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## **A STUDY ON SUSTAINABLE REPORTING PRACTICES OF ITC Ltd IN INDIA: AN APPROACH**

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### **ABSTRACT**

Sustainability Reporting In this era business organisations have understood the importance of the sustainable development and each business organisation is taking effort to contribute sustainable development. India has emerged as the world leader by legislating on corporate social responsibility, thus sending clear mandate to the corporate to act in the true spirit of creative management. 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. In this back-drop, the paper highlights the sustainable reporting practices as well sustainability in today's scenario. Published annual reports are the sources of collecting different ideas and thoughts for analysis. studies reveal that sustainability reports also increase the credibility of the organisations and thus address stakeholders' concerns.

**Key Words:**Sustainability, stakeholder, sustainable development, Reporting

### **INTRODUCTION:**

The current worldwide process of economic development cannot be stopped even if it creates issues like pollution, climate change, social unrest and human right concerns. So, the possible alternative available is to balance the development with environmental protection, social equity & profitability. This is known as Sustainable development. Corporate world plays an important role in the process of development. Therefore, they should take efforts for sustainable development and should communicate it to the stakeholders through Sustainability Reports.

Sustainability Reporting In this era business organisations have understood the importance of the sustainable development and each business organisation is taking effort to contribute sustainable development. Companies have pressure from stakeholders to be transparent about their performance of sustainable development, principles and values of the



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company towards sustainable development. Sustainability reporting is a tool to communicate the efforts for sustainable development to the stakeholders. Sustainability reporting is a practice to measure, disclose and being accountable to the stakeholders for economic, environmental and social impact caused by the activity of the business. In sustainability reporting both positive and negative aspect of the business regarding sustainability must be disclosed, i.e., report must be balanced. It is a voluntary initiative and structured, continuous process. It includes collecting, monitoring and reporting information about the economic, environmental and social performance of the company.

In India the organisations have woken up to the need of well-crafted and executed interventions to bring positive changes in the society and expanding the opportunities for its stakeholders to be part of larger success and creation of sustainable societal and environmental capital. India has emerged as the world leader by legislating on corporate social responsibility, thus sending clear mandate to the corporate to act in the true spirit of creative management.

#### **OBJECTIVES OF THE STUDY:**

- To know the various guidelines of sustainable reporting.
- To Study theoretical background of sustainable practices and procedure of ITC Ltd.
- To discuss the key initiatives taken by ITC Ltd during pandemic for its sustainability.

#### **SCOPE OF THE STUDY:**

The scope of the study is limited to sustainability reports of Indian companies (A case study of ITC Ltd.) Further studied the sustainability reports from annual report of 2020-21 &2021-2022.

#### **LIMITATION OF THE STUDY:**

- Studied only Indian companies only (ITC Ltd)
- This study is limited to and based on the research reports and the reports published by the organisation itself.



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## **REVIEW OF LITERATURE:**

The study conducted by **kinetics** in **2017**, revealed that 8 out of 10 International asset managers were aware of BRR and that they found SR and BRR informative source for investments. The leading stock exchanges in India are up with many Sustainability and ESG indices, boosting the companies to compete with their sustainability goals. With all these policy changes and global investor expectations, Indian corporates are marching towards sustainable reporting practices. Corporate sustainability environment is driven by the principles and guidelines related to sustainability reporting as it ensures sustainability in every management decision and strategies.

A survey conducted by **Mc. Kinsey &Co.(2019)** reveals that more than 50% of the executives consider sustainability as one of the core businesses practices.

**Denis M English and Diane K. Schooley (2020)** The Evolution of Sustainability Reporting - utilizing the GRI's latest Guidelines and looking to integrated Reporting As GRI guidelines are used around the world for sustainability reporting, the author has studied the evolution of sustainability reporting.

Corporate Sustainability practices and reporting of the same gained momentum in the **20th century**, with United Nations Global Compact calling the corporates to engage in sustainable developments goals.

## **METHODOLOGY:**

The study is based on extensive literature surveys of research publications, newspaper articles, internet blogs and international forum websites releases relating to the topic. Case study approach based on single company analysis is adopted. Data is collected from the secondary source i.e.; official website of the organisation and analysis is based on the Annual reports and Sustainability reports of ITC Ltd for the year 2021-2022.

## **VARIOUS GUIDELINES FOR SUSTAINABLE REPORTING:**

- **Agenda 21-** It is an action plan of the United Nations with regard to sustainable development. It is a non-binding, voluntarily implemented action plan introduced in the Earth Summit (UN Conference on Environment and Development) held in Rio de Janeiro, Brazil, in 1992. It provides a set of goals of social, environmental and



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economic areas in detail along with specific guidance for role of different areas in sustainable development and how to implement it.

- **AAIOOO assurance standard- AccountabilityUK (AAIOOO series)**-It provides the standard for stakeholders' engagement and for sustainability.
- **ISO 9000/ISO 14000**: It provides international standards for implementation quality management and environmental management system.
- **Environmentalreporting guidelines (Japan)** - with the help of these guidelines business can fulfil its accountability towards society without impairing the environment. The business using these guidelines can create sustainable society by maintaining proper balance between environment and economy.
- **Framework for Public Environmental Reporting (Australia)** -This framework is useful to communicate the environmental performance of the business organisation to the stakeholders. Increasingly Australian organisation publish such reports either as it mandatory requirements or emerging business requirement or to fulfil the stakeholders requirement.
- The Organisation for Economic Co-operation & Development (**OECD**) guidelines- These guidelines are for Multinational Enterprises. The Guidelines are recommendations addressed by governments to multinational enterprises. These guidelines provide voluntary principles and standards for responsible business conduct consistent with applicable laws.
- **United Nations Global Compact** - The UN Global Compact is a framework useful for businesses which is based on ten principles in the areas related to human rights, labour, environment and anti-corruption. Under the Global 15 Compact, companies are brought together with UN agencies, labour groups and civil society.
- **Global Reporting Initiative (GRI)** Global Reporting Initiative (GRI) is an initiative at the global level to standardize non-financial Reporting (NFR), GRI has published guidelines which is a framework adopted by the institutions voluntarily and get acceptance and recognition internationally.



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## **ABOUT ITC:**

ITC Limited is a big multi-brand diversified business organization and its business encompasses fast moving consumer goods to hotels, paperboards and specialty papers and packaging, Agri business and IT. ITC is one of India's foremost multi-business enterprises with a market capitalization of US \$ 45 billion and a turnover of US \$ 7 billion. ITC is rated among the World's Best Big Companies, Asia's 'Fab 50' and the World's Most Reputable Companies by Forbes magazine.

**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 globalizing environment, delivering superior and sustainable stakeholder value.

ITC's belief, in transformational capacity of the organization in building the sustainable societal capital and thus creating enduring value for the nation, has guided the spirit of corporate social responsibility. It is imperative that company has reaffirmed the importance of measurement of triple bottom line approach to assess the contribution of company in building economic, social and environmental capital towards societal sustainability.

## **SUSTAINABILITY REPORTING PRACTICES IN INDIA:**

Our country India is the fifth-largest economy in the world based on nominal GDP. The sheer size and the rapid growth the country is undergoing stand as a challenge to sustainability. Now everyone is concerned about environmental degradation, pollution, food security, land shortage, biodiversity and others. Along with the individuals and the government efforts towards sustainable India, many large corporations are coming forward to work towards society and environment issues. With the CSR Bill of 2013, most large business enterprises are mandated to spend on social responsibility.

The CSR bill, 2013, of companies act, made India first country to legislate CSR activities out of corporate profits. RBI is also initiating the green financing policy. Sustainability Reporting (SR) in India started with the UNGC of 2001 when some top Indian corporations begin publishing their sustainability reports.



The United Nations 2030 agenda calls for a concerted effort from all countries and stakeholders to implement 17 SDGs and 169 interlinked targets; it requires immense effort not only from the government but also corporations.

In the year 2011 Ministry of corporate affairs, GOI, came out with the National Voluntary Guidelines on Social, Economic and Environment responsibility. SEBI has Mandated the top 500 listed companies of India to publish Business Responsibility Reports (BRR) from the year 2017.

The main challenges to the sustainability reporting in India are robustly evolving reporting guidelines and framework, followed by lack of understanding, no financial motives, no significant impact on cost and returns. As of now we don't have a well-developed evaluation tool. Moreover, there is no common base for comparison as the CSR practices in Asian countries varies a lot. Most of the sustainability initiatives lack connectivity with the core business strategy.

Observations of the researcher on sustainability reports of Indian companies reveal that environmental aspects were given more priority, as they were directly linked to cost savings. In India, most organisations comply with GRI guidelines and NVG on social, economic and environmental responsibilities, recently United Nations Sustainable Development Goals (UNSDGs) are mapped to adhere to the sustainability Goals.

Out of 7,25,810 registered companies of India only 82 produced sustainability reports. Indian companies need to produce more comprehensive and indicative sustainability reports. In 2008, a study depicts that most Indian IT companies disclosed community development activities through annual reports and websites, whereas only a few published separate sustainability reports [19]. One recent study reveals that though the number of Indian IT companies reporting sustainability is less; but they meet the international and global standards. As compared to other MNCs, a greater number of Indian IT companies adopt to GRI standards.

### **SUSTAINABILITY:**

For over a century, the world has witnessed remarkable material progress. However, this progress has come at a tremendous price, creating some of the most serious challenges facing the world today, including that of poverty, growing inequity and increasing joblessness. Compounding these challenges are the threats of global warming and environmental

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degradation. The model of industrial growth pursued since the Industrial Revolution has paid scant attention to the planet and its resources. The debilitating impact on air, water, soil and bio-diversity not only threatens the present but also the socio-economic security of future generations as well. Sustainability is the ability to continue the existence, improve continually with minimum bad effect on environment, society and good economic benefit to all stakeholders.

In the economic development natural resources (i.e., Environment), human resources (i.e., people) and wealth (i.e., profit) are used. Therefore, it becomes necessary that all these three aspects should be properly balanced. Proper care must be taken of all these three aspects to achieve sustainable development. Negligence of any of these factors will create major problem. Therefore, possible alternative to unsustainable economic development is sustainable development i.e., balanced development with protection of environment, equality in society and reasonable profitability.

**TABLE -1 GUIDELINE AND POLICIES ADOPTED**

<b>YEAR</b>	<b>GUIDELINES AND POLICIES ADOPTED</b>
<b>1910</b>	ITC Limited is a diversified conglomerate with businesses spanning Fast Moving Consumer Goods. comprising Foods, Personal Care, Cigarettes, Agri Business and Information Technology
<b>1925:</b>	Packaging and Printing: Backward Integration
<b>1979</b>	Development of backward area
<b>2000</b>	Business friendly solutions
<b>2004</b>	First sustainability report produced
<b>2005</b>	Highlights ‘Triple bottom line contribution’
<b>2020</b>	year of disruption, resilience and transformation
<b>2021</b>	This Report has been prepared at the highest “In Accordance - Comprehensive” level of the Global Reporting Initiative (GRI) Standards and is externally verified by Deloitte Haskins & Sells.
<b>2022</b>	19 <sup>th</sup> sustainability report



**TABLE-2 KEY FACETS OF SUSTAINABLE REPORTING**

<p><b>ITC'S PROCESS OF STAKEHOLDER ENGAGEMENT</b></p>	<ul style="list-style-type: none"> <li>▪ Identification of key stakeholders</li> <li>▪ Consultation with key stakeholders with due weightage given to each stakeholder based on the nature of engagement with the organisation.</li> <li>▪ Identification and prioritisation of concerns and needs.</li> <li>▪ Addressing the prioritised concerns and needs in a consistent and transparent manner.</li> <li>▪ As part of stakeholder engagement, ITC also engages in regular and ongoing interactions with various stakeholders including Governments, development agencies, research organisations and communities.</li> </ul>
<p><b>STRATEGY FOR EMPLOYEE SATISFACTION</b></p>	<ul style="list-style-type: none"> <li>▪ Employment strategies</li> <li>▪ Composition of the workforce</li> <li>▪ Annual Employee turnover (gender and region wise)</li> <li>▪ New employees appointed in the current year. (Gender and region wise)</li> <li>▪ Occupational health and safety policies</li> <li>▪ No. of reported workplace accidents and safety measures.</li> <li>▪ Training facility and higher education</li> <li>▪ Rewards and recognition for employees.</li> <li>▪ Workforce diversity and inclusion</li> <li>▪ Facilities provided to working mother as well Physically disabled person</li> </ul>
<p><b>COMMUNITY DEVELOPMENT</b></p>	<ul style="list-style-type: none"> <li>▪ women empowerment</li> <li>▪ for farmers update through e-choupal</li> <li>▪ financial inclusion</li> <li>▪ ITC has achieved Plastic Neutrality in FY 2021-22 by implementing an integrated solid waste management programme that incorporates unique and multidimensional initiatives.</li> <li>▪ provide goods and services in a manner that is sustainable and safe.</li> <li>▪ Recycling of hazardous wastes.</li> <li>▪ Water management</li> <li>▪ ITC's commitment to environmental stewardship is reflected in its role of pioneering the Green Building movement in India.</li> <li>▪ Zero Carbon Certification.</li> <li>▪ create sustainable and resilient Agri-value chains for ITC's Agri, FMCG and Paper Businesses.</li> <li>▪ ITC has implemented occupational health and safety management system.</li> <li>▪ Identified the EHS Risk Management framework</li> </ul>
<p><b>OTHERS</b></p>	<ul style="list-style-type: none"> <li>▪ Goals and targets in succeeding year.</li> <li>▪ Achievement &amp; Awards</li> <li>▪ Case studies related to sustainability.</li> <li>▪ GRI standards framework</li> <li>▪ Opinions and views of top management.</li> <li>▪ Compliance reports and standards.</li> <li>▪ Annexures related thereto</li> </ul>



ITC's Sustainability 2.0 vision builds on the robust foundation of significant achievements in environmental stewardship and societal development. In this journey, several milestones have been attained, paving the way for even more impactful interventions in the horizon ahead.

**TABLE-3 SUSTAINABILITY 2.0**

<b>COMBATING CLIMATE CHANGE</b>	<ul style="list-style-type: none"> <li>▪ Renewable energy - 50% of total consumption by 2030</li> <li>▪ Meet 100% of purchased grid electricity requirements from renewable sources by 2030.</li> <li>▪ Reduce specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to a 2018-19 baseline ..</li> <li>▪ Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other initiatives.</li> </ul>
<b>WATER STEWARDSHIP</b>	<ul style="list-style-type: none"> <li>▪ Achieve 40% reduction in specific water consumption by 2030 as compared to a 2018-19 baseline.</li> <li>▪ Create rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.</li> <li>▪ Ensure certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship by 2035.</li> <li>▪ Improve crop water use efficiency in Agri value chains through demand side management interventions.</li> <li>▪ Enable savings of 2,000 million kilolitres of water by 2030.</li> </ul>
<b>PLASTIC WASTE &amp; CIRCULAR ECONOMY</b>	<ul style="list-style-type: none"> <li>▪ Ensure 100% of the Company's packaging is reusable, recyclable or compostable by 2028.</li> <li>▪ Enable sustainable management of waste in excess of the amount of packaging utilised by FY 2021-22.</li> </ul>
<b>SUSTAINABLE AGRICULTURE</b>	<ul style="list-style-type: none"> <li>▪ Promote Climate Smart Village approach in core Agri Business catchments covering over 3 million acres by 2030.</li> </ul>
<b>BIODIVERSITY CONSERVATION</b>	<ul style="list-style-type: none"> <li>▪ Revive &amp; sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 250,000 acres by 2030</li> </ul>
<b>SUSTAINABLE LIVELIHOODS</b>	<ul style="list-style-type: none"> <li>▪ Supporting sustainable livelihoods for 10 million people by 2030.</li> </ul>



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## **INITIATIVES AGAINST COVID-19:**

- Foot pedal operated hand sanitiser dispensers along with sanitiser liquid were installed in over 850 schools and 1,200 other places of public congregation.
- Health & hygiene products, such as hand sanitisers and disinfectants, were distributed to over 1.65 Lakh doctors in over 3,600 hospitals across the country.
- To support hygiene management during the Kumbh Festival, over 600 hand wash stations and over 135 hand sanitising stations were installed and are being led on a continuous basis.
- The "Mask haiMazaakNahin" campaign to encourage and in still mask etiquette, had a cumulative digital reach of 60 million.
- The "no hand unwashed" campaign on the importance of continued hand washing as a means to stay safe, was deployed in partnership with the "Mouth & Foot Painters Association(MFPA)". The campaign had a cumulative digital reach of 370 million.
- Nearly 2.2 Lakh beneficiaries, comprising women, adolescents and children, were covered under Mother and Child Health initiative. It aims to improve their health-nutrition status bystrengthening institutional capacity, promoting greater convergence with existing Government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.
- Additionally, 430 women Village Health Champions (VHCs) covered nearly 1.2 Lakh women, adolescent girls and school children on aspects like sanitation, menstrual and personalhygiene, family planning, and nutrition in seven districts of Uttar Pradesh and three districts of Madhya Pradesh.
- To make hygienic and potable water available to local communities, 6 new Reverse Osmosis (RO) water purification plants (cumulative 148) were set up in Andhra Pradesh in 2020-21.



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## **FINDINGS & SUGGESTIONS:**

- Stakeholder Engagement is essential for sustainability of the business, which is not taken care by many companies.
- It is observed every leader of ITC is committed towards transparent and fair sustainability and thus envisages their sustainable ideas.
- Sustainability reports have become more portraits of organisations social engagements rather than an accounting tool.
- The sustainability reporting shall only be successful when it is value-based and out of the individualism, commercialization, and competition motives.
- The report should be reader friendly and easily understandable.

## **CONCLUSION:**

Unstable societies cannot foster sustainable economic growth. The need of the hour is a new model of development that will simultaneously fuel economic growth, create sustainable livelihoods and replenish the environment. To enhance the credibility and reliability of sustainability reports, including an independent assurance statement in the sustainability reports is of utmost importance. The sustainable policies of ITC Ltd focus not only in making their business sustainable also their client's business, employee, the customer and every individual linked with them sustainably.

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