

# SHAPING THE FUTURE











**PURPOSE. PROGRESS. PARTNERSHIPS.**



**ESG Fact Book**

For the year ended  
31<sup>st</sup> March, 2025

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The scope and boundary of ITC's sustainability/ESG disclosures in the ESG Fact Book for FY 2024-25 includes performance of various businesses of the Company (including units and office complexes), Subsidiaries, Associate Companies, and Third-Party Manufacturers (TPMs). This represents 100% of ITC's (ITC Limited) standalone revenues and 94% of revenues on the basis of Consolidated Financial Statements of the ITC Group.

For details related to the reporting boundary (inclusions and exclusions), refer page 6 ("About this report" section) of ITC Sustainability Report 2025.

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 adjusted to exclude data for Hotels Business for the period 1<sup>st</sup> April, 2024 to 31<sup>st</sup> March, 2025. Wherever required, footnotes/explanations have been included to aid comparison with previous year.

# ITC Sustainability 2.0 Ambitions Progress Summary

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance 2024-25 <sup>2</sup>	Performance FY 2023-24 <sup>3</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
Climate Change										
50% of Total Energy from Renewable Sources	% of Total Energy Consumed from Renewable Sources	50%	2030	-	52%	50%	43%	42%	41%	Achieved
100% Purchased Grid Electricity Requirements <sup>4</sup> from Renewable Sources	% of Total Electrical Energy (Grid Purchased) from Renewable Sources	100%	2030	-	53%	52%	47%	50%	51%	On Track
50% reduction in Specific GHG Emissions	% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production	50%	2030	2018-19	ITC*: 46%  Paperboards & Specialty Papers Business: 27%	Paperboards & Specialty Papers Business: 25%	Paperboards & Specialty Papers Business: 11%	Paperboards & Specialty Papers Business: 18%	Paperboards & Specialty Papers Business: 7.4%	On Track
					Branded Packaged Foods Businesses: 53%	Branded Packaged Foods Businesses: 43%	Branded Packaged Foods Businesses: 38%	Branded Packaged Foods Businesses: 32%	Branded Packaged Foods Businesses: 21.4%	
					-	Hotels: 18%	Hotels: 9%	Hotels: 12%	Hotels: 4.2%	
					FMCG Cigarettes: 12%	FMCG Cigarettes: 11%	FMCG Cigarettes: 15%	FMCG Cigarettes: 9%	FMCG Cigarettes: 2.0%	

<sup>1</sup> Coverage: ITC Standalone

<sup>2</sup> Performance against S2.0 targets reported on a standalone basis









































<sup>3</sup> Performance against S2.0 targets reported on a standalone basis.

<sup>4</sup> This includes all electricity sources except onsite power from co-generation plant.

Decline in KPI, Improvement in KPI

\* 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.






Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance 2024-25 <sup>2</sup>	Performance FY 2023-24 <sup>3</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
30% reduction in Specific Energy Consumption	% Reduction in Energy Consumed per Unit of Production	30%	2030	2018-19	ITC*: 31%  Paperboards & Specialty Papers Business: 11% 	Paperboards & Specialty Papers Business: 11% 	Paperboards & Specialty Papers Business: 9% 	Paperboards & Specialty Papers Business: 16% 	Paperboards & Specialty Papers Business: 5.5% 	On Track
					Branded Packaged Foods Businesses: 29% 	Branded Packaged Foods Businesses: 25% 	Branded Packaged Foods Businesses: 25% 	Branded Packaged Foods Businesses: 31% 	Branded Packaged Foods Businesses: 20% 	
					-	Hotels: 12% 	Hotels: 13% 	Hotels: 7% 	Hotels: 14% 	
					FMCG Cigarettes: 6% 	FMCG Cigarettes: 6% 	FMCG Cigarettes: 12% 	FMCG Cigarettes: 3% 	FMCG Cigarettes: 0.5% 	
Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programmes and other such initiatives	Area under Social and Farm Forestry (Acres)	1,500,000	2030	2018-19	1,320,000 (Cumulative)	1,160,000 (Cumulative)	>1,000,000 (Cumulative)	953,000 (Cumulative)	>876,000 (Cumulative)	On Track
 Water Stewardship										
40% reduction in Specific Water Consumption	% Reduction in Water Consumed per Unit of Production	40%	2030	2018-19	ITC*: 35%  Paperboards & Specialty Papers Business: 17% 	Paperboards & Specialty Papers Division: 11% 	Paperboards & Specialty Papers Business: 9% 	Paperboards & Specialty Papers Business: 16% 	Paperboards & Specialty Papers Business: 3.4% 	On Track
					Branded Packaged Foods Businesses: 42% 	Branded Packaged Foods Businesses: 34% 	Branded Packaged Foods Businesses: 31% 	Branded Packaged Foods Businesses: 40% 	Branded Packaged Foods Businesses: 33% 	
					-	Hotels: 16% 	Hotels: 17% 	Hotels: 10% 	Hotels: 22.6% 	
					FMCG Cigarettes: 28% 	FMCG Cigarettes: 27% 	FMCG Cigarettes: 24% 	FMCG Cigarettes: 10% 	FMCG Cigarettes: 4.5% 	

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance 2024-25 <sup>2</sup>	Performance FY 2023-24 <sup>3</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
Creation of Rainwater Harvesting Potential equivalent to over 5 times the Net Water Consumption from Operations	Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations	5X	2030	-	5X	4.16	3.44 <sup>5</sup>	3.96	4.32	Achieved
All Sites in High Water Stressed Areas to be certified as per the International Water Stewardship Standard by AWS (Alliance for Water Stewardship)	No. of AWS Certified Sites	8 sites by 2024 All high-risk sites by 2035	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	7 Sites – Food Factories in Malur (Karnataka) and Ranjangaon (Maharashtra), Cigarette factories in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh), Green Leaf Threshing Unit in Mysuru (Karnataka) and Paper Mill at Kovai (Tamil Nadu) have received Platinum-level certification. Certification audit of other Units in progress	2 Sites – Food Factory in Malur, Karnataka and Paper Unit at Kovai, Tamil Nadu, have received Platinum-level certification. Certification of other Units in Progress	1 Site AWS certified. ITC's Kovai unit received the Platinum-level certification in 2019-20. Certification of other Units in Progress	1 Site AWS certified. ITC's Kovai unit received the Platinum-level certification in 2019-20	On track

5 Due to delay in stabilisation of turbo-generator system at Bhadrachalam Paper Unit, resulting in higher consumptive water use

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance 2024-25 <sup>2</sup>	Performance FY 2023-24 <sup>3</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
Ensure Water Security for All Stakeholders through Watershed Development & Managed Aquifer Recharge	Watershed Area (Acres)	2,200,000	2030	2016-17	1,816,000 (Cumulative)	1,630,000 (Cumulative)	1,470,000 (Cumulative)	1,330,000 (Cumulative)	1,231,251 (Cumulative)	On Track
	Water Harvesting Structures (Nos)	50,000	2030	2016-17	35,900 (Cumulative)	32,400 (Cumulative)	28,300 (Cumulative)	25,000+ (Cumulative)	21,991 (Cumulative)	On Track
	Storage Potential (Million KL)*	60	2030	2016-17	59.90 (Cumulative)	54.26 (Cumulative)	48.9 (Cumulative)	45.27 (Cumulative)	41.95 (Cumulative)	On Track
Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions	Potential Water Usage Saved (Million KL) <sup>#</sup>	2,000	2030	-	1,400 (annual)	1,090 (annual)	780 (annual)	496.5 (annual)	208 (annual)	On Track
Plastic Waste & Circular Economy										
100% of Packaging to be Reusable, Recyclable or Compostable/ Bio-Degradable	% of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/ Bio-degradable	100%	2028	-	>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	>99% (less than 1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place)	99.9% (less than 0.1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place)	99.9% (less than 0.1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place)	99.9% (less than 0.1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place)	On Track

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance 2024-25 <sup>2</sup>	Performance FY 2023-24 <sup>3</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
Sustain Plastic Neutrality by Enabling Sustainable Management of Waste in Excess of the Amount of Packaging Utilised	% of Plastic Packaging Waste Sustainably Managed	>100%	2021	-	>100% Achieved & Sustained Plastic Neutrality since FY 2021-22	>100% Achieved & Sustained Plastic Neutrality	>100% Achieved Plastic Neutrality	>100% Achieved Plastic Neutrality	80%+	Achieved
 Sustainable Agriculture										
Promote Climate Smart Agriculture (CSA) practices	Area Covered (Acres) <sup>#</sup>	4,000,000	2030	2016-17	3,170,000	2,790,000	2,340,000	1,500,000	881,000	On Track
 Biodiversity Conservation										
Revive and sustain Ecosystem Services provided by Nature and Provisioning of products through adoption of Nature-based Solutions and Biodiversity Conservation	Area Covered (Acres)	1,000,000	2030	2016-17	647,000 (Cumulative)	470,000 (Cumulative)	290,000 (Cumulative)	133,000 (Cumulative)	44,044 (Cumulative)	On Track
 Sustainable Livelihoods										
Supporting sustainable livelihoods for 10 million people by 2030	Sustainable Livelihoods supported (no.)	10,000,000	2030	-	9,000,000	6,000,000	6,000,000	6,000,000	6,000,000	On Track

<sup>\*</sup> Target 2030 to be revised during FY 2025-26

<sup>#</sup> Data for these indicators are to be seen only on an annualised basis for that specific financial year, and not be considered for computing cumulative numbers.

# Economic Performance

Focus Area	Sub Category	Unit	2024-25*	2023-24	2022-23	2021-22	2020-21	2019-20
Revenues in ₹		₹ Crores	74,236.07	70,105.29	70,251.28	59,745.56	48,524.56	46,807.34
Revenues in US Dollars		Milion US \$	8,685.12	8,405.41	8,549.50	7,882.78	6,637.20	6,186.13
Contributions and other spending	Lobbying, interest, representation	₹ Crores	-	-	-	-	-	-
	Local, regional or national political campaigns/organizations	₹ Crores	43.00	-	-	-	-	73.81
	Trade association or tax-exempt groups	₹ Crores	15.06	13.00	9.74	6.55	6.10	7.42
	Other (e.g. spending related to ballot measures or referendums)	₹ Crores	-	-	-	-	-	-
	Total contributions and other spending	₹ Crores	58.06	13.00	9.74	6.55	6.10	81.23

Note: Standalone

\*Excluding Hotels but incl. ITC Grand Central.

## Tax Reporting - FY 2024-25

### Effective Tax Rate

(₹ Crores)		
Financial Reporting	FY 2023-24	FY 2024-25
Earnings before Tax	27,139.88	26,926.94
Reported Taxes	6,388.52	6,890.47
Effective Tax Rate (in %)	23.5392	25.5895
Cash Taxes Paid	6,119.56	6,350.20
Cash Tax Rate (in %)	22.5482	23.5831

Note: The data reported above is on the basis of Consolidated Financial Statements of the ITC Group.

### Jurisdiction wise details of Key Financial Parameters for FY 2024-25

The ITC Group primarily operates in Indian tax jurisdiction with ITC Limited (Standalone holding entity based in India) contributing to more than 90% of all major financial parameters. Most of the group entities are also based in Indian tax jurisdiction. The details stated below are publicly available as under –

Particulars	Amount (₹ Crores)	Jurisdiction			
		India		Others	
		Amount (₹ Crores)	%	Amount (₹ Crores)	%
Revenue from Operations	81,612.79	76,282.59	93.5%	5,330.19	6.5%
Profit before tax	26,926.94	25,718.58	95.5%	1,208.36	4.5%
Income tax accrued (Current Tax for Current Year)	6,522.46	6,164.15	94.5%	358.31	5.5%
Income tax paid	6,350.20	5,992.04	94.4%	358.16	5.6%

In the public domain, the data is reported in Rupees Crores.  
(1 Crore Rupees = 10,000,000 Rupees).



# Environmental Performance

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Energy Consumption	Total Energy Consumed	Terra Joules	25,896	26,383	26,885	24,394	22,369
	Total Non-Renewable energy consumed	Terra Joules	12,455	13,198	15,380	14,206	13,122
		MWh	3,459,721	3,666,110	4,272,363	3,946,137	3,644,935
	Total Energy from Renewable Sources	Terra Joules	13,441	13,185	11,505	10,188	9,247
		MWh	3,733,610	3,662,372	3,195,807	2,829,916	2,568,544
	Renewable Energy Consumption	%	52	50	43	42	41
GHG Emissions	Direct GHG Emissions (Scope 1)	Metric tonnes CO <sub>2</sub> eq	1,105,192	1,146,088	1,354,662	1,257,786	1,171,553
	Location based Indirect GHG Emissions (Scope 2)	Metric tonnes CO <sub>2</sub> eq	170,431	262,236	251,236	196,447	167,716
	Market based Indirect GHG Emissions (Scope 2)	Metric tonnes CO <sub>2</sub> eq	159,329	241,959	241,113	193,256	167,661
	Indirect Greenhouse Gas Emissions (Scope 3)	Metric tonnes CO <sub>2</sub> eq	1,062,340	252,559	295,430	318,288	237,238
Waste	Total waste recycled/reused (including Waste Incinerated with energy recovery)	Metric tonnes	719,975	728,247	706,393	724,448	682,961
	Total waste disposed	Metric tonnes	2,042	1,770	1,122	859	1,423
	Waste landfilled	Metric tonnes	1,564	1,280	532	294	991
	Waste incinerated without energy recovery	Metric tonnes	478	490	590	565	432
	Waste otherwise disposed (Difference between in-house storage and carry forward from previous year)	Metric tonnes	0	0	0	0	0
Water	Withdrawal: Total municipal water supplies (or from other water utilities)	Million cubic meters	0.8	1.8	1.9	1	1
	Withdrawal: Fresh surface water (lakes, rivers, rainwater etc.)	Million cubic meters	26.3	28.2	27.1	27	25
	Withdrawal: Fresh groundwater	Million cubic meters	4.3	5.9	5.5	5	5
	Discharge	Million cubic meters	20.7	21.9	20.0	22	22
	Total Net Fresh Water Consumption	Million cubic meters	10.7	14.0	14.5	12	10

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Packaging Materials	Total Weight						
	- Wood/Paper fiber packaging	Metric tonnes	156,655	161,595	156,184	133,073	121,776
	- Metal (e.g. aluminum or steel) packaging	Metric tonnes	146	345	416	792	389
	- Glass packaging	Metric tonnes	222	382	399	2,118	120
	Recycled and/or Certified Material						
	- Wood/Paper fiber packaging	% of total weight	82	73	77	90	92
	- Metal (e.g. aluminum or steel) packaging	% of total weight	-	-	-	-	-
	- Glass packaging	% of total weight	-	-	-	-	-
Plastic Packaging	Total weight of all plastic packaging	Metric tonnes	70,788	70,578	56,758	50,878	47,821
	Percentage of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	%	99.9	99.9	99.9	99.9	99.9
	Percentage of compostable plastic packaging (as a % of the total weight of all plastic packaging)	%	0	0	0	0	0
	Quantum of recycled content within plastic packaging	Metric tonnes	312	174	98	23	-
	Percentage of recycled content within plastic packaging (as a % of the total weight of all plastic packaging)	%	0	0	0	0	-
Environmental Violations	Significant fines related to the environment or ecology	-	NIL	NIL	NIL	NIL	NIL

## Environmental Management Policy & Due Diligence

Environment, Health and Safety (EHS) management across ITC's operations is governed by Board-approved Policy on 'Environment, Health and Safety (EHS)'. To operationalise the Policy, ITC

has also developed ITC EHS Guidelines aligned to the best-in-class national/international standards. For new projects including mergers and acquisitions, on-site assessments and environmental

compliance related due-diligences are carried out in line with ITC's EHS Guidelines.

## Energy Management Programs

### Energy audits to identify opportunities for improving energy performance

- » Energy audits are carried out at all ITC Units by internal as well as external auditors including those certified by Bureau of Energy Efficiency (BEE), a Government of India nodal agency on energy efficiency.
- » In pursuit of its Environment, Health & Safety (EHS) Policy commitments, the Company has established management systems including a comprehensive set of EHS Guidelines that cover key environmental aspects including energy management. ITC's EHS Guidelines, implemented across all ITC Units, require:

- Preparing an energy balance/flow chart for electrical, steam and any other form of energy covering all major sources of energy used in the Unit.
- Metering of all important energy inputs, and sub metering of all major consumption points.
- Benchmarking energy usage and practices amongst ITC Units, industry benchmarks for identifying areas of improvement.
- Regular EHS audits for reviewing the above and the processes/governance in place for reviewing Unit-level performance.

### Quantified targets to address energy savings

- » At the organisational level, ITC has committed to a 30% reduction in its specific energy consumption by 2030 as compared to a 2018-19 baseline.
- » The long-term organisational level target is adopted by all ITC Businesses including FMCG Cigarettes and is further broken down into annual milestones at the Business as well as Unit level.
- » Additionally, annual performance against this target is reported publicly in ITC's annual sustainability report.
- » Till 2024-25, ITC has achieved 29%, 11% and 6% reduction across Foods, Papers and FMCG Cigarettes Businesses (~96% of ITC's Total Energy Consumption)

### Actions to reduce the amount of energy use

ITC has taken a number of measures to reduce energy usage in its Units. Some of the energy conservation measures adopted across the Company are outlined below:

- I. Retrofitting of boiler to reduce power consumption in fans and fuel handling system in Paper Business.
- II. Installation of static electricity discharge nets in Air Handling Units (AHUs) to eliminate electrostatic disturbance thereby improving heat transfer efficiency in Foods Business.
- III. Installation of Automatic Tube Cleaning System (ATCS) to reduce scaling thereby improving chiller efficiency in Packaging and Printing Business.

- IV. Installation of air preheater and thermic booster systems in Packaging and Printing Business.
- V. Installation of closed loop condensate recovery system in Foods Business.
- VI. Installation of thermo-compressor in Agri Business.
- VII. Installation of Variable Frequency Drives (VFDs) for various pumps, agitators, blowers, and chillers across Businesses.
- VIII. Replacement of air conditioners, chiller, cooling tower, battery chargers, transformer, UPS, motors, agitator, blower, fans and pumps with higher efficiency ones across Businesses.
- IX. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs) across Businesses.
- X. Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

These investments have resulted in energy savings of over 40 TJ during the year.

### Evaluation of progress in reducing energy consumption

- » Energy savings from each project is monitored post its implementation across ITC Units.
- » These measurements are done as per industry standards and are verified by a third party.

- » Overall impact of these energy saving measures is evaluated at the Unit, Division and Organisation level and this is reviewed quarterly.
- » Aggregate savings are also reported publicly in ITC's Annual Report. In 2024-25, various investments listed earlier resulted in energy savings of about 40 TJ during the year.

### Use of clean or green energy

- » All business units of ITC continuously work towards improving energy usage efficiencies and increasing the share of renewable energy in line with ITC's 2030 Goals.
- » These goals include reduction in specific energy by 30% and specific GHG by 50% along with increasing renewable energy share to 50% and sourcing 100% of purchased electricity from renewables.
- » The Company regularly tracks its performance against these key performance indicators.
- » The Company invests in energy conservation and renewable energy projects along with exploring innovative technologies to bring alignment with the goals. These investments are done in phases by taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects.
- » Over the years, ITC has installed 174 MW<sup>1</sup> of solar and wind power plants to supply renewable electricity to its Units.
- » These investments in renewable electricity along with investments in

<sup>1</sup> Excluding 51 MW of renewable energy assets transferred to ITC Hotels Limited post demerger. Total commissioned capacity including that of ITC Hotels Limited is 225MW.

renewable thermal energy have helped ITC in achieving 50% renewable energy share in 2023-24 itself i.e., seven years ahead of the 2030 target. 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. Also, 53% of grid purchased electricity was sourced from renewable sources in 2024-25.

### Investments in innovation or R&D to decrease energy consumption:

As a part of Industry 4.0 initiative, over the years, various technological innovations are being implemented across Businesses that result in energy savings as well. These include:

- » Implemented IIoT (Industrial Internet of Things) sensors to monitor equipment condition and plan for predictive maintenance and reduce downtime.
- » Installed utility energy management system to capture real-time process data to develop insights using dashboards.
- » Advanced computer vision system to detect product defects, empty wrappers etc. in Biscuit manufacturing line.
- » Using advanced analytics (including weather conditions input) to optimise process parameters for reducing moisture variations in the Atta manufacturing line.
- » Using large pool of historical operational data and machine learning to develop advanced predictive analysis for reducing the paper breakage and uptime of paper machines, improving steam

utilisation efficiency, and reducing chemical consumption, among others in Paper Business.

- » ITC'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 operationalized 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.
  - 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.
- » During 2024-25, 28.7% of total capex consisted of investments in the areas of renewable energy, green buildings, energy efficient equipment, pollution control equipment etc.
- » As a part of Industry 4.0 initiative, various technological innovations are being implemented. Key highlights are presented below:
  - a. Foods Business's 'Focus Factory' initiative is aimed at building robust digital infrastructure to enable real
- time monitoring of operational parameters and utilise it towards advanced data analytics such as Artificial Intelligence and Machine Learning. Some of the key projects implemented during the year are:
  - I. Reduction in moisture content of atta to maintain quality.
  - II. Reduction in variations of weight in atta and snacks.
  - III. Vision system to detect short-pack and nut density for biscuits.
  - IV. Condition based monitoring of critical equipment to reduce unplanned downtime.
  - b. Installed advanced data management system to capture real-time operations data across businesses that helps in building machine learning tools. These tools help in improving quality; increasing throughput and energy performance; reducing material consumption and costs.
    - I. Installed state-of-the art equipment such as induction heating, headbox, shoe press etc. across the paper machines to enhance productivity and quality.
    - II. Installed state-of-the-art spectrophotometer to reduce shade variations in décor grade paper.
    - III. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in the Personal Care Products Business.

- IV. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability across Businesses.

### Energy efficiency training provided to employees to raise awareness of energy consumption reduction:

- » ITC's EHS Guidelines requires the responsibility of energy management to be given to Certified Energy Managers by Bureau of Energy Efficiency (BEE), a Government of India nodal agency on energy efficiency. ITC encourages all employees to undertake such courses on energy efficiency and renewable energy.
- » Additionally, ITC's EHS Guidelines have specified competency requirements including qualifications and trainings for employees involved in overseeing the energy management programmes across ITC Units. This is aimed at encouraging relevant employees to continuously upgrade their skills and knowledge through a combination of internal as well as external courses on energy management, energy efficiency, renewable energy and latest technologies.
- » ITC's Corporate EHS team organises a 5-day expert-led annual training programme for relevant personnel for building advanced-level capabilities across all aspects of ITC's EHS Guidelines including energy management.



- » ITC also has an in-house knowledge platform wherein monthly sessions are conducted by internal and external experts on important sustainability topics including energy management.

## Waste Management Programs

### Waste audits to identify opportunities for improving waste performance

In pursuit of its Environment, Health & Safety (EHS) Policy commitments, the Company has established management systems including a comprehensive set of EHS Guidelines that cover key environmental aspects including waste management. ITC's EHS Guidelines, implemented across all ITC Units, require:

- » Prepare lists of all wastes and their quantities in the Unit
- » Categorize different wastes (like e-waste, other hazardous, and non-hazardous)
- » Implementation and periodic review of a proper waste collection, segregation, measurement, recycling & disposal system
- » Focus on segregation of wastes at source and ensure that wastes are recycled/disposed through proper channels
- » Maintain adequate tracking mechanism of all wastes recycled through external parties. These should include the undertaking from the parties stating the recycling activities, visit to their facilities, statutory approval wherever relevant (for example hazardous waste recycling)

- » Regular EHS audits across ITC Units to assess the implementation of the above through physical inspection.

### Action plans to reduce waste generation

- » ITC's Board-approved Policy on Resource Efficiency promotes optimising resource usage that reduces waste generation.
- » For the waste that gets generated, ITC's approach focusses on segregation of waste at source and then channelizing it to suitable recycling streams.
- » Within ITC's own operations, waste is minimised through systematic monitoring and improvement of efficiencies in material utilisation as well as by maximising recycling. Several initiatives have been undertaken across ITC Units to reduce waste generation, e.g.,
  - **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.

### Quantified targets to minimize waste

- » ITC's EHS Guidelines, implemented across all ITC Units, require:
  - Every Unit to achieve zero waste goal.
  - Unit to have targets for reduction of specific waste generation and monitor the progress on a regular basis with respect to process waste generated.
  - Ensure recycle/reuse of all wastes within Unit premises or through external agencies/vendors as notified by the local authorities to achieve 100% recycling.
- » At the organisation level, ITC has a target of sustaining/maintaining waste positive status i.e., recycle more waste than what is generated and plastic waste neutral status i.e., collect and manage more than 100% of plastic waste than what is utilised in operations.
  - For waste positive status, ITC aims to maintain recycling rate of over 99% across its factories and increase the utilization of externally sourced waste paper at its paper recycling mill. In line with this, Business and Unit-level targets are set. Dashboards covering material utilization and

waste recycling rates are maintained to ensure effective monitoring.

- For plastic waste neutral status, ITC has implemented large-scale solid waste management programmes to collect post-consumer packaging waste and channelise it for recycling. Additionally, ITC is working towards ensuring that 100% of packaging is recyclable, reusable or compostable/biodegradable by 2028.

### Investment in innovation or R&D to minimize waste

- » Various technological innovations and process optimisations including Industry 4.0 measures are being implemented across Businesses that result in improving material utilization efficiency thereby reducing waste generation, e.g.,
  - Using advanced analytics (including weather conditions input) to optimise process parameters for reducing moisture variations, thereby lower rejects.
  - Paper mill at Kovai is recovering paper fibre from the ETP sludge thereby reducing sludge generation.
  - All manufacturing units of the Paper Business continue to enable recycling of nearly 100% of the solid waste generated in operations. These wastes get converted into innovative products like fly ash bricks, cement, grey boards, egg trays etc.
  - For built infrastructure, adoption of measures like value engineering principles for reducing material consumption, using recycled waste products as construction material, and building for longevity.



## Waste reduction training provided to employees

- » Regular training is provided to employees on topics like optimising material consumption and reducing waste. This includes training operators on reducing rejects, promoting material efficiency and waste management.
- » In addition, all ITC Units have clearly marked bins for promoting segregation of waste at source.
- » ITC's EHS Guidelines, implemented across all ITC Units, have specified competency requirements including qualifications and trainings for employees involved in overseeing waste management across ITC Units. This is aimed at encouraging relevant employees to continuously upgrade their skills and knowledge through a combination of internal as well as external courses on waste management.
- » ITC also has an in-house knowledge platform wherein monthly sessions are conducted by internal and external experts on important sustainability topics including solid waste and plastic waste management.
- » Awareness programmes on topics like segregation and composting are conducted for employees to encourage individual-level actions for managing waste in their daily lives.

## Integration of recycling programs to reduce the waste sent to landfill

- » ITC aims to improve material utilization efficiency and increase recycling rates across its Businesses. This is ensured through segregation of waste at source and channelizing it to appropriate

recycling streams including recycling processes integrated within ITC. For e.g.,

- Waste paper cutting from ITC's FMCG Units across foods, packaging and stationery businesses is sent for recycling at ITC's in-house paper mill in Kovai, Tamil Nadu.
- In Food factories, ITC installed starch recovery Unit in the effluent stream of potato chips to recover starch which is then be sold as raw material for other industries.
- Paper mill at Bhadrachalam implemented innovative circular solution for its ETP sludge which includes making nursery pods, egg trays etc.

## Waste diversion from landfill is certified by an independent accredited body

- » Internal systems are in place to track waste performance i.e., quantity of waste generated across different waste categories, quantity of waste channelised to different end-uses, and regular audits are conducted to ensure effectiveness of onsite management systems.
- » Implementation of ITC's waste management approach across its facilities has enabled a consistent recycling rate over 99% (i.e., +99% waste diverted from landfill) for last 11 years.
- » ITC's waste performance is reported publicly in its annual sustainability report in line with GRI Standards. In the reporting year, following GRI indicators related to waste performance: 306-3: Waste generated, 306-4: Waste diverted from disposal and 306-5: Waste directed to disposal, have been

assured by Messrs. KPMG Assurance and Consulting Services LLP, an independent third-party assurance provider. They have provided the assurance as per the International Standard for Assurance Engagements (ISAE) 3000 at a 'Reasonable Assurance' level. Their assurance statement is included in the annexure "Independent External Assurance" of ITC Sustainability Report 2025.

## Water Efficiency Management Programs

### Water use assessment to identify opportunities for water efficiency improvements

In pursuit of its Environment, Health & Safety (EHS) Policy commitments, the Company has established management systems including a comprehensive set of EHS Guidelines that cover key environmental aspects including water management. ITC's EHS Guidelines, implemented across all ITC Units, require:

- » Preparing a detailed map of water usage across processes and discharge.
- » Installing sub-meters for all significant water consuming area/equipment.
- » Analysing detailed water usage map for understanding water usage across processes.
- » Benchmarking water usage and practices amongst ITC Units, industry benchmarks for identifying areas of improvement.
- » Regular EHS audits for reviewing the detailed water usage map and the processes/governance in place for reviewing Unit-level performance.

## Actions to reduce water consumption

As part of ITC's water stewardship approach, following actions are undertaken to reduce water consumption:

- » Improving water-use efficiencies by adopting the latest technologies, and increasing reuse and recycling practices in operations. For e.g.,
- » Driving Water Use Efficiency through Automation and Process Optimisation across ITC Units:
  - 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 minimized freshwater consumption.
  - 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.
- » Industry 4.0 initiatives (like Industrial Internet of Things, machine learning to develop advanced predictive analysis) for optimising processes which, among other benefits, also reduces water consumption.
- » Continual improvement in specific water withdrawal and adoption of benchmarked practices
- » Making water security assessments an integral part of greenfield/brownfield project design and development.
- » Establishing rainwater harvesting systems thereby, reducing reliance on other freshwater/groundwater resources.
  - ITC has established an annual rainwater harvesting potential of ~1 million kl within its Units.
  - In FY 2024-25, ITC has successfully substituted ~68,000 kl of fresh water with rain water and treated waste water.
- » Constructing structures for rainwater recharge to facilitate the infiltration of rainwater into the ground, consequently enhancing groundwater levels.

### **Actions to improve wastewater quality**

- » ITC has installed wastewater treatment plant in all its factories to improve the wastewater quality.
- » These treatment plants are operated by trained personnel along with a system to monitoring effluent quality across key equipment. This ensures that effluent quality norms are complied with all the time.
- » Relevant physical, chemical and microbiological water quality parameters are regularly monitored (select parameters on a daily basis using test kits and comprehensive tests on a quarterly basis via NABL (National Accreditation Board for Testing and

Calibration Laboratories) accredited testing laboratories) in accordance with the process requirements and applicable standards and legislations across all ITC Units.

- » During FY 2024-25, all ITC Units met their regulatory requirement related to effluent discharge quality and quantity.
- » Real time effluent quality meters are installed at ITC's paper mills that contribute to ~99% of ITC's total water discharge.

### **Establishment of targets to reduce water use**

- » At the organisational level, ITC has committed to a 40% reduction in its specific water consumption by 2030 as compared to a 2018-19 baseline.
- » The long-term organisational level target is adopted by all ITC Businesses including FMCG Cigarettes and is further broken down into annual milestones at the Business as well as Unit level.
- » Additionally, annual performance against this target is reported publicly in ITC's annual sustainability report.
- » Till 2024-25, ITC has achieved 42%, 17% and 28% reduction across Foods, Papers and FMCG Cigarettes Businesses (~99% of ITC's Total Water Consumption).

### **Application of water recycling**

- » As mentioned, above, various actions are undertaken for improving wastewater quality and utilising the same across applications depending on water quality requirements.
- » Wastewater is recycled in the processes like boiler feed (after additional

treatment to improve quality), cooling tower makeup, toilet flushing, landscaping etc.

- » In addition, steam condensate recover system is installed across factories to recover it and utilise it in the boiler feed thereby reducing freshwater consumption.

### **Awareness training provided to employees on water efficiency management programs**

- » ITC's EHS Guidelines, implemented across all ITC Units, have specified competency requirements including qualifications and trainings for employees involved in overseeing the water efficiency programmes across ITC Units. This is aimed at encouraging relevant employees to continuously upgrade their skills and knowledge through a combination of internal as well as external courses on water and wastewater management.
- » ITC's Corporate EHS team organises a 5-day expert-led annual training programme for relevant personnel for building advanced-level capabilities across all aspects of ITC's EHS Guidelines including water management.
- » ITC also participates in training by experts from Alliance for Water Stewardship (AWS).
- » ITC also has an in-house knowledge platform wherein monthly sessions are conducted by internal and external experts on important sustainability topics including water management.

## Certifications of Agricultural Crops

Agricultural crop	Certification or accreditation	Coverage
Tobacco	<p><b>Sustainable Tobacco Programme 2.0:</b> The Sustainable Tobacco Program (STP) is an industry initiative to enhance agricultural supply chain due diligence and accelerate positive impacts on social and environmental footprints. The program is managed by an independent Secretariat and has currently eight participating manufacturers (members) viz. Altria, British American Tobacco, Imperial Brands, JT International, KT&amp;G, Swedish Match, Von Eicken &amp; Scandinavian Tobacco Group who form the Steering Committee. The framework brings together companies in a collaborative effort to develop innovative solutions that benefit all stakeholders. An updated version i.e., Sustainable Tobacco Programme 2.0 (STP 2.0) was rolled out in 2020: The revised program was planned with a focus on local risk assessment and a framework for classifying risks. ITC – TSBU’s reporting for STP 2.0 2024 covered 13 different tobacco crop types across multiple geographies – encompassing eight sustainability themes of the agricultural supply chain viz., Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance which incorporates the management processes that must be put in place to successfully implement STP. The content aims to be aligned with appropriate and internationally recognized frameworks for each theme. “Worldfavor” is the portal where reporting is carried out every year from all the suppliers of the companies mentioned above.</p> <p>The emphasis is on the supplier of tobacco leaf and its company’s impacts on the agricultural supply chain – the environment, the farmers, workers, their families and the broader communities in which tobacco is grown. Reporting is carried out continuously to mitigate risk, reduce the potential negative impacts and identify opportunities for creating positive ones. The reporting covers the tobacco volumes being supplied by ITC - TSBU to the customers who are part of STP i.e., ITC - TSBU participates as a supplier and provides data with respect to the supplies to the customers under the STP consortium. Tobacco SBU reports the required data in Worldfavor with a specific account having different modules specific to FCV (Mysore, Traditional &amp; NLS), Burley, NCTT crop regions and Governance modules.</p> <p><b>Critical aspects that are being covered the theme are as follows:</b></p> <ul style="list-style-type: none"> <li>» Water (Volume of water withdrawal for seedbeds, transplanting and main field, type of irrigation, access to drinking water, sanitation &amp; hygiene WASH etc.);</li> <li>» Human and Labour rights (Prompt action issues, Safe working environment etc.);</li> <li>» Crop (Capacity building, IPM, Seed certification and yield etc.);</li> <li>» Climate Change (Adaptation &amp; resilience, fuel use for Mechanization &amp; transportation, Fertilizer use &amp; curing fuel etc.);</li> <li>» Soil Health (Degradation, challenges and Action plan);</li> <li>» Livelihood (Minimum wages &amp; Living income);</li> <li>» Governance (Risk identification, Classification &amp; Mitigation process, Unannounced visits etc.);</li> <li>» Natural habitats (Deforestation Free (DF) &amp; Deforestation Conversion Free (DFC) status, policies &amp; commitments and GPS polygons etc.).</li> </ul> <p>Themes and queries are under constant review, with changes and updates as per the evolving customer requirements and ESG regulations.</p> <p>STP conducts an In-Depth Assessment involving review of management systems along with field research and field visit which was carried out by third party. ITC achieved an overall maturity rating of ‘<b>Efficient Management</b>’ level in the latest assessment.</p> <p><b>Exposure:</b> &gt;25% annual production volume OR procurement spend</p>	~91%

Agricultural crop	Certification or accreditation	Coverage
<b>Coffee</b>	<p>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 &amp; 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 incentivized 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.</p> <p><b>Exposure:</b> &lt;1% of annual production volume</p>	3.85%
<b>Wheat</b>	<p>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.</p> <p><b>Exposure:</b> &gt;25% of annual production volume</p>	0.238%

# Human Resources

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Labour and Employment	Labour and Employment	Number	33,841	40,409	38,722	37,334	35,947
	Total Female Employees	Number	5,548	6,275	5,527	5,001	4,457
Training & Development Inputs	Total Employee Training (Person-days)	Person days	140,258	222,873	111,829	131,670	753,604
	Average hours per FTE of training and development	Hour	28	44	23	28	168
	Average amount spent per person FTE on training and development.	₹	5,759	7,593	7,259	4,934	4,381
	Training of FTEs based on Ethnicity:						
	Indian	%	99%	99%	98%		
	Other than Indian: Primarily from Nepal, Europe and North American countries	%	1%	1%	2%		
	Average hours per FTE of training and development for Male Employees	Hour	26	39	21		
	Average hours per FTE of training and development for Female Employees	Hour	35	73	34		
Human Capital Return on Investment	a) Total Revenue	₹ Crores	74,236	70,105	70,251	59,746	48,525
	b) Total Operating Expenses	₹ Crores	51,690	47,320	48,011	42,506	34,611
	c) Total employee-related expenses (salaries+benefits)	₹ Crores	3,417	3,732	3,588	3,076	2,832
	Resulting HC ROI (a-(b-c))/c	-	7.6	7.1	7.2	6.6	5.9
Hiring	Total New Hires (Number)	Number	6,256	6,235	6,478	9,763	4,592
	New Male Hires	Number	4,637	4,717	4,909	7,469	3,682
	New Female Hires	Number	1,619	1,518	1,569	2,294	910
	Hiring based on Ethnicity: Indian	%	98.9%	99%	98%		
	Hiring based on Ethnicity: Others	%	1.1%	1%	2%		
	Percentage of open positions filled by internal candidates	%	31%	31%	30%	50%	
	Average hiring cost/FTE (in lakh)	₹	0.27	0.5	0.4	0.3	



Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
<b>Workforce Breakdown: Gender</b>	Share of women in total workforce (as % of total workforce)	%	16.4%	16%	14%		
	Share of women in all management positions, including junior, middle and top management	%	20%	19%	18%		
	Share of women in junior management positions	%	21%	20%	19%		
	Share of women in top management positions	%	6%	6%	3%		
	Share of women in revenue generating functions	%	14%	13%	11%		
	Share of women in STEM	%	24%	17%	15%		
<b>Workforce Breakdown: Race/Ethnicity &amp; Nationality</b>	Nationality: Indian						
	Share in total workforce	%	99%	99%	98%	100%	
	Others: Primarily from Nepal, but also includes Malaysia, Australia, other North American countries, Middle Eastern Countries and Europe. Break down region-wise is provided below:	%	1%	1%	2%		
	Nepal	%	1%	1%			
	Middle East	%		0.01%			
	Malaysia	%		0.002%			
	Europe	%		0.005%			
	Australia	%		0.002%			
	USA	%		0.02%			
	Share in all management positions, including junior, middle and senior management (as % of total management workforce)						
	Indian	%	99.6%	98%	98%	100%	
	Other Than Indian	%	0.4%	2%	2%		
<b>Freedom of Association</b>	No. of employees covered under the collective bargaining process	Number	9,805	10,916	10,700+	11,000+	
	% of employees represented by collective bargaining agreements:	%	29%	27%	28%	29%	

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21			
Trend of Employee Wellbeing	% of employees with top level of engagement, satisfaction, wellbeing, or employee net promoter score (eNPS)	%	96%	96%	94%	94%	95%			
	% of employees who responded to the survey	%	98%	98%	96%	96%	97%			
	Employee Metrics - Satisfaction: Taking everything into account, how satisfied are you with ITC as a place to work?	Scores	79	79	75					
	Employee Metrics - Purpose: I understand how my work contributes to the Division/SBU business objectives	Scores	96	96	94					
	Employee Metrics - Happiness: I feel I can openly and honestly communicate my views upwards	Scores	82	82	78					
	Employee Metrics - Stress: I am able to sustain the level of energy I need throughout the work day	Scores	85	85	82					
Parental leave	Rate of return to work (Male - permanent employees)	%	100%	100%	100%					
	Rate of return to work (Female - permanent employees)	%	98%	100%	100%					
	Rate of return to work (Female - permanent workers)	%	88%	100%	100%					
	Employee Retention Rate (Male)	%	92%	87%	100%					
	Employee Retention Rate (Female)	%	100%	93%	51%					
Employee Turnover Rate	Employee Turnover Rate	Rate	9%	9%	12%	10%	8%			
	Voluntary employee turnover rate	Rate	7%*	8%	10%	9%	7%			
	Data coverage (as % of all FTEs globally) (Voluntary turnover)	%	100%	69%	61%	70%	77%			
	Total Employee Turnover: Gender Wise, Management Level wise									
		Turnover rate in FY'24-25			Turnover rate in FY'23-24			Turnover rate in FY'22-23		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
	Permanent Employees (Management)	14%	13%	14%	13%	14%	14%	16%	16%	16%
	Permanent Workers (Non Management)	4%	14%	5%	3%	16%	4%	5%	17%	6%

\*Includes employee and worker voluntary turnover

## Labor Practices

ITC's Labour Practices are based on the principle of mutuality of interest and rooted in balancing the logic of scientific management with the spirit of human relations and holistic employee wellbeing. Performance linked rewards, recognition and progression is supported with participative management, employee involvement and capability development. ITC's labour practices respect and accords recognition to employee representation in terms of collective bargaining process. ITC ensures that all the applicable labour legislations are adhered to in both letter and spirit across all the locations.

### **Paying a living wage:**

All of the Company's Cigarette factories are SA 8000 certified and the Printing and Packaging Factories are Sedex and SA8000 certified, demonstrating its commitment to ethical labor practices. This certification process includes a thorough evaluation of wages.

ITC ensures compliance with all statutory provisions governing wages, including those related to minimum wage standards etc. All of the Company's Own Units pay its employees above the minimum wage.

ITC's wage policy is based on region cum industry benchmarks, with wages in specific units being determined in the spirit of mutuality, through a process of collective bargaining with Unions or Worker Representatives.

### **Avoiding or reducing overtime or excessive working hours**

Workforce planning is done across ITC units using scientific methods of job evaluation and considering retirement, attrition and expansion plans of the Business such that there are adequate workforce numbers available to meet production demand.

Views and suggestions of the employees' including their representative is also taken into account, wherever applicable, to ensure adequate resourcing. Further, this workforce planning also takes into consideration planned leave, absenteeism and work related needs such as training etc. This ensures that the need to do overtime is avoided/minimized. Overtime takes place only in case of exigencies, following a defined standard operating procedure including requisite internal approval process and adherence to applicable statutory compliance requirements. There are automated systems and applications present across the factories which ensures such adherence is duly followed.

### **Setting maximum working hours**

The working hours, working days, and holidays for the workforce in Offices and Factories, of the Company are in compliance with the applicable laws.

### **Paying workers for annual leave**

Workers are provided with paid annual leave.

### **Ensure adequate wages at or above cost of living estimates or benchmarks**

Wages determination process is anchored on the principles of region cum industry approach and takes into account the capacity to pay, productivity norms and skill levels of workers. The overarching intent is to ensure wages are arrived at after taking into consideration three factors - market competitiveness, business relevance and performance alignment, while ensuring wages are above the minimum statutory requirements. Wherever there are employee representatives/union, wage determination follows collective bargaining process and is anchored on the principles mentioned above. Wage revisions are done on a periodic basis to ensure it remains competitive and takes care of the needs, aspirations and the wellbeing of the workforce, with provisions to account for any increase in the cost of living/inflation.

### **Monitor working hours including overtime management**

Working hours in factories is monitored through Human Resource Management Systems which includes time and attendance management which uses biometrics/Rfid cards and has logics to ensure that the people are present in the factory only as per their scheduled working hours. The time and attendance system also ensures that any overtime which is required due to any operational exigency is recorded and part of the payroll processing system. The system also ensures

adherence to statutory requirements at all times. These entire processes are governed by comprehensive SOPs which includes detailed time and attendance process, master and transaction data management, appropriate segregation of duties to ensure adequate control.

### **Ensure employees are paid for overtime work**

Staffing is designed to ensure no overtime except in case of unexpected operational exigencies. The same, if undertaken, is initiated through a documented and well-defined SOP and approval mechanism. The SOPs cover the approval mechanism and authority, monthly compliance monitoring and checks, audit trail reports. Periodic audits at different levels are carried out to ensure overtime payment is ensured completely.

### **Regularly engage with workers' representatives on working conditions**

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. 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.

ITC prioritizes the health and safety of its employees and workers. Regular training is mandatory to ensure a safe work environment. The company actively engages with workers' representatives through periodic meetings, forums, and other engagements to raise awareness about workplace safety. There are processes to ensure regular safety audits are conducted to identify and address any gaps.

### Expand social protection coverage for workers beyond public programs

The Company provides a robust suite of medical health benefits designed to ensure the well-being of our employees. Our offerings include:

**Health Insurance:** Comprehensive coverage that addresses a wide range of medical needs.

**Accident Insurance:** Financial protection in the event of unforeseen accidents.

**Domiciliary and Hospitalization Coverage:** Support for both at-home medical expenses and inpatient care, ensuring access to necessary treatments.

In addition to these benefits, we also facilitate access to essential healthcare services, including Emergency Ambulance Services and In-House Infirmarys, equipped with qualified compounders to provide immediate medical assistance and routine care to employees.

Furthermore, our benefits complement mandated public health programs, ensuring that our employees receive comprehensive support for their health and wellness.

### Ensure employees are taking their paid annual leave entitlements

The Company policy requires employees to take at least 50% of their entitled annual leave; otherwise, the unused portion will lapse and cannot be carried forward. Additionally, there is a cap on the number of accrued leave days, encouraging employees to utilize their annual leave appropriately.

### Provide training or reskilling to mitigate negative effects of industrial or climate transition changes

ITC's EHS Guidelines have specified competency requirements including qualifications and trainings for employees involved in overseeing the energy management programmes, optimising material consumption and reducing waste, water efficiency programmes. ITC's Corporate EHS team organises a 5-day expert-led annual training programme for relevant personnel for building advanced level capabilities across all aspects of ITC's EHS Guidelines. In FY 2024-25, 11,150 employees and 10,875 workers were given formal training on various sustainable development aspects. ITC also has an in-house knowledge platform wherein monthly sessions are conducted by internal and external experts on important sustainability topics including water management, energy efficiency, waste management, climate transition changes.

## Code of Conduct

ITC's Code of Conduct 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. ITC's Code of Conduct contains the following tenets (a) Preamble, (b) Philosophy, (c) Corporate Governance Policy, (d) Good Corporate Citizenship, (e) Personal Conduct, (f) Waivers, (g) Duties of Independent Directors, (h) Non-Adherence, (i) Awareness of Code of Conduct, (j) General, (k) Whistleblower Policy and is available at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

The ITC Code of Conduct is reviewed and updated by the Board of Directors from time to time.

The Code of Conduct is applicable to all Directors, Senior Management and Employees of the Company and the compliance of the Code of Conduct is an essential part of their employment obligations. Directors, Senior Management and Employees are made aware of the Code through acceptance of it at the time of joining and refresher trainings at regular frequencies are ensured. The Head of Human Resources of the respective Business/ Head of Corporate Human Resources, as applicable, will address any queries from employees pertaining to this Code.

Employees should report any violation to the Whistleblower Complaints Committee any 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 deals with instances of non-adherence to the requirements relating to this Code through an appropriate internal mechanism. The details are available in ITC's Whistleblower Policy available at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>.

Any violation of the Code of Conduct, determined after a comprehensive investigation and enquiry, could result in actions which may range from a reprimand, an adverse impact on remuneration and/or performance rating, progression and even termination, amongst others.

## Gender Pay Equality Commitment

» ITC is dedicated to fostering an inclusive environment where all employees are treated with fairness and respect, regardless of caste, religion, disability, gender, gender identity, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organization or majority/minority group. We believe that a diverse, equitable, and inclusive workplace is essential to our success and the well-being of our employees. Our commitment to diversity, equity, and inclusion (DEI) reflects our core value of 'Respect for People' and underpins every aspect of our businesses.

- » We recognize that fostering a culture of DEI requires ongoing dedication and effort. Therefore, we are committed to embedding these principles into our organizational practices, from recruitment, remuneration and retention to professional development and leadership. We seek to create a workplace where every employee is given the opportunity to thrive, where diverse perspectives are not only welcomed but actively sought, and where equity is not merely an aspiration but a tangible reality.
- » Our principled approach ensures that there is no discrimination based on gender etc., and that the principle of equity is consistently maintained, as is detailed in our Diversity, Equity & Inclusion policy. Our compensation structure is designed to reflect this commitment as well, ensuring that pay decisions are based solely on role requirements, performance, and market benchmarks.
- » Performance and ability are the foundation for reward decisions. This is reflected through objective and outcome-based assessment systems. Talent decisions such as selection, progression, development and positioning are founded on competencies, and their expression in the conduct of business. This ensures that there is no discrimination on the basis of gender while taking any remuneration or advancement decisions.
- » ITC's Policy on Diversity, Equity and Inclusion, its guiding principles, its

systems, policies and practices are available at <https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#EqualOpportunity>

- » Compliance with ITC's Diversity, Equity and Inclusion Policy is overseen by the Heads of Human Resources of Businesses, who report into Chief Executives/Heads of respective Businesses and by Head of Corporate Human Resources who reports to the Chairman & Managing Director.
- » The Company's Policy on remuneration is available at <https://www.itcportal.com/aboutitc/policies/remuneration-policy.pdf>

### The Gender Pay Gap

The Management Level gender pay gap is as under:

#### Mean Base Salary:

6% (gender pay gap = (mean male salary – mean female salary) / mean male salary.

Mean base salary + other cash incentives:  
9% (gender pay gap = (mean male base salary+other cash incentives – mean female base salary+other cash incentives) / mean male base salary+other cash incentives.

### Equal remuneration for men and women

Refer statement on gender pay equality commitment response.

ITC's Policy on Diversity, Equity and Inclusion, its guiding principles, its systems, policies and practices are available at <https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#EqualOpportunity>

## Employee Development Programmes

ITC has 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 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 details on these employee development programmes are as under:

Learning methods (externally/ internally) offered for employee development includes:

### Coaching or Mentorship

ITC places strong emphasis on coaching and mentorship as personalized approaches to employee development, at a middle to senior level. Managers periodically receive feedback from their supervisors, peers and team members, through the 'Reflections 360' intervention, which helps them to craft powerful personal development journeys. Interventions such as 'ITC Executive Coaching Program', 'Orchestrating Winning Performance' equip senior managers to enhance self-awareness, drive behavioral change, and enable them to adapt to evolving business challenges through diagnostics and coaching conversations. One such example is Young Digital Innovators Lab (YDIL) which is an organisational intervention to channel the creativity and energy of the young digital native talent of ITC. In this intervention, 30 managers across functions and businesses, undertake a collaborative journey from innovating a powerful digital focussed business idea to executing it through a pilot experiment, under mentorship of a senior business leader of ITC. In the most recent edition, the piloted experiments included: use of Large Language models to discover latent teste preferences, enhancing the speed and accuracy of Consumer Preference Tests, Using Gen AI to enhance agility of consumer communication etc. Another such example is 'ASCEND', which offers a mentored development journey specifically crafted to needs of high potential women managers.



### Teams and Networks (Employee Resource Groups)

Collaborative learning at ITC is encouraged through cross-functional networks, peer forums, and knowledge-sharing groups. Platforms such as CoLab, KnowCon etc. provide opportunities for employees to exchange insights, learn from diverse experiences, and strengthen professional connections, thereby fostering innovation, inclusivity, and continuous growth.

### Leadership Development

Leadership development is a core priority at ITC, with structured pathways designed to build strategic acumen, financial awareness, and people leadership capabilities. Interventions such as Young Leaders Program, Business Leadership Program, Business Planning Program, offer a rigorous learning journey to nominated employees according to their development plans, duly crafted with active involvement of their managers. These interventions enable employees to enhance growth mindset, lead with confidence, and deliver execution excellence.

### Cultural Education

Cultural education is embedded in ITC's approach to employee development, with immersive Induction Programs that enhance understanding of the company's competitiveness values, complexity, citizenship and inclusive practices. These efforts help employees collaborate effectively across diverse teams and strengthen alignment with ITC's culture.

The Company conducts AUT Induction for the Assistants under training as well as Group Induction programmes which includes Q&A sessions with the Corporate Management Committee. Studio One Xchange is a platform for the senior most leadership to engage and interactive with employees.

### Transition Support

ITC provides holistic support for employees navigating key transitions, whether entering the organization or moving towards retirement. The focus is on building financial awareness, career preparedness, and emotional well-being, enabling individuals to embrace change confidently and purposefully. While entering the organisation, the Induction programmes are offered to new employees especially assistants under training, to help them navigate the transition from Campus to Corporate life.

ITC also conducts a programme to enable superannuating managers to transition into retired life and it includes their spouses. The programme equips the participants with financial, psycho-social and health related aspects of transitioning to a post retirement life.

### Digital Transition

Aligned with its digital transformation agenda, ITC equips employees with the skills to thrive in a technology-driven environment. Employees have access to exhaustive array of eLearning programs from renowned online course libraries. Focused interventions and

Learning Sprints, organized periodically build digital awareness, fluency, and application capabilities, empowering employees to leverage emerging tools and processes for business growth and sustainability. Some examples within the Company are 'Learning Marathons', 'Analytics Accelerator' workshop where business problems are identified and can be effectively solved through industrial AI etc., Series of Gen AI workshops conducted across businesses, as well as Digital Champion programmes.

### Program - 1

#### ITC Analytics Accelerator program

##### 🔍 Business benefits of the program

The ability to translate business problems into sharply defined data and analytics projects, with clear business outcomes, has been identified as a key training need. It augments the company's strategic focus on Digital and Analytics. ITC organized an intervention "ITC Analytics Accelerator" to address this need. The program trained managers in Manufacturing, Supply Chain and Marketing with concepts of advanced analytics and the application skills of converting a business problem into an Analytics project. The program consists of three modules. (i) an E-Learning that prepared participants with the foundations of analytics, algorithms, data engineering and Machine Learning; (ii) a three-day classroom program that sharpened the how to apply these concepts into functional domains (iii) A mentorship to guide the participants to apply their learning in appropriate projects.

##### ▲ Quantitative impact of business benefits (monetary or non-monetary)

Coverage – 44 managers involved in Data Science and Analytics Projects in Marketing, Manufacturing and Sales and Distribution (100% of the target population) have been covered in the program. Some of the business benefits that accrued out of the application projects include improvement in boiler efficiency by 2% leading to savings of 2 Million Rupees by annually.

##### ▲ % of FTEs participating in the program

100%

*\*Covers full-time permanent employees.*

## Program - 2

### Business Leadership Program, BLP

#### Business benefits of the program

The program aimed to strengthen the leadership Pipeline of ITC and catalyze business growth by preparing the high potential managers with the relevant skills to take up leadership roles. The program equipped the participants with leadership competencies such as Strategic Mindset, Customer Centricity and, Orchestrating Winning Team Performance. The program was conducted in two modules. The first one equipped participants with frame works of how to formulate and execute business strategy. The second module was on leadership. It enabled participants to reflect, identify the behaviors that can help them to grow and frame action plans for their development.

Since the objective of the program is to create a leadership pipeline, the most appropriate business benefit is the extent to which ITC's leadership positions are filled by alumni of the program. 70% of the current leadership pipeline of ITC has graduated from this program. As a quantitative 100% of the participants found that the program strengthened their leadership capabilities.

#### ▲ % of FTEs participating in the program

42%

*\*Covers full-time permanent employees.*

## Employee Support Programmes

### Employee Wellbeing

#### Employee Benefits:

#### Health Support and Stress Management

ITC's overall employee wellbeing framework covers the aspects of Physical, Mental and Spiritual wellbeing, designed to address the individual wellbeing needs of the employees, under the banner of 'Living Well'. Some of the structured interventions under this banner that address employee Health and Stress Management are:

Monthly wellness sessions anchored by the Company's Chief Medical Officer, on stress management, work life balance, yoga sessions etc.

"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. Availability to counselling services is also provided on the platform.

Availability of health centers and resident doctors at most ITC Units.

Preventive health check-ups, medical assistance (including hospitalisation), group accident insurance etc. are some other Health support benefits that are provided to the employees by the Company.

The Company has created several contemporary, vibrant and inspirational workspaces with the highest safety and ergonomic standards.

#### Sports and Health Initiatives

Programs like #Fitstart2024, Step-a-thon, and Annual Sports Day, across all ITC Units, promote physical activity and employee engagement ensuring mental and physical wellbeing. Dietary guidance and access to well-equipped gyms with trainers are also available to employees across most ITC Units.

#### Work Conditions

**Work From Home (WFH):** Employees are provided the Work from Home facility as per the role requirements and the same is available on the Company's intranet.

#### Family Benefits

**Childcare Facilities:** Creches and breastfeeding stations are available at ITC Units.

#### Paid Parental Leave:

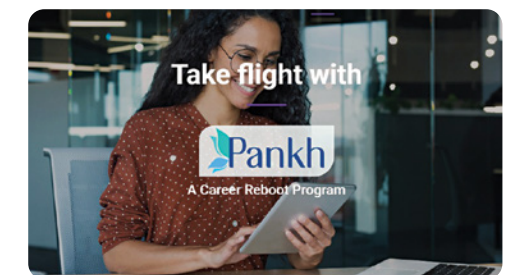
**Maternity Leave:** 26 weeks as per the Maternity Benefit Act. Additionally, Extended Child Care Leave is offered to employees for additional time off for primary caregivers after childbirth, adoption, or surrogacy.

**Paternity Leave:** 10 days of paid leave for non-primary caregivers to support their partners.

**Caregiver Support:** In order to provide care for aging parents, special child care needs etc., the Company offers managers leave.

#### Flexible working hours and part time working options:

The Company's career reboot programme, 'Pankh' is designed for anyone who has taken a break of more than six months from their career and wishes to join back the workforce. The platform provides a supportive and flexible work environment that enables the incumbent achieve personal and professional goals. In line with this commitment, and based on the project roles assigned, the Company offers several flexible work arrangements to the incumbents, including flexible scheduling and location. Incumbents are offered project-based assignment that may range from 4 to 12 months, and will vary, depending on project timelines, requirements, complexity and scope.



The Company has created several contemporary, vibrant and inspirational workspaces with the highest safety and ergonomic standards. At several locations, ITC has created employee communities through its residential complexes.

## Performance Management

- » ITC continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the system of Management-by-Objectives. Performance planning through clearly defined team as well as individual goals, outcome-based assessment, and alignment of rewards for achievement of results have all contributed to a robust culture of ownership and accountability.
- » Businesses are assessed based on Financial parameters, Sustainability targets, Safety etc. and for enabling functions, a 360 degree feedback mechanism is used.
- » Career & Agile Conversations and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development.
- » ITC has an Annual Appraisal Cycle for its employees, with periodic review mechanisms.

## Details on Remuneration

Relevant excerpts from ITC's Remuneration Policy are reproduced below:

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with ITC's Triple Bottom Line approach to Business, to attract and retain high quality talent and is anchored on ITC's values, all

of which are integral in pursuit of ITC's vision and mission of enhancing the wealth generating capability of the enterprise in a globalizing environment while delivering superior and sustainable stakeholder value.

- » To encourage and reward sustained performance through a balance between fixed and variable remuneration as well as a judicious deployment of short and long-term incentives, with calibrated and defined payouts being based on the extent of achievement of goals.
- » The design of variable pay plans includes quantitative measures as well as qualitative measures in areas such as risk management, compliance with internal policies, regulations and statutes, human capital development, environment, health and safety. Individual and Business goals will be based on approved Business Plans and arrived at through a participative process.
- » To encourage collective ownership and drive achievement of the Sustainability goals of the Company; such goals will be included as a factor in assessing Business performance, which, in turn, will contribute in determining Remuneration.

### Remuneration of Chairman & Managing Director, Executive Directors, Key Managerial Personnel and Senior Management

- » Remuneration of the Chairman & Managing Director, other Executive Directors, Key Managerial Personnel and Senior Management is determined

and recommended by the Nomination & Compensation Committee (hereinafter referred to as 'the Committee') and approved by the Board of Directors of the Company (hereinafter referred to as 'the Board'). Remuneration of the Chairman & Managing Director and the other Executive Directors is also subject to the approval of the Shareholders, within the limit prescribed under the Companies Act, 2013.

- » Remuneration is reviewed and revised generally every year or when such a revision is warranted by the market. To ensure pay competitiveness, remuneration is benchmarked with leading Indian and global corporations operating in India. The review also recognizes for the Company's diverse multi-business portfolio, its unique competitive context and strategy of organization.
- » Apart from fixed elements of remuneration and benefits/perquisites, they are eligible for Performance Bonus which is linked to their individual performance and the overall performance of the Company.
- » They are also eligible for Long Term Incentives, including Employee Stock Options, as may be determined by the Committee/the Board, linked to their individual performance and the overall performance of the Company, including Sustainability goals.

## Additional Details on Executive Compensation and its Linkage to Sustainability Performance

The Chairman & Managing Director and each of the Executive Directors are entitled to performance bonus for every financial year up to a maximum of 300% and 200% of their basic/consolidated salary, respectively, as may be determined by the Board on the recommendation of the Nomination & Compensation Committee; such remuneration is linked to the performance of the Company in as much as the performance bonus is based on various qualitative and quantitative performance criteria. Apart from fixed elements of remuneration and benefits/perquisites, the Chairman & Managing Director and the Executive Directors are also eligible for Long Term Incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee and/or the Board; such incentives are linked to individual performance and the overall performance of the Company which is based on financial metrics (including Net Turnover, Profit Before Tax etc.) and on performance against Sustainability goals (including the material issues of 'Climate Change', 'Water Stewardship' and 'Circular Economy').

# Social Performance

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Water Stewardship	Area covered through Supply Side Work - catchment treatment and irrigation support	Acres	178,000	168,668	137,000	101,000	97,549
	Rainwater harvesting potential created	Million KI	5.83	5.52	3.80	3.47	3.95
	Water harvesting structures	Nos.	3,500	4,100	3,196	3,189	3,000
	Demand Management - Potential water savings through water efficient practices in agriculture*	Million KI	1,400	1,090	780	497	208
	Beneficiaries covered under Water Stewardship programme	Nos.	60,200	60,609	32,400	21,000	36,000
	SC/ST beneficiaries	%	14	11	25	30	35
	Female beneficiaries	%	27	22	22	17	36
Climate Smart Agriculture	Area covered under Climate Smart Agriculture (CSA) practices*	Acres	3,170,000	2,790,000	2,340,000	1,500,000	881,000
	Beneficiaries covered under CSA programme*	Nos.	1,200,000	1,051,782	740,000	450,000	254,000
	SC/ST beneficiaries	%	13	19	21	24	22
	Female beneficiaries	%	15	19	20	18	15
	Farmer Field Schools*	Nos.	13,500	13,500	8,201	7,196	5,969
	Climate Smart Village (CSV) area*	Acres	2,180,000	1,899,843	1,004,136	-	-
	CSV Villages*	Nos.	7,000	6,755	4,800	-	-
Institutional Support	Agri Business Centers*	Nos.	1,850	1,158	916	613	401
	Linkage to Government Schemes	Nos.	1,765,000	1,524,000	950,000	-	-
Off-Farm livelihood diversification - Livestock development	Animal Owners covered under Livestock development programme	Nos.	191,000	233,423	79,400	31,000	33,400
	SC/ST beneficiaries	%	16	19	19	16	21
	Female beneficiaries	%	40	40	60	5	6
On-Farm livelihood diversification - Social Forestry	Area covered under Social Forestry	Acres	37,300	33,980	31,000	30,300	30,439
	Beneficiaries covered under Social Forestry programme	Nos.	10,500	10,874	8,795	15,000	16,371
	SC/ST beneficiaries	%	21	34	25	17	14
	Female beneficiaries	%	21	28	26	21	29

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Support to Education	Children covered in Education programme	Nos.	657,000	409,691	250,000	55,000	33,000
	Govt. Schools & Anganwadi Infra support	Nos.	640	590	386	440	263
Skilling of Youth	Youth benefited from Skilling programme	Nos.	15,600	12,500	14,400	11,500	9,600
	SC/ST beneficiaries	%	26	31	34	29	30
	Female beneficiaries	%	52	49	46	48	42
Mother & Child Health and Nutrition (MCHN)	Beneficiaries covered under MCHN programme*	Nos.	1,524,000	1,461,000	680,000	590,000	340,000
Waste Management	Households cumulatively covered under Waste Management programme*	Nos.	14,700,000	11,459,000	8,000,000	6,130,000	4,531,000
Women Empowerment	Women reached out through all CSR interventions (Approx)*	Nos.	6,000,000	6,000,000	-	-	-

Note: \*Data for these indicators are to be seen only on an annualised basis for that specific financial year, and not be considered for computing cumulative numbers.

## Occupational Health & Safety

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Occupational Health & Safety	No. of fatalities – Employees*	Persons	0	0	0	0	0
	No. of fatalities - Contractors*	Persons	2	0	1	2	1
	High Consequence Work Related Injury Rate*	Rate	0	0	0.0014	-	-
	High Consequence Work Related Injuries*	Count	0	0	1	-	-
	LTIFR (per one million-person-hours worked)* The data on LTIFR is for the combined workforce i.e. ITC employees and service providers' employees.	Rate	0.120	0.065	0.095	0.11	0.12
	Lost Day Rate (the combined workforce i.e. ITC employees and service providers' employees.)*	Rate	10.8	0.88	15.6	29.4	8.39
	Injury Rate (the combined workforce i.e. ITC employees and service providers' employees.) [the frequency of Lost Time Accidents (LTAs), for every 200,000 manhours worked]*	Rate	0.024	0.013	0.019	0.022	0.024

\*Onsite accidents.



# Governance

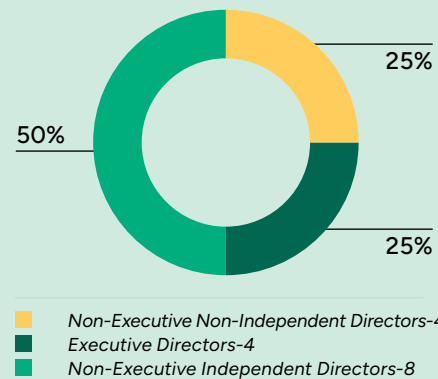
## Composition of the Board of Directors of the Company

The ITC Board is a balanced Board comprising Executive and Non-Executive Directors, with Independent Directors representing at least 50% of the total strength of the Board. More than 15% of the Board comprises Women Directors.

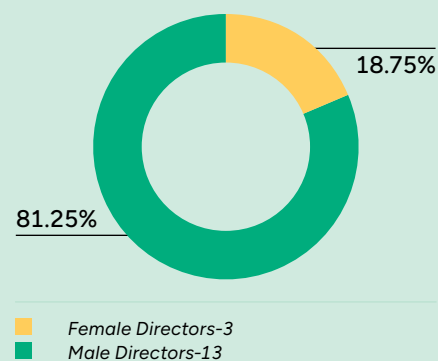
The Independent Directors of the Company confirm on an annual basis that they meet the criteria of independence prescribed under Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a diversified business portfolio comprising 12 businesses including Branded Packaged Foods, Personal Care Products, Education & Stationery Products, Matches & Agarbattis, Cigarettes, Agri Business and Paperboards, Paper & Packaging Businesses. Such a diversified business portfolio tends to require a large size of the Board of Directors to address the complexities arising from the diverse operations of the Company. The ITC Board is an optimal mix of professionalism, knowledge, experience and diversity, taking into account, inter alia, the size and scale of operations of the Company.

**Board Composition (Basis Category)**



**Board Composition (Basis Gender)**



Data as on 31<sup>st</sup> March, 2025

## Chairman and Managing Director

Mr. Sanjiv Puri is the Chairman & Managing Director of the Company.

As stated above, 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.

## ESG Governance oversight

### Sustainability Governance Structure:

- » Board of Directors (Headed by Chairman & Managing Director)
- » Board Committee on CSR and Sustainability (Headed by Chairman & Managing Director)
- » Corporate Management Committee (Headed by Chairman & Managing Director)
- » Sustainability Compliance Review Committee (Chaired by Group Head - Sustainability)
- » Divisional CEOs and Divisional Management Committees
- » Unit Level Responsibility (Sustainability Co-ordinators across Businesses)

The CSR and Sustainability Committee of the Board, chaired by the Chairman of the Company, formulates, reviews and oversees implementation of the Sustainability Policies of the Company on an annual basis. In addition, the CSR and Sustainability Committee and the Board of Directors also review the progress of implementation of the Company's CSR Programmes on a half-yearly basis.

At the highest level, the Board of Directors of the Company has the primary role of trusteeship to protect and enhance shareholder value through strategic supervision of ITC. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth, and also in line with its Sustainability agenda.

### Executive Oversight:

The Corporate Management Committee (CMC) of the Company is the management body responsible for compliance with the Sustainability Policies of the Company. The Sustainability Compliance Review Committee (SCRC), constituted by the CMC, monitors and evaluates compliance with these Policies and places a report thereon for review by the CMC on a periodic basis. The Chief Executives of Divisions/Strategic Business Units (SBUs), through members of the respective Management Committees, and Heads of Corporate Functions are responsible for ensuring implementation of the Sustainability Policies of the Company within their respective Division/SBU/

Corporate Function, and communication of these Policies to the concerned employees.

### Chief Sustainability Officer:

The Chief Sustainability Officer (CSO) of the Company is responsible, inter alia, for monitoring the progress on sustainability targets and facilitating the Businesses & Corporate Functions in implementing

the sustainability initiatives, and also for scanning the external environment for evolving sustainability trends and regulations. 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 report backs on the Company's sustainability initiatives to the senior leadership of the Company.

## Board Accountability

### 1. Attendance of individual Directors at Board Meetings and at Annual General Meeting (AGM) held during FY 2024-25

Director	Number of Board Meetings attended	Attendance at last AGM
S. Puri	6 of 6	Yes
S. Dutta	6 of 6	Yes
H. Malik	6 of 6	Yes
B. Sumant	6 of 6	Yes
H. Bhargava	6 of 6	Yes
A. M. Bharucha	6 of 6	Yes
C. K. Mishra	3 of 3	N.A.
S. Mohanty	1 of 2	N.A.
S. Mukherjee	6 of 6	Yes
A. Nayak	6 of 6	Yes
A. Pande	4 of 4	N.A.
S. Panray	6 of 6	Yes
N. Rao	4 of 6	Yes
A. K. Seth	6 of 6	Yes
A. Singh	6 of 6	Yes
P. Subrahmanyam	6 of 6	Yes

### 2. Election process of Directors

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 of the Company. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

### 3. Succession planning

The Board from time to time, through the Nomination & Compensation Committee, satisfies itself that plans are in place for orderly succession for appointment as Executive Directors and Senior Management of the Company.

### 4. Evaluation of Board, Board Committees and Individual Directors

The Company has a structured process for performance evaluation of the Board, Board Committees and individual Directors. The Nomination & Compensation Committee, as reported in earlier years, had 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.

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 roles and responsibilities

of the Board as provided under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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; such parameters include securing alignment of the Company's goals with the nation's economic, ecological and social priorities, ensuring that the Company has a clearly defined strategic direction for realisation of its vision, and supporting the Company's management to meet challenges arising from the operating & policy environment in the country. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of the Company.

During FY 2024-25, while the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters in order to ensure objectivity. 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. Reports on the functioning and performance of Board Committees during the year were placed before the Board.

The Independent Directors Committee of the Board also reviewed the performance of the Chairman, other non-Independent Directors and the Board, pursuant to Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 5. Average tenure of Directors as on 31<sup>st</sup> March, 2025

Name of the Director	Date of initial appointment on the Board	Tenure (in years)
S. Puri	06/12/2015	9.32
S. Dutta	22/07/2022	2.69
H. Malik	12/08/2023	1.64
B. Sumant	16/11/2018	6.38
H. Bhargava	20/12/2021	3.28
A. M. Bharucha	12/08/2023	1.64
C. K. Mishra	14/09/2024	0.54
S. Mohanty	01/01/2025	0.24
S. Mukherjee	11/08/2021	3.64
A. Nayak	13/07/2019	5.72
A. Pande	27/07/2024	0.68
S. Panray	11/08/2021	3.64
N. Rao	08/04/2016	8.98
A. K. Seth	13/07/2019	5.72
A. Singh	02/04/2024	0.99
P. Subrahmanyam	02/04/2024	0.99
Average Tenure		3.51

### Non-Executive Directors with industry experience

Sl. No.	Name of the Director	GICS Level 1 Classification	Industry Experience
1.	Mr. H. Bhargava	Industrials	Worked with the Life Insurance Corporation of India as Managing Director (and also as Chairman in-charge for an interim period) and in different other capacities, especially in marketing, international operations and new business ventures. He has successfully led teams across the financial services spectrum and pioneered innovative marketing and sales campaigns.
2.	Mr. S. Mohanty	Industrials	Worked with the Life Insurance Corporation of India (LIC) as Chief Executive Officer and Managing Director and in different other capacities, especially in marketing, human resources, legal and investments. He has held various important positions in LIC, including tenures as Senior Divisional Manager in-charge of Raipur and Cuttack Divisions, Regional Head of a marketing vertical in the Western Zone, Chief of Investments (Back Office), Executive Director (Legal) and Managing Director & Chief Executive Officer of LIC Housing Finance Limited.
3.	Mr. S. Mukherjee	Financials	Former Chairman and Senior Partner of PricewaterhouseCoopers (PwC) in India. As PwC's Chairman, he was at the forefront of making it a more future-ready firm, investing in and strengthening the firm's key capabilities across its people, go-to-market initiatives and internal transformation.
4.	Mr. A. Nayak	Industrials, Consumer Discretionary and Consumer Staples	Worked with ITC Limited for more than 42 years, including serving on the Corporate Management Committee of ITC for over 18 years.

Sl. No.	Name of the Director	GICS Level 1 Classification	Industry Experience
5.	Mr. S. Panray	Financials, Industrials and Utilities	Worked as Senior Auditor and Financial Consultant with Raymond Chabot Grant Thornton, Canada, and has held senior leadership positions at Imasco Limited (Vice President & Treasurer), Imperial Tobacco Canada (as Vice President & Chief Financial Officer as well as a Director), and British American Tobacco p.l.c. (as Treasury Transformation Director). He has also served as the Vice President - Finance and Treasurer of Canadian National Railway Company, the largest transcontinental public railway transportation company in Canada.
6.	Mr. A. Singh	Industrials, Consumer Discretionary and Consumer Staples	He is a retired executive with more than 35 years of diverse experience in consumer-oriented roles across multiple geographies. Held several senior leadership positions at Colgate-Palmolive (inter alia as Finance Director and Country GM in Nigeria), Coca-Cola (inter alia as President and CEO – India), Fawaz Abdulaziz Alhokair Company (as CEO) and Raymond Limited [as Executive Vice Chairman (Senior Management Personnel)].

Data as on 31<sup>st</sup> March, 2025

## Remuneration of Chairman and Executive Directors

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 the Company's vision and mission of enhancing the wealth generating capability of the enterprise in a globalized environment, while delivering superior and sustainable stakeholder value. The Remuneration Policy of the Company is market-led and factors in the competitive

context of each business. Performance against the Sustainability goals of the Company has also been included as a factor in assessing business performance, which, in turn, contributes in determining remuneration. The Company has adopted a comprehensive 'Total Rewards' approach to remuneration that, inter alia, promotes a superior quality of personal and work life by combining both cash and non-cash components/benefits. 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 at <https://itcportal.com/content/dam/itc-corporate/pdfs/remuneration-policy.pdf>.

Remuneration of the Chairman & Managing Director and the Executive Directors is determined by the Board on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders of the Company. The Chairman & Managing Director and each of the Executive Directors are entitled to performance bonus for every financial year up to a maximum of 300% and 200% of their basic/consolidated salary, respectively, as may be determined by the Board on the recommendation of the Nomination & Compensation Committee; 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 & Managing Director and the Executive Directors 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 maximum annual value of such Long Term Incentives is 0.10% and 0.05% for the Chairman & Managing Director and each of the Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year.

### The various elements of compensation of the Chairman & Managing Director and the Executive Directors foster with the Company's objectives of long-term stakeholder value creation, as detailed below:

- » **Performance Period:** Remuneration of the Chairman & Managing Director and the Executive Directors of the Company is a mix of fixed pay and variable pay/long-term pay (weighing

more towards variable pay) reflecting short and long-term performance objectives in line with the Company's business and strategic goals. The longest performance period covered by the Company's executive compensation plan is three years.

- » **Clawback provisions:** Clawback provisions are applicable to Stock Options and Equity Settled Stock Appreciation Rights (ESARs). Unvested Stock Options and ESARs lapse in case of resignation, and both vested and unvested Stock Options and ESARs are forfeited, in case of termination of service due to misconduct. This applies to all employees including the Chairman & Managing Director and the Executive

Directors of the Company. Further, there is no separate provision for payment of severance fee under the resolutions governing the appointment of the Chairman & Managing Director and the Executive Directors who have all been drawn from the management cadre. The statutory provisions will however apply.

- » **Time Vesting:** As stated above, the Chairman & Managing Director and the Executive Directors of the Company are eligible for Stock Options and Equity Settled Stock Appreciation Rights (ESARs). The exercise period for such Stock Options and ESARs commences from the date of vesting of the Options and ESARs, and expires at the end of five years from the date of such vesting.

### The details of remuneration of the Chairman & Managing Director and the Executive Directors of the Company for FY 2024-25 are given below:

Nature of Directorship	Particulars	Amount (₹ in crores)	Percentage to total remuneration
<b>Chairman &amp; Managing Director</b>	Basic/Consolidated Salary	3.54	12.32%
	Performance-based bonus*	8.42	29.35%
	Performance-based remuneration <sup>#</sup>	12.97	45.20%
	Others	3.77	13.13%
	<b>Total</b>	<b>28.70</b>	

Nature of Directorship	Particulars	Amount (₹ in crores)	Percentage to total remuneration
<b>Executive Directors (3 Nos.)</b>	Basic/Consolidated Salary	5.28	17.15%
	Performance-based bonus*	8.33	27.05%
	Performance-based remuneration <sup>#</sup>	11.51	37.42%
	Others	5.66	18.38%
	<b>Total</b>	<b>30.78</b>	

Data as on 31<sup>st</sup> March, 2025

\* Linked to the performance of the Company and based on various qualitative and quantitative performance criteria.

<sup>#</sup> Includes Long Term Incentives (LTI), as may be determined by the Nomination & Compensation Committee and/or the Board of Directors; such incentives are linked to individual performance & the overall performance of the Company, including Sustainability goals. One of the components of LTI is Business Results Linked Incentive which is based on financial metrics including Net Turnover, EBITDA and PBT of the Company. Performance on the Company's sustainability goals is also included as a measure based on the extent of progress in relation to long-term targets set by the Company for various sustainability dimensions.

## Management ownership

The details of shares of the Company held by the Chairman & Managing Director and the Executive Directors as on 31<sup>st</sup> March, 2025 are given below:

Director	Multiple of Base Salary
S. Puri	5.24
Average (other than S. Puri)	17.13



## Code of Conduct and Whistleblowing Mechanism – systems and processes

Particulars	
<b>Dedicated department(s) and/or person(s) responsible for the whistleblowing mechanism</b>	<p>The Company has a separate 'Whistleblower Complaints Committee' comprising the Head of Corporate Human Resources, the General Counsel and the Head of Internal Audit to deal with whistleblower complaints.</p> <p>In terms of the Whistleblower Policy of the Company, any complainant may send the complaint to the Whistleblower Complaints Committee either by sending an email to the designated email address, or by sending a letter in a sealed envelope which is distinctly marked 'CONFIDENTIAL'. Complaints by or against Directors, Senior Management and members of the Whistleblower Complaints Committee are required to be sent directly to the Chairman of the Audit Committee, with a copy to the Chairman and Managing Director of the Company. A copy of the Whistleblower Policy of the Company may be accessed on its corporate website at <a href="https://itcportal.com/about-itc/itc-policies/whistleblower-policy.html">https://itcportal.com/about-itc/itc-policies/whistleblower-policy.html</a>.</p>
<b>Whistleblowers are allowed to submit reports anonymously</b>	Anonymous complaints are entertained if the same are backed by specific allegations & verifiable facts, and are accompanied with supporting evidence.
<b>Details of reports received are kept confidential</b>	As per the Company's Policy, the information disclosed during the course of an investigation, including the identity of the complainant, is kept confidential, except as necessary or appropriate to be disclosed for the purpose of the investigation or where required by law.
<b>Zero tolerance policy for retaliation</b>	<p>The Whistleblower Policy of the Company is intended to encourage, facilitate and enable raising of genuine concerns and no complainant who reports an incident under this Policy shall suffer any harassment, retaliation or adverse employment condition as a consequence of such reporting. Any employee who retaliates against a person reporting a violation will be subject to disciplinary proceedings, which may extend to termination of employment.</p> <p>If any complainant is victimised or harassed for reporting any genuine concern, he/she may file an application before the Whistleblower Complaints Committee seeking redressal of the matter. The Whistleblower Complaints Committee shall take appropriate action to attend to the complainant's concern. However, if the complainant feels that his/her concern has not been addressed, he/she may approach the Line Director/Line CMC Member, as applicable, failing which the Chairman and Managing Director of the Company. In exceptional cases, direct access to the Chairman of the Audit Committee shall be provided.</p>
<b>Provision of training on the use of reporting channel</b>	<p>The ITC Code of Conduct is shared with all new employees at the time of joining the Company and a copy is signed by them affirming compliance with the same. In addition, all Directors and Senior Management affirm compliance with the Code on an annual basis. Further, the Code is also shared with the existing employees periodically and their affirmation is taken to reinforce the Code and ensure its Company-wide implementation.</p> <p>The Head of Human Resources of the respective Business/Head of Corporate Human Resources, as applicable, is responsible to address any queries from employees pertaining to the ITC Code of Conduct. A copy of the ITC Code of Conduct can be accessed on the Company's corporate website at <a href="https://itcportal.com/about-itc/code-of-conduct.html">https://itcportal.com/about-itc/code-of-conduct.html</a>.</p>

Particulars	
<b>Disclosure on the process for investigating the reported breaches</b>	<p>In terms of the Company's Whistleblower Policy, complaints submitted via e-mail to the designated email address are automatically received by the Whistleblower Complaints Committee. Upon receipt of a complaint within the scope of the said Policy, the Whistleblower Complaints Committee reviews the same and if the complaint is found to be serious and credible, the Committee investigates such complaint.</p> <p>For the purpose of conducting an investigation, the Whistleblower Complaints Committee is authorised to:</p> <ul style="list-style-type: none"> <li>» seek any information it requires from any employee, who shall cooperate with any such request made by the Committee;</li> <li>» seek assistance from any employee for conduct of investigation, as may be considered appropriate;</li> <li>» obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary;</li> <li>» call for such documents and representations, as may be deemed fit.</li> </ul> <p>Report of the investigation, along with recommendations of the Whistleblower Complaints Committee in relation to further actions to be taken in connection with the complaint, is placed before the Corporate Management Committee of the Company (CMC). Upon receipt of the investigation report and the recommendations of the Whistleblower Complaints Committee, the CMC gives directions for necessary actions to be taken and submits a report in this connection to the Audit Committee.</p> <p>Investigation of complaint by or against Directors, Senior Management and members of the Whistleblower Complaints Committee is carried out as directed by the Audit Committee.</p>
<b>Disciplinary actions in case of breach i.e., warning, dismissal, zero tolerance policy</b>	<p>Instances of non-adherence to the requirements stated under the ITC Code of Conduct are dealt with by the Company through an appropriate internal mechanism.</p> <p>Further, employees may also bring to the notice of the Whistleblower Complaints Committee, any 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.</p>
<b>Compliance system of the Company</b>	<p>It is the Company's policy to fully comply with all the applicable laws and regulations. The Company does not accept practices that are unlawful or may be damaging to its reputation. Ensuring legal and regulatory compliance is the responsibility of the Chief Executives of the respective Businesses and their Divisional Management Committees (DMCs) in case of Divisions, and the respective Heads in case of Corporate Departments. The DMCs of the respective Businesses and Heads of Corporate Departments satisfy themselves from time to time that sound and adequate arrangements exist to ensure compliance with the statutory and regulatory requirements impacting the Business/Department, and identify &amp; respond to developments in the regulatory environment relevant to the Business/Department. In the event the implication of any law is not clear, the Company's Legal Department is consulted for advice.</p> <p>At the central level, the Corporate Management Committee and the Board of Directors of the Company review the statutory compliance reports from all Businesses and Corporate Departments on a periodic basis and provide appropriate directions, where necessary.</p>

## Policy on Anti-bribery and Anti-corruption

The Company's Code of Conduct covers aspects relating to anti-corruption and anti-bribery. The said Code was approved by the Board on 26<sup>th</sup> March, 2005 and last amended on 24<sup>th</sup> July, 2021. It is applicable to all Directors, Senior Management and employees of the Company.

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

Code covers aspects relating to prevention of bribery and corruption, guidelines for gifts, awareness of the said Code, procedures for handling breach of the Code, if any, and corrective or disciplinary actions to be taken when there is a breach of the Code.

A copy of the ITC Code of Conduct may be accessed on the Company's corporate website at <https://itcportal.com/about-itc/code-of-conduct.html>.

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

- (a) all Suppliers and Service Providers of the Company are required to avoid any actual or potential conflicts of

interest in their business dealings with the Company that could create a perception of unfairness or lead to uncompetitive favours. If any such instance arises, the Suppliers and Service Providers are also required 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.

- (b) all Suppliers and Service Providers, in their dealings with the Company, are prohibited to indulge in any form of bribery or corruption that is intended to induce or reward improper conduct or influence any decision. The Company expects and seeks

confirmation in its commercial and contractual terms that Suppliers and Service Providers have not offered or promised or provided any benefit, either in cash or in kind, to any employee or any relative/associate of any employee of the Company or of any of its associate companies, in order to facilitate their existing or future business with the Company.

A copy of the aforesaid Code of Conduct for Suppliers and Service Providers may be accessed on the Company's corporate website at <https://itcportal.com/content/dam/itc-corporate/pdfs/policy/code-of-conduct-for-suppliers-and-service-providers.pdf>.

## Summarised Data of last 5 Financial Years:

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Board of Directors	<b>Total number of Directors on the Board (as on 31<sup>st</sup> March)</b>	<b>Persons</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>14</b>
	Executive Directors (as on 31 <sup>st</sup> March)	Persons	4	4	4	4	4
	Independent Directors (as on 31 <sup>st</sup> March)	Persons	8	9	8	8	7
	Other Non-Executive Directors (as on 31 <sup>st</sup> March)	Persons	4	3	4	4	3
	Number of Women Directors (as on 31 <sup>st</sup> March)	Persons	3	3	2	2	2
	Average tenure of Directors on the Board (as on 31 <sup>st</sup> March)	No. of years	3.51	4.69	4.91	4.39	4.75
	Number of Board Meetings held	Nos.	6	6	6	6	6
	Average attendance at Board Meetings	%	96.18	97.05	97.85	98.81	97.62
	Minimum Board Meeting attendance requirement for Directors <sup>1</sup>	%	16.67	16.67	16.67	16.67	16.67
	Director(s) attending less than 75% of the Board Meetings	Nos.	2	1	0	0	1
	Number of Non-Executive Directors (including Independent Directors) with 4 or less mandates (as on 31 <sup>st</sup> March) <sup>2</sup>	Nos.	11 <sup>@</sup>	10	11	12	9

Focus Area	Sub Category	Unit	2024-25	2023-24	2022-23	2021-22	2020-21
	% of Non-Executive Directors with 4 or less mandates, as stated above, against the total number of Non-Executive Directors	%	91.67	83.33	91.67	100	90
	Number of other mandates for Non-Executive Directors (including Independent Directors) restricted to <sup>3</sup>	Nos.	7	7	7	7	7
	Number of Non-Executive Directors (including Independent Directors) with industry experience (based on GICS 1 classification i.e. Energy - Materials - Industrials - Consumer Discretionary - Consumer Staples - Healthcare - Financials - Information Technology - Communication Services - Utilities - Real Estate Executives and Employee Representatives)	Nos.	6	6	8	8	6
	% of Non-Executive Directors with industry experience, as stated above, against the total number of Non-Executive Directors	%	50	50	66.67	66.67	60
Code of Conduct	Communicated to employees	%	100	100	100	100	100
	Written acknowledgement from employees	%	100	100	100	-	-
	Training provided to employees on Code of Conduct	%	100	100	100	-	-
Remuneration related	ITC shares held by the CMD as a multiple to his base salary <sup>4</sup>	No.	5.24	3.84	8.05	2.81	0.93
Reporting on breaches	Corruption or bribery cases	No.	Nil	Nil	Nil	Nil	Nil
	Discrimination or harassment cases	No.	4 <sup>^</sup>	5 <sup>^</sup>	1 <sup>^</sup>	2 <sup>^</sup>	2 <sup>^</sup>
	Customer privacy data	No.	Nil	Nil	Nil	Nil	Nil
	Conflicts of interest	No.	Nil	Nil	Nil	Nil	Nil
	Money laundering or insider trading	No.	1 <sup>*</sup>	6 <sup>*</sup>	6 <sup>*</sup>	4 <sup>*</sup>	6 <sup>*</sup>
	Whistleblower Complaints	No.	24 <sup>#</sup>	5 <sup>#</sup>	-	-	-
	Total number of information security breaches	No.	0	0	-	-	-
	Total number of clients, customers and employees affected by the breaches	No.	0	0	-	-	-

<sup>1</sup> Although the statutory requirement for a Director is to attend at least one Board Meeting in a year, the Directors of the Company strive to attend each and every meeting of the Board as well as of the Board Committees in which they are Members, which can be demonstrated through the average attendance at Board and Board Committee Meetings.

<sup>2</sup> Number of other Directorships represents directorships in other public limited companies.

<sup>3</sup> Restrictions as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been considered.

<sup>4</sup> There are no share ownership requirements for the Directors of the Company. This is also in line with the Indian regulatory requirements.

<sup>@</sup> Mr. H. Bhargava, Mr. C. K. Mishra, Mr. S. Mohanty, Mr. S. Mukherjee, Mr. A. Nayak, Mr. A. Pande, Mr. S. Panray, Ms. N. Rao, Mr. A. K. Seth, Ms. P. Subrahmanyam and Mr. A. Singh.

<sup>^</sup> ITC has a zero-tolerance approach to any behaviour that constitutes sexual harassment. There are Internal Complaints Committees to examine and investigate any complaints. In the past, where investigations have indicated any violations, appropriate disciplinary actions have been taken, reinforcing the Company's stated position and helping create an environment free of any harassment.

<sup>\*</sup> Represents instances of non-adherence to the ITC Code of Conduct for Prevention of Insider Trading – 2019 for which monetary penalties were levied. All instances were placed before the Corporate Management Committee and the Board of Directors of the Company, and also reported to the Stock Exchanges where the Company's shares are listed. There were no breaches relating to money laundering.

<sup>#</sup> During FY 2024-25, the Company received 24 complaints under the Whistleblower Policy, of which investigation in respect of 15 complaints was completed; in most of the cases, no evidence was found in support of the allegations made. Appropriate action, where necessary, was taken.

# Materiality

## 1. Materiality Analysis

The Company discloses details of its materiality determination process and how the materiality analysis is conducted.

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

#### 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.

#### 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

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

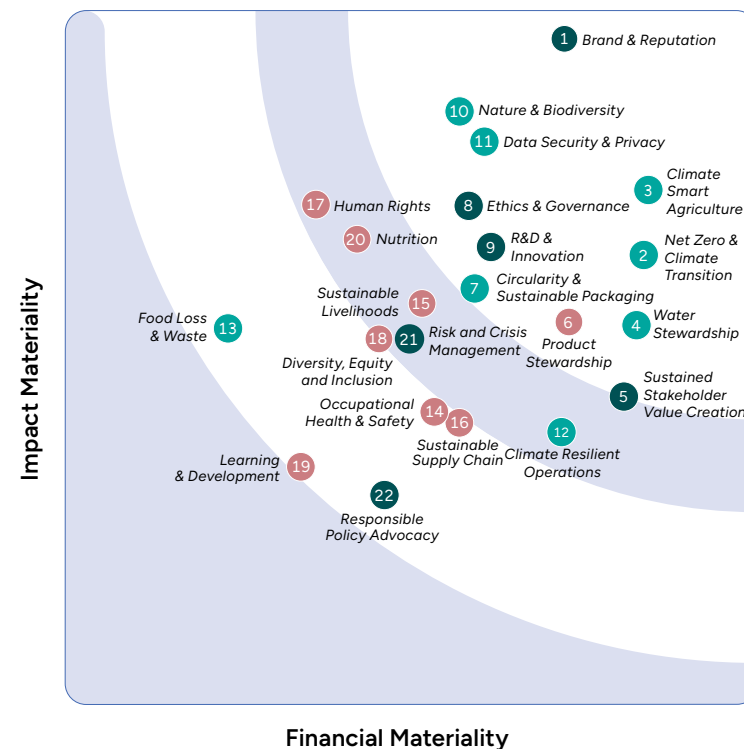
Engaging senior management for assessing financial risks and opportunities for all ESG topics based on severity and likelihood using either qualitative or quantitative thresholds.

#### 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.



● Environment ● Social ● Governance



**Further details of the Company's stakeholder engagement process, approach and results of double materiality assessment and description of material topics are available in [ITC Sustainability Report 2025](#) – Chapters: 'Stakeholder Engagement' (pages 21 to 27), and 'Material Issues' (pages 28 to 32).**

#### **Materiality analysis conducted/ reviewed:**

Annual review of material ESG Topics is conducted through continuous tracking of global and national sustainability landscape for identifying emerging ESG issues. Reassessment of Double Materiality is done every 4-5 years.

#### **Involvement of external stakeholders in identifying the material issues**

ITC engages with both internal and external stakeholders in identifying the material issues, and for assessing Impact & Financial Materiality. Impact Materiality is conducted by 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 is conducted by engaging with senior management for assessing financial risks and opportunities for all ESG topics based on severity and likelihood using either qualitative or quantitative thresholds.

#### **Material Issues are prioritized in a materiality matrix**

ITC consolidates inputs in a structured manner by conducting identification of ESG topics, and engaging with stakeholders for assessing Impact & Financial Materiality. Material ESG topics are integrated with ITC's Sustainability 2.0 Strategy & Goals, Enterprise Risk Management System and Annual sustainability disclosures including third-party assurance. Material ESG topics are then prioritized in a Materiality Matrix. It is developed by using appropriate thresholds for determining ESG aspects to be considered material. Validation with senior management is also done to ensure completeness.

#### **Materiality assessment integrated in company's ERM process**

The Company's materiality assessment process and the identified material topics are integrated into the Enterprise Risk Management framework. A mapping of

material topics with risks is available in the 'Risk Management Processes' section of this report (ESG Fact Book 2025) on pages 20-21.

#### **Assessment conducted is based on the principle of double materiality or considers internal impact on the business as well as external impact on society and the environment**

The Company follows the "Double Materiality" approach that not only takes 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").

#### **Materiality assessment process verified by a third-party assurance provider**

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). ITC's Materiality assessment process as per GRI Standards Indicator 3-1 (Process to determine material topics), 3-2 (List of material topics) and 3-3 (Management of material topics) is verified. The indicators which are under Reasonable Assurance and Limited Assurance are available in the assurance report which is annexed to [ITC Sustainability Report 2025](#) in the 'Independent External Assurance' section (pages 257 to 261).

#### **Materiality assessment results signed off by Board of Directors**

Annual approval of materiality assessment and Sustainability Report is conducted by Sustainability Compliance Review Committee (SCRC), Corporate Management Committee (CMC) and CSR and Sustainability Committee of the Board. The CSR and Sustainability Committee of the Board also reviews the Business Responsibility and Sustainability Report of the Company and recommends the same to the Board for adoption, and approves the Sustainability Report of the Company.

## 2. Material Issues for Enterprise Value Creation

The Company conducts materiality analysis to identify important material issues (economic, environmental, or social) that have the greatest impact on the business, report on how these issues impact the business and serve as significant determinants of long-term value creation. Details of three most important material issues are provided below:

	Material Issue 1	Material Issue 2	Material Issue 3
Material Risk or Opportunity	Impact of Climate Change on Operations and Agricultural Value Chains	Water Stress impacting water security for operations including agricultural value chains.	Plastic Waste Pollution & Sustainable Packaging
	Category: <i>Climate Transition &amp; Physical Risks</i>	Category: <i>Water</i>	Category: <i>Waste &amp; pollutants</i>
Business Case	<p>Extreme weather events like floods/cyclones resulting in damages to physical assets - factories, warehouses, hotels and offices, loss of inventory and disruption in supply chain. Most of ITC's businesses largely also depend on agri-based raw materials. In 2024-25, ITC processed 3.48 million tonnes of raw materials, out of which with 97% from agri/forestry based renewable sources. Therefore, impact of climate change on agriculture – extreme weather events, variation in precipitation, temperature etc. can adversely affect agricultural yields. Long term impact on crop cycles, yields of key crops. Studies project that climate change in India will reduce the yields of wheat, a key raw material for ITC, in the range of 6%-23% by 2050 (CGIAR). Existing and future regulatory action may impact ITC's manufacturing operations. Increased awareness of climate change may have an impact on consumer behaviour.</p>	<p>Water is used across ITC's manufacturing units for product manufacturing, utilities and other support functions and hence sufficient amounts of good quality freshwater is a vital resource to our direct operations. While ITC has a target to reduce its specific water consumption by 40% across its businesses by 2030, production volumes to increase in the coming years. Therefore, in the future, dependence of ITC's direct operations on water is expected to increase in the future. Also, most of ITC's businesses depend on agri-raw materials. Therefore, the availability of sufficient amounts of good quality fresh water is vital in indirect operations as well. As production volumes continue to grow, ITC's dependence on agri-raw material will increase, and therefore, the dependency on good quality freshwater will also correspondingly increase.</p>	<p>Plastic Waste Management regulation in India continues to evolve at the Central and State level. Regulatory action ranges from introduction of Extended Producer Responsibility Rules and ban on select plastic items. 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. ITC is one of the largest FMCG companies in India and utilises plastic packaging to safely deliver its products to consumers. Increased consumer awareness on issues related to plastic waste and its environmental impacts may impact consumer behaviour and create a preference for products with lower packaging footprint. With ITC's rapidly growing FMCG business, management of post-consumer packaging waste as well sustainable packaging will become increasingly more important over time.</p>
	Type of impact: Risk	Type of impact: Risk	Type of impact: Cost

	Material Issue 1	Material Issue 2	Material Issue 3
<b>Business strategies</b>	<p>ITC is pursuing a low-carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy in its overall energy mix, continuous reduction of specific energy consumption, construction of green buildings, greening logistics and optimising 'distance-to-market', and promoting regenerative agriculture practices in key agri value chains. Additionally, ITC's multi-pronged approach also focuses on sequestering more carbon than what it emits and climate proofing its operations as well as agri value chains, thus enabling a rapid transition to a net zero economy. Developing products/services that take into account climate change and procuring FSC® certified wood for paper and paperboard production. Life Cycle Assessment (LCA) studies are carried out for key products/services to evaluate their value chain footprint and identify opportunities for improvement.</p>	<p>Demand-Side Measures: The first step is optimising use to minimise withdrawal, at the operating plant level as well as the sub-catchment or micro-watershed level where the plant is located. To this end, ITC continues to focus on:</p> <ul style="list-style-type: none"> <li>» Improving water-use efficiencies by adopting the latest technologies and increasing reuse and recycling practices in its operations.</li> <li>» ITC has made water security assessment an integral part of greenfield/brownfield project design and development.</li> <li>» Implementing recommendations emerging from water security studies.</li> <li>» Working with farmers and other community members towards improving their water-use efficiencies. In most agri catchments, more than 95% of water use is for irrigation. Thus, improving irrigation, soil conservation and agronomical practices have huge water saving potential. ITC works extensively for promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns.</li> </ul>	<p>To address this risk, ITC implements holistic solid waste management programmes, and has also set a target for ensuring that 100% of Packaging is Reusable, Recyclable or Compostable by 2030. ITC retained its status of being plastic-neutral in FY 2024-25. During the year, ITC, through its various partners, has collected and managed 76,000 tonnes of plastic waste during the year, with over 45% getting channelised for recycling, and the remaining being sent for energy recovery. ITC's Solid Waste Management Programmes have covered around 14.7 million households to date, instilling behavioural change through door-to-door awareness campaigns to ensure segregation of waste at source. Additionally, ITC also leverages its brands to raise consumers awareness on responsible waste management.</p>

### 3. Materiality Metrics for Enterprise Value Creation

The Company has targets and metrics linked to the top three material issues, and it discloses the progress of these targets or metrics. The Company links executive compensation with the targets or metrics involved.

	Material Issue 1	Material Issue 2	Material Issue 3
Material Issue	Impact of Climate Change on Operations and Agricultural Value Chains	Water Stress impacting water security for operations including agricultural value chains.	Plastic Waste Pollution & Sustainable Packaging
The Company has a target or metric to measure its progress on this issue in a systematic way	Target set linked to material issue:	Target set linked to material issue:	Target set linked to material issue:
	<p>ITC's Sustainability Goals related to the material issue of climate change:</p> <ul style="list-style-type: none"> <li>» Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.</li> <li>» Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.</li> <li>» Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to a FY 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 such initiatives.</li> <li>» Revive &amp; sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation over 1 million acres by 2030.</li> <li>» Promoting Climate Smart Village Approach in Core Agri-business Catchments across 3 million acres.</li> </ul>	<p>ITC's Sustainability Goals related to the material issue of water stewardship:</p> <ul style="list-style-type: none"> <li>» Achieving 40% reduction in specific water consumption by 2030 as compared to the FY 2018-19 baseline.</li> <li>» Creation of rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.</li> <li>» Certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship (AWS) by 2035. (8 high risk sites by 2023, all high-risk sites by 2035).</li> <li>» Improve crop water use efficiency in agri-value chains through demand side management interventions and enable savings of 2,000 million kilolitres of water by 2030.</li> <li>» Ensure Water Security for All Stakeholders through Watershed Development &amp; Managed Aquifer Recharge (by creating a watershed area of 2,200,000 acres, 50,000 storage structures and 60 million kl water storage potential).</li> </ul>	<p>ITC's Sustainability Goals related to the material issue of plastic and circular economy:</p> <ul style="list-style-type: none"> <li>» 100% of Packaging to be Reusable, Recyclable or Compostable/Bio-Degradable by 2028 Plastic Neutrality.</li> <li>» Enable Sustainable Management of Waste in Excess of the Amount of Packaging Utilised by 2021 (achieved), and to be sustained going forward.</li> </ul>
Target Year	2030	2035	2028

	Material Issue 1	Material Issue 2	Material Issue 3
Progress: The Company discloses the progress on targets/metrics.	<b>Progress on target specified:</b>  In FY 2024-25, 1. All Businesses are on track for 50% reduction in Specific GHG Emissions and 30% reduction in Specific Energy with a baseline of 2018-19. 2. Against the target of 50% of Total Energy Consumed from Renewable Sources, 52% was achieved. 3. 53% of Total Electrical Energy (Grid Purchased) from Renewable Sources. 4. Cumulatively, 1.32 million acres of Area under Social and Farm Forestry as sustain and enhance carbon sequestration by expanding forestry projects through ITC's Social and Farm Forestry programmes and other such initiatives.	<b>Progress on target specified:</b>  In FY 2024-25, 1. All Businesses are on track for 40% reduction in Specific Water Consumption with the baseline of 2018-19 with Branded Packaged Foods Businesses achieving a reduction of 42%. 2. There is 5 times - Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations. 3. 1,400 Million KLs of Potential Water Usage Saved. 4. 9 sites - Food Factories in Malur (Karnataka), Ranjangaon (Maharashtra) and Kapurthala (Punjab), Cigarette factories in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh), Green Leaf Threshing Unit in Mysuru (Karnataka) and Paper Mills at Kovai (Tamil Nadu) and Bhadrachalam (Telangana) have received Platinum-level certification. 5. Cumulatively 1.81 million acres of Watershed Area, 35,900 Water Harvesting Structures (Nos) and 59.90 Storage Potential Million KL have been created/developed.	<b>Progress on target specified:</b>  In FY 2024-25, the Company collected and sustainably managed 76,000 tonnes of plastic waste across the country. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to maintain the milestone of Plastic Neutrality. More than 99% (less than 1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle - Phase out plans in place) of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/Bio-degradable. 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.
	<b>Target/metric linked to executive compensation</b>  In line with <a href="#">ITC's Remuneration Policy</a> , executive compensation is linked to the Company's overall sustainability performance and progress towards the 2030 sustainability goals including those on climate change as measured by KPIs like share of renewable energy, renewable electricity, reduction of specific energy/GHG emissions and carbon sequestration) among others.	<b>Target/metric linked to executive compensation</b>  In line with <a href="#">ITC's Remuneration Policy</a> , executive compensation is linked to the Company's overall sustainability performance and progress towards the 2030 sustainability goals including those on water stewardship as measured by KPIs like reduction of specific water consumption, number of Alliance for Water Stewardship (AWS) certified sites, rain water harvesting potential created and potential water usage savings in crop value chains) among others.	<b>Target/metric linked to executive compensation</b>  In line with <a href="#">ITC's Remuneration Policy</a> , executive compensation is linked to the Company's overall sustainability performance and progress towards the 2030 sustainability goals including those on circular economy as measured by KPIs like plastic neutrality, sustainable packaging (recyclable, reusable or compostable/biodegradable), among others.
Chairman & Managing Director, other Executive Directors, Key Managerial Personnel and Senior Management are also eligible for Long Term Incentives, including Employee Stock Options, as may be determined by the Committee/the Board, linked to their individual performance and the overall performance of the Company, including Sustainability goals.			



## 4. Material Issues for External Stakeholders

The Company conducts a materiality analysis to identify and value the positive/negative impact on external stakeholders associated with the company's business operations, products/services and/or its supply chain. The top two material issues that illustrate the most significant social or environmental impact on external stakeholder groups is presented in the table below:

	Impact 1	Impact 2
<b>Material Issue for External Stakeholders</b>	<b>Water</b>  Water stress in the catchment of ITC units and value chains impacting the water available to local communities and farmers.	<b>Waste &amp; pollutants</b>  Plastic waste pollution as a result of plastic packaging waste thereby impacting the environment, and health of communities.
<b>Cause of the Impact</b>	Business value chain: » Operations » Supply Chain  Business activity coverage: More than 50% of business activity.	Business value chain: » Operations » Products/Services » Supply Chain  Business activity coverage: More than 50% of business activity.
<b>External Stakeholder(s)/Impact Area(s) Evaluated</b>	» Environment » Society	» Environment » Society » Consumers/end-users
<b>Topic relevance on external stakeholders</b>	<b>Materiality of externalized impact on stakeholders assessed</b>  In India, water stress is a major issue on account of dependence on an increasingly erratic monsoon, rapidly depleting groundwater resources driven by growth in population as well as over consumption across agricultural and industrial sectors, and rampant changes in land-use patterns. ITC's operations, spread across the country, have dependency on continuous availability of water for continuous operation of its manufacturing units. Besides direct water consumption, ITC's operations are also dependent on multiple agri-value chains. Therefore, nearby communities and farmers are impacted by water stress in the catchment of ITC's operations and value chain.  <b>Type of impact:</b> Both positive and negative impacts are assessed	<b>Materiality of externalized impact on stakeholders assessed</b>  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. This may negatively impact the environment and health of communities as waste ends up in the environment and landfill. 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, management of post-consumer plastic packaging waste is important for minimising the environmental impact of plastic packaging pollution.  <b>Type of impact:</b> Both positive and negative impacts are assessed

## 5. Materiality Metrics for External Stakeholders

The Company has evaluated the positive/negative impacts on external stakeholders using quantitative output and impact metrics.

	Impact 1	Impact 2
<b>Material Issue for External Stakeholders</b>	<b>Water</b> Water stress in the catchment of ITC units and value chains impacting the water available to local communities and farmers.	<b>Waste &amp; pollutants</b> Plastic waste pollution as a result of plastic packaging waste thereby impacting the environment, and health of communities.
<b>Output Metric</b>	<b>Quantitative output metric/s linked to material issue</b> Watershed Area & Water Harvesting Structures	<b>Quantitative output metric/s linked to material issue</b> Households trained on source segregation
<b>Impact Valuation</b>	<b>Impact valuation conducted:</b> Environmental value lost/gained	<b>Impact valuation conducted:</b> Environmental value lost/gained
<b>Impact Metric</b>	<b>Quantitative impact metric linked to material issue</b> Water Storage Potential created (Million KL)	<b>Quantitative impact metric linked to material issue</b> % waste avoided from going to landfills

# Risk and Crisis Management

## 1. Risk Governance

### **The company has a risk governance framework with board level risk oversight.**

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

### **Composition**

The Audit Committee presently comprises four Independent Directors. The Chairman of the Committee is also an Independent Director. The Executive Director representing the Finance function, the Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to the meetings of the Audit Committee. The Head of Internal Audit is the Coordinator and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Committee whenever matters relating to cost audit are considered. All members of the Committee are financially literate; two members, including the Chairman of the Committee, have accounting and financial management expertise.

One of the roles for Audit Committee is to evaluate the Company's

internal financial controls and risk management systems.

The Audit Committee was also updated on the effectiveness of the Company's Risk Management systems and policies.

The Company has a risk governance framework with dedicated operational risk management functions in place.

### **Risk Management Committee**

The role of the Risk Management Committee is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies, measures taken for cyber security and results of risk identification, prioritisation & mitigation plans for all business units/corporate functions. Formulation of the Risk Management Policy and review of implementation, effectiveness and adequacy of the risk management plans, systems & processes of the Company form part of the role of the Committee.

### **Composition**

The Risk Management Committee presently comprises the Chairman of the Company, all Executive Directors, one Independent Director and one member of senior management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee to the meetings of the Committee. The Chief Risk Officer is the Secretary to the Committee.

### **The Corporate Risk Management Cell**

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 Chief Risk Officer (CRO) of the Company is responsible for Risk Management for the entire organisation. Each of ITC's Businesses have a Divisional Risk Officer (DRO).

A combination of centrally issued policies and Business-specific procedures bring robustness to the process of ensuring that business risks are effectively addressed. Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique or relatively high risk profiles.

A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all Businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control

environment within the Company including implementation of the action plans emerging out of internal audit findings. At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.

## 2. Risk Management Processes

### **Risk Review**

Each year, a comprehensive risk assessment is carried out at the entity level and for each individual business. The risk assessment starts with assigning risk criticality/tolerance levels for each risk based upon the likelihood and magnitude of the risks for each Business and also at an entity level.

### **Description of process or framework to determine the risk appetite for identified risks**

ITC has a robust risk management system which includes internal and external process reviews which is an integral part of setting the Company's risk appetite (the level of risk it is willing to accept). Each identified risk has a Risk Custodian within the organization who are responsible for monitoring and taking mitigating measures to reduce and address the said risk. Risk appetite

is set at an individual business level based upon business imperatives, maturity of the underlying systems and vulnerabilities/exposure to the identified risks. Similarly, risk tolerance levels are set for each category of risk for ITC as an entity.

Risk Appetite for the Business Divisions defined by various Corporate Policies and mandates which are applicable across the organisation to ensure decision makers at each level are aware of the management's

appetite for risk. These are buttressed by specific directions by the senior leadership in identified areas of risk such as the Annual Plan Circular released by the Chief Financial Officer which sets the tone and emphasizes the commitment to robust risk management and sustainable growth. This ensures that ITC remains resilient in a constantly evolving market environment. The Annual Plan emphasizes the need for Businesses to perform comprehensive portfolio

reviews, assess emerging risks, and strengthen sustainability practices in alignment with the Company's Sustainability 2.0 agenda.

### Materiality Assessment and Enterprise Risk Management

The Company follows the "Double Materiality" approach that not only takes 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"). The list of material topics is reviewed annually. The Company's materiality assessment process and the identified material topics are integrated into the Enterprise Risk Management framework. A mapping of material topics with risks is presented below.

Sl. No	Risk Tolerance Level	Risk	Risk Description	Material Issues
1	High Risk	Climate Change & Sustainability	Climate and nature related physical and transition risks may impact business operations, sourcing, supply chain and increase compliance costs.	Nature & Biodiversity, Climate Smart Agriculture, Net Zero & Climate Transition, Water Stewardship, Brand & Reputation, Sustained Stakeholder Value Creation, Sustainable Livelihoods, Climate Resilient Operations, Sustainable Supply Chain, Food Loss and Waste
2	High Risk	Cyber Security and Information Technology Systems	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.	Data Security & Privacy, Brand & Reputation, Sustained Stakeholder Value Creation, Risk and Crisis Management
3	High Risk	Talent Management	Inability to attract and retain high quality talent in a highly competitive market.	Sustained Stakeholder Value Creation, Brand & Reputation, Human Rights, Diversity, Equity and Inclusion, Occupational Health and Safety, Learning & Development, Nutrition
4	High Risk	Discriminatory and punitive taxation, and stringent regulations on domestic legal cigarette industry	Discriminatory and punitive taxation coupled with extremely stringent regulations adversely impacts the domestic legal cigarette industry.	Sustained Stakeholder Value Creation, Brand & Reputation
5	Medium Risk	Innovation and Consumer/Brand Preference	Failure to adequately anticipate evolving consumer preferences and inability to proactively innovate and remain competitive.	Brand & Reputation, Product Stewardship, Circularity & Sustainable Packaging, Sustained Stakeholder Value Creation

Sl. No	Risk Tolerance Level	Risk	Risk Description	Material Issues
6	Medium Risk	Corporate and Brand Reputation	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.	Brand & Reputation, Sustained Stakeholder Value Creation
7	Medium Risk	Heightened uncertainty in the macro-economic and operating environment	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.	Sustained Stakeholder Value Creation, Responsible Advocacy
8	Medium Risk	Supply Chain Disruption	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.	Sustained Stakeholder Value Creation, Sustainable Supply Chain
9	Medium Risk	Diversified business portfolio	Increasing complexity of operations in the context of a highly diversified business portfolio.	Brand & Reputation, Sustained Stakeholder Value Creation, Product Stewardship, Responsible Advocacy
10	Medium Risk	Product and Plastic Packaging	Inability to comply with current or future regulations on plastic packaging and/or failure to meet commitments on packaging and the environment.	Product Stewardship, Brand & Reputation, Sustained Stakeholder Value Creation, Circularity & Sustainable Packaging

### Risk Review and Exposure

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.

The role of the Risk Management Committee is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies, measures taken for cyber security and results of risk identification, prioritisation &

mitigation plans for all business units/ corporate functions. Formulation of the Risk Management Policy and review of implementation, effectiveness and adequacy of the risk management plans, systems & processes of the Company form part of the role of the Committee.

#### Composition

The Risk Management Committee presently comprises the Chairman of the Company, all Executive Directors, one Independent Director and one member of senior management. The Chairman

of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee to the meetings of the Committee. The Chief Risk Officer is the Secretary to the Committee.

#### Meetings and Attendance during the financial year 2024-25

Regular and constant reviews of the internal and external environment which could affect the company's risk exposure forms the risk landscape for individual businesses and at an entity level. In addition to the reviews of the Divisional

Risk Officers and Risk Custodians, Corporate Risk Management Cell also alerts/disseminates the emerging risks with the Businesses and also at an entity level. These reviews help the organization to remain aware of the external risk situation and take proactive measures to stay resilient against potential and emerging risks. This ensures the risk appetite and mitigating actions remain contemporary and relevant.



The review of the Company's risk exposure entails the process of scanning changes in the risk landscape on an ongoing basis. Though the statutory regulations (the Securities and Exchange Board of India (SEBI)- Listing Obligations and Disclosure

Requirements (LODR)) requires two meetings of the Risk Management every year, the Company has ensured that three meetings of the Risk Management Committee are held every year.

Sl. No.	Date	Committee Strength	No. of Members
1	9 <sup>th</sup> August, 2024	6	6
2	18 <sup>th</sup> January, 2025	6	5
3	11 <sup>th</sup> March, 2025	6	6

### Attendance at Risk Management Committee Meetings

Member	No. of Meetings attended
S. Puri (Chairman)	3
H. Bhargava <sup>1</sup>	2
S. Dutta	3
H. Malik	3
B. Sumant	3
S. Sivakumar	2
A. Duggal <sup>2</sup>	1

1. Appointed as Member w.e.f. 15<sup>th</sup> September, 2024.

2. Ceased to be Member w.e.f. 15<sup>th</sup> September, 2024.

### Risk Management Process Audit Process of Internal Audit

A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all Businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within the Company including implementation of the action plans emerging out of internal audit findings. At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.

The risk management practices of the Company, as reviewed through the Risk Management Cell and Internal Audit processes, have been found to be relevant and commensurate with the size and complexity of its operations.

### Process of External Audit

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, including FMCG Cigarettes, 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. ISO 31000 Compliance Assurance Audits are annually conducted for the various Businesses by an independent third party assessment firm. Further, the centrally anchored initiative of conducting external independent reviews of key business processes with high 'value at risk' continued during the year.

### Risk Culture

#### 1. Regular risk management education for all non-executive directors

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/legislation & economic environment and on matters significantly affecting the Company to enable them to take well informed and timely decisions.

Induction programme is organised by the Company for the Non-Executive Directors joining the Board. The Independent Directors are apprised through appointment letters, on their roles, duties & responsibilities, time commitment required, remuneration, insurance coverage, and also the process for evaluation of the performance

of the Board, Board Committees & individual Directors. Further, the Directors, on appointment, are provided with induction kits which, inter alia, include the Company's Memorandum and Articles of Association, Corporate Governance Policy, ITC Code of Conduct, ITC Code of Conduct for Prevention of Insider Trading, Terms of Reference of Board Committees and Annual Report & Accounts and Sustainability Report for the last 2 years. These Directors are also provided with an overview of the Company's businesses and sustainability initiatives.

To enable the Directors to familiarise themselves and experience the manufacturing & other facilities of the Company, Board Meetings are held from time to time in locations where the Company has operations,

Familiarisation Programmes organised by the Company during the financial year 2025-26 and cumulative from 1<sup>st</sup> April, 2015 up to 1<sup>st</sup> August, 2025.

besides the registered office. Visits to Company facilities are also separately organised for the Directors for this purpose. The industry scenario, competitive environment, regulatory framework and such other topics of interest are periodically shared with the Directors at the Board Meetings, along with review of the various businesses of the Company.

**Amongst others, risk assessment & minimisation procedures, CSR & sustainability interventions, changes in organisational structure, succession plans including management development processes, performance of subsidiary companies and new initiatives proposed by the Company are also presented to the Board and/or Board Committees, as appropriate.**

During the year, the Board comprising executive, independent and non-executive directors was apprised on the status and effectiveness of the risk management plans of the Company. It included the Company's approach to risk management and the status update of the mitigation measures with respect to emerging risks, the risk management standard & internal controls in place, internal audit, independent review of key business processes by external subject matter experts and other risk management measures like review and testing of Business Continuity Plans (BCPs), effectiveness of treasury policies and statutory compliances.

## 2. Focused training throughout the organization on risk management principles

A Divisional Risk & Audit Meet is conducted every year by the Risk Management Cell in which the Divisional Risk Officers (DROs), Audit Managers and Risk Custodians from various Businesses participate. The Meet covers the various issues including insights from Global Risks Surveys, emerging risks, risk identified by major Corporates, best practices and future expectations from the Risk Management Team. During 2024-25, the meet was conducted on 20<sup>th</sup> and 21<sup>st</sup> September, 2024 in addition to experience sharing by DROs (to enable cross – pollination of best practices), knowledge sessions on Audit of Digital Assets and IT systems alongwith sessions on Advance Data Analytics by subject matter experts.

Key observations/control gaps observed in the recent past by the Corporate Audit team was shared with the participants to enable them to proactively deal with the same.

Risk Culture Surveys covering employees of varying seniority, experience, age, qualifications and function were carried out during the year to assess risk culture across the organisation.

## 3. Incorporation of risk criteria in the development of products and services (LSTC)

ITC Life Sciences & Technology Centre (LSTC) serves as the dedicated Research & Development arm of ITC, supporting various divisions through innovation in product development, materials research, and quality enhancement. LSTC operates with a strong commitment to risk management, applying rigorous protocols across its processes— from concept to commercialization. Specialized structures are in place to proactively identify, assess, and mitigate risks, especially those with unique or high-risk profiles.

Throughout the development lifecycle, due diligence ensures that products and packaging meet shelf-life and performance standards. This involves strategic ingredient selection, adoption of advanced technologies, certified testing (internal and external), literature and clinical validation, and pilot-scale trials. Recognizing research data as a vital business asset,

Particulars	During the financial year 2025-26	Cumulative from 1 <sup>st</sup> April, 2015 up to 1 <sup>st</sup> August, 2025
Number of familiarisation programmes organised by the Company, including visits to Company facilities	3	78
Time spent by the Independent Directors in such programmes in the aggregate	> 26 man hours	> 508 man hours

**Reference: FAMILIARISATION PROGRAMME FOR DIRECTORS** <https://itcportal.com/content/dam/itc-corporate/open-pdfs/investor/disclosures-under-regulation-46-of-the-sebi-listing-regulations/familiarisation-programme-for-independent-directors/directors-familiarisation-programme.pdf>

LSTC enforces robust information protection through centralized and localized policies. By adhering to strict security protocols and leveraging Laboratory Information Management Systems and IT safeguards, the centre ensures optimal data integrity and confidentiality.

Post-launch, consumer product quality teams promptly address feedback and queries. To protect proprietary innovations, LSTC conducts thorough intellectual property evaluations, minimizing the risk of external infringement. In alignment with ITC's sustainability

goals, LSTC is actively engaged in climate-resilient crop research. This includes maintaining germplasm collections across diverse locations and screening for disease resistance traits. Talent development is a strategic priority at LSTC. The centre fosters an intellectually stimulating environment that emphasizes continuous learning and capability building—key to sustaining ITC's competitive edge. Certified under ISO 31000 for risk management in product development, LSTC adheres to best practices in managing risks that could impact business

operations, people, assets, and the surrounding community.

#### 4. Financial incentives which incorporate risk management metrics

ITC's Remuneration strategy is performance based, competitive and values led. It is ITC's policy to encourage and reward sustained performance through a balance between fixed and variable remuneration as well as a judicious deployment of short and long-term incentives, with calibrated and defined payouts being based on the extent of achievement of goals.

The design of variable pay plans includes quantitative measures as well as qualitative measures in areas such as risk management, compliance with internal policies, regulations and statutes, human capital development, environment, health and safety. Individual and Business goals will be based on approved Business Plans and arrived at through a participative process. For more details on ITC's Remuneration Policy, please refer <https://itcportal.com/content/dam/itc-corporate/pdfs/remuneration-policy.pdf>

### 3. Emerging Risks

	Emerging Risk 1	Emerging Risk 2
<b>Name of the emerging risk</b>	Cyber Security and Information Technology	Heightened uncertainty in the macro-economic and operating environment
<b>Category</b>	Technological	Geopolitical
<b>Description</b>	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.	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.
<b>Impact</b>	<p>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</p> <ul style="list-style-type: none"> <li>» Unavailability of IT Systems and Infrastructure causing significant disruption to business operations;</li> <li>» Compromise/theft of sensitive or personal information of organizations/ individuals may impact stakeholder confidence;</li> <li>» Data loss may lead to disruption of business operations;</li> <li>» Regulatory non-compliance;</li> <li>» Reputational damage and financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>» In a globalized 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;</li> <li>» 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;</li> <li>» 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.</li> </ul>

Emerging Risk 1	Emerging Risk 2
<p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>» Comprehensive Information Policy detailing practices and procedures for acquisition, deployment, use and retirement of all information assets with specific focus on access authorizations, data storage and backups, incident response and recovery. The policy is reviewed on a regular basis to align with contemporary and evolving best practices, standards and technologies;</li> <li>» Identify critical IT systems and information assets, and establish robust IT Continuity Plans along with periodic review and testing thereof;</li> <li>» 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 organization;</li> <li>» Centralized 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;</li> <li>» 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;</li> <li>» Robust Data Loss Prevention (DLP) framework featuring encryption, access controls and continuous monitoring is in place to safeguard sensitive information from unauthorized access, breach, and loss;</li> <li>» Vulnerability Assessment and Penetration Testing (VAPT) by independent experts for all internet facing applications;</li> <li>» 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;</li> <li>» Intensify cybersecurity awareness campaigns and training for all users across the organization; carry out phishing simulations at regular intervals to enhance employees' ability to recognize such threats and reduce the risk of breaches;</li> <li>» Periodic assessment of ITC's IT security posture by independent experts specializing in Information Security to validate adequacy of policy, practices and controls;</li> <li>» 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);</li> <li>» 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 utilizing the principle of least-privilege (PoLP) and zero-trust architecture.</li> </ul>	<ul style="list-style-type: none"> <li>» Continuously build adaptive, agile and resilient supply chain to effectively manage complexities arising from geo-political dynamics and fast evolving consumer preferences;</li> <li>» 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;</li> <li>» Diversify the vendor-base for sourcing key inputs and increase safety stock levels as warranted;</li> <li>» Leverage digital technologies along with best-in-class planning, manufacturing, logistics and distribution processes to enhance supply chain responsiveness and market servicing;</li> <li>» 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.</li> </ul>

# Information Security Governance

The company has governance mechanisms implemented to oversee information security activities and they include the following.

**Board level responsibility for overseeing information security issues, maintained by**

**Another board level committee (e.g., Risk Committee) with clear responsibility for information security**

## **Risk Management Committee**

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.

The role of the Risk Management Committee is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies, measures

taken for **cyber security** and results of risk identification, prioritisation & mitigation plans for all business units/ corporate functions. Formulation of the Risk Management Policy and review of implementation, effectiveness and adequacy of the risk management plans, systems & processes of the Company form part of the role of the Committee.

## **Composition**

The Risk Management Committee presently comprises the Chairman of the Company, all Executive Directors, one Independent Director and one member of senior management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee to the meetings of the Committee. The Chief Risk Officer is the Secretary to the Committee. The names of the members of the Risk Management Committee, including its Chairman, are provided below:

Member	No. of Members
S. Puri	Member
H. Bhargava	Member
S. Dutta	Member
H. Malik	Member
B. Sumant	Member
S. Sivakumar	Member

## **Meetings and Attendance during the financial year 2024-25**

### **Details of Risk Management Committee Meetings**

Three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members
1	9 <sup>th</sup> August, 2024	6	6
2	18 <sup>th</sup> January, 2025	6	5
3	11 <sup>th</sup> March, 2025	6	6

### **Attendance at Risk Management Committee Meetings**

Member	No. of meetings attended
S. Puri (Chairman)	3
H. Bhargava <sup>1</sup>	2
S. Dutta	3
H. Malik	3
B. Sumant	3
S. Sivakumar	2
A. Duggal <sup>2</sup>	1

1. Appointed as Member w.e.f. 15<sup>th</sup> September, 2024.

2. Ceased to be Member w.e.f. 15<sup>th</sup> September, 2024

## **Board Member with information security background**

**Supratim Dutta (58)**, DIN: 01804345, was appointed as a Wholetime Director on the Board of ITC effective 22<sup>nd</sup> July, 2022. He is also the Chief Financial Officer ('CFO') of the Company. He is, inter alia, responsible for Finance, Accounting, Internal Audit &

Information Technology (IT) Functions and also for the Investment Subsidiaries of the Company.

A qualified Chartered Accountant and Cost Accountant, Dutta joined ITC in November 1990. In a career spanning over three decades at ITC, he has held various senior roles in the finance function,



both at the business and corporate level. Before becoming the CFO, he held the position of the Corporate Financial Controller of the Company, and prior to that, he was Executive Vice President - Corporate Finance in charge of the Corporate Treasury, Strategic Planning and Corporate Planning Functions of the Company. He has handled various aspects of finance including Planning, Treasury, M&A, Accounting, Taxation, IT, Investor Relations and business strategy. He has also served as a Member of the World Business Council for Sustainable Development CFO Network.

Dutta is a Member of the CII National Committee on Financial Reporting. During the year, he was honoured with the 'Group CFO of the Year - Large Enterprise Award' at the Economic Times CFO Awards 2025.

### Executive level responsibility for overseeing information security issues.

The Company has a multi-tiered cybersecurity defence strategy that includes firewalls, antivirus and anti-malware systems to prevent, detect and respond to cyber incidents. These defence mechanisms are implemented at various access and data processing points, including endpoints, data centres, network perimeters and cloud instances. To further enhance user awareness, the Company has established a comprehensive digital cybersecurity training program for all employees.

### 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 Wholtime Director on the Board of ITC & Chief Financial Officer of the Company.

### Chief Information Security Officer (CISO)

#### 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.

### Chief Digital and Information Officer (CDIO)<sup>1</sup>

The Chief Digital and Information Officer (CDIO) ensures alignment of IT Strategy with overall business strategy of the organization. Further CDIO monitors the implementation and amendment of ITC's Information Management Policy that defines the framework/policy on cyber security and risks related to data privacy.

ITC's Privacy Policy is part of Information Management Policy and is available on ITC Portal at <https://www.itcportal.com/about-itc/policies/privacy-policy.aspx>

### Chief Financial Officer (CFO)

Supratim Dutta (58), DIN: 01804345, was appointed as a Wholtime Director on the Board of ITC effective 22<sup>nd</sup> July, 2022. He is also the Chief Financial Officer ('CFO') of the Company. He is, inter alia, responsible for Finance, Accounting, Internal Audit & Information Technology (IT) Functions and also for the Investment Subsidiaries of the Company.

A qualified Chartered Accountant and Cost Accountant, Dutta joined ITC in November 1990. In a career spanning over three decades at ITC, he has held various senior roles in the finance function, both at the business and corporate level. Before becoming the CFO, he held the position of the Corporate Financial Controller of the Company, and prior to that, he was Executive Vice President - Corporate Finance in charge of the Corporate Treasury, Strategic Planning and Corporate Planning Functions of the Company. He has handled various aspects of finance including Planning, Treasury, M&A, Accounting, Taxation, IT, Investor Relations and business strategy. He has also served as a Member of the World Business Council for Sustainable Development CFO Network.

Dutta is a Member of the CII National Committee on Financial Reporting. During the year, he was honoured with the 'Group CFO of the Year - Large Enterprise Award' at the Economic Times CFO Awards 2025.

### Corporate Risk Management Cell & Chief Risk Officer (CRO)

The Corporate Risk Management Cell headed by the Chief Risk Officer supports the Divisions/SBUs/Corporate Functions in assessing mitigation strategies for the prioritised risks and in developing processes for the monitoring and mitigation of such risks. The process includes focused interactions with the Divisions/SBUs/Corporate Functions in respect of key identified risks and corresponding mitigation plans.

## Information Security Policy

The Company's policy includes a commitment to:

### Continuously improving information security systems

The Company has established an Information Security Policy as part of the Information Management (IM) Policy, which has been mandated by the apex Committee, CMC. This year, the IM Policy has undergone substantial revisions, incorporating feedback from various departments within the Organization, with a strong emphasis on continuous improvement. Throughout the year, both internal and external audits and assessments are conducted as required by the IM Policy. Additionally, an independent third-party Security Posture Review is performed as per defined periodicity to identify potential risks and opportunities for enhancement, leading to the

<sup>1</sup> Equivalent to Chief Technology Officer (CTO)/ Chief Information Officer (CIO)





development of targeted improvement plans. The IM Policy also includes a specific domain dedicated to the adoption of emerging technologies.

### Ensuring integrity and protection of data

Ensuring the integrity and protection of data is a fundamental priority for the organization, reflected in the specific domain of Information Asset Management within the Information Management (IM) Policy. This domain outlines comprehensive measures for safeguarding data throughout its lifecycle, from creation to disposal. The IM Policy is aligned with the ISO/IEC 27001:2022 standard, ensuring that best practices in information security are consistently applied. Each domain within the policy is designed to uphold the integrity of data, preventing unauthorized access and ensuring accurate information management. By adhering to these standards, the organization commits to maintaining the highest levels of data protection and integrity.

### Monitoring and responding to information security threats

In today's digital landscape, proactive monitoring and swift response to information security threats are crucial for safeguarding a company's information assets. There is a specific domain in the IM Policy that deals with Information security incidents. In accordance to the Policy, the organization has implemented a platform to improve security posture by providing visibility into security events, automating security operations tasks and enabling incident response. This platform enables continuous monitoring of network traffic

and system activities to detect anomalies and potential breaches in real-time. In the event of a security incident, the incident response team is trained to act quickly, following established protocols to restore IT services with minimal downtime.

Communication is prioritized during a breach, ensuring that all stakeholders are informed and that appropriate measures are taken to mitigate the impact. Post-incident analysis is conducted to identify the root cause of the breach, allowing the organization to strengthen its defences and minimize the chances of recurrence. By fostering a culture of security awareness and continuous improvement, the organization aims to protect its information assets and maintain the trust of its clients and partners.

### Establishing individual responsibilities for information security for the entire workforce

IM Policy outlines the obligations of employees in protecting sensitive information through Acceptable Usage Policy (AUP), which has to be mandatorily acknowledged every six months by all employees. Additionally, to ensure that all staff members are aware of their responsibilities, the company conducts orientation workshops and distributes informative mailers and posters that highlight key security practices.

Mandatory training modules are also implemented to equip employees with the knowledge and skills necessary to identify and respond to potential security threats. This multi-faceted approach not only enhances individual accountability but also

reinforces the importance of collective vigilance in safeguarding the organization's information assets.

### Establishing information security requirements for third parties (e.g., suppliers)

The organization ensures that all third parties sign Non-Disclosure Agreements (NDAs) and Indemnity Agreements to protect proprietary information and mitigate potential risks. A standardized and timebound access management protocol is in place to regulate how third parties can access the company's systems and data. Additionally, the Information Management Policy includes a dedicated domain focused on supplier management, outlining specific security expectations and compliance requirements. Data protection clauses are incorporated into all agreements to ensure that third parties adhere to the same high standards of data security as the organization itself.

## Information Security Management Programs

The Company has an information security management program that covers the following elements.

In alignment with the requirements of the IM Policy, standards and procedures have been developed to ensure the effective implementation of the policy. These standards are centrally published and stored in a repository, facilitating easy access and reference for all stakeholders. Information security measures are executed in accordance with these established documents.

### Information security-related business continuity plans

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.

### Information security vulnerability analysis

The company places a strong emphasis on information security vulnerability analysis as a critical component of its overall security strategy. The Information Management (IM) Policy mandates external Vulnerability Assessment and Penetration Testing (VAPT) of critical infrastructure to identify and mitigate potential security risks. In addition to external assessments, an internal VAPT team conducts thorough testing of applications prior to their go-live phase and during any significant changes to ensure ongoing security compliance.

The organization has established standards for various security domains, including external hosting and cloud security, network zoning, endpoint and mobile security, email security, remote access, password management, wireless and wired LAN security, cryptography, and

application deployment, to provide a comprehensive framework for protecting its information assets. Mandatory hardening and patching of servers are enforced, supported by baseline security standards that align with industry best practices. To ensure the effectiveness of these activities, a continuous review process is in place, allowing the company to adapt to emerging threats and maintain a robust security posture.

#### **Internal audits of the IT infrastructure and/or information security management systems**

Periodical Corporate Systems Internal Audits are conducted across the Organization as per defined schedule focusing on assessment of controls pertaining to confidentiality, integrity and availability of business information and systems covering general IT controls and security of the Company's IT Infrastructure. All systems and policies relating to Information Management is regularly reviewed and benchmarked to ensure they remain contemporary. Furthermore, all critical IT systems undergo pre-implementation audit before being deployed in the operating environment, thereby providing assurance regarding the rigor of implementation and operational readiness.

Findings from these assessments are monitored and addressed as necessary.

#### **Independent external audit of the IT infrastructure and/or information security management systems: please provide the names and standards used (such as ISO 27001):**

The Company's cybersecurity practices are guided by several international frameworks and standards, such as NIST, CIS benchmarks, OWASP and ISO 27001.

- » **ISO/IEC 27001:2022 certification:** The Company's Corporate Datacenters are subject to annual assessments to uphold ISO 27001 certification, which ensures compliance with international standards for information security management. This year, the ISO 27001 auditors performed a comprehensive evaluation and reported no nonconformities, underscoring the effectiveness of the Company's security measures. Additionally, the auditors specifically commended the commitment of top management to enhancing information security practices.
- » **IT General Controls Audit:** The company conducts regular IT General Controls Audits to assess the effectiveness and reliability of its information technology systems and processes. These audits evaluate key areas such as access controls, change management, and data integrity to ensure compliance with established policies and industry standards. Findings from the audits

are documented and reviewed, leading to actionable recommendations that enhance the overall security and efficiency of the IT environment.

- » **Third-Party VAPT Assessments:** Vulnerability Assessment and Penetration Testing (VAPT) are performed by third-party vendors in accordance with the IM Policy, and all identified issues are promptly addressed.

#### **Escalation process for employees to report incidents, vulnerabilities or suspicious activities**

The IM Policy includes a dedicated domain focused on information security incident management. In line with this policy, a comprehensive "ITC Cybersecurity Incident Response Plan" has been developed. This plan outlines the roles and responsibilities of stakeholders and provides a clear workflow for end users to report incidents, vulnerabilities, and suspicious activities. Additionally, the plan incorporates lessons learned from previous incidents to enhance future response efforts.

#### **Information security awareness training**

To ensure that all staff members are aware of their responsibilities, the Company conducts orientation workshops and distributes informative mailers and posters that highlight key security practices.

Mandatory training modules are also implemented to equip employees with the knowledge and skills necessary to identify and respond to potential security threats. This multi-faceted approach not only enhances individual accountability but also reinforces the importance of collective vigilance in safeguarding the organization's information assets.

#### **Disclosure of total number of breaches occurred in 2024-25:**

Zero

# Customer Relations

## Online Strategies & Customers Online

### Online customers<sup>1</sup> and Online revenues<sup>2</sup>

The company generates revenue online/from e-commerce.

Indicator	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Target for 2024-25
% of total customers using company's online services solutions/sales platform	99%	99.6%	99.9%	100%	100%
% of revenues generated online (e.g. through direct sales, advertising, etc.)	6.7%	9%	8.5%	9.8%	9.8%

<sup>1</sup> Online customers: The data pertains to FMCG customers using online sales platform. Online customer refers to direct customers of FMCG Businesses which includes distributors.

<sup>2</sup> Online revenues include only ecommerce sales for the 'FMCG – Others' category (excluding cigarettes).

## Customer Satisfaction Measurement

Robust systems have been put in place across ITC Businesses to continuously engage with consumers for gathering feedback and address their concerns, if any, in a timely manner. A dedicated customer interactions team is in place to address any product and service-related query/complaint. Several communication channels like email, telephone number and feedback forms are provided to the consumers. In addition, the Company has an online reputation management team which interacts with consumers via social media channels, and responds to their queries in real time. A Customer Relationship Management (CRM) platform

is in place for capturing customer 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 Customer Satisfaction (CSAT) scores. Customers can also raise their grievances via Brand-specific websites. Customers can reach out to ITC via following email on ITC Portal:

- ✉ [webmaster@itc.in](mailto:webmaster@itc.in)
- ✉ [Contactus@itc.in](mailto:Contactus@itc.in)
- ✉ [itccares@itc.in](mailto:itccares@itc.in)

For FMCG - Branded Packaged Foods Business, a well-established system is in place for dealing with consumer feedback.

Consumers are provided multiple options to connect with the Business through email, telephone, website, social media, feedback forms, etc. In addition, the Business has a dedicated consumer response cell to respond to their queries and receive feedback on products to enable continuous improvement of its products and services. The Business 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. The Business is also deploying AI enabled tools and technologies keeping in mind the basic concept of ESAT=CSAT. The Business has also onboarded and integrated AI enabled Auto Quality

Analysts (QA)/QMS which is going to audit the email and social media interactions (text-based customer interactions), helping the team to strengthen internal governance and compliance and focus better on process excellence via training and quality related initiatives.

The Business conducts customer satisfaction index surveys through external agencies. As per the last survey conducted in FY 2022-23, the Customer Satisfaction (CSAT) Score is 8.14 for telephonic interactions and 7.80 for online interactions on a scale of 0-10 respectively (Higher the score, better it is). The CSAT is a customer experience metric that provides a composite score by engaging with an overall base of customers/respondents through telephonic and online interactions

## Customer Satisfaction Measurement

on parameters like quality of solution provided by the executive, knowledge of the executive, communication skills of the executive, waiting time of the call etc. on a scale of 0 to 10. The CSAT is calculated by subtracting the percentage of Detractors from the percentage of Promoters, yielding a score ranging from -100 to +100. In case of Foods Business, the score is calculated on the scale of 0-10 respectively. The outcomes and insights from the survey are utilised to drive customer engagement.

Satisfaction measurement	Unit	KPI	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Target for 2024-25
<b>Satisfaction measurement</b>	Satisfaction Measurement Methodology: Customer Satisfaction (CSAT Score)	Telephonic Interactions	7.96	7.96	8.14	8.14	8.14
		Online Interactions	7.12	7.12	7.80	7.80	7.80
<b>Data coverage</b>	Percentage of Revenue		22%	23%	25%	25%	-

# Aligning ITC's Climate Strategy with TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for companies to provide information to stakeholders. ITC's approach to climate change is duly aligned by TCFD recommendations and the Company is committed to providing stakeholders with relevant information on climate-related issues.

The disclosures pertaining to TCFD recommendations are provided in ITC Sustainability Report. ITC also discloses its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform. A mapping of TCFD disclosure requirements with disclosures across ITC Sustainability Report 2025 and CDP Climate Change 2025 Questionnaire is provided below:

## Governance

For superior Triple Bottom Line performance, ITC's Governance processes ensure that climate change management is embedded across its business strategies and execution plans.

TCFD Recommended Disclosures	ITC Sustainability Report 2025	CDP Climate Change 2025 Questionnaire
a. Board's oversight of climate related risks and opportunities	Section: ESG and Sustainability governance at ITC	4.1.2
b. Management's role in assessing and managing climate-related risks and opportunities		4.3

Refer the link for ITC's CDP Corporate Questionnaire 2025:

<https://itcportal.com/content/dam/itc-corporate/pdfs/sustainability-report/itc-limited-cdp-reponses-for-2025.pdf>

## Strategy

ITC is pursuing a multi-pronged climate strategy as a part of its Sustainability 2.0 vision. This strategy addresses transition risks through extensive decarbonisation across the value chain, and physical risks through a comprehensive climate risk management approach for identifying vulnerable sites across the value chain and implementation of locally contextual adaptation plans for these sites.

TCFD Recommended Disclosures	ITC Sustainability Report 2025	CDP Climate Change 2025 Questionnaire
a. Climate-related risks and opportunities identified over the short, medium, and long term	Section: ITC's Approach to Value-creation	3.1, 3.1.1, 3.6, 3.6.1
b. Impact of climate-related risks and opportunities on ITC businesses, strategy, and financial planning	Section: Climate Change	3.1, 3.1.1, 3.6, 3.6.1, 5.1.2, 5.2, 5.3.1, 5.3.2, 5.14, 5.14.1
c. Resilience of ITC's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Section: Climate Change	5.1, 5.1.1, 5.1.2

## Risk Management

As a diversified enterprise, ITC continues to focus on a system- based approach to climate risk management covering both physical and transition risks. In order to identify long-term physical risks of climate change, ITC is working with climate experts to conduct comprehensive climate risk management approach for identifying vulnerable sites across the value chain and implementation of locally contextual adaptation plans for these sites. For transition risk, ITC continues to focus on extensive decarbonisation across the value chain through energy conservation, improving energy productivity and enhancing the share of renewables in ITC's total energy requirement as part of ITC's Sustainability 2.0 targets.

TCFD Recommended Disclosures	ITC Sustainability Report 2025	CDP Climate Change 2025 Questionnaire
a. The organization's processes for identifying and assessing climate-related risks.	Section: Strategic Risk Management Section: Climate Change	2.1, 2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.8, 2.2.9
b. The organization's processes for managing climate-related risks		2.1, 2.2.1, 2.2.8, 2.2.9
c. Integration of the processes for identification, assessment, and management of climate-related risks into the organization's overall risk management		2.1, 2.2.1

Refer the link for ITC's CDP Corporate Questionnaire 2025:

<https://itcportal.com/content/dam/itc-corporate/pdfs/sustainability-report/itc-limited-cdp-reponses-for-2025.pdf>

## Metrics & Targets

ITC is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', sustainable packaging initiatives and promoting regenerative agriculture practices in agri value chains. ITC has also set ambitious 2030 climate targets.

TCFD Recommended Disclosures	ITC Sustainability Report 2025	CDP Climate Change 2025 Questionnaire
a. The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Section: 'Sustainability 2.0 Ambitions: 2030 Targets - Performance under Climate Change'	7.52, 7.54, 7.54.1, 7.54.2
b. Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Section: Climate Change	7.6, 7.7, 7.8, 7.8.1, 12.1, 12.1.1, 12.1.3, 12.3
c. The targets used by the organization to manage climate-related risks and opportunities and performance against targets	Section: 'Sustainability 2.0 Ambitions: 2030 Targets - Performance under Climate Change'	7.53, 7.53.1, 7.53.2, 7.53.4, 7.54, 7.54.1, 7.54.2



## Additional Information for FMCG Cigarettes Business

### Human Rights Due Diligence Process

ITC's FMCG Cigarettes Business has a Division-wide human rights due diligence process to proactively identify and assess potential human rights-related impacts and risks. In FY 2024-25, risk mapping of potential human rights issues was conducted across the Division. This process entailed identification of human rights risks specific to relevant stakeholder groups namely own employees and contract labourers including women, indigenous/local people and migrant workers. The risk mapping exercise covered the following steps for identifying, preventing and mitigating human rights impacts across business operations:

1. Risk identification and assessment in own operations and value chain
2. Actual or potential human rights issues covered/identified for each stakeholder group
3. Systematic periodic review of the risks mapped and potential human rights-related issues
4. Human rights mitigation & remediation

The Division has robust policies, processes and programmes in place to identify actual or potential human rights issues across its operation. These include:

Sl.	Potential Human Rights Issues
1	Forced Labour
2	Child Labour
3	Freedom of Association
4	Right to Collective Bargaining
5	Equal Remuneration
6	Discrimination
7	Minimum Wages
8	Welfare Measures
9	Working Hours
10	Overtime Payments
11	Compliance under Social Schemes
12	Prevention of Sexual Harassment (PoSH)

### Human Rights Assessment, Mitigation & Remediation

- » In FY 2024-25, the Division ensured adherence to requisite human rights standards across all of its Units.
- » Human rights assessments (internal and third party) were carried out for 100% Units covering various aspects like prohibition of forced or child labour, sexual harassment, freedom of association, process of collective bargaining, harassment and discrimination-free workplace, and wages and welfare measures.
- » All Units of the Division are certified under the SA8000 standard, a global standard for recognizing social accountability in the workplace, promoting fair labour practices, ethical working conditions and human rights. The certification reinforces ITC's continued commitment towards building an equitable workplace, conducting business in a manner that is fair and decent for workers, while also demonstrating adherence to the highest level of social standards and upholding human rights.
- » ITC Filtrona Limited (formerly known as ITC Essentra Limited) is a 50% joint venture of Gold Flake Corporation Limited (wholly owned subsidiary of ITC Limited) with Filtrona Products International Limited, UK. The Division is working on Human Rights Due Diligence Process with ITC Filtrona Limited which is also SA8000 certified.
- » Key stakeholder groups including own employees and contract labourers were covered and these assessments were conducted in line with local regulations and ITC's Code of Conduct.
- » Basis these assessments, no critical risks/impacts/violations related to human rights were identified. Accordingly, no remediation actions or measures related to business process modifications were required during the period.
- » ITC continues to conduct training/awareness sessions with both internal as well as external stakeholders (value chain partners) to ensure adherence and compliance to its human rights-related expectations.

### Human Rights Assessment in last three years

Category	A. % of total assessed in last three years	B. % of total assessed (column A) where risks have been identified	C. % of risk (column B) with mitigation actions taken
Own operations	100%	0%	0%
Contractors and Tier I suppliers (Critical Tier-1 suppliers)	81%	0%	0%
Joint ventures	100%	0%	0%

## KPIs for Supplier Screening, Supplier Assessment and Development for FMCG Cigarettes Business

Tier-1 suppliers are defined as suppliers supplying raw materials, finished products and services to the Business. The FMCG Cigarettes Business has identified significant/critical Tier-1 suppliers based on factors like buy value, ESG risk exposure and importance to business continuity among others.

The approach for supplier assessment and development entails identification of critical/significant supplier chain partners, assessment of their material sustainability/ESG risks, and further collaboration with them for mitigating the identified risks. The assessment protocol has been devised keeping in consideration supplier access to supplier access to ESG benchmarks against peers. Structured ESG assessments of identified significant/critical tier-1 suppliers for verifying compliance with ITC's supply chain standards are conducted by the Company and independent third parties.

These assessments are a combination of desktop (2<sup>nd</sup> party/3<sup>rd</sup> party) and on-site assessments (2<sup>nd</sup>/3<sup>rd</sup> party), and are carried out on an on-going basis.

The findings from these assessments further guide identification of improvement areas including implementation of corrective and preventive action plans (if any) in consultation with respective supply chain partners. The Business continuously supports its supply chain partners through capacity building sessions on ITC's sustainable supply chain philosophy, expectations, compliance requirements and ongoing dissemination of good practices including emerging sustainability topics with the objective of positively influencing their ESG performance.

Sl. No.	Supplier Screening	FY 2024-25*
1.1	Total number of Tier-1 suppliers	2424
1.2	Total number of significant suppliers in Tier-1	26
1.3	% of total spend on significant suppliers in Tier-1	71%
1.4	Total number of significant suppliers in non-Tier-1	1
1.5	Total number of significant suppliers (Tier-1 and non-Tier-1)	27

Sl. No.	Supplier Assessment	FY 2024-25
1.1	Total number of suppliers assessed via desk assessment/on-site assessments <sup>#</sup>	14
1.2	% of significant suppliers assessed	52%
1.3	Number of suppliers assessed with substantial actual/potential negative impacts	1
1.4	% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%
1.5	Number of suppliers with substantial actual/potential negative impacts that were terminated	NIL
1.6	% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%
1.7	Number of suppliers assessed in the last 3 years	21
1.8	% of suppliers assessed in the last 3 years	81%

<sup>#</sup>Internal Suppliers (PSPD, PPB, ABD-Leaf Tobacco) have been considered once in 3 years once to avoid double counting.

Sl. No.	Corrective action plan support	FY 2024-25
2.1	Total number of suppliers supported in corrective action plan implementation	1

Sl. No.	Capacity building programs	FY 2024-25
3.1	Total number of significant suppliers in capacity building programs	19
	Total number of suppliers (including Significant suppliers) in capacity building programs	55
3.2	% of significant suppliers in capacity building programs	71%

<sup>\*</sup>Based on procurement data of 2023-24.

## Biodiversity Exposure & Assessment

Under FMCG Cigarettes, ITC has 5 owned factories (covering ~ 85.57 Hectares). None of these owned factories are located in proximity to critical biodiversity areas\*.

For both existing and greenfield projects, processes are in place for assessing any actual or potential biodiversity related risk or impact and for conducting environmental impact assessments wherever required by environmental regulations. All manufacturing units operate under valid consents to operate from respective State Pollution Control Boards and all stipulated environmental conditions are met.

	Number of sites	Area (Hectares)
a) Overall	5	85.57
b) Assessment	5	85.57
c) Exposure	0	0

\*Criteria: Sites that either contain (i.e., overlapping) or are adjacent (between 0 and 2km from nearest site) to critical biodiversity.

## Biodiversity management programmes in and around FMCG Cigarettes' factories and leaf tobacco sourcing catchments

ITC's operations and value chains depend on nature, and accordingly location-specific and locally contextual biodiversity management plans are developed and implemented across key locations.

### FMCG Cigarettes' factories

Operational Indices	Units	Cumulative till 2024-25				
		Bangalore (Karnataka)	Kolkata (West Bengal)	Munger (Bihar)	Pune (Maharashtra)	Saharanpur (Uttar Pradesh)
Water harvesting structures created	Nos.	376	-	612	770	63
Water storage potential created	Million kl	0.75	-	1.54	1.23	0.40
Area under biodiversity conservation	Acres	260	-	-	82,473	2
Area under Climate Smart Agriculture (CSA)*	Acres	4,090	-	164,792	99,803	12,360
Water savings in agriculture due to efficient practices*	Million kl	1.24	-	90.40	156.03	10.06
Waste Managed as part of Solid Waste Management Programme	Metric Tonnes	10,391	9	26,097	6,518	106,271
Households covered as part of Solid Waste Management Programme	Numbers	99,921	-	199,920	42,433	183,880

\* Annual data for 2024-25

## Leaf Tobacco Sourcing Areas

Operational Indices	Unit of measurement	Cumulative till 2024-25	
		Andhra Pradesh	Karnataka
Water harvesting structures created	Nos.	10,300	3,566
Water storage potential created	Million kl	12.20	7
Tank Silt Applied - Volume	Lakh Tonnes	32	52
Tank Silt Applied - Area	Acres	21,500	59,000
Area under biodiversity conservation	Acres	290,000	12,500
Area under energy plantation	Acres	165,000	92,000
Area under Climate Smart Agriculture (CSA)*	Acres	265,000	38,700
Water savings in agriculture due to efficient practices*	Million kl	100	35
Waste Managed as part of Solid Waste Management Programme	Metric Tonnes	300,000	6,000
Households covered as part of Solid Waste Management Programme	Numbers	1,600,000	420,000

\* Annual data for 2024-25

## ESG Performance for Agri Business Division (ABD) Leaf Tobacco Strategic Business Unit (TSBU) for FY 2024-25

The scope and boundary of ABD Tobacco SBU's sustainability/ESG disclosures includes performance of the following units/offices for FY 2024-25:

1. Divisional Headquarters: Guntur (Andhra Pradesh)
2. Units: Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka),
3. Research Centre, Rajahmundry (Andhra Pradesh),

Focus Area	Sub Category	Unit	Data/ Information
GHG Emissions	Direct GHG Emission (Scope 1)	Metric tonnes CO <sub>2</sub> eq	21,878
	Indirect GHG Emissions (Scope 2)	Metric tonnes CO <sub>2</sub> eq	2,873
	Indirect GHG Emissions (Scope 3)	Metric tonnes CO <sub>2</sub> eq	5,198
Environmental Reporting (Energy consumption, Water, Waste, Air Emission)	Total Energy Consumed	Terra Joules	422
	Total renewable energy consumed	Terra Joules	181
	Total Net Fresh water consumption	Million cubic meters	168
	Volume of water recycled and reused	Million cubic meters	67
	Total weight of hazardous waste generated	Metric Tonnes	71
	Total weight of non-hazardous waste generated	Metric Tonnes	20,002
	NOx	Tonnes	16
	SOx	Tonnes	16
	Particulate Matter	Tonnes	58
Labour & Human Rights Reporting (Occupational Health & Safety, Training & Development Inputs, Labour and Employment Workforce Breakdown: Gender)	Number of on-site Lost Time Accidents	Number	0
	No. of fatalities – Employees* (onsite)	Persons	0
	No. of fatalities - Contractors* (onsite)	Persons	0
	High Consequence Work Related Injury Rate*(onsite)	Rate	0
	High Consequence Work Related Injuries*(onsite)	Count	0
	LTIFR (per one million-person-hours worked) *(onsite)	Rate	0
	Injury Rate (the combined workforce i.e. ITC employees and service providers' employees.) [the frequency of Lost Time Accidents (LTAs), for every 200,000 man hours worked]* (onsite)	Rate	0
	Average hours per FTE of training and development	Hour	9.65
	Average hours per FTE of training and development for Male Employees	Hour	9.82
	Average hours per FTE of training and development for Female Employees	Hour	4.27
	No of complaints on issues like Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labor/ Involuntary Labor, wages and Other Human Rights Related Issues and their status.	Number	0

Focus Area	Sub Category	Unit	Data/ Information
	No. of individuals employed	Number	2,831
	No. of male employees	Number	2,780
	No of women employed	Number	51
	No of differently abled individuals employed	Number	2
	No of women in junior management positions	Number	50
	No of women in top management positions	Number	1
	No of differently abled individuals in junior management	Number	1
	No of differently abled Individuals in top management	Number	1
Reporting on breaches	Total number of information security breaches	Number	0
	Total number of Corruption or bribery cases	Number	0
Sustainable Procurement	Total number of Tier-1 suppliers	Number	2,615
	Total number of significant suppliers in Tier-1	Number	30
	% of total spend on significant suppliers in Tier-1	Percentage	70%
	Total number of suppliers assessed via desk assessment/on-site assessments	Number	3
	% of significant suppliers assessed	Percentage	10%
	Number of suppliers assessed with substantial actual/potential negative impacts	Number	0
	% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	Percentage	0
	Total number of suppliers supported in corrective action plan implementation	Number	0
	Total number of suppliers in capacity building programs	Number	21
	% of significant suppliers in capacity building programs	Percentage	70%
	Percentage of suppliers with contracts that include clauses on environmental, labour, and human rights requirements	Percentage	100%
	Percentage of suppliers who have signed the supplier code of conduct	Percentage	100%



## Responsible Climate Policy Engagement

### ITC's Approach & Framework Philosophy

ITC believes that it is necessary to represent to and engage with authorities on matters concerning the various sectors in which it operates including climate change. ITC's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency, and the need to balance interests of diverse stakeholders.

#### Approach

The Company's Policy on Responsible Advocacy approved by the Board provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. Sector-wise matters taken up including climate change are in line with national priorities to strengthen domestic industry, promoting sustainable agriculture and business practices.

#### Policy Framework

As per the Company's Policy on Responsible Advocacy approved by the Board, it is ITC's Policy:

- » To ensure that its advocacy position is consistent with its values and philosophy;
- » To ensure that any engagement with Government, Regulatory Authorities and industry associations comply with applicable laws and regulations, and

- are performed in accordance with the Company's Code of Conduct;
- » To work with industry organisations that are engaged in public policy advocacy and represent sectoral matters;
- » To ensure that policy advocacy is conducted ethically.

ITC also has a Board-approved Policy on Resource Efficiency. According to which, it is ITC's policy to:

- » "Strive to contribute to national objectives on climate change and attempt to align its strategic efforts of managing carbon footprint in line with India's Nationally Determined Contribution under Paris Agreement."

ITC's policies are available publicly and can be accessed at: <https://itcportal.com/about-itc/itc-policies.html>

#### Methods

The Company works with apex industry institutions that are engaged in policy advocacy including climate policy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce & Industry, and various other forums.

#### Management System

For all Board-approved policies of the Company including Policy on Responsible Advocacy and Policy on Resource Efficiency, ITC has appropriate systems and processes in place to ensure compliance

with these Policies and with statutory provisions, as applicable, including processing of grievances for redressal. It is the responsibility of the Divisional/SBU Chief Executives, through members of the respective Management Committees, to ensure progressive implementation of Policies and their communication to the employees.

### Governance Framework for Public Policy Engagement

For all Board-approved policies of the Company including Policy on Responsible Advocacy and Policy on Resource Efficiency, Compliance with Policies is regularly monitored and evaluated by the Sustainability Compliance Review Committee (SCRC) of the Corporate Management Committee (CMC). The report of the SCRC is reviewed by the CMC. The CSR & Sustainability Committee of the Board supervises the implementation of Policies and annually reviews the progress of implementation.

### Statement of ITC's Position on Paris Agreement-aligned Climate Policy

ITC has a Board-approved Policy on Resource Efficiency. It is ITC's policy to *"strive to contribute to national objectives on climate change and attempt to align its strategic efforts of managing carbon footprint in line with India's Nationally Determined Contribution under Paris Agreement."*

The Policy is available publicly and can be accessed at: <https://itcportal.com/about-itc/itc-policies.html#accordion-dfdb273f37-item-51aeb231c6>

### Industry/Trade Associations and Memberships

The Company works with apex industry institutions and various other forums that are engaged in policy advocacy including climate policy. Details of major associations are provided below:

#### Confederation of Indian Industry (CII)

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society through advisory and consultative processes. ITC is a member of CII and is also part of CII National Committee on Environment.

#### 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.

#### India Plastics Pact

The India Plastics Pact, a Confederation of Indian Industry initiative, launched in September 2021, unites businesses, governments, NGOs, and citizens to create a circular plastics economy in India. The CII-ITC Centre of Excellence for Sustainable Development (CESD) anchors the India Plastics Pact, within CII. The India Plastics Pact's vision is to create a world where plastic is valued and doesn't pollute the environment. The Pact focuses on

addressing the barriers to circularity in the plastic packaging sector through four ambitious time-bound targets. The Pact is the first of its kind in Asia and is part of the Global Plastics Pact Network, convened by the Ellen MacArthur Foundation and WRAP. ITC is a founding member of India Plastics Pact.

#### World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a global network of 250+ leading companies driving sustainability as a key driver of competitiveness. ITC is a member of WBCSD.

#### Review and Monitoring Process

The Company works with apex industry institutions and various other forums that are engaged in policy advocacy including climate policy. Any engagement with such institutions/forums is governed by Board-approved policies of the Company including Policy on Responsible Advocacy, Policy on Stakeholder Engagement and Policy on Resource Efficiency. Compliance with Policies is regularly monitored and evaluated by the Sustainability Compliance Review Committee (SCRC) of the Corporate Management Committee (CMC). The report of the SCRC is reviewed

by the CMC. The CSR & Sustainability Committee of the Board supervises the implementation of Policies and annually reviews the progress of implementation.

#### Reporting & Disclosure

ITC publicly reports on various aspects of public policy engagement.

#### CDP Questionnaire – 4.11

ITC annually responds to CDP questionnaire which includes details of engagement on policy, law, or regulation through trade associations or other intermediary organizations including alignment with global environmental treaties or policy goals. Refer 132-135 of ITC's CDP Response for 2025 available at: <https://itcportal.com/content/dam/itc-corporate/pdfs/sustainability-report/itc-limited-cdp-reponses-for-2025.pdf>

#### Business Responsibility and Sustainability Report (BRSR): Principle 7

ITC annually reports on number of affiliations with trade and industry chambers/associations, list the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to, and details of public policy positions advocated.

Refer pages XLIII- XLIV of ITC's Business Responsibility and Sustainability Report annexed to Report and Accounts 2025 and available at: <https://itcportal.com/content/dam/itc-corporate/pdfs/report-and-accounts/ITC-Report-and-Accounts-2025.pdf>

#### ESG Factbook

ITC annually reports on contributions and other spending on trade associations. Refer 'Economic Performance' section of this report (page 06).

#### Coverage

The ITC Group primarily operates in Indian jurisdiction with ITC Limited (Standalone holding entity based in India) contributing to more than 90% of all major financial parameters. Most of the group entities are also based in Indian jurisdiction. All Board-approved policies of the Company including Policy on Responsible Advocacy and Policy on Resource Efficiency are applicable to 100% of ITC Limited's operations in India.





① Sports facilities at the workplace ② Canteen facility ③ Annual sports day ④ Yoga sessions ⑤ Gym facility ⑥ Health & wellbeing sessions in progress




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