazards, health), Habitat (Health & Sanitation, Shelter) and Occupational (Skills, Income).

Entrepreneurship Development – Socio Economic Mainstreaming of Ultra Poor Women

The programme has been operational in 10 districts across 8 States during the year and has cumulatively impacted over **40,680 women**. These are ultra-poor women (women from the poorest sections of the community who have annual income less than ₹30,000/-, with no possession of assets, and also not having any able-bodied male member working in the family), shouldering responsibility of heading the family. They are benefitted through a structured **two-year graduation-based programme** as depicted below and thus helping them to move out of abject poverty.

Impact studies have shown that the income of these ultra-poor women beneficiaries has increased by more than five-fold. There is also a substantial improvement in Human Development Indicators like access to health, sanitation, children education, housing, social security, etc.



[36] *Jean, Guillaume. (2025). Community-Led Approaches to Women's Empowerment: Education and Mentorship in Rural Areas.*

CASE STUDY

Barnali Ruidas, Howrah, West Bengal

From Struggle to Success:

Barnali Ruidas' Journey of Resilience and Entrepreneurship

Barnali Ruidas, a 48-year-old resident of Balorampota village in Howrah district, faced a life-altering crisis when her husband, the family's primary breadwinner and a mason by profession, became permanently paralysed. With two daughters to care for and no steady income, she was forced to take up work as a daily labourer and housemaid, earning a meagre ₹2,000/- per month, barely sufficient to meet basic household needs.

In 2023, Barnali was identified through a Participatory Rural Appraisal and enrolled in ITC MSK's Targeted Hardcore Poor (THP) Programme. The intervention marked a turning point in her life. She received ₹ 11,910/- worth of productive assets to start a readymade garments business, along with ₹ 1,400/- as consumption stipend to support her initial livelihood transition. Through regular group meetings, she was equipped with enterprise development training, handholding support, and accessing Government entitlements and savings practices.

Over the course of the 24-month engagement, Barnali's entrepreneurial journey gathered momentum. With her growing confidence and consistent mentorship from the programme team, she diversified her income sources — launching a grocery shop and purchasing an old sewing machine to offer tailoring services in her spare time. Her current asset base is valued at ₹ 85,000/-, and her monthly income has increased to ₹ 17,000/-. She has developed the discipline of savings, resulting in a bank balance of over ₹ 12,000/-. She is now also linked to key welfare schemes such as Lakshmi Bhandar, e-Shram, and the Pradhan Mantri Suraksha Bima Yojana (PMSBY).

Barnali's success has had a ripple effect on her family and community. She now contributes ₹ 3,000/- per month for her husband's ongoing medical treatment at a quality healthcare facility. She has enrolled one of her daughters in college and covers her tuition expenses (₹ 6,000/- per month), while her other daughter has got married. With financial support of ₹ 1.2 lakh from the Gram Panchayat under housing schemes and an additional ₹ 1.5 lakh contributed from her savings; Barnali has also constructed a pucca house for her family. Today, she even employs a helper in her enterprise, paying ₹ 4,000/- per month, thereby enabling another livelihood.

Barnali's story is a testament to how strategic support, when combined with personal resilience, can enable sustainable economic empowerment and inspire transformation beyond the individual — reaching families including next generation and communities.

"Mission Sunehra Kal has helped me find my place in society. I never imagined I would be able to support my family, educate my daughter, and build a house of my own. Today, relatives and neighbours who once looked down upon me, now come to seek my advice. This programme has given me confidence, dignity, and a new identity." — Barnali Ruidas

Road Ahead

As discussed in MSK'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 organisational and national priorities. Programme priorities are defined by these three key drivers with certain level of overlaps and alignment in needs and priorities of each of the identified stakeholders.

Organisational Priorities and strategic pillars of **ITC Next** strategy including those aligned to **Sustainability 2.0**

National Priorities aligned to goals of Viksit Bharat 2047

Community Priorities identified through **Core Area Perspective Plan (CAPP)** 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.

The programmes will focus on Prototype-Pilot-Scale-Amplification approach to incorporate innovative and differentiated design elements in a structured manner, whilst also pursuing amplification of successful interventions by partnering with Government and Collaboratives.

ITC was conferred with the following awards and recognitions during FY 2024-25:

- **First Prize Winner in FICCI Sustainable Agriculture Awards 2024** in the 'Natural Resource Management and Climate Resilient Agriculture' category for the Climate Smart Village Programme.
- **IIT Madras CSR Awards 2024** under the theme **"Technology-Driven Inclusive Social Impact"** for deployment of technology in Climate Smart Agriculture.
- **"Gold" Prize** in **Financial Express Green Sarathi Award 2024**, in the **Water Stewardship** category.
- **Thirty-two MSK programme farmers were felicitated at the Millionaire Farmers of India (MFOI) Awards – 2024,** organised by Krishi Jagran in collaboration with ICAR.

Key publications during FY 2024-25 included:

- **Publication** on **Social Procurement: Paving the Way for Business Resilience and Sustainability**, prepared by Sattva, which has citation of practices adopted by ITC.
- **2 Case studies** on **Smart Solutions to Supply Chain Problems in Plastic Waste Management (PWM)** published in **India Sanitation Coalition, FICCI** Business of Change Compendium.
- **1 Case study** on **Women Skilling and Empowerment** in **FICCI's** publication on **Skill & Empower Playbook:** A Compilation of Impactful Skilling Initiatives by Corporates for Women.
- **1 Case study** on **Climate Smart Village Programme** in **FICCI's** publication on **Boosting Sustainability in Indian Agriculture:** A Compendium of Impactful Private Sector led Initiatives.
- **1 Case study** on **Women Empowerment** through Education, Employability, Enterprise Mindset and Entrepreneurship Development in **CII Rural Development Compendium on Best Practices.**

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 Pandit Ajoy Chakrabarty, Padmashri Pandit Ulhas Kashalkar, Pandit Partha Chatterjee, Pandit Uday Bhawalkar, Vidushi Subhra Guha, Shri Omkar Dadarkar, Shri Abir Hossain and Shri Brajeswar Mukherjee.** Pandit Uday Bhawalkar was conferred the Rashtriya Kalidas Samman by Government of Madhya Pradesh in November 2024 for the year 2022-23. 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. During the year, through collaborations with organisers all over the country, the Academy also presented its Scholars and young musicians in **ITC Mini Sangeet Sammelans, concerts and Baithaks** in cities like Ahmedabad, Chennai, Dehradun, Kanpur, Vadodara, etc. enabling the Academy to fulfil its avowed objective of preserving and propagating Hindustani Classical Music. 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. On the occasion of India's 78th Independence Day, the academy composed a special piece of music as a tribute to the nation, which was presented on 15th August 2024. The video **'Desh Ek Raag'** was based on Raag Desh and featured scholars of the Academy. The year also marked its **first Thumri Festival** in March 2025 featuring stalwarts of the genre as well as scholars of the Academy. 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, Sustainable Value Chain Programme (Eco Edge) and CII Sustainable Plastic Packaging Awards.

SDG Target Mapping

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 poductivity & 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, WASH in Schools**	**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 7	**Climate Smart Agri - solar pumps, Livestock - biogas units**	**7.2:** Renewable Energy
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 Froestry, 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

07

Annexures

Awards and Recognition

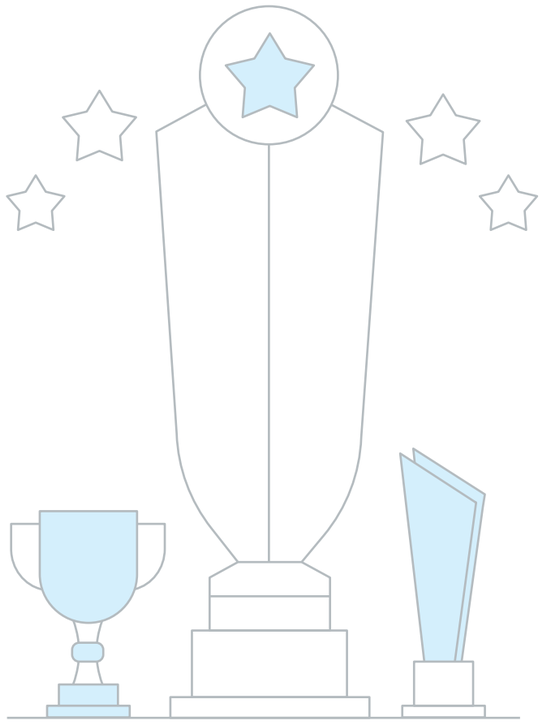
ESG Ratings

ITC has been a pioneer and frontrunner in Sustainability performance for more than two decades. It has undertaken multi-dimensional and large-scale initiatives that contribute to its leadership in Environmental, Social and Governance (ESG) issues.

In FY 2024-25, ITC sustained its 'AA' rating by MSCI-ESG for the seventh consecutive year, the highest rating among global tobacco majors.

ITC received an ESG score of 81 from S&P's Corporate Sustainability Assessment (CSA) 2024. Based on this score, ITC continued to remain listed on Dow Jones Sustainability Emerging Markets Index for fifth year in a row.

ITC is continuously working on all fronts focussing on well-defined targets and goals to sustain and strengthen its leadership in ESG performance. Its superior ESG performance has also been acknowledged by leading analysts and brokerage firms.



Major Awards FY 2024-25

- ITC Chairman, Mr. Sanjiv Puri received the 'AIMA – JRD Tata Corporate Leadership Award 2024' for his exceptional contribution to corporate leadership and professional management.
- ITC Chairman, Mr. Sanjiv Puri was awarded the 'Sir Jehangir Ghandy Medal for Industrial and Social Peace' by XLRI Jamshedpur for his significant contributions to industry and society.
- Mr. Sanjiv Puri, Chairman & Managing Director, was recognised as the 'Best CEO' in the 'Diversified Conglomerate' category by Fortune India.
- Mr. Supratim Dutta received the 'Group CFO of the Year - Large Enterprise Award' at the Economic Times CFO Awards 2025 for his strategic vision and role in the company's financial success.
- ITC ranked 1st in the 'Conglomerates' sector in BW Businessworld's 'India's Most Sustainable Companies 2024' for its exemplary sustainability initiatives.
- ITC received the 'India's Top Value Creator 2024 Award' in the 'Diversified' category from Dun & Bradstreet.

- ITC won the Platinum Award in the 'Large Industry' category at the 2nd FICCI Sustainable Industrial Practice Awards 2024 for excellence in sustainable industrial practices.
- ITC won the 'IIT Madras CSR Award 2024' in the 'Technology-Driven Inclusive Social Impact' category for Climate Smart Agriculture.
- ITC received the 'One Decade Excellence in CSR' Award from the Indian CSR One Decade Celebration Council for its contribution to community development over the past 10 years.
- ITC's Paperboards & Specialty Papers Division (PSPD) won the first prize in the BRICS Industrial Innovation Contest 2024 for its 'Chemicals Consumption Reduction in Kraft Pulp Mill' project at Bhadrachalam, in the 'Intelligent Manufacturing, Intelligent Equipment' category.
- ITC Central Projects Organisation received the Kitemark™ certification from BSI, UK, for Building Information Modelling (BIM) – Design, Construction and Commissioning for the ITC Green Centre Project (Phase II), Bengaluru.
- ITC PSPD won the Gartner Eye on Innovation Award for Power and Utilities 2024 in the Asia-Pacific region for its 'Steam and Power Grid Optimization' project and the Asia-Pacific Regional winner at the Gartner's Eye for Innovation Awards under the categories of 'Advanced Manufacturing', and 'Energy, Power and Utilities'.
- ITC's Foods Business – Kapurthala Unit and ITC's PSPD – Bhadrachalam Unit received the Platinum-level certification from the Alliance for Water Stewardship, Scotland – the highest global recognition for water stewardship based on international benchmarks.
- ITC PSPD received the prestigious 'DIN CERTCO' Industrial Recyclable Certification for its FiloTub, FiloServe and FiloBev products.
- ITC's Packaging & Printing Business (PPB) received two awards at the PrintWeek India Awards: 'Packaging Converter of the Year (F&B)' and 'Packaging Company of the Year - Folding Cartons (Large Volumes)'.
- ITC PPB received the prestigious WorldStar and AsiaStar awards in the categories of pack premiumisation and sustainability.
- ITC PPB's Nadiad factory in Gujarat has received 'Platinum' certification from the Indian Green Building Council (IGBC) for meeting Green Building Standards under the IGBC Green Factory Buildings Rating System.
- ITC won the 1st prize in 'FICCI Sustainable Agriculture Awards 2024' for the Climate Smart Village Programme and Farm Level Sustainability Initiatives in Dairy Operations.
- ITC's Water Stewardship Initiative won the Gold Award at the Financial Express Green Sarathi Awards 2024.
- ITCMAARS won the Platinum Award in the 'Large Industry' category at the 1st CII Industry-Academia Partnership Awards 2024.
- ITC's FMCG Businesses clinched multiple honours at the SABRE Asia-Pacific Awards 2024
  - ITC's Matches and Agarbatti Business secured the Platinum and 4 Gold Awards for the Mangaldeep Sixth Sense initiative.
  - ITC's Personal Care Products Business received the Diamond Award for the 'Feel Good with Fiama' mental well-being campaign.
  - ITC's Foods Business earned Gold for the ITC Mission Millets campaign.
- ITC's Corporate Communications bagged first prize in 7 categories at the prestigious Public Relations Society of India (PRSI) National Awards 2024.
- ITC has been awarded with the FICCI's Women Empowerment Award 2023-24 for promoting 'Impactful Care Ecosystem for Employees'.
- ITC's Foods Business was recognized for excellence in Women in STEM (Science, Technology, Engineering, and Mathematics) at the CII Awards.
- ITC's Bengaluru, Pune and Munger Units won the 'Apex Prize for Operational Excellence' at the Integrated Manufacturing Excellence Initiative (IMExI) Awards organised by Kaizen Hansei Institute, a wing of Kaizen Institute of India.
- ITC's Kidderpore unit received the 'National Energy Leader Award' at the CII National Award for Excellence in Energy Management.
- ITC's wind farm in Karnataka received the 'Best Performing Wind Farm Award' from Indian Wind Power Association in its geographical zone.
- 'Aashirvaad Atta' won Gold at Effie's for its innovative 'Atta – Rap' campaign in the Food, Snacks & Desserts category.
- At the E4M IMA South Awards, ITC Mission Millets won Gold in Best Use of Integrated Marketing – FMCG, Bingo Mad Angle Song won Gold in Branded Content - Food & Beverages.
- Savlon was recognized with the NIQ BASES Breakthrough Innovation Award by Nielsen, making it one of 15 winners out of 40000 new launches across the country.
- The recyclable Fiama Handwash pouch won the prestigious Global DOW Innovation Award.
- The Personal Care Business received 14 INDIASTAR 2024 awards for excellence in packaging.
- ITC's Bhadrachalam mill was awarded the 'Excellent Energy Efficient unit' at National Awards for Energy Management, 2024. The Kovai Unit was awarded for Excellence in Water Management, 2024, under the 'Beyond the Fence' category.
- ITC's Chirala Unit received the 'SEEM National Energy Management Award' with Platinum rating for Excellence in Energy Conservation.

Major Awards & Certifications over the years

- Mr. Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Business Leader of the Year Award' by the All India Management Association.
- Mr. Sanjiv Puri, Chairman & Managing Director, was conferred the Best CEO Award in the 'Large Companies' category by Business Today.
- Mr. Sanjiv Puri, Chairman & Managing Director, was awarded the Transformational Leader Award by the Asian Centre for Corporate Governance and Sustainability.
- ITC became the first Indian company to win the prestigious 'Global Kaizen Award' for its Panchla ICML facility at the 5th Edition of the Global KAIZEN™ Awards 2023 at Lisbon, Portugal.
- 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 'Best Governed Company' Award in the Listed Segment: Large category by the ICSI at the 20th ICSI National Awards for Excellence in Corporate Governance.
- Mr. Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit.
- 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 ranked one of India's Most Valuable CEOs by BW Businessworld.
- ITC's Life Sciences and Technology Centre was ranked 'Top Innovator' in India amongst Indian pharma and healthcare private companies.
- Nine ITC Units received the Platinum level certification, the highest recognition for water stewardship in the world, from the Alliance for Water Stewardship.
- ITC won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value'.
- ITC's leading hygiene brand Savlon bagged 7 awards at the coveted Cannes Lions 2017.
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016.
- ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC® Chain of Custody certified (FSC®-C064218).
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative.

Site-wise Details of Water Stewardship Plan

Site-wise Details of Water Stewardship Plan in line with the Alliance for Water Stewardship (AWS) Standard

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level Interventions	Demand Side Management		WASH and Water Governance	Process Water Withdrawal & Discharge
			Water Efficiency Measures at ITC Units	Catchment level Interventions		
Paper Mill at Kovai, Tamil Nadu[37]	Site lies in the Upper Bhawani River Basin. **Over 51,000 acres** covering **149 villages.**	Created **1,120 water harvesting and ground water recharge structures** to harvest rainwater, increase filtration rate & improve quality of water. Total water storage potential created: **~2.32 million kl.**	Optimisation of fresh water utilisation in process through water conservation measures leading to a daily savings of **290 kl/day.** Recycling of treated discharge water in process up to **57%**	Promotion of **Split dose** and **drone spray application** across more than **19,900 acres** to address high level of phosphorous and nitrate in the catchment. Total potential water savings in agricultural practices in FY 2024-25: **~28 million kl**	**479 Awareness campaigns** done on WASH. Created **66 Water User Groups** to strengthen water governance in the catchment.	**Withdrawal:** ~774,000 kl **Discharge:** 0 kl
Foods Factory at Malur, Karnataka[37]	Site lies in the South Pennar River Basin. **Over 40,200 acres** covering **168 villages.**	Created a cumulative of **612 water harvesting and ground water recharge structures.** Total water storage potential created: **~1.38 million kl.**	Rooftop Rainwater harvesting has helped in recharging more than **20,000 kl** of water. Furthermore, use of ETP Treated water in Toilet Flushing and use of Canteen RO reject water for washing utensils has led to a saving of **~3,400 kl/annum.**	Total potential water savings in agricultural practices in FY 2024-25: **~3.15 million kl.**	**41 schools** and **34 Anganwadis** covered under WASH interventions. Created **20 Water User Groups** to strengthen water governance in the catchment.	**Withdrawal:** ~62,100 kl **Discharge:** 0 kl
Cigarettes Factory at Bengaluru, Karnataka[37]	Site lies in the South Pennar River Basin. **Over 24,700** acres covering **76 villages.**	Created a cumulative of **425 water harvesting and ground water recharge structures.** Total water storage potential created: **~0.75 million kl.**	Enhanced the coverage of using treated ETP water instead of Fresh Water in all the toilets and using sensometric taps in all the washing stations and toilets. Ultraviolet Filtration (UF) reject water was blended with Reverse Osmosis (RO) reject water for uses in recycle application and Air Handling Unit (AHU) recycled water was connected to cooling water for recycling applications. Total rain-water harvested in FY 2024-25 was about **~1,03,490 kl.**	Total potential water savings in agricultural practices in FY 2024-25: **~1.24 million kl.**	**31 schools** and **20 Anganwadis** covered under WASH interventions.	**Withdrawal:** ~74,300 kl **Discharge:** 0 kl
Leaf Threshing Unit at Mysuru, Karnataka	Site lies in the Kabini River basin. **93,637 acres** covering **137 villages.**	Created a cumulative **395 water harvesting and ground water recharge structures.** Total water storage potential created: **~4.23 million kl.**	Continued benefits from past years interventions Combined ETP was separated as ETP and STP, where the treated ETP water is passed through newly installed UF+RO System and the permeate is being used in Boiler for Steam generation. Resulting in an overall daily water savings of **14 kl** Total rain-water harvested in FY 2024-25 was **565 kl.**	Various demand side interventions undertaken have led to an annual FY 2024-25 potential water savings in agricultural practices of about: **~7.18 million kl.**	**55 schools** and **35 Anganwadis** covered under WASH interventions **14** Water user groups to strengthen Water Governance in the catchment.	**Withdrawal:** ~36,700 kl **Discharge:** 0 kl
Integrated Paper Mill at Bhadrachalam, Telangana[37]	Site lies in the Mureru River Basin (Tributary of Kinnerasani-Godavari) **1.48 lakh acres** covering **104 villages**	Created **2,965 recharge structures** to harvest rainwater, recharge ground water, increase filtration rate and improve quality of water. Total water storage potential created: **2.34 million kl.**	Use of ETP treated wastewater in Heat Exchanger eliminating the need of fresh water utilisation for black liquor cooling. Cross functional group created to assess white water availability against production grades and dynamically allocate it to pulp tower dilution replacing fresh water. These interventions have led to a saving **of 4000 kl/day** in the unit.	Total potential water savings in agricultural practices in FY 2024-25: **~42 million kl.**	**1,307 Awareness campaigns** done on WASH. Created **148 Water User Groups** to strengthen water governance in the catchment.	**Withdrawal:** ~23.97 million kl **Discharge:** ~18.49 million kl)

[37] *Identified high water-stressed site*

ITC Site	River Catchment & Project Scale	Supply Side Management: Catchment level Interventions	Demand Side Management		WASH and Water Governance	Process Water Withdrawal & Discharge
			Water Efficiency Measures at ITC Units	Catchment level Interventions		
1) Cigarettes and **2) Foods Factories at Ranjangaon, Maharashtra[42]**	Site lies in the Ghod River Basin. **9.68 lakh acres** covering **461 villages.**	Constructed **2,673 water harvesting and ground water recharge structures** to harvest rainwater, increase infiltration rate and improve quality of water. Total water storage potential created: **~1.28 million kl.**	**Cigarettes Factory** ETP treated water was in Primary Manufacturing Department for trench cleaning leading to a savings of **~200 kl**. Pump maintenance & steam condensate recovered from 6 steam traps in boiler & economiser area has led to a water savings of **~50 kl**. Similarly, Humifog & Condensate drain water recovery from AHUs and STS Condensate water recovery has led to a saving of **~300 kl.** Total rain-water harvested in FY 2024-25 was **~38,773 kl** and around **412 kl** of fresh water was substituted through Rainwater **In Foods Factory,** recycled Water is being used in Peelers section of the Potato Chips line thereby reducing Freshwater consumption.	Total potential water savings in agricultural practices in FY 2024-25: **~240 million kl.**	**108 Awareness campaigns** done on WASH in 2024-25. **Trained 127 Water User** Associations on efficient water utilisation to strengthen water governance in the catchment. Total **97** awareness campaigns on waste management were conducted in FY 2024-25.	**Cigarettes factory** **Withdrawal:** ~24,600 kl **Discharge:** 0 kl Foods factory **Withdrawal:** ~155,800 kl **Discharge:** ~7,600 kl
Cigarettes Factory at Saharanpur, UP[42]	Site lies in the Hindon River Basin. **1.07 lakh acres** covering **98 villages.**	Renovated and constructed **72 water harvesting and ground water recharge structures.** Total water storage potential created: **0.43 million kl.**	Reuse of ETP treated water in cooling tower and toilet flushing led to a saving of **~7,400 kl** per annum. Total rain-water harvested in FY 2024-25 was **~20,700 kl** and around **~2,800 kl** of fresh water was substituted through Rainwater Harvesting.	Various demand side interventions undertaken have led to a total potential water savings in agricultural practices in FY 2024-25: **~10 million kl.**	**122 Toilets** and **122 Handwash** stations have been constructed in schools as part of WASH initiatives. **6,226 programmes** promoting WASH undertaken. **11** Community toilets constructed till date Trained **72 Water User Groups** on efficient water utilisation. **1.65 lakh households covered** under solid waste management programme.	**Withdrawal:** ~36,700 kl **Discharge:** 0 kl
Foods Factory at Kapurthala, Punjab[42]	Site lies in the Kali Bein River. **Over 95,800 acres** covering **133 villages.**	Rejuvenated **164** water harvesting and ground water recharge structures. Total additional water storage created: **~0.63 million kl.**	Installed Second Stage RO leading to a saving of **4,400 kl** of water per annum. Additionally, optimisation of soft water to cooling tower and dual media filtration and chlorination has led a combined savings of **~8,000 kl** per annum.	Various demand side interventions undertaken have led to a total potential water savings in agricultural practices in FY 2024-25: **~72 million kl.**	**402 WASH awareness campaigns** undertaken and **39,000 households** covered under Solid Waste Management programme. Created **109 Water User Groups** to strengthen water governance in the catchment.	**Withdrawal:** ~147,400 kl **Discharge:** 0 kl

ITC's Sustainable Supply Chain Initiative

Sl. No.	Supplier Screening	FY 2024-25
1.1	Total number of Tier 1 suppliers	15,675
1.2	Total number of significant suppliers in Tier 1	219
1.3	Total number of significant suppliers in non-Tier-1	0
1.4	**Total number of significant suppliers (Tier-1 and non Tier-1)**	**219**

Sl. No.	Supplier Assessment	FY 2024-25
1.1	Total number of suppliers assessed via desk assessment/on-site assessments	76*
1.2	Percentage of significant suppliers assessed	~70%
1.3	Number of suppliers assessed with substantial actual/potential negative impacts	16
1.4	Suppliers with substantial actual/ potential negative impacts with agreed corrective action / improvement plan	12#
1.5	Number of suppliers with substantial actual/potential negative impacts that were terminated	0

**151 is the cumulative (till date since FY 2022-23)*
 # These suppliers were reassessed in FY 2024-25

Sl. No.	Corrective Action Plan Support	FY 2024-25
2.1	Total number of suppliers supported in corrective action plan implementation	12

Sl. No.	Capacity Building Programs	FY 2024-25
3.1	Total number of suppliers in capacity building programs	438

GRI Content Index

Statement Of Use	ITC Limited has reported in accordance with the GRI Standards for the period April 01, 2024 to March 31, 2025.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	About ITC	-	-	-
	2-2 Entities included in the organisation's sustainability reporting	About this Report	-	-	-
	2-3 Reporting period, frequency and contact point	About this Report	-	-	-
	2-4 Restatements of information	There's no restatement in this Report.	-	-	-
	2-5 External assurance	About this Report Independent External Assurance	-	-	-
	2-6 Activities, value chain and other business relationships	About ITC Sustainable Supply Chain and Responsible Sourcing	-	-	-
	2-7 Employees	Workforce for Tomorrow	-	-	-
	2-8 Workers who are not employees	Workforce for Tomorrow	-	-	-
	2-9 Governance structure and composition	Governance	-	-	-
	2-10 Nomination and selection of the highest governance body	Governance	-	-	-
	2-11 Chair of the highest governance body	Governance	-	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance	-	-	-
	2-13 Delegation of responsibility for managing impacts	Governance	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	Governance	-	-	-
	2-15 Conflicts of interest	Governance	-	-	-
	2-16 Communication of critical concerns	Stakeholder Engagement Governance	-	-	-
	2-17 Collective knowledge of the highest governance body	Governance	-	-	-
	2-18 Evaluation of the performance of the highest governance body	Governance	-	-	-
	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 https://www.itcportal.com/about-itc/policies/index.aspx	-	-	-
	2-24 Embedding policy commitments	Chairman's Message	-	-	-
	2-25 Processes to remediate negative impacts	Report and Accounts 2025, Business Responsibility and Sustainability Reporting (BRSR), 2025 - Principle 4 Sustainable Supply Chain and Responsible Sourcing	-	-	-

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	2-26 Mechanisms for seeking advice and raising concerns	Workforce for Tomorrow	-	-	-
	2-27 Compliance with laws and regulations	Report and Accounts 2025, BRSR 2025 Principle 1	-	-	-
	2-28 Membership associations	Report and Accounts 2025, BRSR 2025 Principle 7	-	-	-
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	-	-	-
	2-30 Collective bargaining agreements	Workforce for Tomorrow Reports and Accounts 2025 - BRSR Principle 3	-	-	-
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Issues	-	-	-
	3-2 List of material topics	Material Issues	-	-	-
Brand & Reputation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability Strategic Risk Management	-	-	-
Data Security & Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability Strategic Risk Management Reports and Accounts 2025 - BRSR Principle 9	-	-	-
R&D and Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability Strategic Pillars	-	-	-
Climate Smart Agriculture					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable and Climate Resilient Agriculture	-	-	-
Ethics & Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance	-	-	-
Nature & Biodiversity (Biodiversity)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity Management	-	-	-
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Management Reports and Accounts 2025 - BRSR 2025 Principle 6	-	-	-
	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	-	-	-
Sustained Stakeholder Value Creation (Economic performance)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Creating Sustained Economic Value	-	-	-
GRI 201: Economic Performance 2016	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					
GRI 3: Material Topics 2021	3-3 Management of material topics	Reports and Accounts 2025 - BRSR 2025 Principle 5	-	-	-

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Reports and Accounts 2025 - BRSR 2025 Principle 5	-	-	-
	202-2 Proportion of senior management hired from the local community	Governance	-	-	-
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	About ITC ITC's Approach to Value Creation Creating Sustained Economic Value	-	-	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	About ITC ITC's Approach to Value Creation Creating Sustained Economic Value	-	-	-
	203-2 Significant indirect economic impacts	Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth	-	-	-
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain and Responsible Sourcing Reports and Accounts 2025 - BRSR 2025 - Principle 2, Principle 6, Principle 8	-	-	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Supply Chain and Responsible Sourcing Reports and Accounts 2025 - BRSR 2025 - Principle 8	-	-	-
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance	-	-	-
GRI 205: Anti-corruption 2016	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 2025 - BRSR 2025 Principle 1	-	-	-
	205-3 Confirmed incidents of corruption and actions taken	Report and Accounts 2025 - BRSR 2025 Principle 1	-	-	-
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics		-	-	-
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Governance Report and Accounts 2025 - BRSR 2025 - Principle 1 and 7	-	-	-
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#policy-tax	-	-	-
GRI 207: Tax 2019	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 2025	-	-	-

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain and Responsible Sourcing	-	-	-
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainable Supply Chain and Responsible Sourcing	-	-	-
	301-2 Recycled input materials used	Towards Circularity	-	-	-
	301-3 Reclaimed products and their packaging materials	Towards Circularity	-	-	-
Net Zero & Climate Transition (Energy)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Change	-	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Climate Change Renewable Energy: 13,441 TJ Non-renewable energy: 12,455 TJ	-	-	-
	302-2 Energy consumption outside of the organisation	Nearly 14,000 TJ with the boundary same as for Scope 3	-	-	-
	302-3 Energy intensity	Climate Change	-	-	-
	302-4 Reduction of energy consumption	Climate Change	-	-	-
	302-5 Reductions in energy requirements of products and services	Climate Change	-	-	-
Water Stewardship (Water and effluents)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Security	-	-	-
GRI 303: Water and Effluents 2018	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 Sites in water stress regions including their water withdrawal is included in BRSR Principle 6 Leadership indicator 1.	-	-	-
	303-4 Water discharge	Water Security Sites in water stress regions including their water discharge is included in BRSR Principle 6 Leadership indicator 1.	-	-	-
	303-5 Water consumption	Water Security Sites in water stress regions including their water consumption is included in BRSR Principle 6 Leadership indicator 1.	-	-	-
Net Zero & Climate Transition (Emissions)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Change	-	-	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Change	-	-	-
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change	-	-	-
	305-3 Other indirect (Scope 3) GHG emissions	Climate Change	-	-	-
	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	-	-	-
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emissions Management	-	-	-

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Spills					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chemical Safety Management	-	-	-
GRI 306: Effluents and Waste 2016	306-3 Significant spills	Chemical Safety Management	-	-	-
Circularity & Sustainable Packaging (Waste)					
GRI 3: Material Topics 2021	3-3 Management of material topics	Towards Circularity	-	-	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Towards Circularity	-	-	-
	306-2 Management of significant waste-related impacts	Towards Circularity	-	-	-
	306-3 Waste generated	Towards Circularity	-	-	-
	306-4 Waste diverted from disposal	Towards Circularity	-	-	-
	306-5 Waste directed to disposal	Towards Circularity	-	-	-
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain and Responsible Sourcing Report and Accounts 2025 - BRSR 2025 - Principle 6	-	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain and Responsible Sourcing Annexure- Sustainable Supply Chain Initiatives Report and Accounts 2025 - BRSR 2025 - Principle 6	-	-	-
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain and Responsible Sourcing Annexure- Sustainable Supply Chain Initiatives Report and Accounts 2025 - BRSR 2025 - Principle 6	-	-	-
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow	-	-	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Workforce for Tomorrow	-	-	-
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025 Principle 3	-	-	-
	401-3 Parental leave	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025 - Principle 3	-	-	-
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow	-	-	-
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Workforce for Tomorrow	-	-	-

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety	-	-	-
GRI 403: Occupational Health and Safety 2018	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	-	-	-
	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	-	-	-
	403-10 Work-related ill health	Occupational Health and Safety	-	-	-
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Workforce for Tomorrow			
	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					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow			
GRI 405: Diversity and Equal Opportunity 2016	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 2025 - BRSR 2025 Principle 5			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Report and Accounts 2025 - BRSR 2025 Principle 5			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Report and Accounts 2025 - BRSR 2025 Principle 5			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Workforce for Tomorrow			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025- Principle 5 Sustainable Supply Chain and Responsible Sourcing			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025 - Principle 5 Sustainable Supply Chain and Responsible Sourcing			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025 Principle 5 Sustainable Supply Chain and Responsible Sourcing			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Workforce for Tomorrow Report and Accounts 2025 - BRSR 2025 Principle 5 Sustainable Supply Chain and Responsible Sourcing			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Workforce for Tomorrow			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Report and Accounts 2025 - BRSR 2025 Principle 5			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth			
	413-2 Operations with significant actual and potential negative impacts on local communities	Mission Sunehra Kal for Transforming Lives and Landscapes - Sustainable and Inclusive Growth			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain and Responsible Sourcing Report and Accounts 2025 - BRSR 2025 Principle 5			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain and Responsible Sourcing Report and Accounts 2025 - BRSR 2025 Principle 5			
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain and Responsible Sourcing Report and Accounts 2025 - BRSR 2025 Principle 5			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Report and Accounts 2025			
GRI 415: Public Policy 2016	415-1 Political contributions	Report and Accounts 2025			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability			
GRI 416: Customer Health and Safety 2016	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 labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Sustainability			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Sustainability			
	417-3 Incidents of non-compliance concerning marketing communications	Product Sustainability			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Sustainability			
GRI 418: Customer Privacy 2016	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 Sixth assessment report.

1. **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.

2. **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 20.0, December 2024) 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.

3. **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[38].

   Rail – Emission factor shared by India railways.

   Air – India Specific Air Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme[38].

   Ship – Emission factor published by Department of Business, Energy & Industrial Strategy, UK.

4. **Process emissions**
ITC's Paper Unit at Bhadrachalam also have a limestone calcination line. Process emissions from calcination is estimated using the methodology provided in the Pulp and Paper Tool published GHG Protocol.

5. **Emissions from refrigerants**
Emission factor for refrigerant gases is sourced from Montreal Protocol and OzonAction factsheet on refrigerant blends published by UNEP.

6. **Upstream emissions associated with materials used**
Cradle-to-gate emission factor for materials is sourced from the GaBi dataset.

   Emissions are calculated by multiplying the quantity of material consumed with corresponding emission factor.

7. **Upstream emissions of fuel and energy**
Fuel related upstream emission factors are sourced from the information provided in the CDM Methodological tool – Upstream leakage emissions associated with fossil fuel use, Version 2.0[44]. For electricity related upstream emission factor, Transmission losses were sourced from the data[45] published by Ministry of Power, Government of India.

   Emissions are calculated by multiplying energy from each fuel with corresponding upstream emission factor. For grid electricity, emissions are calculated by multiplying grid electricity with transmission losses and grid emission factor.

8. **Downstream emissions from end of life of plastic packaging**
End of life of incineration of plastic is sourced from the WARM tool (Version 16) published by US EPA[46]. Emission factor for mixed plastic is used which is multiplied with the quantity of plastic waste send for co-processing through various channel partners.

9. **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:
   1. Emissions from company owned vehicles
   2. Emissions from employee commuting
   3. sSF_6 release from power distribution system
   4. CO_2 release from fire protection system
   5. Emissions from gas cutting/ welding
   6. Methane released from wastewater treatment
   7. Emissions from composting of waste inside the unit premises
   8. Emissions from fertiliser application in forestry project
   9. Emissions from business air travel

   Contribution of other sources of GHG emissions is less than 1% in ITC's total GHG emissions. These are estimated once in three years.

10. **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.'

[38] India GHG Programme is led by World Resources Institute (WRI India), CII and TERI.
[44] https://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-15-v2.0.pdf
[45] https://powermin.gov.in/sites/default/files/uploads/RS25112024_Eng.pdf
[46] https://www.epa.gov/warm/versions-waste-reduction-model

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 factories at Khurda, Jammu and Uluberia), LSTC and ITC Grand Central.
- Subsidiaries: Surya Nepal Private Limited (SNPL) Units at Simara & Seratar.
- Third Party Vendors: ATC Limited Unit at Hosur, HDC Hyderabad, RCTI Bhopal and GS Global Ventures Private Limited.

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 factories at Khurda, Jammu and Uluberia.)
- Subsidiaries: North-East Nutrients Private Limited (NENPL) Unit at Mangaldoi, SNPL Units at Simara & Seratar.
- Third Party Vendors: ATC Limited Unit at Hosur, HDC Hyderabad, RCTI Bhopal and GS Global Ventures Private Limited.

SA 8000: Social Accountability:
- Cigarettes factories at Munger, Kidderpore, Bengaluru and Pune, Packaging and Printing Units at Munger & Tiruvottiyur.
- Subsidiary: SNPL Unit at Simara.
- Third Party Vendors: ATC Limited Unit at Hosur, HDC Hyderabad, RCTI Bhopal and GS Global Ventures Private Limited.

FSSC 22000/ISO 22000/HACCP: Food Safety Management System:
- All ITC owned Foods Business Units (except factory at ICML Khurda and Jammu and Sankrail where certification is under progress), Spices factory at Guntur, ITC Units at Bengaluru, Pune, Saharanpur, Packaging and Printing Units at Haridwar, ITC Grand Central.

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 Business has Forest Stewardship Council-Forest Management (FSC®-FM) certification (FSC®-C102390) and FSC® Chain of Custody (FSC®-C064218).
- Packaging and Printing Units at Tiruvottiyur, Haridwar and Nadiad (FSC®-C109843, FSC®-C184784 and FSC®-C187699).
- Paperkraft Notebooks of Education and Stationary Products Business are FSC® certified (FSC®- C181115).

LEED® Platinum Rating by US Green Building Council/ Platinum Rated Green Building by Indian Green Building Council:
- ITC Grand Central.
- ITC Green Centre at Bengaluru, ITC Sankhya Data Centre, ITC Green Centre at Guntur, 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, Medak, Nadiad and ATC Limited.

LEED® Zero Carbon:
- Sankhya Data centre.

Alliance for Water Stewardship (AWS) Platinum-level certification:
- Paperboards and Speciality Papers Unit at Kovai and Bhadrachalam.
- Foods Unit at Malur, Ranjangaon and Kapurthala.
- Cigarettes Unit at Saharanpur, Bengaluru and Ranjangaon.
- Leaf threshing Unit at Mysuru.

Rainforest Alliance Certification:
- In FY 2024-25, 6,757 acres of coffee raw materials and 251 acres of Mango area was certified under Rainforest Alliance sustainable standard.

Union for Ethical Bio Trade (UEBT) & Rainforest Alliance Joint Certification:
- In FY 2024-25, around 6,551 acres of area under new UEBT & RA joint herbs & spices programme covering Chilli, Cumin, Celery and Turmeric crops.

Global G.A.P Certification:
- In FY 2024-25, 1,849 acres of Chilli was 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 FY 2024-25, 955 acres of Mango area was covered under Fairtrade certification.

Certified Organic Production:
- In FY 2024-25, 2710 acres of Mango and 1374 acres of Spices (Chilli, Turmeric, Cumin) area was certified under organic farming. Similarly, around 14,682 acres of area under Cereals (Wheat, Paddy, Soybean, Maize, Gram, Pigeon Pea, Mustard) and around 2181 acres under Spices (Chilli, Cumin, Fennel) is under Organic conversion.

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.

Independent External Assurance

KPMG

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Independent Practitioner's Assurance Report

To the Board of Directors of ITC Limited

Assurance report on the select sustainability disclosures in the Sustainability Report 2025 of ITC Limited (the 'Company') prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 (also called 'Identified Sustainability Information' (ISI)) for the period from 1 April 2024 to 31 March 2025.

Reasonable Assurance Opinion and Limited Assurance Conclusion

We have carried out an assurance engagement on the Identified Sustainability Information (ISI) as detailed in the table below:

Identified Sustainability Information subject to assurance	Period subject to assurance	Reporting criteria
Select GRI Indicators (refer Annexure 1 and Annexure 2)	From 1 April 2024 to 31 March 2025	– *GRI Standards 2021.* – *Greenhouse Gas (GHG) Protocol (A Corporate Accounting and Reporting Standard) (Revised Edition); and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, developed by GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).*

This engagement was conducted by a multidisciplinary team including assurance practitioners, engineers, environmental and social professionals.

For the purposes of the remainder of our assurance report:

- "Information covered by Reasonable Assurance" refers to the Identified Sustainability Information that was subjected to reasonable assurance, as covered in Annexure 1; and
- "Information covered by Limited Assurance" refers to the Identified Sustainability Information that was subjected to limited assurance, as covered in Annexure 2.

Reasonable assurance opinion

In our opinion, the Company's ISI presented in the Company's Sustainability Report 2025 for the period from 1 April 2024 to 31 March 2025, is prepared, in all material respects, in accordance with the GRI Standards 2021, the Greenhouse Gas (GHG) Protocol (A Corporate Accounting and Reporting Standard) (Revised Edition) and the basis of preparation set out in the *'About this Report'* section of the Sustainability Report 2025.

Independent External Assurance

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company's ISI in the Company's Sustainability Report 2025 for the period from 1 April 2024 to 31 March 2025, is not prepared, in all material respects, with reference to the GRI Standards (2021), the Greenhouse Gas (GHG) Protocol (A Corporate Accounting and Reporting Standard) (Revised Edition) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and the basis of preparation set out in the *'About this Report'* section of the Sustainability Report 2025.

Basis for opinion and conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of this report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

KPMG Assurance and Consulting Services LLP (the Firm) applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the Firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Other information

Management and the Board of Directors of the Company are responsible for the other information. The other information comprises the information included in the Company's Sustainability Report 2025 and Report and Accounts 2025 (but does not include select GRI indicators and assurance report thereon). Additionally, we have performed two more engagements:

1) a reasonable assurance engagement on BRSR Core attributes and issued an independent assurance report on 13 June 2025.
2) a reasonable and limited assurance engagement on GHG emissions inventory and issued an independent assurance report on 23 June 2025.

Our reasonable assurance opinion and limited assurance conclusion on select GRI indicators do not cover the other information, and we do not express any form of assurance thereon.

In connection with our assurance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the reporting criteria or our knowledge obtained in the assurance or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to Those Charged With Governance and describe actions applicable under the applicable laws and regulations. We have nothing to report in this regard.

Intended use or purpose

The ISI, reasonable and our limited assurance report are intended for users who have reasonable knowledge of the reporting criteria and the ISI and who have read the information in the ISI with reasonable diligence and understand that the ISI is prepared and assured at appropriate levels of materiality.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Identified Sustainability Information (ISI)

The management of the Company acknowledges and understands their responsibility for:

- designing, implementing and maintaining internal control relevant to the preparation of the ISI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the ISI and appropriately referring to or describing the criteria;
- preparing, fairly stating, properly calculating the ISI in accordance with the reporting criteria;
- ensuring the reporting criteria is available for the intended users with relevant explanations;
- establishing targets, goals and other performance measures, and implementing actions to achieve such targets, goals and performance measures;
- providing the details of the management personnel who takes ownership of the ISI disclosed in the report;
- ensuring compliance with applicable laws, regulations or applicable contracts;
- making judgements and estimates that are reasonable in the circumstances;
- identifying and describing any inherent limitations in the measurement or evaluation of information covered by assurance in accordance with the reporting criteria;
- preventing and detecting fraud;
- selecting the content of the ISI, including identifying and engaging with intended users to understand their information needs;
- informing us of other information that will be included with the ISI; and
- supervision of other staff involved in the preparation of the ISI.

Those Charged With Governance are responsible for overseeing the reporting process for the Company's ISI.

Inherent Limitations

The preparation of the Company's ISI requires the management to establish or interpret the criteria, make determinations about the relevance of information to be included, and make estimates and assumptions that affect the ISI.

Measurement of certain amounts in the ISI, some of which are estimates, is subject to substantial inherent measurement uncertainty, for example GHG Emissions, Water Consumption, Energy Consumption, etc. Obtaining sufficient appropriate evidence to support our opinion/conclusion does not reduce the uncertainty in the amounts and metrics.

Independent External Assurance

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain combined reasonable and limited assurance on the ISI, and whether the ISI is free from material misstatement, whether due to fraud or error;
- forming an independent reasonable assurance opinion and limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting reasonable assurance opinion and limited assurance conclusion to the Board of Directors of the Company.

Summary of the work we performed as the basis for our opinion/conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence that is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Procedures performed for reasonable assurance opinion

The nature, timing, and extent of the procedures performed depended on our judgement, including an assessment of the risks of material misstatement of the information covered by reasonable assurance, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding the ISI covered by reasonable assurance and the engagement circumstances. We also obtained an understanding of the internal control relevant to the ISI covered by reasonable assurance in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls. In carrying out our engagement, we:

- assessed the suitability of the reporting criteria used by the Company in preparing the ISI covered by reasonable assurance;
- evaluated the appropriateness of reporting policies, quantification methods, models, and controls used in the preparation of the information covered by reasonable assurance and the reasonableness of estimates made by the Company; and
- performed substantive testing of data related to ISI, limited to 18 operational locations of the Company (namely, Integrated Consumer Goods Manufacturing and Logistics (ICML) Mysore; ICML Kapurthala; ICML Panchla; ICML Haridwar; ICML Pune; Branded Packaged Foods Business Division (FBD) Munger; Paperboards and Specialty Papers Division (PSPD) Tribeni; PSPD Kovai; PSPD Bhadrachalam; Personal Care Products Business Division (PCPBD) Manpura; PCPB Haridwar; India Tobacco Division (ITD) Bangalore; ITD Pune; ITD Munger; KGLT Mysore; Packaging and Printing Business (PPB)Munger; PPB Nadiad; PPB Haridwar); and
- evaluated the overall presentation of the information covered by reasonable assurance.

Procedures performed for limited assurance conclusion

Our procedures selected depended on our understanding of the ISI covered by limited assurance and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In carrying out our engagement, we:

- assessed the suitability of the reporting criteria used by the Company in preparing the ISI covered by limited assurance;

- interviewed senior management and relevant staff at corporate and selected locations concerning policies for environmental, social and occupational health and safety, and the implementation of these across the business;
- through inquiries, obtained an understanding of the Company's control environment, processes and information systems relevant to the preparation of the ISI covered by limited assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- made inquiries of relevant staff at corporate and selected locations responsible for the preparation of the ISI covered by limited assurance;
- made inquiries at selected sites, as appropriate;
- inspected, at each site visited, a limited number of items to or from supporting records, as appropriate;
- applied analytical procedures, as appropriate;
- recalculated the information covered by limited assurance based on the criteria; and
- evaluated the overall presentation of the ISI covered by limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Exclusions:

Our assurance scope excludes the following and therefore we do not express an opinion or a conclusion on the same:

- Any form of review of the commercial merits, technical feasibility, accuracy, compliance with applicable legislation for the project, and accordingly we express no opinion thereon. We are not required to verify any of the judgements and commercial risks associated with the project, nor comment upon the possibility of the financial projections being achieved.
- The Company's statements that describe the strategy, progress on goals (other than those listed under the scope of assurance), expression of opinion, claims, belief, aspiration, expectation, aim to future intention provided by the Company, and assertions related to Intellectual Property Rights and other competitive issues.
- Operations of the Company other than those mentioned in the Scope of Assurance.
- Aspects of the GRI indicators and the data/information (qualitative or quantitative) other than the ISI.
- Data and information outside the defined reporting period from 1 April 2024 to 31 March 2025.

For KPMG Assurance and Consulting Services LLP

Shivananda Shetty
Partner

Date: 23 June 2025

Place: Gurugram

Independent External Assurance

Annexure – 1
Select GRI Indicators of ITC Limited- Reasonable assurance for FY 2024-25

Reference	Disclosures	Type of Assurance
2-2	Entities included in the organization's sustainability reporting	Reasonable
2-3	Reporting period, frequency and contact point	Reasonable
2-4	Restatements of information	Reasonable
2-6	Activities, value chain and other business relationships	Reasonable
2-7	Employees	Reasonable
2-8	Workers who are not employees	Reasonable
2-9	Governance structure and composition	Reasonable
2-10	Nomination and selection of the highest governance body	Reasonable
2-11	Chair of the highest governance body	Reasonable
2-12	Role of the highest governance body in overseeing the management of impacts	Reasonable
2-13	Delegation of responsibility for managing impacts	Reasonable
2-14	Role of the highest governance body in sustainability reporting	Reasonable
2-15	Conflicts of interest	Reasonable
2-16	Communication of critical concerns	Reasonable
2-17	Collective knowledge of the highest governance body	Reasonable
2-26	Mechanisms for seeking advice and raising concerns	Reasonable
2-29	Approach to stakeholder engagement	Reasonable
2-30	Collective bargaining agreements	Reasonable
3-1	Process to determine material topics	Reasonable
3-2	List of material topics	Reasonable
3-3	Management of material topics	Reasonable
301-1	Materials used by weight or volume	Reasonable
302-1	Energy consumption within the organisation	Reasonable
302-3	Energy intensity	Reasonable
302-4	Reduction of energy consumption	Reasonable
303-3	Water withdrawal	Reasonable
303-4	Water discharge	Reasonable

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Reference	Disclosures	Type of Assurance
303-5	Water consumption	Reasonable
305-1	Direct (Scope 1) GHG emissions	Reasonable
305-2	Energy indirect (Scope 2) GHG emissions	Reasonable
305-6	Emissions of ozone-depleting substances (ODS)	Reasonable
305-7	Nitrogen oxides (NO_X), sulphur oxides (SO_X), and other significant air emissions	Reasonable
306-3	Waste generated	Reasonable
306-4	Waste diverted from disposal	Reasonable
306-5	Waste directed to disposal	Reasonable
401-1	New employee hires and employee turnover	Reasonable
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Reasonable
401-3	Parental leave	Reasonable
403-9	Work-related injuries	Reasonable
404-1	Average hours of training per year per employee	Reasonable
413-1	Operations with local community engagement, impact assessments, and development programs	Reasonable

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Independent External Assurance

Annexure-2
Select GRI Indicators of ITC Limited- Limited assurance for FY 2024-25

Reference	Disclosures	Type of Assurance
305-3	Other indirect (Scope 3) GHG emissions	Limited
308-2	Negative environmental impacts in the supply chain and actions taken	Limited
414-2	Negative social impacts in the supply chain and actions taken	Limited

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Independent Practitioner's Assurance Report

To the Board of Directors of ITC Limited

Assurance report on the Greenhouse Gas (GHG) emissions inventory presented in the Sustainability Report 2025 of ITC Limited (the 'Company') for the period from 1 April 2024 to 31 March 2025.

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') were engaged by the Board of Directors (Directors) of ITC Limited (the 'Company') to provide independent assurance on the Company's GHG Emissions Inventory (also called 'Identified Sustainability Information' (ISI)) as set out in Sustainability Report 2025 of the Company and the Annexure 1 (the "GHG Emissions Inventory") for the period from 1 April 2024 to 31 March 2025.

The GHG Emissions Inventory has been prepared by the Company in accordance with the requirements of the GHG Protocol 'A Corporate Accounting and Reporting Standards (Revised Edition)' and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' developed by GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) (together called 'Reporting Criteria'). The basis of preparation is set out in section "Quantification Methodologies" section of the Sustainability Report 2025.

This engagement was conducted by a multidisciplinary team including assurance practitioners, engineers, environmental and social professionals.

For the purposes of the remainder of our assurance report:

- "Information covered by Reasonable Assurance" refers to the Identified Sustainability Information that was subjected to reasonable assurance, as covered in Annexure 1; and
- "Information covered by Limited Assurance" refers to the Identified Sustainability Information that was subjected to limited assurance, as covered in Annexure 1.

Scope and reporting boundary

The scope of assurance covers direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions, biogenic GHG emissions, GHG removals from Farm and Social Forestry projects, and select categories of other indirect (Scope 3) GHG emissions of the Company, for the period 1 April 2024 to 31 March 2025. The reporting boundary is defined in "About this Report" section of the Company's Sustainability Report 2025.

The scope 3 emission categories under the purview of assurance are limited to – Category 1: Purchased Goods; Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2; Category 4: Upstream Transportation & Distribution; Category 6: Business Travel; Category 7: Employee Commuting; Category 9: Downstream Transportation & Distribution; and Category 12: End-of-Life Treatment of Sold Products.

Independent External Assurance

Reasonable Assurance Opinion and Limited Assurance Conclusion

Reasonable assurance opinion

In our opinion, the Company's Scope 1 GHG emissions and Scope 2 GHG emissions presented in the Company's Sustainability Report 2025 for the period from 1 April 2024 to 31 March 2025, are prepared, in all material respects, in accordance with the Greenhouse Gas (GHG) Protocol (A Corporate Accounting and Reporting Standard) (Revised Edition) developed by the GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The basis of preparation of GHG emissions inventory is set out in '*Quantification Methodologies'* section of the Company's Sustainability Report 2025.

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company's Scope 3 GHG emissions, presented in the Company's Sustainability Report 2025 for the period from 1 April 2024 to 31 March 2025, are not prepared, in all material respects, with reference to the Greenhouse Gas (GHG) Protocol (A Corporate Accounting and Reporting Standard) (Revised Edition) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The basis of preparation of GHG emissions inventory is set out in '*Quantification Methodologies'* section of the Company's Sustainability Report 2025.

Basis for opinion and conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under these standards are further described in the "Our responsibilities" section of this report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

KPMG Assurance and Consulting Services LLP (the Firm) applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the Firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Other information

Management and the Board of Directors of the Company are responsible for the other information. The other information comprises the information included in the Company's Sustainability Report 2025 (but does not include the GHG emissions inventory thereon).

Additionally, we have performed two more engagements:

1) a reasonable assurance engagement on BRSR Core attributes and issued an independent practitioner's assurance report on 13 June 2025.

2) a combined reasonable and limited assurance engagement on select GRI Standards 2021 indicators and issued an independent practitioner's assurance report on 23 June 2025.

Our reasonable assurance opinion and limited assurance conclusion on the GHG emissions inventory does not cover the other information and we are not expressing any form of assurance thereon.

In connection with our assurance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the reporting criteria or our knowledge obtained in the assurance or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to Those Charged With Governance and describe actions applicable under the applicable laws and regulations. We have nothing to report in this regard.

Intended use or purpose

The GHG Emissions Inventory, and our assurance report are intended for users who have reasonable knowledge of the greenhouse gas emissions and related inventory, the reporting criteria and who have read the information in the Sustainability Report 2025 with reasonable diligence and understand that the GHG Emissions Inventory is prepared and assured at appropriate levels of materiality.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the GHG Emissions Inventory

The management of the Company acknowledges and understands their responsibility for:

- properly preparing and presenting the GHG emissions inventory that is free from material misstatement and is prepared in accordance with reporting criteria as defined above and for the information contained therein;
- designing, implementing and maintaining internal control relevant to the preparation of the GHG emissions inventory that is free from material misstatement, whether due to fraud or error;
- selecting and applying quantification methods, making judgements and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the GHG emissions inventory;
- preparing, fairly stating, properly calculating the GHG emissions inventory in accordance with the reporting criteria;
- ensuring the reporting criteria is available for the intended users with relevant explanations;
- establishing targets, goals and other performance measures, and implementing actions to achieve such targets, goals and performance measures;
- providing the details of the management personnel who takes ownership of the GHG emissions inventory disclosed in the report;
- ensuring compliance with applicable laws, regulations or applicable contracts;
- making judgements and estimates that are reasonable in the circumstances;
- identifying and describing any inherent limitations in the measurement or evaluation of information covered by assurance in accordance with the reporting criteria;
- preventing and detecting fraud;

Independent External Assurance

- selecting components of the GHG emissions inventory, including identifying and engaging with intended users to understand their information needs;
- informing us of other information that will be included with the GHG emissions inventory; and
- supervision of other staff involved in the preparation of the GHG emissions inventory.

Those Charged With Governance are responsible for overseeing the reporting process for the Company's GHG emissions inventory.

Characteristics and limitations of the GHG Emissions Inventory

GHG quantification is subject to significant inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Obtaining sufficient appropriate evidence to support our opinion/conclusion does not reduce the uncertainty in the amounts and metrics.

Our responsibilities

Our responsibility is to examine the GHG emissions inventory prepared by the Company and to report thereon in the form of an independent reasonable assurance opinion and limited assurance conclusion based on the procedures we have performed, and the evidence obtained.

Our engagement included:

- assessing the appropriateness of GHG emissions inventory components;
- the suitability in the circumstances of the engagement of the reporting criteria applied by the Company (as explained in section above) as the basis for preparing the GHG emissions inventory;
- evaluating the appropriateness of the quantification methods, reporting policies and procedures, and models used in the preparation of the GHG emissions inventory and the reasonableness of estimates made by the Company, and evaluating the overall presentation of the GHG emissions inventory;
- planning and performing the engagement to obtain a combined reasonable and limited assurance on GHG Emissions Inventory presented in Sustainability Report 2025, about whether the GHG Emissions Inventory is free from material misstatement, whether due to fraud or error;
- forming an independent reasonable assurance opinion and limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting reasonable assurance opinion and limited assurance conclusion to the Board of Directors of the Company.

Summary of the work we performed as the basis for our opinion/conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence that is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Procedures performed for reasonable assurance

The nature, timing, and extent of the procedures performed depended on our judgement, including an assessment of the risks of material misstatement of the information covered by reasonable assurance, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding the Scope 1 and Scope 2 GHG emissions covered by reasonable assurance and the

engagement circumstances. We also obtained an understanding of the internal control relevant to the Scope 1 GHG emissions and Scope 2 GHG emissions covered by reasonable assurance in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls. In carrying out our engagement, we:

- assessed the suitability of the reporting criteria used by the Company in calculating Scope 1 and Scope 2 GHG emissions covered by reasonable assurance;
- evaluated the appropriateness of reporting policies, quantification methods and models used in the preparation of the information covered by reasonable assurance and the reasonableness of estimates made by the Company;
- performed substantive testing of data related to GHG emissions inventory, limited to 18 operational locations of the Company (namely, Integrated Consumer Goods Manufacturing and Logistics (ICML) Mysore; ICML Kapurthala; ICML Panchla; ICML Haridwar; ICML Pune; Branded Packaged Foods Business Division (FBD) Munger, Paperboards and Specialty Papers Division (PSPD) Tribeni; PSPD Kovai; PSPD Bhadrachalam; Personal Care Products Business Division (PCPBD) Manpura; PCPB Haridwar; India Tobacco Division (ITD) Bangalore; ITD Pune; ITD Munger; KGLT Mysore; Packaging and Printing Business (PPB)Munger; PPB Nadiad; PPB Haridwar) and Social and Farm Forestry initiatives at Bhadrachalam, to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their emissions in relation to total emissions and emissions sources; and
- evaluated the overall presentation of the information covered by reasonable assurance.

Procedures performed for limited assurance

Our procedures performed depended on our understanding of the Scope 3 GHG emissions covered by limited assurance and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

- assessed the suitability of the criteria used by the entity in calculating the Scope 3 emissions covered by limited assurance;
- interviewed senior management and relevant staff at corporate and selected locations concerning policies for environmental, social and occupational health and safety, and the implementation of these across the business;
- through inquiries, obtained an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Scope 3 GHG emissions covered by limited assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- made inquiries of relevant staff at corporate and selected locations responsible for the preparation of the Scope 3 GHG emissions covered by limited assurance;
- inspected, at each site visited, a limited number of items to or from supporting records, as appropriate;
- applied analytical procedures, as appropriate;
- recalculated the information covered by limited assurance based on the criteria; and
- evaluated the overall presentation of Scope 3 GHG emissions covered by limited assurance.

Independent External Assurance

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Exclusions:

Our assurance scope excludes the following and therefore we do not express an opinion or a conclusion on the same:

- Any form of review of the commercial merits, technical feasibility, accuracy, compliance with applicable legislation for the project, and accordingly we express no opinion thereon. We are not required to verify any of the judgements and commercial risks associated with the project, nor comment upon the possibility of the financial projections being achieved.
- The Company's statements that describe the strategy, progress on goals (other than those listed under the scope of assurance), expression of opinion, claims, belief, aspiration, expectation, aim to future intention provided by the Company, and assertions related to Intellectual Property Rights and other competitive issues.
- Operations of the Company other than those mentioned in the Scope of Assurance.
- Aspects of the data/information (qualitative or quantitative) other than the GHG Emissions Inventory.
- Data and information outside the defined reporting period from 1 April 2024 to 31 March 2025.

For KPMG Assurance and Consulting Services LLP

Shivananda Shetty
Partner
Date: 23 June 2025
Place: Gurugram

Annexure 1
GHG Emissions Inventory

	GHG emissions (tCO_2e)	Type of Assurance
Scope 1 GHG Emissions	1,105,192	Reasonable
Scope 2 (Market-based) GHG Emissions	159,329	Reasonable
Scope 2 (Location-based) GHG Emissions	170,431	Reasonable
Biogenic Emissions		
Emissions from combustion of biomass within the Units	1,207,844	Reasonable
Emissions from production of purchased steam	20,863	Reasonable
Scope 3 GHG Emissions		
Category 1: Purchased Goods	570,767	Limited
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	100,234	Limited
Category 4: Upstream Transportation & Distribution	146,579	Limited
Category 6: Business Travel	11,717	Limited
Category 7: Employee Commuting	5,481	Limited
Category 9: Downstream Transportation & Distribution	173,212	Limited
Category 12: End-of-Life Treatment of Sold Products	54,350	Limited

	Estimated GHG Removals (tCO_2)	Type of Assurance
Carbon sequestration through Social and Farm Forestry initiatives	6,464,015	Reasonable

Plastic Neutrality Report & Assurance Statement for FY 2023-24

Plastic Neutrality Report (FY 2023-24)

ITC's approach towards sustainably managing postconsumer plastic packaging waste involves implementing an integrated solid waste management programme that incorporates unique and multi-dimensional initiatives including the flagship waste management initiative 'ITC WOW – Well Being Out of Waste' and tie-ups with waste management agencies. This enables collection and sustainable management of post-consumer plastic packaging waste including multi-layered laminates, thereby enabling a more circular economy for plastic waste as well as creating opportunities for supporting sustainable livelihoods in the waste economy.

As a result of these efforts, ITC has sustained Plastic Neutrality status for 3rd year in a row by collecting and sustainably managing more than 70,000 tonnes of plastic waste across India in FY 2023-24. The amount of plastic waste collected and responsibly managed (71,081 tonnes) exceeded the amount of plastic packaging waste generated (plastic packaging utilised) from ITC's FMCG Businesses[42] (70,454 tonnes) during the year, thereby enabling the Company to sustain its Plastic Neutrality status.

[42] *Branded Packaged Foods Business, Personal Care Products Business, Education and Stationery Products Business, Incense Sticks (Agarbattis) and Safety Matches Business, Cigarettes Business and Agri Business.*

Plastic Neutrality Report & Assurance Statement for FY 2023-24

BDO India LLP
Magnum Global Park, Floor 21,
Archview Drive, Sector 58,
Golf Course Extn Road,
Gurgaon, Haryana, - 122011

To
ITC Limited
Virginia House
37 J.L. Nehru Road
Kolkata - 700071

Independent Assurance Statement on ITC Limited's Plastic Neutrality Report for the financial year 2023-24.

Introduction and objective of engagement

BDO India LLP was engaged by ITC Limited (the 'Company') to provide independent assurance to the information contained in the Plastic Neutrality Report (the 'Report') for the financial year 2023-24. The Company followed a customized procedure for calculation of plastic packaging generation and collection.

Respective responsibilities

The Report is the sole responsibility of the management of ITC Limited. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Plastic Neutrality Report, so that it is free from material misstatement, whether due to fraud or error.

Responsibility of BDO India LLP, as agreed with the management of ITC Limited, is to provide assurance on the 'Plastic Neutrality Report' as described in the assurance standard and assurance scope given below. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance a third party may place on the Report is entirely at its own risk.

Assurance standard

We conducted the assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

We applied the criteria of **'Limited'** Assurance.

Scope & boundary of assurance

The scope of assurance engagement was limited to review of plastic waste generation and collection quantities as mentioned in Plastic Neutrality Report for FY 2023-24 covering ITC businesses including Branded Packaged Foods Business, Personal Care Products Business, Education and Stationery Products Business, Incense Sticks (Agarbattis) and Safety Matches Business, Cigarettes Business and Agri Business. The boundary of our assurance was for data and information for the period 1st April 2023 to 31st March 2024.

Assurance and methodology

Our assurance process entailed conducting procedures to gather evidence regarding the reliability of the disclosures covered in the 'Scope and boundary of assurance'.

We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/omission of relevant information/data in the Report. Our review process included the following steps:

- Assessment of the Report, specifically plastic waste generation & collection quantities;
- Verification of systems and procedures used for collection, interpretation of above data and management systems related to the same;
- Review of appropriateness of various assumptions, estimations and used for data analysis;
- Discussions with the key personnel, responsible for data compilation and analysis;
- Below mentioned businesses & collection partners were chosen on the basis of their state-wise generation & collection contribution as per EPR credits. Verification of data, on sample basis, through virtual platforms (using web-enabled tools) was performed for:
    - Two businesses of ITC Limited namely: (i) Branded Packaged Foods Businesses, and (ii) Personal Care Products Business;
    - Four plastic waste collection partners.

We used our professional judgement as Assurance Provider and applied appropriate risk-based approach, for determining sample for review of non-financial information for verification. The reviews were conducted through virtual mode, where information and evidence were made available to us.

We reviewed suitable documentary evidence to substantiate our findings regarding the information and verification of data, and retained relevant documentation, wherever permitted. However, for data analytics and coded sheets related to SAP, documentary evidence presented to us could not be retained due to confidentiality constraints indicated by ITC Limited; for such, we recorded our observations subsequent to reviewing such evidence.

Inherent Limitations

There are inherent limitations in an assurance engagement, including, for example, the use of judgment and selective testing of data. Accordingly, there are possibilities that material misstatements in the sustainability information of the Report may remain undetected.

Plastic Neutrality Report & Assurance Statement for FY 2023-24

Exclusions

The assurance scope specifically excludes:

- Data and information outside the defined reporting period (1st March 2023 to 31st April 2024);
- Review of the 'economic and/or financial performance indicators' included in the Reports or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topics other than those listed in the 'Scope and boundary of assurance';
- The Company's statements that describe qualitative/quantitative assertions, expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

Our observations

The observed values for Post-Consumer Plastic Packaging Waste Generated and Plastic Waste Collected for the financial year 2023-24 were 70,454 tonnes and 71,081 tonnes respectively.

- We noted that the disclosures and data as defined under the scope of assurance have been fairly presented in the Report.
- The procedure, systems and processes deployed by ITC Limited for estimating plastic waste generation and collection were noted to be consistent.
- The Company has made efforts towards consistency of data presented in the Report and generation and collection quantities are fairly reliable.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us not to believe that the disclosures of the Company are presented fairly as per the applied reporting procedure.

Our assurance team and independence

BDO India LLP is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India LLP is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For BDO India LLP

Indra Guha
Partner | Sustainability & ESG
Business Advisory Services
Gurugram, Haryana
05 June 2025

सह प्रायोजक सह प्रायोजक आयोजक

ई-चौपाल

ITC MISSION SUNEHRA KAL

सुनहरा कल

मॉडल कृषि फार्म

किसान का नाम - नेमीचन्द

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पिता का नाम - चम्पालाल

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