

# Shaping the future

SUSTAINABILITY  
2.0



ESG Fact Book  
For the year ended  
31st March, 2026

Reimagination.

Resilience.

Regeneration.

# Contents



## 1-7 Sustainability 2.0 Ambitions

## 8-48 ESG performance

|                           |    |
|---------------------------|----|
| Economic Performance      | 8  |
| Environmental Performance | 9  |
| Social Performance        | 23 |
| Governance                | 37 |

## 49-58 Materiality

## 59-67 Risk and Crisis Management

## 68-74 Information Security

## 72 Responsible Artificial Intelligence

## 75-77 Customer Relations

|                                      |    |
|--------------------------------------|----|
| Online Strategies & Customers Online | 75 |
| Customer Relations Management        | 75 |
| Customer Satisfaction Measurement    | 77 |

## 78 Aligning ITC's Climate Strategy with TCFD Framework

## 80-92 Annexures

|                                                                                                    |    |
|----------------------------------------------------------------------------------------------------|----|
| Additional Information for FMCG<br>Cigarettes Business                                             | 80 |
| ESG Performance for Agri Business Division<br>(ABD) Leaf Tobacco Strategic Business Unit<br>(TSBU) | 85 |
| Responsible Climate Policy Engagement                                                              | 91 |

The scope and boundary of ITC's sustainability/ESG disclosures in the ESG Fact Book for FY 2025-26 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 97% 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 2026](#).



# Sustainability 2.0 Ambitions

| Goal                                                                             | KPI                                                                  | Target | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup>             | Performance 2024-25 <sup>1</sup>             | Performance FY 2023-24 <sup>1</sup>          | Performance FY 2022-23                       | Performance FY 2021-22                       | Progress |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------|--------|-------------|---------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------|
| <b>Climate Change</b>                                                            |                                                                      |        |             |               |                                              |                                              |                                              |                                              |                                              |          |
| 50% of Total Energy from Renewable Sources                                       | % of Total Energy Consumed from Renewable Sources                    | 50%    | 2030        | -             | 51%                                          | 52%                                          | 50%                                          | 43%                                          | 42%                                          | Achieved |
| 100% Purchased Grid Electricity Requirements <sup>2</sup> from Renewable Sources | % of Total Electrical Energy (Grid Purchased) from Renewable Sources | 100%   | 2030        | -             | 56%                                          | 53%                                          | 52%                                          | 47%                                          | 50%                                          | On track |
| 50% reduction in Specific GHG Emissions                                          | % Reduction in GHG Emissions (Scope 1, 2) per Unit of Production     | 50%    | 2030        | 2018-19       | ITC <sup>3</sup> :53%                        | ITC <sup>3</sup> :46%                        | -                                            | -                                            | -                                            | On track |
|                                                                                  |                                                                      |        |             |               | Paperboards & Specialty Papers Business: 31% | Paperboards & Specialty Papers Business: 27% | Paperboards & Specialty Papers Business: 25% | Paperboards & Specialty Papers Business: 11% | Paperboards & Specialty Papers Business: 18% |          |
|                                                                                  |                                                                      |        |             |               | Branded Packaged Foods Businesses: 57%       | Branded Packaged Foods Businesses: 53%       | Branded Packaged Foods Businesses: 43%       | Branded Packaged Foods Businesses: 38%       | Branded Packaged Foods Businesses: 32%       |          |
|                                                                                  |                                                                      |        |             |               | FMCG Cigarettes: 31%                         | FMCG Cigarettes: 12%                         | FMCG Cigarettes: 11%                         | FMCG Cigarettes: 15%                         | FMCG Cigarettes: 9%                          |          |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis | <sup>2</sup>This includes all electricity sources except onsite power from co-generation plants.

<sup>3</sup>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.

Decline in KPI, Improvement in KPI



| Goal                                                                                                                                                               | KPI                                                   | Target    | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup>             | Performance 2024-25 <sup>1</sup>             | Performance FY 2023-24 <sup>1</sup>          | Performance FY 2022-23                      | Performance FY 2021-22                       | Progress        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------|-------------|---------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------|
| <b>Climate Change</b>                                                                                                                                              |                                                       |           |             |               |                                              |                                              |                                              |                                             |                                              |                 |
| 30% reduction in Specific Energy Consumption                                                                                                                       | % Reduction in Energy Consumed per Unit of Production | 30%       | 2030        | 2018-19       | ITC <sup>3</sup> :42%                        | ITC <sup>3</sup> :31%                        | -                                            | -                                           | -                                            | <b>On track</b> |
|                                                                                                                                                                    |                                                       |           |             |               | Paperboards & Specialty Papers Business: 19% | Paperboards & Specialty Papers Business: 11% | Paperboards & Specialty Papers Business: 11% | Paperboards & Specialty Papers Business: 9% | Paperboards & Specialty Papers Business: 16% |                 |
|                                                                                                                                                                    |                                                       |           |             |               | Branded Packaged Foods Businesses: 29%       | Branded Packaged Foods Businesses: 29%       | Branded Packaged Foods Businesses: 25%       | Branded Packaged Foods Businesses: 25%      | Branded Packaged Foods Businesses: 31%       |                 |
|                                                                                                                                                                    |                                                       |           |             |               | FMCG Cigarettes: 8%                          | FMCG Cigarettes: 6%                          | FMCG Cigarettes: 6%                          | FMCG Cigarettes: 12%                        | FMCG Cigarettes: 3%                          |                 |
| 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        | -             | 1,483,000 (cumulative)                       | 1,320,000 (cumulative)                       | 1,160,000 (cumulative)                       | >1,000,000 (cumulative)                     | 953,000 (cumulative)                         | <b>On track</b> |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis.<sup>3</sup>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.

Decline in KPI, Improvement in KPI



| Goal                                                                                                            | KPI                                                                                   | Target | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup>             | Performance 2024-25 <sup>1</sup>             | Performance FY 2023-24 <sup>1</sup>          | Performance FY 2022-23                      | Performance FY 2021-22                       | Progress        |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------|-------------|---------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------|
| <b>Water Stewardship</b>                                                                                        |                                                                                       |        |             |               |                                              |                                              |                                              |                                             |                                              |                 |
| 40% reduction in Specific Water Consumption                                                                     | % Reduction in Water Consumed per Unit of Production                                  | 40%    | 2030        | 2018-19       | ITC <sup>3</sup> :42%                        | ITC <sup>3</sup> :35%                        | -                                            | -                                           | -                                            | <b>On track</b> |
|                                                                                                                 |                                                                                       |        |             |               | Paperboards & Specialty Papers Business: 22% | Paperboards & Specialty Papers Business: 17% | Paperboards & Specialty Papers Division: 11% | Paperboards & Specialty Papers Business: 9% | Paperboards & Specialty Papers Business: 16% |                 |
|                                                                                                                 |                                                                                       |        |             |               | Branded Packaged Foods Businesses: 43%       | Branded Packaged Foods Businesses: 42%       | Branded Packaged Foods Businesses: 34%       | Branded Packaged Foods Businesses: 31%      | Branded Packaged Foods Businesses: 40%       |                 |
|                                                                                                                 |                                                                                       |        |             |               | FMCG Cigarettes: 28%                         | FMCG Cigarettes: 28%                         | FMCG Cigarettes: 27%                         | FMCG Cigarettes: 24%                        | FMCG Cigarettes: 10%                         |                 |
| 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        | -             | 6X                                           | 5X                                           | 4.16                                         | 3.44 <sup>4</sup>                           | 3.96                                         | <b>Achieved</b> |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis.<sup>3</sup>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.<sup>4</sup>Due to delay in stabilisation of turbo-generator system at Bhadrachalam Paper Unit, resulting in higher consumptive water use

Decline in KPI, Improvement in KPI



| Goal                                                                                                                                               | KPI                               | Target                                         | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                       | Performance 2024-25 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                       | Performance FY 2023-24 <sup>1</sup>                                                                                                                                                                                                                                                                                                            | Performance FY 2022-23                                                                                                                                                                | Performance FY 2021-22                                                                                                                                 | Progress |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------|-------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Water Stewardship</b>                                                                                                                           |                                   |                                                |             |               |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                       |                                                                                                                                                        |          |
| 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<br>All high-risk sites by 2035 | 2035        | -             | <b>9 Sites – Food Factories</b> in Malur (Karnataka), Ranjangaon (Maharashtra) and Kapurthala (Punjab),<br><b>Cigarette factories</b> in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh),<br><b>Paper Mills</b> at Kovai (Tamil Nadu) and Bhadrachalam (Telangana)<br><b>Green Leaf Threshing Unit</b> in Mysuru (Karnataka) have received Platinum-level certification | <b>9 Sites – Food Factories</b> in Malur (Karnataka), Ranjangaon (Maharashtra) and Kapurthala (Punjab),<br><b>Cigarette factories</b> in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh),<br><b>Paper Mills</b> at Kovai (Tamil Nadu) and Bhadrachalam (Telangana)<br><b>Green Leaf Threshing Unit</b> in Mysuru (Karnataka) have received Platinum-level certification | <b>7 Sites – Food Factories</b> in Malur (Karnataka) and Ranjangaon (Maharashtra),<br><b>Cigarette factories</b> in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh),<br><b>Green Leaf Threshing Unit</b> in Mysuru (Karnataka) and Paper Mill at Kovai (Tamil Nadu) have received Platinum-level certification. | <b>2 Sites – Food Factory</b> in Malur, Karnataka and Paper Unit at Kovai, Tamil Nadu, have received Platinum-level certification.<br><b>Certification</b> of other Units in Progress | <b>1 Site AWS certified.</b> ITC's Kovai unit received the Platinum-level certification in 2019-20.<br><b>Certification</b> of other Units in Progress | On track |
| Ensure Water Security for All Stakeholders through Watershed Development & Managed Aquifer Recharge                                                | Watershed Area (Acres)            | 2,200,000                                      | 2030        | 2016-17       | 1,985,000 (Cumulative)                                                                                                                                                                                                                                                                                                                                                                                 | 1,816,000 (Cumulative)                                                                                                                                                                                                                                                                                                                                                                                 | 1,630,000 (cumulative)                                                                                                                                                                                                                                                                                                                         | 1,470,000 (cumulative)                                                                                                                                                                | 1,330,000 (cumulative)                                                                                                                                 | On track |
|                                                                                                                                                    | Water Harvesting Structures (Nos) | 50,000                                         | 2030        | 2016-17       | 38,540 (Cumulative)                                                                                                                                                                                                                                                                                                                                                                                    | 35,900 (cumulative)                                                                                                                                                                                                                                                                                                                                                                                    | 32,400 (cumulative)                                                                                                                                                                                                                                                                                                                            | 28,300 (cumulative)                                                                                                                                                                   | 25,000+ (cumulative)                                                                                                                                   | On track |
|                                                                                                                                                    | Storage Potential (Million KL)    | 75 <sup>5</sup>                                | 2030        | 2016-17       | 66.31 (Cumulative)                                                                                                                                                                                                                                                                                                                                                                                     | 59.90 (cumulative)                                                                                                                                                                                                                                                                                                                                                                                     | 54.26 (cumulative)                                                                                                                                                                                                                                                                                                                             | 48.9 (cumulative)                                                                                                                                                                     | 45.27 (cumulative)                                                                                                                                     | On track |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis | <sup>5</sup>Target 2030 revised upwards during FY 2025-26



| Goal                                                                                                                                                   | KPI                                                      | Target                       | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup> | Performance 2024-25 <sup>1</sup> | Performance FY 2023-24 <sup>1</sup> | Performance FY 2022-23 | Performance FY 2021-22 | Progress |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------|-------------|---------------|----------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------|----------|
| <b>Water Stewardship</b>                                                                                                                               |                                                          |                              |             |               |                                  |                                  |                                     |                        |                        |          |
| Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions                                                    | Potential Water Usage Saved (Million KL) <sup>6</sup>    | 2,000                        | 2030        | -             | 1,520 (annual)                   | 1,400 (annual)                   | 1,090 (annual)                      | 780 (annual)           | 496.5 (annual)         | On track |
| <b>Plastic Waste &amp; Circular Economy</b> <i>(New KPIs introduced in FY 2025-26 in line with ITC's enhanced 2030 circularity commitments)</i>        |                                                          |                              |             |               |                                  |                                  |                                     |                        |                        |          |
| Use 60% recycled plastic across rigid packaging and 20% recycled plastic across flexible packaging (where permitted*).                                 | % of recycled plastic in rigid and flexible packaging    | Rigids: 60%<br>Flexible: 20% | 2030        | -             | Rigids: 35.5%<br>Flexibles: 4.5% | -                                | -                                   | -                      | -                      | On track |
| Avoid 50,000 MT of virgin plastics in packaging through sustainable design, optimisation and use of recycled/alternative materials (vs 2021 baseline). | Avoidance of virgin plastic (MT)                         | 50,000 MT                    | 2030        | 2021-22       | 12,000 MT (cumulative)           | -                                | -                                   | -                      | -                      | On track |
| Ensure that at least 60% packaging is made from recycled or renewable materials                                                                        | % of packaging made from recycled or renewable materials | 60%                          | 2030        | -             | 71%                              | -                                | -                                   | -                      | -                      | On track |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis.<sup>6</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.

\*In line with regulations/rules by statutory bodies such as Food Safety and Standards Authority of India and Central Drugs Standard Control Organisation that restrict use of recycled plastic in plastic packaging.



| Goal                                                                                                                                                          | KPI                                                                                      | Target                    | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup>      | Performance 2024-25 <sup>1</sup> | Performance FY 2023-24 <sup>1</sup> | Performance FY 2022-23 | Performance FY 2021-22 | Progress |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------|-------------|---------------|---------------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------|----------|
| <b>Plastic Waste &amp; Circular Economy</b> <i>(New KPIs introduced in FY 2025-26 in line with ITC's enhanced 2030 circularity commitments)</i>               |                                                                                          |                           |             |               |                                       |                                  |                                     |                        |                        |          |
| Continue to sustainably manage 100% plastic packaging waste and recycle at least 60% of plastic packaging waste collected by 2030.                            | % of Plastic Packaging Waste Sustainably Managed & Recycled                              | Sustainably Managed: 100% | 2030        | -             | Sustainably Managed: 100%             | -                                | -                                   | -                      | -                      | On track |
|                                                                                                                                                               |                                                                                          | Recycled: 60%             |             |               | Recycled: 43%                         | -                                | -                                   | -                      | -                      |          |
| Reach 20 million households through ITC's source segregation-focused solid waste management initiatives including those in partnerships with local Government | Households covered through source segregation-focused solid waste management initiatives | 20 million households     | 2030        | -             | 16.35 million households (cumulative) | -                                | -                                   | -                      | -                      | On track |
| <b>Sustainable Agriculture</b>                                                                                                                                |                                                                                          |                           |             |               |                                       |                                  |                                     |                        |                        |          |
| Promote Climate Smart Agriculture (CSA) practices                                                                                                             | Area Covered (Acres) <sup>6</sup>                                                        | 4,000,000                 | 2030        | 2016-17       | 3,190,000                             | 3,170,000                        | 2,790,000                           | 23,40,000              | 15,00,000              | On track |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis.<sup>6</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.



| Goal                                                                                                                                                            | KPI                                     | Target     | Target Year | Baseline Year | Performance 2025-26 <sup>1</sup> | Performance 2024-25 <sup>1</sup> | Performance FY 2023-24 <sup>1</sup> | Performance FY 2022-23 | Performance FY 2021-22 | Progress |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------|-------------|---------------|----------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------|----------|
| <b>Biodiversity Conservation</b>                                                                                                                                |                                         |            |             |               |                                  |                                  |                                     |                        |                        |          |
| Revive and sustain Ecosystem Services provided by Nature and Provisioning of products through adoption of Nature-based Solutions and Biodiversity Conservation. | Area Covered (Acres)                    | 10,00,000  | 2030        | 2016-17       | 8,10,000 (Cumulative)            | 6,47,000 (cumulative)            | 4,70,000 (cumulative)               | 290,000 (cumulative)   | 1,33,000 (cumulative)  | On track |
| <b>Sustainable Livelihoods</b>                                                                                                                                  |                                         |            |             |               |                                  |                                  |                                     |                        |                        |          |
| Supporting sustainable livelihoods for 10 million people by 2030                                                                                                | Sustainable Livelihoods supported (no.) | 10 million | 2030        | -             | ~9 million                       | ~9 million                       | ~6 million                          | ~6 million             | ~6 million             | On track |

<sup>1</sup>Performance against S2.0 targets reported on a standalone basis.



# Economic Performance

| Focus Area                          | Sub Category                                                   | Unit          | 2025-26   | 2024-25 <sup>^</sup> | 2024-25*  | 2023-24   | 2022-23   | 2021-22   |
|-------------------------------------|----------------------------------------------------------------|---------------|-----------|----------------------|-----------|-----------|-----------|-----------|
| Revenues in INR                     |                                                                | ₹ Crores      | 81,640.11 | 74,238.13            | 74,236.07 | 70,105.29 | 70,251.28 | 59,745.56 |
| Revenues in US Dollars <sup>#</sup> |                                                                | Million US \$ | 8,608.65  | 8,685.36             | 8,685.12  | 8,405.41  | 8,549.50  | 7,882.78  |
| Contributions and other spending    | Lobbying, interest, representation                             | ₹ Crores      | -         | -                    | -         | -         | -         | -         |
|                                     | Local, regional or national political campaigns/ organizations | ₹ Crores      | -         | 43.00                | 43.00     | -         | -         | -         |
|                                     | Trade association or tax-exempt groups                         | ₹ Crores      | 15.16     | 15.06                | 15.06     | 13.00     | 9.74      | 6.55      |
|                                     | Other (eg. spending related to ballot measures or referendums) | ₹ Crores      | -         | -                    | -         | -         | -         | -         |
|                                     | Total contributions and other spending                         | ₹ Crores      | 15.16     | 58.06                | 58.06     | 13.00     | 9.74      | 6.55      |

Note: Standalone

\*Excluding Hotels but incl. ITC Grand Central. | <sup>#</sup>Exchange Rate considered as on 31<sup>st</sup> March of the respective year | <sup>^</sup>Restated for Wimco merger

## Tax Reporting - FY 2025-26

### Effective Tax Rate

(₹ Crores)

| Financial Reporting       | FY 2024-25 | FY 2025-26 |
|---------------------------|------------|------------|
| Earnings before tax       | 26,926.94  | 28,033.39  |
| Reported taxes            | 6890.47    | 7015.24    |
| Effective tax rate (in %) | 25.5895%   | 25.0246%   |
| Cash taxes paid           | 6350.20    | 6373.61    |
| Cash tax rate (in %)      | 23.5831%   | 22.7358%   |

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 2025-26

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<br>(₹ Crores) | Jurisdiction         |       |                      |      |
|---------------------------------------------------|----------------------|----------------------|-------|----------------------|------|
|                                                   |                      | India                |       | Others               |      |
|                                                   |                      | Amount<br>(₹ Crores) | %     | Amount<br>(₹ Crores) | %    |
| Revenue from Operations                           | 89,913.33            | 83,632.54            | 93.0% | 6,280.79             | 7.0% |
| Profit before tax                                 | 28,033.39            | 26,679.54            | 95.2% | 1,353.84             | 4.8% |
| Income tax accrued (Current Tax for Current Year) | 6,466.78             | 6,053.28             | 93.6% | 413.50               | 6.4% |
| Income tax paid                                   | 6,373.61             | 5,982.84             | 93.9% | 390.77               | 6.1% |

Note: The data reported above is on the basis of Consolidated Financial Statements of the ITC Group. 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                             | 2025-26   | 2024-25   | 2023-24   | 2022-23   | 2021-22   |
|--------------------|-----------------------------------------------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Energy Consumption | Total Energy Consumed                                                                               | Terra Joules                     | 24,178    | 25,896    | 26,383    | 26,885    | 24,394    |
|                    | Total Non-Renewable energy consumed                                                                 | Terra Joules                     | 11,788    | 12,455    | 13,198    | 15,380    | 14,206    |
|                    |                                                                                                     | MWh                              | 32,74,369 | 34,59,721 | 36,66,110 | 42,72,363 | 39,46,137 |
|                    | Total renewable energy consumption                                                                  | Terra Joules                     | 12,390    | 13,441    | 13,185    | 11,505    | 10,188    |
|                    |                                                                                                     | MWh                              | 34,41,643 | 37,33,610 | 36,62,372 | 31,95,807 | 28,29,916 |
|                    | Renewable Energy Consumption                                                                        | %                                | 51        | 52        | 50        | 43        | 42        |
| GHG Emissions      | Direct GHG Emissions (Scope 1)                                                                      | Metric tonnes CO <sub>2</sub> eq | 10,48,590 | 11,05,192 | 11,46,088 | 13,54,662 | 12,57,786 |
|                    | Location based Indirect GHG Emissions (Scope 2)                                                     | Metric tonnes CO <sub>2</sub> eq | 1,77,302  | 1,70,431  | 2,41,959  | 2,51,236  | 1,96,447  |
|                    | Market based Indirect GHG Emissions (Scope 2)                                                       | Metric tonnes CO <sub>2</sub> eq | 1,58,314  | 1,59,329  | 2,62,236  | 2,41,113  | 1,93,256  |
|                    | Indirect Greenhouse Gas Emissions (Scope 3)                                                         | Metric tonnes CO <sub>2</sub> eq | 14,42,007 | 10,62,340 | 2,52,559  | 2,95,430  | 3,18,288  |
| Waste              | Total waste recycled/reused                                                                         | Metric tonnes                    | 7,15,401  | 7,19,975  | 7,28,247  | 7,06,393  | 7,24,448  |
|                    | Total waste disposed                                                                                | Metric tonnes                    | 8,567     | 2,042     | 1,770     | 1,122     | 859       |
|                    | Waste landfilled                                                                                    | Metric tonnes                    | 1,526     | 1,564     | 1,280     | 532       | 294       |
|                    | Waste incinerated with energy recovery                                                              | Metric tonnes                    | 6,530     | _*        | _*        | _*        | _*        |
|                    | Waste incinerated without energy recovery                                                           | Metric tonnes                    | 511       | 478       | 490       | 590       | 565       |
|                    | Waste otherwise disposed (Difference between in-house storage and carry forward from previous year) | Metric tonnes                    | 0         | 0         | 0         | 0         | 0         |

\*Quantity of Waste incinerated with energy recovery is included as part of total waste recycled/reused



| Focus Area               | Sub Category                                                               | Unit                 | 2025-26  | 2024-25  | 2023-24  | 2022-23  | 2021-22  |
|--------------------------|----------------------------------------------------------------------------|----------------------|----------|----------|----------|----------|----------|
| Water                    | Withdrawal: Total municipal water supplies (or from other water utilities) | Million cubic meters | 0.9      | 0.8      | 1.8      | 1.9      | 1        |
|                          | Withdrawal: Fresh surface water (lakes, rivers, rainwater etc.)            | Million cubic meters | 25.2     | 26.3     | 28.2     | 27.1     | 27       |
|                          | Withdrawal: Fresh groundwater                                              | Million cubic meters | 4.3      | 4.3      | 5.9      | 5.5      | 5        |
|                          | Discharge                                                                  | Million cubic meters | 19.2     | 20.7     | 21.9     | 20.0     | 22       |
|                          | Total Net Fresh Water Consumption                                          | Million cubic meters | 11.2     | 10.7     | 14.0     | 14.5     | 12       |
| Environmental Violations | Significant fines related to the environment or ecology                    | -                    | NIL      | NIL      | NIL      | NIL      | NIL      |
| Packaging Materials      | - Wood & Paper fiber packaging                                             | Metric tonnes        | 1,75,970 | 1,56,655 | 1,61,595 | 1,56,184 | 1,33,073 |
|                          | - Metal (e.g. aluminum or steel) packaging                                 | Metric tonnes        | 330      | 146      | 345      | 416      | 792      |
|                          | - Glass packaging                                                          | Metric tonnes        | 587      | 222      | 382      | 399      | 2,118    |
|                          | <b>Percentage of materials used that comes from recycled sources</b>       |                      |          |          |          |          |          |
|                          | - Wood/Paper fiber packaging                                               | % of total weight    | 59       | 82       | 73       | 77       | 90       |
|                          | - Metal (e.g. aluminum or steel) packaging                                 | % of total weight    | -        | -        | -        | -        | -        |
|                          | - Glass packaging                                                          | % of total weight    | -        | -        | -        | -        | -        |
|                          | <b>Percentage of materials used that is certified:</b>                     |                      |          |          |          |          |          |
|                          | Wood & Paper fiber packaging                                               | % of total weight    | 26       | -        | -        | -        | -        |



| Focus Area        | Sub Category                                                                                              | Unit          | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|-------------------|-----------------------------------------------------------------------------------------------------------|---------------|---------|---------|---------|---------|---------|
| Plastic Packaging | Total weight of all plastic packaging                                                                     | Metric tonnes | 73,762  | 70,788  | 70,578  | 56,758  | 50,878  |
|                   | Percentage of compostable plastic packaging (as a % of the total weight of all plastic packaging)         | %             | 0.13    | 0.15    | 0.15    | 0.12    | 0.02    |
|                   | Recycled content in Plastic Packaging                                                                     | Metric tonnes | 2,378   | 312     | 174     | 98      | 23      |
|                   | Percentage of recycled content in plastic packaging (as a % of the total weight of all plastic packaging) | %             | 3.22    | 0.44    | 0.25    | 0.17    | 0.05    |

### Plastic Packaging Recyclability and Circularity

Globally, definitions of recyclability are increasingly evolving towards consideration of whether packaging is collected, sorted and recycled in practice and at scale, often requiring market- or country-specific data on recycling rates for individual packaging formats and material structures. In the absence of comprehensive and reliable recycling-rate data across all packaging formats in India, ITC's recyclability assessment has been undertaken using a comprehensive methodology that draws upon multiple sources, including recyclability design guidelines published by the India Plastics Pact, declarations and technical assessments provided by packaging suppliers, publicly available studies and industry data, and laboratory test reports from accredited institutions. The assessment is periodically reviewed and will continue to evolve in line with advancements in recycling technologies, availability of market-specific evidence, and improvements in collection, sorting and recycling infrastructure.

For FY 2025-26, **97.6%** of ITC's plastic packaging portfolio, by weight, was assessed as technically recyclable. The assessment reflects ITC's packaging design and material compatibility with technically established recycling technologies and excludes packaging formats containing materials that are widely recognized as difficult to recycle or that adversely impact recycling processes.

Additionally, ITC's sustainable packaging strategy extends beyond recyclability by design and focuses on improving actual circularity outcomes through packaging redesign, increased use of recycled content, reduction of virgin plastic consumption, and strengthening waste management systems. During FY 2025-26, ITC continued to sustainably manage 100% of the plastic packaging waste equivalent to that introduced into the market, in line with its plastic neutrality commitment and Extended Producer Responsibility (EPR) obligations. The Company also recycled ~43% of the plastic packaging waste collected, while continuing to support collection, segregation and recycling infrastructure. As part of its enhanced 2030 commitments, ITC aims to sustain 100% collection of plastic packaging waste and increase the recycling rate of collected plastic waste to at least 60% by 2030.

### 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.
- Three major Paperboards factories and all Cigarette factories are ISO 50001 certified, underscoring the Company's commitment to global best practices in energy efficiency.

### 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.

During FY 2025-26, ITC achieved a 42%<sup>1</sup> reduction in specific energy consumption against the FY 2018-19 baseline. The Branded Packaged Foods Businesses, Paperboards and Specialty Papers Business, and FMCG Cigarettes Business achieved reductions of 29%, 19% and 8%, respectively.

### 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:

- Installation of an Upflow Anaerobic Sludge Blanket Reactor (UASBR) for efficient effluent treatment and utilisation of gas as fuel in the Foods Business.
- Installation of high-efficiency screw chillers in the Paper Business.
- Installation of Pressure Reduction Stations (PRS) and multi-pass steam injection systems to optimise steam consumption in the Foods Business.

- Installation of closed-loop condensate recovery systems in the Foods Business.
- Integration of process equipment with sensors and automation systems, including dissolved oxygen sensors and thermal energy meters, for real-time optimisation in the Foods and Personal Care Businesses.
- Installation of flow booster and deaeration systems to enhance heat-transfer efficiency in thermic fluid heaters in the Packaging Business.
- Installation of Variable Frequency Drives (VFDs) for various pumps, agitators, blowers and chillers across Businesses.
- Replacement of air conditioners, chillers, compressors, motors, water coolers, pumps and heat exchangers with higher-efficiency equipment across Businesses.
- Improvement in energy-use efficiency in lighting systems through adoption of efficient lighting solutions such as Light Emitting Diodes (LEDs) across Businesses.
- Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

These investments resulted in energy savings of over 50 TJ during FY 2025-26.

<sup>1</sup>Since ITC is a conglomerate with diverse Businesses, specific energy-consumption intensity is reported per rupee of turnover at the organisation level (ITC) and per unit of production at the Business level.



### 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.
- Annual Aggregate savings are also reported publicly in ITC's Report and Accounts. In FY 2025-26, investments in energy conservation equipment resulted in energy savings of over 50 TJ, equivalent to nearly 6 kilo tCO<sub>2</sub>e of avoided emissions.

### 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 over 177 MW of solar and wind power capacity to supply renewable electricity to its Units.
- In FY 2025-26, renewable sources accounted for 51% of ITC's total energy consumption, sustaining performance above the 2030 target of 50% for the second consecutive year. Further, 56% of purchased grid electricity requirements were met from renewable sources. ITC Businesses continue to invest in renewable energy and energy-efficiency measures to improve their environmental footprint and advance towards the goal of sourcing 100% of purchased grid electricity from renewable sources by 2030.

### 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 operationalised by ITC's in-house team through best-in-class value engineering and sustainability practices. These practices include optimising design, designing buildings for longevity, and using recycled or low carbon materials for construction and interiors, deploying passive cooling technologies, amongst others to reduce the carbon footprint of the built infrastructure.
  - 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 FY 2025-26, specific capital expenditure on technologies to improve the environmental and social impacts of products and processes accounted for 16.8% of total capital expenditure. This included investments in renewable energy, green buildings, energy-efficient equipment, pollution-control equipment, and water management and treatment systems, including rainwater harvesting.



- As a part of Industry 4.0 initiative, various technological innovations are being implemented. Key highlights are presented below:

- a. The Foods Business's 'Focus Factory' initiative is building robust digital infrastructure for real-time monitoring of operational parameters and advanced Artificial Intelligence and Machine Learning analytics, enabling deployment of technologies such as AI agents and digital twins.
- b. The Digital Factory Operating System (Df-OS) centralises operations and enables cross-functional collaboration by creating a single source of truth for factory data.
- c. The Integrated Operations Management System (IOMS) digitises and standardises critical manufacturing parameters.

- New processes and changes to product formulations have been implemented to enhance productivity, quality and printability in the Paper Business.
- Enhanced the plastic substitution portfolio of products at the Paper Business
- New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in the Personal Care Products Business.
- Induction of contemporary technologies and continuous improvement across Businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability.

### **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 training programmes 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 through which 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 circularity by:
  - Working on the design of products and packaging to improve recyclability, especially for plastic packaging, and to optimise the use of virgin materials and resources;
  - Diverting waste from landfill using the principles of reduce, reuse, recycle and recover
  - Promoting innovative business models for sustainable management of waste including plastic waste;



- 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 source segregation and channelising waste through authorised recyclers, ITC's Kovai Paper Mill utilised nearly **93,000 tonnes** of externally sourced wastepaper as a secondary raw material for fibre in FY 2025-26. Recycling nearly 99% of the waste generated at ITC Units, together with utilisation of externally sourced wastepaper, enabled ITC to sustainably manage an amount equivalent to **112%** of the total waste generated across the Company.

### 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 aims to sustain its positive waste-recycling footprint by sustainably managing an amount of waste greater than the waste generated across its operations.
- ITC aims to maintain a recycling rate of nearly 99% across its Units and increase utilisation of externally sourced wastepaper at the Kovai Paper Mill. Business and Unit-level targets are supported by dashboards covering material utilisation and waste-recycling rates. Dashboards covering material utilization and waste recycling rates are maintained to ensure effective monitoring.
- ITC continues to progress towards ensuring that 100% of packaging is reusable, recyclable or compostable / biodegradable. ITC strengthened its 2030 sustainable packaging commitments to sharpen its focus on material circularity, reduce virgin resource consumption and improve end-of-life outcomes for post-consumer plastic packaging. Revised targets cover the following aspects:
  - **Circularity through Material Innovation and Substitution**
    - > Use **60% recycled plastic in rigid packaging and 20% recycled plastic in flexible packaging** by 2030, where permitted.
    - > Avoid **50,000 MT of virgin plastic** in packaging by 2030 through sustainable design, packaging optimisation and the use of recycled or alternative materials, against the FY 2021-22 baseline.
    - > Ensure that at least **60% of packaging** is made from recycled or renewable materials.

### - Scaling Value-Chain Responsibility

- > Continue to sustainably manage **100% of plastic-packaging waste** and recycle at least **60% of the plastic-packaging waste collected** by 2030.

### - Empowering Decentralised Systems

- > Reach **20 million households by 2030** through source-segregation-focused solid-waste-management initiatives, including programmes implemented in partnership with local governments.

### 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, specify competency requirements, including qualifications and training, for employees responsible for waste management. Relevant employees are encouraged to continuously upgrade their skills and knowledge through internal and external courses on waste management.
- ITC also has an in-house knowledge platform through which monthly sessions are conducted by internal and external experts on important sustainability topics, including solid 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.
- ITC's waste-management approach enabled nearly 99% of total waste generated at its Units to be directed to recycling in FY 2025-26, with the remaining fraction safely and responsibly treated in accordance with authorised environmental norms.
- ITC's waste performance is reported publicly in the ITC Sustainability Report 2026 in accordance with the GRI Standards. Disclosures covering GRI 306-3: Waste generated, GRI 306-4: Waste diverted from disposal and GRI 306-5: Waste directed to disposal are included within the scope of independent external assurance by KPMG Assurance and Consulting Services LLP under ISAE 3000 (Revised). The assurance statement is included in the 'Independent External Assurance' annexure of the ITC Sustainability Report 2026.

## 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:

- **ITC's Foods Business** continues to drive water efficiency and optimise internal water supplies across its manufacturing footprint:

**a) Panchla Unit:** Cut freshwater consumption by 94 kl/day through enhanced 2<sup>nd</sup> stage Reverse Osmosis (RO) recovery, process optimisation, and the reuse of treated backwash water.

**b) Mysuru Plant:** Boosted daily condensate recovery by 2.5 kl/day by integrating advanced systems, including a Pressurised Power Pack Pump (PPPU).

**c) Medak Unit:** Slashed water consumption in potato chip line by ~50% by upgrading washing operations with regulated flowmeters, water-efficient nozzles, and mechanised cleaning tools

- **ITC's Cigarette Business** is reinforcing long-term water security through targeted interventions that measurably reduce freshwater dependency:

**a) Bengaluru Unit:** Cut groundwater dependence by ~20% by constructing a 4,000 kl rainwater pond and integrating a 1,000 kl treated wastewater tank.

**b) Saharanpur Unit:** Slashed cooling water consumption by 70% to 90% by upgrading to state-of-the-art adiabatic cooling towers that minimise evaporation, drift, and blowdown losses.

**c) Pune Unit:** Saved ~2,500 kl/year by adopting highly efficient sub-surface drip irrigation and reusing tertiary-treated ETP water for cooling towers.

- **ITC's Personal Care Units** launched a multifaceted programme to reduce groundwater consumption through strategic reuse, process optimisation, and behavioural change:

**a) Key Interventions:** Optimised clean-in-place (CIP) systems, recirculated cooling water, recovered steam condensate, installed low-flow taps, and implemented a 'fit-for-purpose' water allocation strategy.

**b) Overall Impact:** Backed by robust rainwater harvesting, these initiatives drove an estimated groundwater reduction of ~17,000 kl in FY 2025–26, significantly boosting long-term water security and operational efficiency.

- 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 2025-26, ITC has successfully substituted ~98,200 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 plants across its factories to improve wastewater quality.
- These treatment plants are operated by trained personnel and supported by systems for monitoring effluent quality across key equipment, helping ensure continuous compliance with applicable effluent-quality norms.
- 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 2025-26, all ITC Units met regulatory requirements relating 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.

- As at FY 2025-26, ITC achieved a 42%<sup>1</sup> reduction in specific water consumption at the organisational level against the FY 2018-19 baseline. The Branded Packaged Foods Businesses, Paperboards and Specialty Papers Division, and FMCG Cigarettes Business achieved reductions of 43%, 22% and 28%, respectively. These Businesses account for approximately 98% of water consumption in owned Units.

### 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 recovery systems are installed across factories to recover and reuse condensate as 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 through which monthly sessions are conducted by internal and external experts on important sustainability topics, including water management.

<sup>1</sup>Since ITC is a conglomerate with diverse Businesses, specific water-consumption intensity is reported per rupee of turnover at the organisation level (ITC) and per unit of production at the Business level.



## Certification of Agricultural Crops

| Agricultural crop | Amount (metric tonnes) | Certification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Type of certification               | Percentage of certified crops                                                                                                                    |
|-------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Tobacco           | 182,984                | <p>The Sustainable Tobacco Programme (STP) is an industry initiative to enhance agricultural supply chain due diligence and accelerate positive impacts on social and environmental footprints. The programme is managed by an independent Secretariat and is supported by participating tobacco manufacturers which also form the Steering Committee. The Steering Committee comprises British American Tobacco, Imperial Brands, KT&amp;G, Swedish Match, Von Eicken, Altria, Scandinavian Tobacco Group and JT International. It brings together companies in a collaborative effort to develop innovative solutions that benefit all stakeholders.</p> <p>An updated version, Sustainable Tobacco Programme 2.0 (STP 2.0), was introduced in 2020, placing a stronger emphasis on local risk assessment, risk classification and targeted mitigation measures.</p> <p>ITC-TSBU's reporting under STP 2.0 covered 13 tobacco crop types encompassing a wide range of curing methods and production systems, including flue-cured, air-cured, semi-air-cured, dark air-cured, sun-cured and other tobacco categories across multiple geographies. The reporting covered eight sustainability themes across the agricultural supply chain, namely Water, Human Rights, Crop, Soil Health, Climate Change, Natural Habitats, Livelihoods and Governance. The Governance theme encompasses the management processes required for the effective implementation of Sustainable Tobacco Programme. Annual reporting is undertaken through the Worldfavor platform, which serves as the reporting interface for suppliers participating in the programme.</p> <p>The STP framework assesses sustainability performance across eight key themes:</p> <ul style="list-style-type: none"> <li>● <b>Water:</b> Water stewardship; irrigation practices; access to safe drinking water; sanitation, hygiene and WASH facilities.</li> <li>● <b>Human and Labour Rights:</b> Safe working conditions, worker welfare, labour risk management and corrective action implementation.</li> <li>● <b>Crop:</b> Seed certification, Capacity Building, agronomic practices, Integrated Pest Management (IPM) and productivity enhancement.</li> <li>● <b>Climate Change:</b> Climate resilience and adaptation measures; fuel fertilizer use and curing fuel management.</li> <li>● <b>Soil Health:</b> Soil conservation, degradation risk assessment and implementation of improvement measures.</li> <li>● <b>Livelihoods:</b> Living income considerations and initiatives supporting the economic resilience of farming communities.</li> <li>● <b>Governance:</b> Sustainability risk identification, mitigation, monitoring processes and management systems.</li> <li>● <b>Natural Habitats:</b> Deforestation-Free (DF) and Deforestation and Conversion-Free (DCF) commitments, supported by monitoring and traceability mechanisms.</li> </ul> <p>The themes and associated reporting requirements are periodically reviewed and updated to reflect evolving customer expectations, emerging ESG regulations and internationally recognized sustainability frameworks.</p> | Sustainable Tobacco Programme (STP) | <b>63%</b> <p>All tobacco is sourced from farms involved in the Sustainable Tobacco Programme and ITC's sustainable agriculture initiatives.</p> |



| Agricultural crop | Amount (metric tonnes) | Certification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Type of certification     | Percentage of certified crops |
|-------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------|
|                   |                        | <p>STP reporting follows a structured process designed to ensure the completeness, accuracy and transparency of sustainability disclosures across participating supply chains. The process begins with a supplier self-assessment to determine applicable crop types, sourcing geographies and customer-specific reporting requirements. Based on the assessment, tailored questionnaires are generated covering relevant sustainability themes and indicators.</p> <p>Suppliers submit responses through the reporting platform, supported by appropriate documentation such as policies, certifications, records and other evidence. Following submission, the reported information undergoes review process by the STP Secretariat and stakeholders. Upon completion of the review process, the reporting cycle is concluded, and the disclosures are made available to participating STP member companies for sustainability due diligence and supply chain risk management purposes.</p> <p>As part of its continuous improvement framework, STP periodically undertakes an In-Depth Assessment (IDA) to evaluate the effectiveness of management systems and their implementation across participating supply chains. The assessment includes the review of policies, procedures and management practices, supplemented by field evaluations and stakeholder interactions conducted by independent third parties.</p> <p>During the current assessment cycle, STP has commissioned two independent third parties to conduct assessments across the leaf value chain and processing facilities. The assessment has been completed and the consolidated findings, recommendations and corresponding Corrective Action Plans (CAPs) have been developed.</p> <p>The STP framework provides a structured approach for strengthening responsible agricultural practices, enhancing sustainability performance and enabling the continuous identification, mitigation and management of environmental, social and governance risks across the tobacco value chain.</p> <p>All tobacco is sourced from farms involved in the Sustainable Tobacco Programme and ITC's sustainable agriculture initiatives.</p> |                           |                               |
| Coffee            | 29,800                 | <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 RFA 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 2025-26, 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 3,392 tonnes of coffee covering around 7,818 acres were certified under the standard.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | RFA (Rainforest Alliance) | 11.38%                        |



| Agricultural crop                                | Amount (metric tonnes) | Certification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Type of certification                                                                                              | Percentage of certified crops |
|--------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Cereals (Wheat, Paddy, Maize, Barley and Quinoa) | 36,03,731              | <p>ITC's Agri Business Division (ABD) is advancing sustainable and resilient agricultural value chains through two complementary initiatives: the development of certified organic farming clusters and the implementation of globally benchmarked farm sustainability standards. Organic farming clusters have been established across Uttar Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, and Jammu, with Farmer Producer Organisations (FPOs) serving as the foundation for collective action, service delivery, farmer capacity building, and market access. The programme currently comprises 12 Internal Control System (ICS) clusters covering over 5,401 farmers and 14,682 acres, focused on crops such as wheat, paddy, soybean, gram, and mustard. Farmers are supported through technical guidance on organic cultivation, regular training programmes, farmer meetings, and access to approved organic inputs through dedicated input centres that ensure timely availability of quality materials while reducing dependence on expensive external sources.</p> <p>These 12 clusters are being developed under the National Programme for Organic Production (NPOP), India's recognised organic certification framework, providing assurance of product integrity for both domestic and export markets. Four of the twelve clusters have successfully completed the three-year conversion period and achieved certified organic status, while the remaining clusters continue to progress through certification. Organic farming practices adopted under the programme, including the use of farmyard manure, compost, green manure crops, biofertilizers, crop diversification, crop rotation, intercropping, and botanical pest management, contribute to improved soil organic carbon, enhanced soil health, biodiversity conservation, and reduced chemical exposure for farmers and farm workers. These practices also strengthen climate resilience and diversify farm income opportunities, particularly in rainfed agricultural regions.</p> <p>Complementing these efforts, ABD has implemented the Sustainable Agriculture Initiative (SAI) Platform's Farm Sustainability Assessment (FSA) 3.0, a globally recognised framework for assessing and improving agricultural sustainability. During the year, ABD became the first organisation in India to achieve 100% Silver-level FSA 3.0 certification across both its wheat and paddy value chains. The programme covers 3,552 farmers cultivating more than 22,000 acres across six districts of Uttar Pradesh and Bihar through a network of 74 FPOs, generating annual production exceeding 75,000 MT. The initiative promotes sustainable farming practices through enhanced farm and community management, soil and nutrient stewardship, responsible agrochemical use, water conservation, waste management, biodiversity protection, air quality improvement, and strengthened labour practices, thereby improving productivity, sustainability, and farmer resilience.</p> <p>During the year FY 2025-26, ITC Limited acquired 100% of the share capital of Sresta Natural Bioproducts Private Limited (SNBPL). SNBPL is engaged in the business of manufacture and sale of organic packaged food products under the '24 Mantra Organic' brand which has strong brand equity in the domestic as well as international markets. SNBPL, a pioneer and leading player in the organic packaged staples category, has over the years built a strong network of ~27,500 farmers spread across ~1.4 lakh acres of certified organic land in 10 states.</p> | <ul style="list-style-type: none"> <li>Organic (NPOP)</li> <li>Farm Sustainability Assessment (FSA) 3.0</li> </ul> | 1.013%                        |





| Agricultural crop | Amount (metric tonnes) | Certification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Type of certification | Percentage of certified crops |
|-------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------|
|                   |                        | <p>24 Mantra's organic sourcing network further strengthens ITC's sustainable agriculture ecosystem. Cereals are sourced through farmer groups organised into ICS clusters and certified under NPOP (total 69 ICS clusters), of these, 33 ICS clusters are also NOP certified under the USDA National Organic Program (NOP), expanding access to international markets. As of FY 2025-26, the network of 69 ICS clusters across ten states, namely Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Karnataka, Uttar Pradesh, Telangana, Tamil Nadu, Gujarat, and Jammu &amp; Kashmir, covering approximately 71,917 hectares under organic certification. Certification is independently verified each year by accredited third-party agencies, while rigorous internal inspections, record keeping, and traceability systems ensure transparency from farm to storage.</p> <p>Farmer support is extended through training, technical assistance, and guidance on organic certification and sustainable farming practices. Organising farmers into FPOs and ICS clusters enhances access to services, market linkages, and collective bargaining power, while certification-enabled procurement and premium pricing create additional income opportunities. Together, these initiatives advance ITC's sustainable agriculture agenda by integrating farmer collectivisation, certification, responsible sourcing, and capacity building, resulting in improved livelihoods, healthier soils, greater biodiversity, and more resilient agricultural communities.</p> <p>During FY 2025-26, total certified cereal procurement amounted to 36,499 MT, comprising 16,519 MT of organic wheat, 13,453 MT of organic paddy, 175 MT of organic Maize, 54 MT of organic Barley, 18 MT of organic Quinoa and 6,279 MT of wheat certified under the FSA 3.0.</p> |                       |                               |



# Human Resources

| Focus Area                         | Sub Category                                                                                                   | Unit        | 2025-26  | 2024-25  | 2023-24  | 2022-23  | 2021-22  |
|------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------|----------|----------|----------|----------|----------|
| Labour and Employment              | Labour and Employment                                                                                          | Number      | 34,589   | 33,841   | 40,409   | 38,722   | 37,334   |
|                                    | Total Female Employees                                                                                         | Number      | 5,888    | 5,548    | 6,275    | 5,527    | 5,001    |
| Training & Development Inputs      | Total Employee Training (Person-days)                                                                          | Person days | 1,75,904 | 1,40,258 | 2,22,873 | 1,11,829 | 1,31,670 |
|                                    | Average hours per FTE of training and development                                                              | Hour        | 33       | 28       | 44       | 23       | 28       |
|                                    | Average amount spent per person FTE on training and development.                                               | INR         | 6,395    | 5,759    | 7,593    | 7,259    | 4,934    |
|                                    | <b>Training of FTEs based on Ethnicity:</b>                                                                    |             |          |          |          |          |          |
|                                    | Indian                                                                                                         | %           | 98.9     | 99       | 99       | 98       | -        |
|                                    | Other than Indian: Primarily from Nepal, Europe and North American countries                                   | %           | 1.1      | 1        | 1        | 2        | -        |
|                                    | Average hours per FTE of training and development for Male Employees                                           | Hour        | 31       | 26       | 39       | 21       | -        |
|                                    | Average hours per FTE of training and development for Female Employees                                         | Hour        | 42       | 35       | 73       | 34       | -        |
| Human Capital Return on Investment | a) Total Revenue                                                                                               | INR Crores  | 81,640   | 74,238   | 70,105   | 70,251   | 59,746   |
|                                    | b) Total Operating Expenses                                                                                    | INR Crores  | 57,976   | 51,691   | 47,320   | 48,011   | 42,506   |
|                                    | c) Total employee- related expenses (salaries + benefits)                                                      | INR Crores  | 3,657    | 3,443    | 3,732    | 3,588    | 3,076    |
|                                    | Resulting HC ROI (a - (b-c)) / c                                                                               | -           | 7.5      | 7.6      | 7.1      | 7.2      | 6.6      |
| Hiring                             | Total New Hires                                                                                                | Number      | 9,785    | 6,256    | 6,235    | 6,478    | 9,763    |
|                                    | New Male Hires                                                                                                 | Number      | 7,089    | 4,637    | 4,717    | 4,909    | 7,469    |
|                                    | New Female Hires                                                                                               | Number      | 2,696    | 1,619    | 1,518    | 1,569    | 2,294    |
|                                    | Hiring based on Ethnicity: Indian                                                                              | %           | 98.9     | 98.9     | 99       | 98       | -        |
|                                    | Others: Primarily from Nepal, Germany and France but also includes other European and North American countries | %           | 1.1      | 1.1      | 1        | 2        | -        |
|                                    | Percentage of open positions filled by internal candidates (internal hires)                                    | %           | 33       | 31       | 31       | 30       | 50       |
|                                    | Average hiring cost/FTE (in lakh)                                                                              | INR         | 0.20     | 0.27     | 0.5      | 0.4      | 0.3      |



| Focus Area                                         | Sub Category                                                                                                                                                                                 | Unit | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------|---------|---------|---------|---------|
| Workforce Breakdown: Gender (Permanent employees)  | Share of women in total workforce (as % of total workforce)                                                                                                                                  | %    | 17      | 16.4    | 16      | 14      | -       |
|                                                    | Share of women in all management positions, including junior, middle and top management                                                                                                      | %    | 22      | 20      | 19      | 18      | -       |
|                                                    | Share of women in junior management positions                                                                                                                                                | %    | 23      | 21      | 20      | 19      | -       |
|                                                    | Share of women in top management positions                                                                                                                                                   | %    | 6       | 6       | 6       | 3       | -       |
|                                                    | Share of women in revenue generating functions                                                                                                                                               | %    | 13      | 14      | 13      | 11      | -       |
|                                                    | Share of women in STEM                                                                                                                                                                       | %    | 23      | 24      | 17      | 15      | -       |
| Workforce Breakdown: Race/ Ethnicity & Nationality | Nationality: Indian                                                                                                                                                                          |      |         |         |         |         |         |
|                                                    | Share in total workforce                                                                                                                                                                     | %    | 98.9    | 99      | 99      | 98      | 100     |
|                                                    | Others: Primarily from Nepal, but also includes Malaysia, Australia, other North American countries, Middle Eastern Countries and Europe<br><b>Break down region-wise is provided below:</b> | %    | 1.1     | 1       | 1       | 2       | -       |
|                                                    | Nepal                                                                                                                                                                                        | %    | 1.07    | 1       | 1       | -       | -       |
|                                                    | Middle East                                                                                                                                                                                  | %    | -       | -       | 0.01    | -       | -       |
|                                                    | Malaysia                                                                                                                                                                                     | %    | -       | -       | 0.002   | -       | -       |
|                                                    | Europe                                                                                                                                                                                       | %    | -       | -       | 0.005   | -       | -       |
|                                                    | New Zealand                                                                                                                                                                                  | %    | 0.003   | -       | -       | -       | -       |
|                                                    | Australia                                                                                                                                                                                    | %    | -       | -       | 0.002   | -       | -       |
|                                                    | USA                                                                                                                                                                                          | %    | 0.003   | -       | 0.020   | -       | -       |
|                                                    | Dutch                                                                                                                                                                                        | %    | 0.003   | -       | -       | -       | -       |



| Focus Area                                                                        | Sub Category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Unit   | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------|---------|---------|---------|---------|
| Share in all management positions, including junior, middle and senior management | Indian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | %      | 98.4    | 99.6    | 98      | 98      | 100     |
|                                                                                   | Other Than Indian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | %      | 1.6     | 0.4     | 2       | 2       | -       |
| Freedom of Association                                                            | % of workers represented by collective bargaining agreements:<br>(ITC's Freedom of Association Policy is applicable to 100% of its employees and workers. The Policy on Freedom of Association is available on ITC Portal: <a href="https://itcportal.com/content/dam/itc-corporate/pdfs/policy/policy-on-freedom-of-association.pdf">https://itcportal.com/content/dam/itc-corporate/pdfs/policy/policy-on-freedom-of-association.pdf</a> )<br>Percentage of employees and workers represented by collective bargaining agreements is 29% for FY 2025-26. | %      | 88      | 84      | 89      | 84      | 85      |
| Employee Turnover Rate                                                            | Employee Turnover Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | %      | 9       | 9       | 9       | 12      | 10      |
|                                                                                   | Voluntary employee turnover rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | %      | 8*      | 7*      | 8       | 10      | 9       |
|                                                                                   | Data coverage (as % of all FTEs globally)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | %      | 100     | 100     | 69      | 61      | 70      |
| Trend of Employee Wellbeing                                                       | % of employees with top level of engagement, satisfaction, wellbeing, or employee net promoter score (eNPS)                                                                                                                                                                                                                                                                                                                                                                                                                                                | %      | 96      | 96      | 96      | 94      | 94      |
|                                                                                   | % of employees who responded to the survey                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | %      | 98      | 98      | 98      | 96      | 96      |
|                                                                                   | Employee Metrics - Satisfaction: Taking everything into account, how satisfied are you with ITC as a place to work?                                                                                                                                                                                                                                                                                                                                                                                                                                        | Scores | 79      | 79      | 79      | 75      | -       |
|                                                                                   | Employee Metrics - Purpose: I understand how my work contributes to the Division / SBU business objectives                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Scores | 96      | 96      | 96      | 94      | -       |
|                                                                                   | Employee Metrics - Happiness: I feel I can openly and honestly communicate my views upwards                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Scores | 82      | 82      | 82      | 78      | -       |
|                                                                                   | Employee Metrics - Stress: I am able to sustain the level of energy I need throughout the work day                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Scores | 85      | 85      | 85      | 82      | -       |

\* includes employee &amp; worker



| Focus Area     | Sub Category                                          | Unit | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|----------------|-------------------------------------------------------|------|---------|---------|---------|---------|---------|
| Parental leave | Rate of return to work (Male - permanent employees)   | %    | 100     | 100     | 100     | 100     | -       |
|                | Rate of return to work (Female - permanent employees) | %    | 98      | 98      | 100     | 100     | -       |
|                | Rate of return to work (Female - permanent workers)   | %    | 97      | 88      | 100     | 100     | -       |
|                | Employee Retention Rate (Male)                        | %    | 86      | 92      | 87      | 100     | -       |
|                | Employee Retention Rate (Female)                      | %    | 84      | 100     | 93      | 85      | -       |

| Focus Area                         | Turnover rate in FY 25-26 |        |       | 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 | Male                      | Female | Total |
| Permanent Employees (Management)   | 14%                       | 15%    | 14%   | 14%                       | 13%    | 14%   | 13%                       | 14%    | 14%   | 16%                       | 16%    | 16%   |
| Permanent Workers (Non Management) | 3%                        | 16%    | 4%    | 4%                        | 14%    | 5%    | 3%                        | 16%    | 4%    | 5%                        | 17%    | 6%    |



## Labour 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 labour 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 the scientific principles of crewing including techniques such as work study and time study to ensure that there is adequate workforce number in-built structurally to take care of the work requirements.

Views and suggestions of the employees' including their representative is also taken, 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 happens only in case of exigent requirement and that too follows a well laid down standard operating procedures including requisite 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

All employees and workers of the Company are entitled to and provided 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 of the organization. Wages are arrived at after taking into consideration three factors - market competitiveness, business relevance and performance alignment. 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 well-being of the workforce and it includes provisions to account for any increase in the cost of living / inflation.

### Monitor working hours including overtime management

- The working hours in the 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 exigent situation is rightly captured and is fed into the payroll processing accordingly. The system also ensures that adherence to statutory requirement is followed all the time. 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

- Overtime, if it is required due to an exigent situation, and the associated payment is governed by well-defined SOPs 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 management and non-management staff 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.

## 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://itcportal.com/about-itc/code-of-conduct.html>
- 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://itcportal.com/about-itc/itc-policies/whistleblower-policy.html>.

- 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.

### Gender Pay Equality Commitment

- ITC's Policy on Diversity, Equity and Inclusion, its guiding principles, its systems, policies and practices are available at <https://itcportal.com/content/dam/itc-corporate/pdfs/policy/policy-on-diversity-equity-and-inclusion.pdf>
- 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:

13% (gender pay gap = (mean male salary – mean female salary) / mean male salary. Mean base salary + other cash incentives:

15% (gender pay gap = (mean male base salary+other cash incentives – mean female base salary+other cash incentives) / mean male base salary+other cash incentives.

The Company routinely monitors the gender pay gap.

### 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://itcportal.com/content/dam/itc-corporate/pdfs/policy/policy-on-diversity-equity-and-inclusion.pdf>

## 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 of these initiatives are extended to fixed term contractual employees as well as other than permanent employees.

During FY 2025-26, 11 Types of training programmes conducted, wherein all Employees/Workers including fixed term contractual employees were covered under at least one of the following topics: Health and Safety, ITC Code of Conduct, Policy on Prevention of Sexual Harassment at the workplace, and Wellness programmes were conducted. Detailed training programmes on various health and safety sub-elements were also conducted.

- Some details on these employee development programmes are as under:

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

### 1. Coaching and Mentoring

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. Programs such as 'ASCEND', offer a mentored development journey specifically crafted to needs of high potential women managers.

## 2. 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 HR CoLab, provide opportunities for employees to exchange insights, learn from diverse experiences, and strengthen professional connections, thereby fostering innovation, inclusivity, and continuous growth.

## 3. 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.

## 4. 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.

## 5. 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.

## 6. 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.

### 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 – 24 managers involved in Data Science and Analytics Projects in Marketing, Research, 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 in enhancing process control of biscuit baking by 80% plus by prediction accuracy. % 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 46%\*.

\*Covers full-time permanent employees.

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.

**(b) Sports and Health Initiatives**

- Programs like 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.

**(c) 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.

**(d) 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.

## Employee Support Programmes – Employee Wellbeing

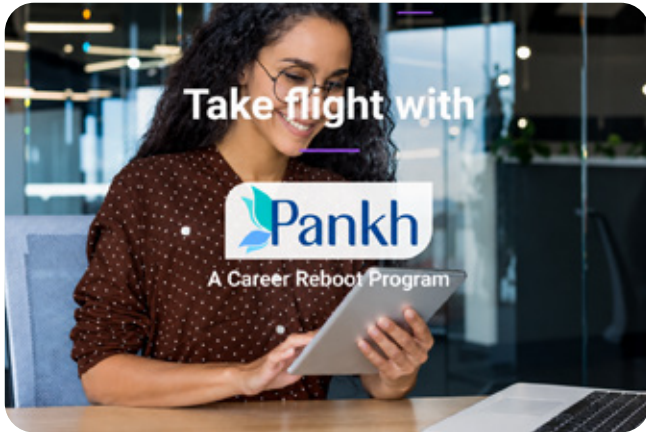
### (a) Health Support and Stress Management etc .

- 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.
- 'Living Well+', 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



## 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 regular mid-year review mechanisms.



Employee Resource Groups (ERGs) for Women at ITC

ITC's overall employee wellbeing framework, under the banner of 'Living Well+' covers the aspects of Physical, Mental and Spiritual wellbeing,



Women in STEM



## 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').



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



# Social Performance

| Focus Area                                                  | Sub Category                                                                                  | Unit       | 2025-26   | 2024-25   | 2023-24   | 2022-23   | 2021-22   |
|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| Water Stewardship                                           | Area covered through Supply Side Work - catchment treatment and irrigation support            | Acres      | 1,69,000  | 1,78,000  | 1,68,668  | 1,37,000  | 1,01,000  |
|                                                             | Rainwater harvesting potential created                                                        | Million KI | 6.60      | 5.83      | 5.52      | 3.80      | 3.47      |
|                                                             | Water harvesting structures                                                                   | Nos.       | 2,640     | 3,500     | 4,100     | 3,196     | 3,189     |
|                                                             | Demand Management - Potential water savings through water efficient practices in agriculture* | Million KI | 1,520     | 1,400     | 1,090     | 780       | 497       |
|                                                             | Beneficiaries covered under Water Stewardship programme                                       | Nos.       | 66,870    | 60,200    | 60,609    | 32,400    | 21,000    |
|                                                             | SC/ST beneficiaries                                                                           | %          | 9         | 14        | 11        | 25        | 30        |
|                                                             | Female beneficiaries                                                                          | %          | 23        | 27        | 22        | 22        | 17        |
| Climate Smart Agriculture                                   | Area covered under Climate Smart Agriculture (CSA)*                                           | Acres      | 31,93,000 | 31,70,000 | 27,90,000 | 23,40,000 | 15,00,000 |
|                                                             | Beneficiaries covered under CSA programme*                                                    | Nos.       | 12,09,000 | 12,00,000 | 10,51,782 | 7,40,000  | 4,50,000  |
|                                                             | SC/ST beneficiaries                                                                           | %          | 17        | 13        | 19        | 21        | 24        |
|                                                             | Female beneficiaries                                                                          | %          | 19        | 15        | 19        | 20        | 18        |
|                                                             | Farmer Field Schools*                                                                         | Nos.       | 13,500    | 13,500    | 13,500    | 8,201     | 7,196     |
|                                                             | Climate Smart Village (CSV) area*                                                             | Acres      | 25,50,000 | 21,80,000 | 18,99,843 | 10,04,136 | -         |
|                                                             | Climate Smart Villages*                                                                       | Nos.       | 7,055     | 7,000     | 6,755     | 4,800     | -         |
| Institutional Support                                       | Agri Business Centers*                                                                        | Nos.       | 2,150     | 1,850     | 1,158     | 916       | 613       |
|                                                             | Linkage to Government Schemes                                                                 | Nos.       | 28,31,000 | 17,65,000 | 15,24,000 | 9,50,000  | -         |
| Off-Farm livelihood diversification - Livestock development | Animal Owners covered under Livestock development programme                                   | Nos.       | 2,16,000  | 1,91,000  | 2,33,423  | 79,400    | 31,000    |
|                                                             | SC/ST beneficiaries                                                                           | %          | 21        | 16        | 19        | 19        | 16        |
|                                                             | Female beneficiaries                                                                          | %          | 50        | 40        | 40        | 60        | 5         |
| On-Farm livelihood diversification - Social Forestry        | Area covered under Social Forestry                                                            | Acres      | 44,000    | 37,300    | 33,980    | 31,000    | 30,300    |
|                                                             | Beneficiaries covered under Social Forestry programme                                         | Nos.       | 8,950     | 10,500    | 10,874    | 8,795     | 15,000    |
|                                                             | SC/ST beneficiaries                                                                           | %          | 28        | 21        | 34        | 25        | 17        |
|                                                             | Female beneficiaries                                                                          | %          | 23        | 21        | 28        | 26        | 21        |



| Focus Area                                  | Sub Category                                                                           | Unit | 2025-26     | 2024-25     | 2023-24     | 2022-23   | 2021-22   |
|---------------------------------------------|----------------------------------------------------------------------------------------|------|-------------|-------------|-------------|-----------|-----------|
| Support to Education                        | Children covered in Education programme                                                | Nos. | 10,94,000   | 6,57,000    | 4,09,691    | 2,50,000  | 55,000    |
|                                             | Infrastructure support to Government Schools and Anganwadis                            | Nos. | 535         | 640         | 590         | 386       | 440       |
| Skilling of Youth                           | Youth trained under Skilling programme                                                 | Nos. | 17,600      | 15,600      | 12,500      | 14,400    | 11,500    |
|                                             | SC/ST beneficiaries                                                                    | %    | 24          | 26          | 31          | 34        | 29        |
|                                             | Female beneficiaries                                                                   | %    | 49          | 52          | 49          | 46        | 48        |
| Maternal, Child Health and Nutrition (MCHN) | Community members engaged under Maternal, Child Health and Nutrition (MCHN) programme* | Nos. | 17,00,000   | 15,24,000   | 14,61,000   | 6,80,000  | 5,90,000  |
| Waste Management                            | Households cumulatively covered under Waste Management programme*                      | Nos. | 1,63,50,000 | 1,47,00,000 | 1,14,59,000 | 80,00,000 | 61,30,000 |
| Women Empowerment                           | Women cumulatively reached out through MSK interventions (Approx)*                     | Nos. | 60,00,000   | 60,00,000   | 60,00,000   | -         | -         |

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    | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|-------------------------------|--------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| Occupational Health & Safety* | No. of fatalities – Employees                                | Persons | 0       | 0       | 0       | 0       | 0       |
|                               | No. of fatalities – Contractors (Service provider employees) | Persons | 1       | 2       | 0       | 1       | 2       |
|                               | High Consequence Work Related Injury Rate                    | Rate    | 0       | 0       | 0       | 0.0014  | -       |
|                               | High Consequence Work Related Injuries                       | Count   | 0       | 0       | 0       | 1       | -       |
|                               | LTIFR (lost time injuries/1 million hours worked)            |         |         |         |         |         |         |
|                               | - Employees                                                  | Rate    | 0.01    | 0.04    | 0.04    | 0.08    | 0.12    |
|                               | - Contractors (Service provider employees)                   | Rate    | 0.06    | 0.16    | 0.09    | 0.11    | 0.10    |
|                               | Lost Day Rate                                                |         |         |         |         |         |         |
|                               | - Employees                                                  | Rate    | 1.72    | 0.27    | 1.64    | 1.69    | 13.8    |
|                               | - Contractors (Service provider employees)                   | Rate    | 92.00   | 90.50   | 6.75    | 157.00  | 288.50  |

\*Onsite accidents | Note: These data are based on SR 2026 submissions.



# 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 comprised Women Directors as on 31<sup>st</sup> March, 2026.

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 (the Act) and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

The Company has a diversified business portfolio comprising 12 future-ready 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.

## 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 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 and Review Committee

(Chaired by Group Head - Sustainability and CMC Member)

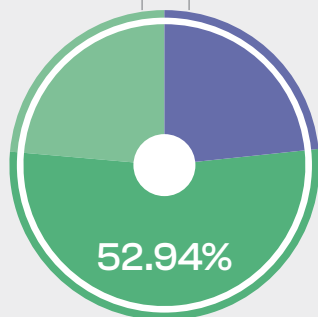
#### Divisional CEOs and Divisional Management Committees

#### Unit Level Responsibility

(Sustainability Coordinators across Divisions)

### Board Composition (Basis Category)

23.53% 23.53%

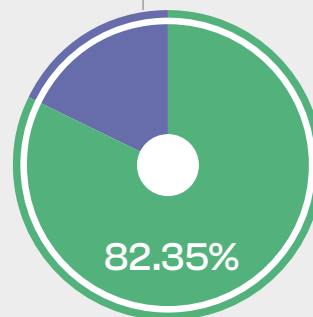


- Executive Directors (4)
- Non-Executive Independent Directors (9)
- Non-Executive Non-Independent Directors (4)

Data as on 31<sup>st</sup> March, 2026

### Board Composition (Basis Gender)

17.65%



- Male Directors (14)
- Female Directors (3)



The CSR and Sustainability Committee of the Board, chaired by the Chairman of the Company, inter alia, 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 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 quarterly report thereon for review by the CMC. 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 employees.

### Chief Sustainability Officer:

The Chief Sustainability Officer (CSO) of the Company is responsible for scanning the external environment for evolving sustainability trends and regulations, monitoring the progress on sustainability targets and facilitating the Businesses & Corporate Functions in implementing the sustainability initiatives. The CSO reports to the Group Head of Sustainability who is also a CMC Member and the Chairman of the SCRC.

The CSO provides progress reportbacks on the Company's sustainability initiatives to the senior leadership of the Company.

## BOARD ACCOUNTABILITY

### 1. Attendance of individual Directors at Board Meetings and at Annual General Meeting (AGM) held during FY 2025-26

| Director       | Number of Board Meetings attended | Attendance at last AGM |
|----------------|-----------------------------------|------------------------|
| S. Puri        | 5 of 5                            | Yes                    |
| S. Dutta       | 5 of 5                            | Yes                    |
| H. Malik       | 5 of 5                            | Yes                    |
| B. Sumant      | 5 of 5                            | Yes                    |
| H. Bhargava    | 5 of 5                            | Yes                    |
| A. M. Bharucha | 5 of 5                            | Yes                    |

| Director                                                    | Number of Board Meetings attended | Attendance at last AGM |
|-------------------------------------------------------------|-----------------------------------|------------------------|
| A. Kant<br>(appointed w.e.f. 1 <sup>st</sup> January, 2026) | 1 of 1                            | N.A.                   |
| C. K. Mishra                                                | 5 of 5                            | Yes                    |
| S. Mohanty                                                  | 5 of 5                            | Yes                    |
| S. Mukherjee                                                | 5 of 5                            | Yes                    |
| A. Nayak                                                    | 5 of 5                            | Yes                    |
| A. Pande                                                    | 4 of 5                            | Yes                    |
| S. Panray                                                   | 5 of 5                            | Yes                    |
| N. Rao                                                      | 5 of 5                            | Yes                    |
| A. K. Seth                                                  | 5 of 5                            | Yes                    |
| A. Singh                                                    | 5 of 5                            | Yes                    |
| P. Subrahmanyam                                             | 5 of 5                            | Yes                    |

### 2. Election process of Directors

In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than six nor more than eighteen. In accordance with the Indian regulations, any change in the Articles of Association of the Company (i.e., by-laws) requires approval of the Shareholders by way of Special Resolution (i.e., resolutions requiring approval of Shareholders holding more than 75% of the voting power).



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; such Shareholders' approval is taken for the Directors individually. 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.

There is no limit on the liabilities of Directors, unless provided by Indian regulatory provisions.

### 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 (including the Managing Director) and Senior Management of the Company.

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

During the year, the Nomination & Compensation Committee adopted a revised Framework for performance evaluation of the Board, Board Committees and Individual Directors. 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

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:

- ensuring that the Company's Vision, Mission and Values (which were revised during the year) continue to be inspirational, purposeful & relevant, and commensurate with ITC's purpose, size and standing,
- securing alignment of the Company's long-term strategic goals with its 'Triple Bottom Line' approach to value creation and the nation's socio-economic & ecological priorities,
- ensuring a clearly defined strategic direction for realisation of the Company's Vision, strategic goals and long-term plans, and
- supporting the Company's management to meet challenges arising from the operating & policy environment in the country.



#### Board Committees

Evaluation of functioning of Board Committees is based on discussions amongst the Committee Members and shared by the respective Committee Chairmen with the Board.



#### Individual Directors

Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. The parameters for performance evaluation of individual Directors, inter alia, include ability to provide thought leadership across the role spectrum, demonstrating strategic perspective and business judgement during Board deliberations, and contribution to Board cohesion, governance & organisational processes. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of the Company, who in turn takes action as considered appropriate.



For FY 2025-26, 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. 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 Act and Regulation 25 of the SEBI Listing Regulations.

## 5. Average tenure of Directors as on 31<sup>st</sup> March, 2026

| Name of the Director | Date of initial appointment on the Board | Tenure (in years) |
|----------------------|------------------------------------------|-------------------|
| S. Puri              | 06/12/2015                               | 10.32             |
| S. Dutta             | 22/07/2022                               | 3.69              |
| H. Malik             | 12/08/2023                               | 2.64              |
| B. Sumant            | 16/11/2018                               | 7.38              |
| H. Bhargava          | 20/12/2021                               | 4.28              |
| A. M. Bharucha       | 12/08/2023                               | 2.64              |
| A. Kant              | 01/01/2026                               | 0.24              |
| C. K. Mishra         | 14/09/2024                               | 1.54              |
| S. Mohanty           | 01/01/2025                               | 1.24              |
| S. Mukherjee         | 11/08/2021                               | 4.64              |
| A. Nayak             | 13/07/2019                               | 6.72              |
| A. Pande             | 27/07/2024                               | 1.68              |

| Name of the Director | Date of initial appointment on the Board | Tenure (in years) |
|----------------------|------------------------------------------|-------------------|
| S. Panray            | 11/08/2021                               | 4.64              |
| N. Rao               | 08/04/2016                               | 9.98              |
| A. K. Seth           | 13/07/2019                               | 6.72              |
| A. Singh             | 02/04/2024                               | 1.99              |
| P. Subrahmanyam      | 02/04/2024                               | 1.99              |
| Average Tenure       |                                          | 4.26              |

## 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 (LIC) as Managing Director (and also as Chairman in-charge) and in different other capacities, especially in marketing, international operations and new business ventures. He has successfully led teams across the financial services spectrum, pioneered innovative marketing campaigns and launched new verticals & businesses.                                                                                                                                |
| 2.      | Mr. S. Mohanty       | Industrials                 | Worked with LIC as Chief Executive Officer & 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 Chief Executive Officer & Managing Director of LIC Housing Finance Limited. |



| Sl. No. | Name of the Director | GICS Level 1 Classification                              | Industry Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|----------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 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, 2026

## 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 objective of enhancing the wealth generating capability of the enterprise in a globalised 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, is considered while 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 may be accessed on its corporate website at <https://www.itcportal.com/remuneration-policy>.

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. The Chairman 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 and the Executive Directors are also eligible for Long Term Incentives, including Stock Options and / or Stock Appreciation Rights, as may be determined by the Nomination & Compensation Committee and / or the Board; such incentives are linked to the overall performance of the individual and 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 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 service rules of the Company read with the statutory provisions apply.

● **Time Vesting:**

As stated above, the Chairman & Managing Director and the Executive Directors of the Company are eligible for Stock Options and 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 2025-26 are given below:**

| Nature of Directorship       | Particulars                                 | Amount<br>(₹ in crores) | Percentage to<br>total remuneration |
|------------------------------|---------------------------------------------|-------------------------|-------------------------------------|
| Chairman & Managing Director | Basic / Consolidated Salary                 | 3.86                    | 14.39%                              |
|                              | Performance-based bonus *                   | 9.55                    | 35.61%                              |
|                              | Performance-based remuneration <sup>#</sup> | 9.63                    | 35.91%                              |
|                              | Others                                      | 3.78                    | 14.09%                              |
|                              | <b>Total</b>                                | <b>26.82</b>            |                                     |
| Executive Directors (3 Nos.) | Basic / Consolidated Salary                 | 5.84                    | 18.69%                              |
|                              | Performance-based bonus *                   | 9.50                    | 30.41%                              |
|                              | Performance-based remuneration <sup>#</sup> | 11.42                   | 36.53%                              |
|                              | Others                                      | 4.49                    | 14.38%                              |
|                              | <b>Total</b>                                | <b>31.26</b>            |                                     |

Data as on 31<sup>st</sup> March, 2026

\* 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 overall performance of the individual and the Company, including performance against 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, 2026 are given below:

| Director                     | Multiple of Base Salary |
|------------------------------|-------------------------|
| S. Puri                      | 2.24                    |
| Average (other than S. Puri) | 11.03                   |



## Code of Conduct and Whistleblowing Mechanism – Systems and Processes

### Dedicated department(s) and / or person(s) responsible for the whistleblowing mechanism

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.

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 <https://www.itcportal.com/whistleblower-policy>.

### Whistleblowers are allowed to submit reports anonymously

Anonymous complaints are entertained if the same are backed by specific allegations & verifiable facts, and are accompanied with supporting evidence.

### Details of reports received are kept confidential

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.

### Zero tolerance policy for retaliation

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.

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.



### Provision of training on the use of reporting channel

The ITC Code of Conduct is shared with all new employees at the time of joining the Company and a copy thereof is signed by them affirming compliance with the Code. In addition, all Directors and Senior Management affirm compliance with the Code on an annual basis. Further, the Code is also shared with the existing employees on a half yearly basis and their affirmation is taken to reinforce the Code and ensure its Company-wide implementation.

The Head of Human Resources of the respective Business / Head of Corporate Human Resources, as applicable, has been authorised 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 <https://itcportal.com/about-itc/code-of-conduct.html>.

### Disclosure on the process for investigating the reported breaches

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.

For the purpose of conducting an investigation, the Whistleblower Complaints Committee is authorised to:

- seek any information it requires from any employee, who shall cooperate with any such request made by the Committee;
- seek assistance from any employee for conduct of investigation, as may be considered appropriate;
- obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary;
- call for such documents and representations, as may be deemed fit.

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 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.

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.



**Disciplinary actions in case of breach, i.e., warning, dismissal, zero tolerance policy**

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.

Further, Directors and 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.

**Compliance system of the Company**

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 & 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.

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.



## 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 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, all Suppliers and Service Providers of the Company are required:

- (i) 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;
- (ii) to disclose any such situation of conflict of interest, including involvement or interest of any employee of the Company or his / her immediate family members in their business;

- (iii) not to indulge in any form of bribery or corruption that is intended to induce or reward improper conduct or influence any decision; and

- (iv) endeavour to have a policy pertaining to anti-corruption and anti-bribery.

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           | 2025-26   | 2024-25   | 2023-24   | 2022-23   | 2021-22   |
|--------------------|-----------------------------------------------------------------------------|----------------|-----------|-----------|-----------|-----------|-----------|
| Board of Directors | <b>Total number of Directors on the Board (as on 31<sup>st</sup> March)</b> | <b>Persons</b> | <b>17</b> | <b>16</b> | <b>16</b> | <b>16</b> | <b>16</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        | 9         | 8         | 9         | 8         | 8         |
|                    | Other Non-Executive Directors (as on 31 <sup>st</sup> March)                | Persons        | 4         | 4         | 3         | 4         | 4         |
|                    | Number of Women Directors (as on 31 <sup>st</sup> March)                    | Persons        | 3         | 3         | 3         | 2         | 2         |
|                    | Average tenure of Directors on the Board (as on 31 <sup>st</sup> March)     | No. of years   | 4.26      | 3.51      | 4.69      | 4.91      | 4.39      |
|                    | Number of Board Meetings held                                               | Nos.           | 5         | 6         | 6         | 6         | 6         |
|                    | Average attendance at Board Meetings                                        | %              | 98.75     | 96.18     | 97.05     | 97.85     | 98.81     |



| Focus Area                  | Sub Category                                                                                                                                                                                                                                                     | Unit | 2025-26         | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|---------|---------|---------|---------|
| Board of Directors (Contd.) | Minimum Board Meeting attendance requirements 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. | 0               | 2       | 1       | 0       | 0       |
|                             | Number of Non-Executive Directors (including Independent Directors) with 4 or less mandates (as on 31 <sup>st</sup> March) <sup>2</sup>                                                                                                                          | Nos. | 12 <sup>@</sup> | 11      | 10      | 11      | 12      |
|                             | % of Non-Executive Directors with 4 or less mandates, as stated above, against the total number of Non-Executive Directors                                                                                                                                       | %    | 92.31           | 91.67   | 83.33   | 91.67   | 100     |
|                             | 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                                                                                                                                                                     | Nos. | 6               | 6       | 6       | 8       | 8       |
|                             | (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) |      |                 |         |         |         |         |
|                             | % of Non-Executive Directors with industry experience, as stated above, against the total number of Non-Executive Directors                                                                                                                                      | %    | 46.15           | 50      | 50      | 66.67   | 66.67   |
| Code of Conduct             | Communicated to employees                                                                                                                                                                                                                                        | %    | 100             | 100     | 100     | 100     | 100     |
|                             | Written acknowledgement from employees                                                                                                                                                                                                                           | %    | 100             | 100     | 100     | 100     | -       |
|                             | Training provided to employees on Code of Conduct                                                                                                                                                                                                                | %    | 100             | 100     | 100     | 100     | -       |
| Remuneration related        | ITC shares held by the CMD as a multiple to his base salary <sup>4</sup>                                                                                                                                                                                         | No.  | 2.24            | 5.24    | 3.84    | 8.05    | 2.81    |



| Focus Area            | Sub Category                                                              | Unit | 2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 |
|-----------------------|---------------------------------------------------------------------------|------|---------|---------|---------|---------|---------|
| Reporting on breaches | Corruption or bribery cases                                               | No.  | 0       | 0       | 0       | 0       | 0       |
|                       | Discrimination or harassment cases                                        | No.  | 5 ^     | 4 ^     | 5 ^     | 1 ^     | 2 ^     |
|                       | Customer privacy data                                                     | No.  | 0       | 0       | 0       | 0       | 0       |
|                       | Conflicts of interest                                                     | No.  | 0       | 0       | 0       | 0       | 0       |
|                       | Money laundering or insider trading                                       | No.  | 2 *     | 1 *     | 6 *     | 6 *     | 4 *     |
|                       | Whistleblower Complaints                                                  | No.  | 23 #    | 24 #    | 5 #     | -       | -       |
|                       | Total number of information security breaches                             | No.  | 0       | 0       | 0       | -       | -       |
|                       | Total number of clients, customers and employees affected by the breaches | No.  | 0       | 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 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 listed public limited companies.

<sup>3</sup>Restrictions as stated in the SEBI Listing Regulations 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.

@Mr. H. Bhargava, Mr. A. Kant, 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, Mr. A. Singh and Ms. P. Subrahmanyam.

<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 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 2025-26, the Company received 23 complaints in terms of the Whistleblower Policy, of which investigation in respect of 17 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

#### 1 Identification of ESG Topics

##### Identifying ESG issues based on:

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

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

#### 2 Engage Stakeholders for Assessing Impact & Financial Materiality

##### Impact Materiality

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

##### Financial Materiality

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

#### 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.

#### 4 Strategise, Disclose & Assure

##### Integration of Material ESG topics with:

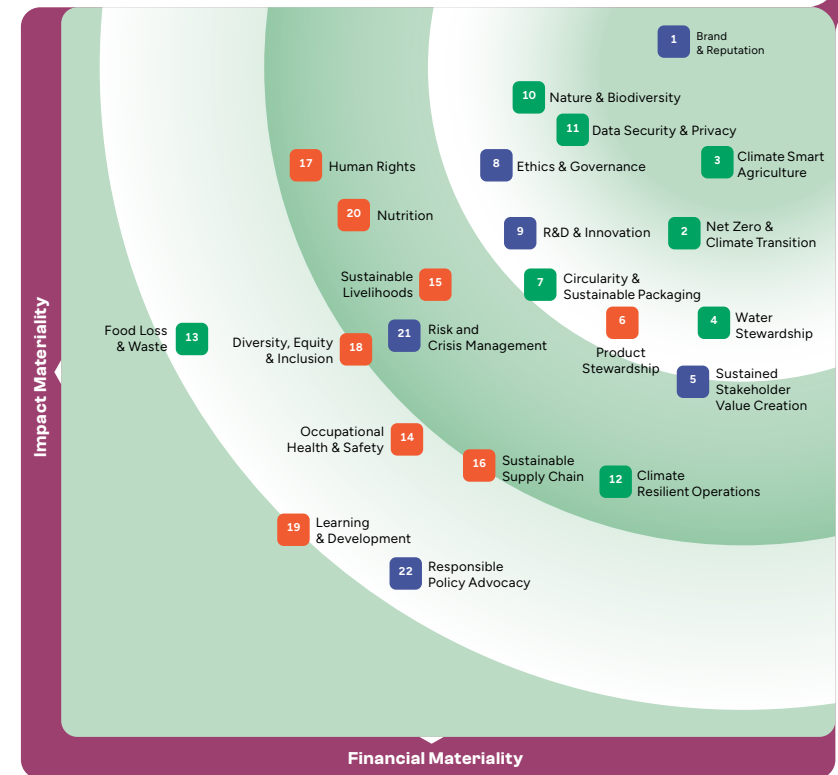
- ITC's Sustainability 2.0 Strategy & Goals
- Enterprise Risk Management System
- Annual sustainability disclosures including third-party assurance

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.

#### 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.



**Governance**

**Environment**

**Social**



**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 2026](#) – Chapters: 'Stakeholder Engagement' (pages 23 to 29), and 'Material Issues' (pages 30 to 35).**

- **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 59-67.

- **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 2026 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 2026](#) in the 'Independent External Assurance' section (pages 293 to 310).

- **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 environmental material issues are provided below:

|                              | Material Issue 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Material Issue 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Material Issue 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Risk or Opportunity | <b>Impact of Climate Change on Operations and Agricultural Value Chains</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Water Stress impacting water security for operations including agricultural value chains.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Plastic Waste Pollution &amp; Sustainable Packaging</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                              | Category: <b>Climate Transition &amp; Physical Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Category: <b>Water</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Category: <b>Waste &amp; pollutants</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Business Case                | 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 FY 2025-26, ITC processed approximately 3.4 million tonnes of raw materials, of which 87% were 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. | 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. 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. | 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 as sustainable packaging will become increasingly more important over time. |
|                              | <b>Type of impact:</b> Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Type of impact:</b> Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Type of impact:</b> Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



|                     | Material Issue 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Material Issue 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Material Issue 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business strategies | <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 to evaluate their value chain footprint.</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>ITC follows an integrated circularity and sustainable-packaging strategy centred on reducing virgin material use, redesigning packaging, increasing recycled and renewable content, improving recyclability, and scaling post-consumer waste management. The Company has strengthened its 2030 commitments to use 60% recycled plastic in rigid packaging and 20% in flexible packaging (where permitted), avoid 50,000 MT of virgin plastic, ensure at least 60% of packaging is made from recycled or renewable materials, sustainably manage 100% of plastic-packaging waste, recycle at least 60% of plastic waste collected, and reach 20 million households through source-segregation-focused waste-management initiatives. ITC retained its plastic-neutral status for the fifth consecutive year in FY 2025-26. During the year, ITC, through its various partners, collected and sustainably managed over 72,500 tonnes of plastic waste, of which 43% was channelised for recycling, while the remainder was sent for energy recovery. ITC's source-segregation-focused solid-waste-management initiatives have reached 16.35 million households, instilling behavioural change through door-to-door awareness campaigns to ensure segregation of waste at source. Additionally, ITC leverages its brands to raise consumer awareness of 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 4 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.</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 75 million kl water storage potential).</li> </ul> | <p>ITC's strengthened 2030 circularity goals include:</p> <ul style="list-style-type: none"> <li>Use 60% recycled plastic in rigid packaging and 20% in flexible packaging, where permitted.</li> <li>Avoid 50,000 MT of virgin plastic against the FY 2021-22 baseline</li> <li>Ensure at least 60% of packaging is made from recycled or renewable materials</li> <li>Sustainably manage 100% of plastic-packaging waste and recycle at least 60% of plastic waste collected</li> <li>Reach 20 million households through source-segregation-focused solid-waste-management initiatives</li> </ul> |



|                                                                  | Material Issue 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Material Issue 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Material Issue 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target Year                                                      | 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2035                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Progress: The Company discloses the progress on targets/metrics. | <p><b>Progress on target specified:</b></p> <p>In FY 2025-26,</p> <ol style="list-style-type: none"> <li>ITC achieved a 53% reduction in specific Scope 1 and 2 GHG-emissions intensity and a 42% reduction in specific energy consumption against the FY 2018-19 baseline, surpassing its 2030 targets of 50% and 30%, respectively.</li> <li>Against the target of 50% of Total Energy Consumed from Renewable Sources, 51% was achieved</li> <li>56% of Total Electrical Energy (Grid Purchased) from Renewable Sources</li> <li>Cumulatively, 1.48 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</li> </ol> | <p><b>Progress on target specified:</b></p> <p>In FY 2025-26,</p> <ol style="list-style-type: none"> <li>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 43% .</li> <li>There is 6 times - Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations.</li> <li>1,520 million kl of Potential Water Usage Saved</li> <li>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.</li> <li>Cumulatively 1.98 million acres of Watershed Area, 38,540 Water Harvesting Structures (Nos) and 66.31 Storage Potential million kl have been created/ developed.</li> </ol> | <p><b>Progress on target specified:</b></p> <p>In FY 2025-26:</p> <ol style="list-style-type: none"> <li>35.5% recycled plastic was used in rigid packaging and 4.5% in flexible packaging, where permitted;</li> <li>12,000 MT of virgin plastic was avoided cumulatively;</li> <li>71% of packaging was made from recycled or renewable materials;</li> <li>100% of plastic-packaging waste was sustainably managed and 43% was recycled;</li> <li>16.35 million households were reached through source-segregation-focused waste-management initiatives.</li> <li>ITC sustained plastic neutrality for the fifth consecutive year.</li> </ol> |



|                               | Material Issue 1                                                                                                                                                                                                                                                                                                                                                                                                                                              | Material Issue 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Material Issue 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Executive Compensation</b> | <b>Target/metric linked to executive compensation</b><br><br>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><br><br>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><br><br>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 % recycled plastic in rigid, flexible packaging; virgin plastic avoided (MT); % Plastic Packaging Waste Sustainably Managed; % Plastic Packaging Waste Recycled; % packaging made from recycled or renewable materials; 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                                                                                                                                                                                                           |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Issue for External Stakeholders          | <b>Water</b><br><br>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><br><br>Plastic waste pollution as a result of plastic packaging waste thereby impacting the environment, and health of communities.                                                  |
| Cause of the Impact                               | <b>Business value chain:</b> <ul style="list-style-type: none"> <li>- Operations</li> <li>- Supply Chain</li> </ul><br>Business activity coverage: More than 50% of business activity | <b>Business value chain:</b> <ul style="list-style-type: none"> <li>- Operations</li> <li>- Products/Services</li> <li>- Supply Chain</li> </ul><br>Business activity coverage: More than 50% of business activity |
| External Stakeholder(s)/ Impact Area(s) Evaluated | <ul style="list-style-type: none"> <li>- Environment</li> <li>- Society</li> </ul>                                                                                                    | <ul style="list-style-type: none"> <li>- Environment</li> <li>- Society</li> <li>- Consumers/end-users</li> </ul>                                                                                                  |



|                                          | Impact 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Impact 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Topic relevance on external stakeholders | <b>Materiality of externalized impact on stakeholders assessed.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Materiality of externalized impact on stakeholders assessed.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                          | <p>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.</p> <p>Therefore, nearby communities and farmers are impacted by water stress in the catchment of ITC's operations and value chain.</p> | <p>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.</p> <p>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.</p> |
|                                          | <b>Type of impact:</b> Both positive and negative impacts are assessed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <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                                                                                                                                                          |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Issue for External Stakeholders | <b>Water</b><br><br>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><br><br>Plastic waste pollution as a result of plastic packaging waste thereby impacting the environment, and health of communities. |
| Output Metric                            | <b>Quantitative output metric/s linked to material issue</b><br><br>Watershed Area & Water Harvesting Structures                                | <b>Quantitative output metric/s linked to material issue</b><br><br>Households trained on source segregation                                                      |
| Impact Valuation                         | <b>Impact valuation conducted:</b> Environmental value lost/ gained                                                                             | <b>Impact valuation conducted:</b> Environmental value lost/ gained                                                                                               |
| Impact Metric                            | <b>Quantitative impact metric linked to material issue</b><br><br>Water Storage Potential created (Million KL)                                  | <b>Quantitative impact metric linked to material issue.</b><br><br>% 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 (who is also 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.

The Audit Committee reviews the effectiveness of your Company's internal control environment, including internal financial controls and risk management systems, and monitors the implementation of action plans arising from significant Internal Audit findings.

During the year, the Risk Management Committee and the Audit Committee reviewed the status and effectiveness of the risk management framework, systems and policies, and considered them to be adequate.

### **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, the 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 are 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 cyberattacks 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                                                                                                                                                 |
| 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. The Company's corporate and brand reputation may also be negatively impacted if it is perceived that the Company's operations / products & services are not aligned with market / industry standards or regulatory guidelines. | 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 due to geopolitical developments, including regional conflicts, evolving energy dynamics, and tariff-led trade measures.                                                                                                                                                                                                                                                                                                                                              | Sustained Stakeholder Value Creation, Responsible Advocacy                                                                                                                                                                                                         |



| Sl. No | Risk Tolerance Level | Risk                           | Risk Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Material Issues                                                                                                    |
|--------|----------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| 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  | Difficulty in complying with current or future regulation on plastic packaging and/or difficulty in meeting 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, the 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 FY 2025-26

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 | % of attendance |
|---------|---------------------------------|--------------------|----------------|-----------------|
| 1       | 27 <sup>th</sup> August, 2025   | 6                  | 6              | 100%            |
| 2       | 14 <sup>th</sup> February, 2025 | 6                  | 6              | 100%            |
| 3       | 24 <sup>th</sup> March, 2026    | 6                  | 6              | 100%            |

### Attendance at Risk Management Committee Meetings

| Member             | No. of Meetings attended |
|--------------------|--------------------------|
| S. Puri (Chairman) | 3                        |
| H. Bhargava        | 3                        |
| S. Dutta           | 3                        |
| H. Malik           | 3                        |
| B. Sumant          | 3                        |
| S. Sivakumar       | 3                        |

### 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 / legislations & 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. During the year, the Directors of the Company attended a 'Strategy Session', spread over two days, where the global & Indian macro-economic environment, the 'ITC Next' strategy of building a future-ready portfolio and the Company's digital initiatives, amongst others, were discussed / reviewed.

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, besides the registered office. Visits to Company facilities are also separately organised for

Familiarisation Programmes organised by the Company during the financial year 2026-27 and cumulative from 1<sup>st</sup> April 2015 up to 20<sup>th</sup> May 2026

| Particulars                                                                                           | During the financial year 2026-27 | Cumulative from 1st April, 2015 up to 20th May, 2026 |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|
| Number of familiarisation programmes organised by the Company, including visits to Company facilities | 2                                 | 84                                                   |
| Time spent by the Independent Directors in such programmes in the aggregate                           | > 17 man hours                    | > 671 man hours                                      |



**Reference:** [Familiarisation Programme for Directors](#)

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 relating to key emerging risks, particularly geopolitical, cybersecurity and sustainability 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 reviewing and testing of Business Continuity Plans (BCPs), effectiveness of treasury policies and statutory compliances.

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.**

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

A Divisional Risk & Audit Meet is conducted annually by the Corporate Risk Management Cell, bringing together Divisional Risk Officers (DROs), Audit Managers, and Risk Custodians from various Businesses to discuss key developments in the areas of risk management and internal audit. During FY 2025-26, the meet was held on 27<sup>th</sup> and 28<sup>th</sup> October 2025 and included discussions on insights from global risk surveys along with their relevance to the Company's business risk landscape. The Chief Risk Officer (CRO) conducted a session on Key Risk Indicators (KRIs), highlighting their role in proactively identifying, monitoring, and mitigating risks. The meet also provided a platform for experience sharing by DROs, facilitating cross-pollination of best practices across Businesses. Knowledge-sharing sessions covered Data Analytics and audit softwares, Business Continuity Planning (BCP), Information Risk Assessment (IRA) and developments of Key performance Indicator (KPI) for Continuous Auditing and Continuous Monitoring (CACM) and emphasising the strengthening of risk-based audit. In addition, key aspects of Exposure Drafts on Internal Audit Standards issued by The Institute of Chartered Accountants of India (ICAI) were also reviewed to enhance awareness of evolving expectations and best practices. 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.



### 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. Systems 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, 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 and retainment 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 refer [ITC's Remuneration Policy](#).

### 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<br>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 due to geopolitical developments, including regional conflicts, evolving energy dynamics, and tariff-led trade measures. |



|                           | Emerging Risk 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Emerging Risk 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 cyberattacks, 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>● Unauthorised access to / compromise of, sensitive or personal information, potentially eroding stakeholder trust and confidence;</li> <li>● Loss or inaccessibility of data, affecting operational continuity, service delivery, and reliability of information;</li> <li>● Regulatory non-compliance leading to legal actions;</li> <li>● Reputational damage and associated financial loss.</li> </ul>                                                                                                    | <ul style="list-style-type: none"> <li>● In a globalised environment, geopolitical and geoeconomical developments may lead to fluctuations in demand for the Company's products and services, inflationary pressures, supply chain disruptions, and volatility in interest, exchange rates &amp; commodity prices. These could also cause disruptions in global supply chains, and escalation in logistics &amp; ocean freight costs;</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 profitability;</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> |
| <b>Mitigating actions</b> | <ul style="list-style-type: none"> <li>● A comprehensive Information Security Policy governs the full lifecycle of information assets, with defined controls over access management, data storage, incident response, and recovery, and is periodically reviewed to align with evolving standards and best practices;</li> <li>● Dedicated security team under the leadership of Chief Information Security Officer (CISO) in place to continuously monitor the cyber risk and threat landscape; prioritise initiatives to strengthen the organisation's cyber resilience;</li> <li>● Identification of critical IT systems and information assets, robust IT Continuity and Disaster Recovery Plans, validated through periodic review and testing;</li> <li>● Robust Data Loss Prevention (DLP) framework incorporating encryption, access controls, and continuous monitoring to safeguard sensitive information from unauthorised access, breach, or loss;</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> </ul>                                                                                                                                                                                                                                 |



|  | Emerging Risk 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Emerging Risk 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"> <li>Secure and close monitoring of network access through the deployment of contemporary technologies; reduce vulnerabilities and potential attack surface within the network by adopting Principles of Least Privilege (PoLP) and Zero Trust architecture;</li> <li>A centralised, next generation Security Operations Centre (SOC) enables 24x7 threat monitoring and coordinated incident response across IT-OT environments, delivering enterprise wide visibility through AI driven analytics, automation, and advanced endpoint detection &amp; response capabilities;</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>Standardised IT-OT security framework across manufacturing operations, enabled by defined integration guidelines, real time visibility of shopfloor assets, specialised OT security monitoring, and early threat detection &amp; response via a Continuous Threat Detection and Response (CTDR) platform aligned to ISO 62443 and the NIST ICS framework;</li> <li>ISO 27001 certification of the Company's data centres providing independent third party assurance on the effectiveness of the Information Security Management System (ISMS);</li> <li>Periodic Vulnerability Assessment and Penetration Testing (VAPT) of all internet facing applications, independent IT and IT-OT cybersecurity maturity assessments, and targeted red-team exercises conducted by external specialists;</li> <li>Cybersecurity awareness campaigns and training for all users across the organisation; phishing simulations at regular intervals to enhance employees' ability to recognize such threats and reduce the risk of breaches;</li> <li>A Data Privacy Task Force has been formed to develop policies, select compliance tools, define accountability structures, and oversee enterprise-wide adherence to privacy obligations;</li> <li>Enterprise AI adoption governed by a secure AI framework, encompassing approved GenAI platforms, mandatory pre deployment assessments, robust data and access controls, ethical standards, and continuous user training to ensure responsible &amp; compliant use.</li> </ul> | <ul style="list-style-type: none"> <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 supply contracts, pipeline inventory management, and structured hedging arrangements to effectively mitigate the volatility associated with commodity prices. In addition, also invest in technology to enable flexibility in the use of alternative fuels.</li> </ul> |



# Information Security

## 1. 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.

For more details on the role of the Risk Management Committee.



Refer Page 23 of [ITC's Annual Report and Accounts 2026](#).

### Composition

The Risk Management Committee presently comprises the Chairman of the Company, the 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. For more details on the names of the members of the Risk Management Committee, including its Chairman, refer Page 23 of [ITC's Annual Report and Accounts 2026](#).

### Meetings and Attendance during the financial year 2025-26

#### Details of Risk Management Committee Meetings

Three meetings of the Risk Management Committee were held in FY 2025-26. For details on attendance at Risk Management Committee Meetings, refer Page 23 of [ITC's Report and Accounts 2026](#).

#### Board member with information security background

Supratim Dutta (58), DIN: 01804345, was appointed as a Wholtime Director on the Board of ITC effective July 22, 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 as well as for the Investment Subsidiaries of the Company.



For more details, refer 'to Page 3 of [ITC's Report and Accounts 2026](#).

### 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.

### Chief Financial Officer (CFO)

Supratim Dutta (58), DIN: 01804345, was appointed as a Wholetime Director on the Board of ITC effective July 22, 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 for the Investment Subsidiaries of the Company. For more details, refer to Page 3 of [ITC's Report and Accounts 2026](#).

### 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.

## 2. 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. Last year, the IM Policy underwent 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 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. External authorities as mandated by applicable regulations are notified within stipulated time. 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.

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



### 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 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.

## 3. 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, simulated phishing emails 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 FY 2025-26:

**Zero**



# Responsible Artificial Intelligence

## Responsible Artificial Intelligence Policy

The Company has established Guidelines for Adoption of Artificial Intelligence (AI) under its [Information Management Policy](#), incorporating key principles of responsible AI and covering the following aspects:

The Guidelines covers the following foundational Principles and Approach to enable adoption of AI in the Company in a secure, lawful and ethical manner:

| Sl. No | Key Aspects                                                                                                                                                                                            | ITC's Principles and Approach                                                                                                                                                                                                                                           |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Respecting data privacy in the use and/or development of AI                                                                                                                                            | Robust data protection to safeguard the Company sensitive data through encryption and access controls, secure model development / monitoring processes, audit trails, and accountability.                                                                               |
| 2      | Protecting the cybersecurity of systems in the use and/or development of AI                                                                                                                            |                                                                                                                                                                                                                                                                         |
| 3      | Avoiding potential bias in the use and/or development of AI                                                                                                                                            | Use of representative datasets and AI models free of algorithmic biases to mitigate skewed decision making. Avoidance of AI bias by ensuring data quality, diverse training data, periodic reviews and involvement of multidisciplinary teams in development of models. |
| 4      | Keeping humans "in the loop" for critical decisions and allowing human intervention                                                                                                                    | Ensure fairness, accountability, transparency, privacy, security and human oversight to develop and/or deploy ethical and responsible AI systems. Authorized personnel may intervene, override, suspend or escalate AI-generated outputs where necessary.               |
| 5      | Ensuring transparency of AI systems and explainability of AI generated results/decisions                                                                                                               | Ensure explainability with evidence how the AI systems are making inferences and decisions or avoiding risk of diminished public trust, revenue losses, and regulatory penalties.                                                                                       |
| 6      | Establishing clear accountability for outcomes produced by AI models/tools                                                                                                                             | Defined roles and responsibilities for the IT Strategy Committee, AI Centre of Excellence Business Owners of AI systems, IT Support Teams, End Users and Legal.                                                                                                         |
| 7      | Defining clear boundaries for what the AI can and cannot do                                                                                                                                            | Use of AI, via platforms, tools, and software, consistent with ITC Code of Conduct, and Acceptable Usage Policy.                                                                                                                                                        |
| 8      | Requiring (own/third-party) AI data centers/models to have a low ecological footprint                                                                                                                  | Use of AI platforms, services and applications, in accordance with applicable regulations and contractual binding for the AI service providers.                                                                                                                         |
| 9      | Not using/deploying AI systems that engage in manipulative behavior, exploitation of vulnerabilities, social scoring or unauthorized biometric surveillance (i.e. prohibited systems as per EU AI Act) | Established governance model that ensures that all transactions, approvals, changes, and model driven insights operate within the boundaries of local, national and industry regulations.                                                                               |



| Sl. No | Key Aspects            | ITC's Principles and Approach                                                                                                                                                 |
|--------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10     | Data Quality           | Quality data that ensures visibility into data drift, data poisoning, data validity and fit, while making sure legal justifications are in place to use and process the data. |
| 11     | Monitoring & Reporting | Ability to document key workflows, processes, and procedures, and generate real-time, continuous monitoring, notifications, and reporting of all actions.                     |

### Policy endorsement and Responsibility

The [Information Management Policy](#) is approved by the **Corporate Management Committee**. The Company has established Guidelines for Adoption of Artificial Intelligence (AI) under its Information Management Policy, incorporating key principles of responsible AI and covering the afore-mentioned aspects. The Guidelines Document is approved by the Chief Digital and Information Officer.

It shall be the responsibility of the various officers of the Company, occupying positions between the Unit Head and the Divisional Chief Executive, to monitor compliances with the Information Management Policy in their area of operations. It shall be the overall responsibility of the Divisional Chief Executive to ensure, through the Unit Head, that the stated responsibilities are being discharged.

### Responsible Artificial Intelligence Program

The Company has programs on responsible artificial intelligence (AI). The responsible AI program contains the following elements:

#### 1. Limiting access to sensitive AI capabilities (e.g. facial recognition, surveillance)

ITC adopts a risk-based approach to AI governance, with access to AI tools and capabilities governed through role-based access controls, approved user authorisations, privileged access management mechanisms and defined approval workflows. Access to sensitive AI functionalities is restricted to authorised personnel based on business requirements and risk considerations. The Company's AI Governance framework further ensures that the deployment and use of AI solutions, including associated transactions, approvals, system changes and model-driven insights, are subject to appropriate oversight and operate in compliance with applicable legal, regulatory and industry requirements.

#### 2. Distinct labeling of AI-generated content and outcomes of AI-driven decisions

All content generated using AI is clearly identified on any external facing content.

#### 3. Mechanisms to detect and correct drift or degradation of AI models over time

Data Quality ensures visibility into data drift, data poisoning, data validity and fit, while making sure legal justifications are in place to use and process the data.

#### 4. Regular assessments of deployed AI models for fairness/bias

Use of representative datasets and AI models free of algorithmic biases mitigate skewed decision making, ensures fairness. Review of all content generated by AI tools ensures that it is accurate, free of bias, and does not contain any harmful, illegal, or inappropriate information.

#### 5. Initiatives (own/with suppliers) to lower the ecological footprint of AI data centers/ models

Any use of AI, via platforms, tools, and software, is consistent with ITC Code of Conduct and Acceptable Usage Policy. The Company is committed to best practices in environmental matters arising out of its business activities.

ITC engages, where relevant, with AI-related vendors and service providers that maintain relevant sustainability policies and encourages them to adopt responsible



environmental practices across the digital value chain.

The Code of Conduct for the Service Providers mandates compliance with applicable laws and endeavour to adopt resource efficient practices along with environment-friendly technologies, and alignment to Company's Policy on Resource Efficiency concerning the protection of the environment.

## 6. Appeals process for users/affected third parties to contest an AI decision or outcome

Not applicable as ITC Limited is not in nature of Business.

## 7. Quantification of the impact of AI initiatives/tools on sustainability outcomes

The Company is a pioneer in the green buildings movement in India, with 17 buildings having achieved Platinum certification by Indian Green Building Council (IGBC) / LEED® framework by US Green Building Council (USGBC). This includes several flagship facilities, notably ITC Sankhya, Bengaluru – the world's first data centre to receive LEED Platinum® certification. These green infrastructures are driving significant reductions in energy consumption, operational emissions and life-cycle impacts, while enhancing resilience and occupant well-being across the Company.

The Company promotes the responsible and efficient deployment of AI through its enterprise AI governance framework and digital infrastructure management practices. ITC recognises the environmental implications associated with the increasing adoption of AI, particularly in relation to energy consumption and digital infrastructure. As a part of Industry 4.0 initiative, various technological innovations are being implemented.

### Key highlights are presented below:

- 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 Artificial Intelligence and Machine Learning data analytics. This was the backbone for adoption of advance technologies like deployment of AI Agents and digital twins.
- Digital Factory Operating System (Df-OS) is a platform developed to centralize operations and enable seamless cross-functional collaboration, creating a single source of truth for factory data.
- Integrated Operations Management System (IOMS) has been developed to digitize and standardize critical manufacturing parameters.
- Induction of contemporary technologies and continuous improvement across Businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability.

For further details, refer [ITC Report and Accounts 2026](#): Section- Annexure to the Report of the Board of Directors: INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS- Page 125.

As part of its AI deployment approach, ITC gives due consideration to sustainability aspects while engaging AI-related vendors and service providers, encouraging the adoption of practices.

## 8. Training of employees on the ethical use and/or security of AI.

Focused training program for employees on adoption of AI platforms, services and applications in accordance with defined policies and procedures.

### The Company conducts the following verification:

All third-party AI solutions undergo a structured evaluation process prior to adoption, which includes an assessment of data security, technical capabilities and other relevant considerations to ensure responsible and effective deployment.

IT Strategy Committee, on recommendation from AI Centre of Excellence publishes the approved list of AI platforms / applications / tools on a periodic basis for usage for business purpose.



# 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 | FY 2025-26 | Target for 2025-26 |
|-------------------------------------------------------------------------------|------------|------------|------------|------------|------------|--------------------|
| % of total customers using company's online services solutions/sales platform | 99%        | 99.6%      | 99.9%      | 100%       | 100%       | 100%               |
| % of revenues generated online (e.g. through direct sales, advertising, etc.) | 6.7%       | 9%         | 8.5%       | 9.8%       | 11.1%      | 11.1%              |

## Customer Relations Management

The Company has a program in place to manage and improve customer relations

The customer relationship management program contains the following elements:

### 1. Channels that customers can use to request support and give feedback through AI-based chatbot, Online form submission or direct email contact and dedicated phone line:

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)

Customers can also raise their grievances via Brand-specific websites.

<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)



Various tech-enabled avenues have been deployed for customers to consistently receive feedback, ideas and concerns, and to respond in a timely and effective manner. The team continues to place customer centricity at the core, while equitably addressing the expectations and experiences of all key stakeholders. Standard Operating Procedures (SOPs) and policies are designed and implemented through a balanced stakeholder lens, resulting in improved customer and employee experiences and strengthened accountability across the organisation.

Rapidly evolving consumer needs are continuously monitored through social listening, in-depth immersions, and structured feedback mechanisms. The insights generated are synthesised and translated into actionable improvements across products, services, processes, and policies. A few key initiatives that demonstrate the above are:

- **Voice of Customer (VOC):** Customer feedback across product, packaging, environment, and quality is addressed with brand teams, while emerging themes are escalated as Voice of Customer (VOC) inputs for wider action. A structured performance framework incentivises KAIZEN (ideation initiatives), quality outcomes, and value-added contributions, fostering a culture of continuous improvement and stakeholder ownership.
- **Enhanced Digital & AI-Driven Capabilities for Stakeholder Experience:** The Company has strengthened its stakeholder engagement through investments in digital and AI-enabled capabilities. AI-embedded enhancements to the CRM platform improve customer care efficiency by reducing manual errors, enabling contextual handling, and ensuring faster, consistent responses.

- **AI-powered Knowledge Base:** A dedicated AI-powered Knowledge Base has been established within the CRM and is regularly updated with structured knowledge articles. Its AI-enabled search surfaces precise, context-relevant responses, strengthening frontline decision support and slated for further enhancement and expansion.
- **AI-enabled Quality Management System (QMS)/ Auto-QA solution:** The Company has deployed an AI-enabled QMS/Auto-QA solution to audit text-based customer interactions across channels, including email and social media. This has elevated the Training and Quality function as a second line of defence, enabling deeper analysis, targeted coaching, and continuous improvement.
- Additionally, the Company has initiated a transition to an advanced, AI-enabled social listening platform, offering sharper intelligence through improved noise reduction and filtering of non-actionable conversations. This is designed to enhance operational efficiency while reducing cognitive load and fatigue for social media handling associates operating in high-volume, real-time environments.

The Company facilitates feedback through in-person engagement mechanisms, which are currently accessible only to ITC employees.

## 2. Process to incorporate customer feedback into product and service development:

A well-established system enables consumers to engage with the Company through multiple channels, including email, telephone, website, social media, and feedback forms. Dedicated consumer response cells within Businesses address queries and feedback, integrate into design as applicable and wherever

possible and support continuous improvement of products and services. 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.

## 3. Customer service improvement mechanisms for disabled or elderly customers:

ITC's Personal Care Business incorporated Braille labelling on products to enhance accessibility and consumer experience through inclusive packaging design. Savlon Antiseptic Liquid features Braille-enabled labels that help visually impaired consumers independently identify the product, supporting safer first-aid usage, greater self-reliance, and improved day-to-day usability.

Building on this initiative, the Division has extended Braille to Savlon Handwash bottles, Savlon Germ Protection Wipes, and key variants of Fama Shower Gel bottles. By incorporating accessibility features



into packaging, the Division aims to enhance product usability for differently abled consumers while fostering a more inclusive consumer experience. This initiative reflects the Division's commitment to consumer-centric innovation, responsible design and enhanced, product accessibility to a broader spectrum of users.

#### 4. Complaint handling and resolution process, including:

- 1. Confirmation to the customer that the complaint has been received:** An automated acknowledgement is sent to the customer through the CRM platform (Zendesk) immediately upon receipt of a complaint on the support email ID and subsequent ticket creation. The acknowledgement shared with the customer is as follows: "Your request {ticket id} is being reviewed". For Social media platforms, the acknowledgement is posted directly on the platform where the analyst has come across the post or mention.
- 2. Transparency on timelines for complaint resolution:** Timelines have been defined for each stage of the complaint resolution process and are communicated to customers. Resolution timelines typically range between 24 and 48 hours, depending on the nature and complexity of the complaint, including product-related and service-related concerns.

- 3. Independent external verification of the complaint handling process:** The Company engages an independent research agency, IPSOS, once every three years to conduct the 'Excellence in Customer Interactions' study, which assesses customer perceptions and provides insights to strengthen customer experience and engagement.

## Customer Satisfaction Measurement

**For FMCG – Others,** 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, a dedicated consumer response cell is instituted to respond to their queries and receive feedback on products to enable continuous improvement of its products and services. It 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. It is also deploying AI-enabled tools and technologies keeping in mind the basic concept of ESAT=CSAT. It 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.

Customer satisfaction index surveys are conducted through external agencies. The Customer Satisfaction (CSAT) assessment is conducted once every three years. Accordingly, the most recent CSAT score is considered representative for the intervening reporting periods until the next assessment is undertaken. 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 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 | FY 2025-26 | Target for 2025-26 |
|--------------------------|--------------------------------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|--------------------|
| Satisfaction measurement | Satisfaction Measurement Methodology: Customer Satisfaction (CSAT Score) | Telephonic Interactions | 7.96       | 7.96       | 8.14       | 8.14       | 8.14       | 8.14               |
|                          |                                                                          | Online Interactions     | 7.12       | 7.12       | 7.80       | 7.80       | 7.80       | 7.80               |
| Data coverage            | Percentage of Revenue                                                    |                         | 22%        | 23%        | 25%        | 25%        | 30%        |                    |



# Aligning ITC's Climate Strategy with TCFD Framework

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a framework to help companies effectively disclose climate-related risks and opportunities to its stakeholders through their existing reporting processes. ITC's approach to climate change is duly aligned with 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 2026](#). ITC also discloses its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform.

The Company integrates the TCFD framework in the management of climate-related risks and opportunities.

A mapping of TCFD disclosure requirements with disclosures across [ITC Sustainability Report 2026](#) and [ITC's response](#) to CDP 2026 Questionnaire is provided below:

## Governance

For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in its business strategies and execution plans.

| TCFD Recommended Disclosures                                                           | ITC Sustainability Report 2026                                         | CDP Climate Change 2026 Questionnaire |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------|
| a. Board's oversight of climate related risks and opportunities                        | ● Section: ESG and Sustainability governance at ITC (Refer page 59-61) | 4.1.2                                 |
| b. Management's role in assessing and managing climate-related risks and opportunities |                                                                        | 4.3                                   |
| Overall Governance section                                                             |                                                                        | 4.10, 4.12.1                          |

## Strategy

ITC's climate strategy addresses two priorities: decarbonisation across operations and value chains, and identification and mitigation of physical vulnerabilities through locally contextual adaptation measures. Under its Sustainability 2.0 vision, ITC is also committed to achieving 'Net Zero Operations' (Scope 1 and 2) by 2050.

| TCFD Recommended Disclosures                                                                                                      | ITC Sustainability Report 2026                                                                                                 | CDP Climate Change 2026 Questionnaire                          |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| a. Climate-related risks and opportunities identified over the short, medium, and long term                                       | ● Section: 'Sustainability 2.0 Ambitions: 2030 Targets - Performance under Climate Change' (Refer page 46)                     | 2.1, 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 (Refer page 70-85)<br>Section: ITC's Approach to Value-creation - Sustainability 2.0 (Refer page 16) | 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 (Refer page 70-85)                                                                                   | 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 leveraging contemporary climate risk modelling tools for identifying high-risk / vulnerable sites and agri value chains, and undertaking detailed assessments for developing locally contextual adaptation plans and measures for improving climate resilience. For transition risk, ITC is working towards achieving Net Zero Operations by 2050 with focused interventions towards decarbonisation of Scope 1 and Scope 2 emissions and collaborate with value chain partners to accelerate the decarbonisation of Scope 3 emissions. ITC continues to focus on decarbonisation across the value chain through energy conservation, improving energy efficiency and enhancing the share of renewables in ITC's total energy requirement as part of ITC's Sustainability 2.0 agenda.

| TCFD Recommended Disclosures                                                                                                                             | ITC Sustainability Report 2026                                                                                                                              | CDP Climate Change 2026 Questionnaire         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| a. The organization's processes for identifying and assessing climate-related risks.                                                                     | <ul style="list-style-type: none"> <li>Section: Strategic Risk Management (Refer page 36-37)</li> <li>Section: Climate Change (Refer page 70-85)</li> </ul> | 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                                    |

## Metrics & Targets

ITC is transitioning to a low carbon economy through decarbonisation across the 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, promoting regenerative agriculture practices in agri value chains and building resilience across the value chain. ITC has also set ambitious 2030 climate targets. The Company has set a target of achieving 'Net Zero operations' (Scope 1 and 2) by 2050. In addition to the 'Net Zero Operations' commitment, the Company is setting up systems for monitoring Scope 3 emissions in line with emerging standards. Each of ITC's diverse businesses is also working towards developing net zero roadmaps covering Scope 1, 2 and 3 emissions

| TCFD Recommended Disclosures                                                                                                                    | ITC Sustainability Report 2026                                                                           | CDP Climate Change 2026 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' (Refer page 46) | 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 (Refer page 70-85)                                                               | 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' (Refer page 46) | 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 2025-26, 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. No. | Potential Human Rights Issues  |
|---------|--------------------------------|
| 1       | Forced Labour                  |
| 2       | Child Labour                   |
| 3       | Freedom of Association         |
| 4       | Right to Collective Bargaining |

| Sl. No. | Potential Human Rights Issues          |
|---------|----------------------------------------|
| 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 2025-26, 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 is an equal partnership joint venture between Gold Flake Corporation Limited (wholly owned subsidiary of ITC Limited) and Filtrona Products International Limited, U.K., the world leader in filter design and development. It currently has two state-of-the-art manufacturing Units in Bengaluru.

ITC Filtrona Limited is committed to delivering globally benchmarked quality and continuously invests in technology and R&D. It has also been awarded the SA8000:2014 certification, widely accepted as the most viable and comprehensive international workplace management system and Integrated management system (IMS) (ISO9001:2015, ISO14001:2015, ISO 45001:2018).

- 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-1 suppliers (Critical Tier-1 suppliers) | 100%                                       | 0%                                                                 | 0%                                                    |
| Joint ventures                                               | 100%                                       | 0%                                                                 | 0%                                                    |

### Additional Information on ITC's Code of Conduct for Suppliers and Service Providers

ITC's Board-approved [Code of Conduct](#) for Suppliers and Service Providers operates within a broader responsible-sourcing and supplier-sustainability framework comprising the Code, Board-approved sustainability policies (including [Policy on Sustainable Supply Chain and Responsible Sourcing](#), [Policy on Resource Efficiency](#), [Policy on Biodiversity Conservation](#), [Policy on Deforestation](#)), supplier screening and assessment protocols, corrective-action processes and capacity-building initiatives. The Code sets out the Environment, Social and Governance (ESG) expectations applicable to suppliers and service providers. It also provides for verification through audit and assessment mechanisms and requires corrective action where gaps are identified. Complementary

policies, assessment protocols, and training processes support implementation of these requirements, including the ones outlined below:

- The Code requires compliance with applicable environmental regulations and encourages the adoption of resource-efficient and environment-friendly practices. These practices encompass management of greenhouse gas emissions and energy consumption, pollution prevention and waste management, and biodiversity conservation, including no deforestation or land conservation, wherever relevant to the supplier's operations.
- The Code also addresses anti-corruption and conflict of interest, as well as anti-competitiveness related aspects. The Code requires compliance with applicable labour laws, including statutory requirements relating to working conditions,

and other labour rights as part of compliance requirements including relevant and applicable aspects pertaining to freedom of association and collective bargaining. It prohibits forced labour and child labour and requires suppliers and service providers to maintain workplaces free from discrimination and harassment. The Code also requires the provision of safe and healthy working conditions to employees of suppliers or vendors and the management of occupational health and safety risks.



## KPIs for 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 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.

### Scope of Reporting: Tier-1 suppliers only

| Sl. No. | Supplier Assessment and Development                                                             | FY 2025-26* |
|---------|-------------------------------------------------------------------------------------------------|-------------|
| 1.1     | Total number of unique suppliers                                                                | 2,407       |
| 1.2     | Number of unique significant suppliers                                                          | 4           |
| 1.3     | Number of unique significant suppliers supported with development measures (as a subset of 1.2) | 4           |
|         | <b>% of suppliers supported in development measures</b>                                         | <b>100%</b> |

\*Based on procurement data of FY 2024-25.

| Sl. No. | Supplier Assessment and Development                                                                                                                           | FY 2025-26* |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1.4     | Number of unique significant suppliers assessed via desk assessments/on-site assessments (as a subset of 1.2)                                                 | 4           |
|         | <b>% of unique significant suppliers assessed</b>                                                                                                             | <b>100%</b> |
| 1.5     | Number of unique significant suppliers assessed with substantial actual/potential negative impacts (as a subset of 1.4)                                       | 0           |
| 1.6     | Number of unique significant suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan (as a subset of 1.5) | 0           |
|         | <b>% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan</b>                                       | <b>0%</b>   |
| 1.7     | Number of unique significant suppliers with substantial actual/potential negative impacts that were terminated (as a subset of 1.5)                           | NIL         |

| Sl. No. | Supplier Assessment                                  | Assessments done in last three years |
|---------|------------------------------------------------------|--------------------------------------|
| 2.1     | Number of suppliers assessed in the last three years | 20                                   |
| 2.2     | % of suppliers assessed in the last three years      | 100%                                 |



## 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<sup>#</sup>.

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               |

### 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                                            | Unit of measurement | Cumulative till 2025-26 |                       |                |                    |                            |
|----------------------------------------------------------------|---------------------|-------------------------|-----------------------|----------------|--------------------|----------------------------|
|                                                                |                     | Bangalore (Karnataka)   | Kolkata (West Bengal) | Munger (Bihar) | Pune (Maharashtra) | Saharanpur (Uttar Pradesh) |
| Water harvesting structures created                            | Nos.                | 546                     | -                     | 674            | 821                | 77                         |
| Water storage potential created                                | Million kl          | 0.80                    | -                     | 1.66           | 1.31               | 0.50                       |
| Area under biodiversity conservation                           | Acres               | 865                     | -                     | -              | 94,749             | 2                          |
| Area under Climate Smart Agriculture (CSA) *                   | Acres               | 6,580                   | -                     | 1,68,496       | 58,468             | 20,218                     |
| Water savings in agriculture due to efficient practices *      | Million kl          | 4.33                    | -                     | 78.75          | 192                | 16.46                      |
| Households covered as part of Solid Waste Management Programme | Numbers             | 1,22,042                | -                     | 2,08,945       | 54,636             | 2,04,945                   |

<sup>#</sup>Criteria: Sites that either contain (i.e., overlapping) or are adjacent (between 0 and 2km from nearest site) to critical biodiversity

\*Annual data for 2025-26



## Leaf Tobacco Sourcing Areas

| Operational Indices                                            | Unit of measurement | Cumulative till 2025-26 |           |
|----------------------------------------------------------------|---------------------|-------------------------|-----------|
|                                                                |                     | Andhra Pradesh          | Karnataka |
| Water harvesting structures created                            | Nos.                | 9,918                   | 2,489     |
| Water storage potential created                                | Million kl          | 9.47                    | 6.88      |
| Tank Silt Applied – Volume                                     | Lakh Tonnes         | 26                      | 47        |
| Tank Silt Applied - Area                                       | Acres               | 19,860                  | 58,987    |
| Area under biodiversity conservation                           | Acres               | 3,52,718                | 16,204    |
| Area under energy plantation                                   | Acres               | 1,85,695                | 68,896    |
| Area under Climate Smart Agriculture (CSA) *                   | Acres               | 1,72,719                | 83,836    |
| Water savings in agriculture due to efficient practices *      | Million kl          | 63                      | 21        |
| Households covered as part of Solid Waste Management Programme | Numbers             | 14,61,221               | 4,49,052  |

\*Annual data for 2025-26



## ESG Performance for Agri Business Division (ABD) Leaf Tobacco Strategic Business Unit (TSBU) for FY 2025-26

The scope and boundary of ABD Tobacco SBU's sustainability/ESG disclosures includes performance of the following units/offices for FY 2025-26:

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 |
|------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------|------------------|
| Sustainability 2.0 Ambitions Progress Summary (Target Year 2030) | 50% of Total Energy from Renewable Sources                                  | %                    | 47               |
|                                                                  | 100% Purchased grid electricity requirements from renewable sources by 2030 | %                    | 90               |
|                                                                  | 50% Reduction in Specific GHG Emissions (Baseline Year: 2018-19)            | %                    | 42               |
|                                                                  | 30% Reduction in Specific Energy Consumption (Baseline Year: 2018-19)       | %                    | 10               |
|                                                                  | 40% Reduction in Specific Water Consumption (Baseline Year: 2018-19)        | %                    | 23               |
| Energy Consumption                                               | Total Energy Consumed                                                       | Terajoules (TJ)      | 454              |
|                                                                  | Total Energy from Renewable Sources                                         | Terajoules (TJ)      | 216              |
| GHG Emissions                                                    | Direct GHG Emissions (Scope 1)                                              | Metric tonnes CO2 eq | 22,201           |
|                                                                  | Indirect GHG Emissions (Scope 2)                                            | Metric tonnes CO2 eq | 2,371            |
|                                                                  | Indirect GHG Emissions (Scope 3)                                            | Metric tonnes CO2 eq | 8,128            |
| Waste                                                            | Total Hazardous waste generated                                             | Metric tonnes (MT)   | 37               |
|                                                                  | Total Non-Hazardous waste generated                                         | Metric tonnes (MT)   | 17,396           |
|                                                                  | Total Waste Disposed*                                                       | Metric tonnes (MT)   | 17,035           |
|                                                                  | Total Waste Landfilled                                                      | Metric tonnes (MT)   | 0                |
|                                                                  | Total Waste Incinerated                                                     | Metric tonnes (MT)   | 0.13             |

\*On-site storage - 398 MT



| Focus Area                    | Sub-Category                                                               | Unit                 | Data/Information |
|-------------------------------|----------------------------------------------------------------------------|----------------------|------------------|
| Water                         | Withdrawal: Total municipal water supplies (or from other water utilities) | Million cubic meters | 0.04             |
|                               | Withdrawal: Fresh surface water (lakes, rivers, rainwater, etc.)           | Million cubic meters | 0                |
|                               | Withdrawal: Fresh groundwater                                              | Million cubic meters | 0.13             |
|                               | Total Net Fresh water consumption                                          | Million cubic meters | 0.17             |
|                               | Total amount of water recycled and reused                                  | Million cubic meters | 0.06             |
|                               | Total Water Discharge                                                      | Million cubic meters | 0                |
| Air emissions                 | NOx                                                                        | Tonnes               | 14.23            |
|                               | SOx                                                                        | Tonnes               | 12.95            |
|                               | Particulate Matter                                                         | Tonnes               | 69.95            |
| Training & Development Inputs | Average hours per FTE of training and development                          | Hour                 | 9.21             |
|                               | Average hours per FTE of training and development for Male Employees       | Hour                 | 8.98             |
|                               | Average hours per FTE of training and development for Female Employees     | Hour                 | 22.02            |
| Labor and Employment          | Total Number of Full-time Employees                                        | Number               | 2,831            |
|                               | Total Number of Male Employees                                             | Number               | 2,779            |
|                               | Total Number of Female Employees                                           | Number               | 52               |
|                               | Total Number of differently abled individuals in Employees                 | Number               | 2                |
|                               | Total Number of differently abled individuals in Junior Management         | Number               | 2                |
|                               | Total Number of differently abled individuals in Top Management            | Number               | 0                |
|                               | Total Number of Women in Junior Management positions                       | Number               | 39               |
|                               | Total Number of Women in Top Management positions                          | Number               | 0                |
| Hiring                        | Total Number of New Hires                                                  | Number               | 119              |
|                               | Total Number of New Male Hires                                             | Number               | 100              |
|                               | Total Number of New Female Hires                                           | Number               | 19               |



| Focus Area                   | Sub-Category                                                                                                                                                                                         | Unit        | Data/Information                                                                                         |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------|
| Freedom of Association       | Total Number of employees and workers covered under the memberships in Associations or Unions                                                                                                        | Number      | 2,466                                                                                                    |
| Grievance Channels           | Availability of POSH & IC to address Sexual Harassment complaints                                                                                                                                    | Yes/No      | Yes (In all locations)                                                                                   |
|                              | Description of Grievance Channel available for Employees and Workers                                                                                                                                 | Description | Grievance Redressal Committee, POSH committee, Workers Committee, Canteen Committee and Safety Committee |
| Reporting on Breaches        | Total Number 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                                                                                                        |
|                              | Total Number of Information Security breaches                                                                                                                                                        | Number      | 0                                                                                                        |
|                              | Total Number of Corruption or Bribery cases                                                                                                                                                          | Number      | 0                                                                                                        |
| Occupational Health & Safety | Total Number of Work-related accidents (On-site)                                                                                                                                                     | Number      | 0                                                                                                        |
|                              | Total Number of days lost to Work-related injuries, fatalities and ill health (On-site)                                                                                                              | Number      | 0                                                                                                        |
|                              | Total Number of fatalities – Employees (On-site)                                                                                                                                                     | Number      | 0                                                                                                        |
|                              | Total Number of fatalities - Contractors (On-site)                                                                                                                                                   | Number      | 0                                                                                                        |
|                              | High Consequence Work-related Injury Rate (On-site)                                                                                                                                                  | Rate        | 0                                                                                                        |
|                              | High Consequence Work-related Injuries (On-site)                                                                                                                                                     | Count       | 0                                                                                                        |
|                              | LTIFR (per one million-person-hours worked) (On-site)                                                                                                                                                | 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 manhours worked] (Onsite)                  | Rate        | 0                                                                                                        |



| Focus Area              | Sub-Category                                                                                                                                  | Unit                   | Data/Information                                         |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------|
| Sustainable Procurement | Total Number of Tier 1* suppliers                                                                                                             | Number                 | 2,030                                                    |
|                         | Percentage of Total spend of Significant / Critical Tier-1 suppliers in Tier 1                                                                | %                      | 70                                                       |
|                         | Total Number of Significant / Critical Tier-1 suppliers in Tier 1                                                                             | Number                 | 43                                                       |
|                         | Total Number of Significant / Critical Tier-1 suppliers assessed via desk assessment/on-site assessments through external verification bodies | Number                 | 5                                                        |
|                         | Percentage of Significant / Critical tier-1 suppliers assessed                                                                                | %                      | 12                                                       |
|                         | Total Number of Significant / Critical tier-1 suppliers assessed (Cumulative)                                                                 | Number                 | 16                                                       |
|                         | Total Number of Significant / Critical tier-1 suppliers in capacity building programs                                                         | Number                 | 24                                                       |
|                         | Percentage of Significant / Critical tier-1 suppliers in capacity building programs                                                           | %                      | 56                                                       |
|                         | Total Number of Significant / Critical tier-1 suppliers and Tier-1 suppliers in capacity building programs (Cumulative)                       | Number                 | 78                                                       |
| Code of Conduct         | Total Number of Employees trained on code of conduct                                                                                          | Number                 | 418                                                      |
|                         | Percentage of suppliers who have signed the supplier code of conduct                                                                          | %                      | 100                                                      |
| Certifications in Place | ISO 14001                                                                                                                                     | Yes/No - Facility Name | KGLT-Mysuru (Karnataka)<br>CGLT-Chirala (Andhra Pradesh) |
|                         | ISO 45001                                                                                                                                     | Yes/No - Facility Name | KGLT-Mysuru (Karnataka)<br>CGLT-Chirala (Andhra Pradesh) |
|                         | ISO 9001                                                                                                                                      | Yes/No - Facility Name | KGLT-Mysuru (Karnataka)<br>CGLT-Chirala (Andhra Pradesh) |
|                         | Alliance for Water Stewardship (AWS) certification                                                                                            | Yes/No - Facility Name | KGLT-Mysuru (Karnataka)                                  |
|                         | ISO 31000                                                                                                                                     | Yes/No - Division      | TSBU                                                     |

\*Tier-1 Suppliers comprise all suppliers/vendors/service partners , excluding farmers and government agencies. TSBU has specific engagement with the farmers as detailed subsequently.



TSBU's Sustainable Tobacco Program (STP) adopts a holistic value chain approach, integrating farmers, workers and farm-level practices as core elements of its sustainability framework. Tobacco is procured through two primary channels, namely Flue-Cured Virginia (FCV) tobacco through the Tobacco Board auction system and Non-FCV tobacco directly from farmers; however, irrespective of the procurement route, both crops are integrated into ITC's STP procurement model, covering nearly 1.15 Lakhs farmers and enabling structured engagement, monitoring and capacity building at the village and farm levels. A key enabler of this approach is ITCMAARS, a phygital agricultural platform through which farm-level monitoring, ESG data collection and compliance requirements are digitally tracked by dedicated field personnel to align with customer and organisational expectations. This strengthens end-to-end traceability across the supply chain, facilitating the identification and recording of deviations from prescribed STP requirements and supporting the objective of ensuring that every kilogram of tobacco procured is traceable and aligned with defined STP practices. Environmental stewardship and resource-use efficiency form another important pillar of the programme, with farmers encouraged and supported

to adopt sustainable tobacco production practices such as Subsoiling, Tray nurseries, High-Yielding Varieties developed through R&D, green manuring, crop rotation, drip and smart irrigation, drone spraying, integrated nutrient and pest management, farm mechanisation, Grow Own Fuel initiatives and other interventions aimed at optimising resource use while maintaining crop quality and productivity.

The programme also extends beyond crop and environmental performance to address the social sustainability of farming communities through a strong focus on health and safety, worker welfare and livelihood enhancement, including the free distribution of PPE kits and GTS gloves, facilitation of safe disposal of empty crop protection agent (CPA) containers, eradication of child labour, women empowerment, promotion of alternative livelihood opportunities through social investment programmes and support for broader community development needs. Complementing these initiatives, ITC undertakes structured capacity-building and training programmes covering STP requirements, responsible agricultural practices, resource conservation, worker welfare and other relevant sustainability aspects. Through

this integrated approach, ITC progressively addresses farmers' concerns while creating demand for their crop and advancing a holistic sustainability framework aligned with business requirements. Importantly, the programme is supported by the measurement and monitoring of key environmental and ESG parameters, including GHG emissions, water consumption and other relevant sustainability indicators, enabling performance assessment, identification of improvement opportunities and informed decision-making, while supporting disclosures and responses to customer platforms, ESG rating agencies and other external sustainability frameworks. Through the integration of responsible procurement, digital traceability, farm-level monitoring, farmer capability building, resource-efficient technologies, social safeguards and ESG performance measurement, ITC's Sustainable Tobacco Program provides a comprehensive framework for managing sustainability across the tobacco value chain, helping address environmental and social risks associated with agricultural production while creating shared value through knowledge transfer, technology adoption and continuous field-level engagement.

The scope and boundary of ABD Tobacco SBU's sustainability/ESG disclosures includes performance of the following units/offices for FY 2025-26:

1. Leaf Tobacco Sourcing Areas (Operating Units) - Ongole (Andhra Pradesh), Rajamahendravaram (Andhra Pradesh), Vinukonda (Andhra Pradesh) & Mysuru (Karnataka)

| Focus Area  | Sub-Category                                                                                                                                                       | Unit           | Data/Information |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------|
| Environment | Total Number of Loose Leaf Barns (Cumulative)                                                                                                                      | Number         | 162              |
|             | Percentage of Loose Leaf Barns installed with solar panels                                                                                                         | %              | 39               |
|             | Percentage of Curing barns covered under energy conservation initiative (Cumulative)                                                                               | %              | 46               |
|             | Area under Sustainable & Climate Resilient Agriculture                                                                                                             | Acres coverage | 5,96,600         |
|             | Sustain and enhance Carbon Sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry Programmes and other such initiatives | Acres coverage | 2,87,030         |
|             | Revive and sustain Ecosystem services provided by Nature and provisioning of products through adoption of Nature-based solutions and Biodiversity Conservation     | Acres coverage | 2,95,440         |
|             | Total weight of Empty Crop Protection Agents containers incinerated                                                                                                | Kgs            | 677              |



| Focus Area            | Sub-Category                                                                               | Unit   | Data/Information |
|-----------------------|--------------------------------------------------------------------------------------------|--------|------------------|
| Human Rights Issues   | Total Number of Child labour incidents identified                                          | Number | 0                |
|                       | Total Number of Forced labour incidents identified                                         | Number | 0                |
|                       | Total Number of Work-related abuses identified on farms                                    | Number | 0                |
|                       | Total Number of Human rights assessments through external verification agencies            | Number | 4                |
|                       | Total Number of Farms covered under Human Rights assessments                               | Number | 3,407            |
| Training & Monitoring | Total Number of farmers trained on Crop advisory and Sustainability                        | Number | 36,553           |
|                       | Percentage of Field staff trained on Crop advisory and Sustainability                      | %      | 100              |
|                       | Percentage of Crop Development Managers trained on Crop advisory and ESG Sustainability    | %      | 100              |
|                       | Total Number of women covered under women empowerment training programs                    | Number | 4,586            |
|                       | Total Number of Sustainability training hours to field staff and crop development managers | Number | 1,312            |
|                       | Total Number of farmers covered as part of digital farm monitoring                         | Number | 36,553           |
|                       | Total Number of unannounced visits conducted by Crop Development Managers                  | Number | 290              |



# 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: [ITC's Sustainability Policies](#).

### 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 statutory provisions, as applicable, including processing of grievances for redressal. It shall be the responsibility of the Divisional / SBU Chief Executives, through members of the respective Management Committees, and Corporate Head for Sustainability to ensure progressive implementation of the Policy, and its communication to the employees.

### 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: [ITC's Sustainability Policies](#).

### 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 in 2006 by ITC in partnership with the Confederation of Indian Industry (CII), continues to promote sustainable business practices among Indian enterprises. Guided by an Advisory Council chaired by ITC's Chairman, with representation from industry, civil society and institutions, the Centre provides strategic direction to India's transition towards green growth, industrial competitiveness and environmental stewardship. The Centre's work spans policy advocacy, training and advisory, and executive education, across key areas including climate action, ESG and sustainable finance, circular economy, nature positive business, air quality, public health, rural livelihoods and MSME transition. Over the years, it has developed several marquee initiatives, including the CII ITC Sustainability Awards, Annual Sustainability Summit, Climate Action Programme (CAP 2.0), ESG Intelligence & Analytics, Eco Edge, and the 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.

## Ensuring Alignment with Industry Associations – the heading will be in blue color

As part of its monitoring and reviewing process, ITC assesses alignment between its public policy positions and those of industry associations in which it participates. Where potential misalignment is identified or anticipated, the Company engages with the relevant association to communicate its position, understand the underlying rationale, seek alignment through constructive dialogue, and monitor progress on agreed actions.

## 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 146-150 of ITC's CDP Response for 2026 available at [ITC's Sustainability Disclosures](#).
- 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 2026](#).
- ESG Factbook  
ITC annually reports on contributions and other spending on trade associations. Refer 'Economic Performance' section of this report (page 08).

## 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.



**ITC Limited**

Virginia House  
37 JL Nehru Road  
Kolkata 700 071  
India

✉ [enduringvalue@itc.in](mailto:enduringvalue@itc.in)

[www.itcportal.com](http://www.itcportal.com)

✂ @ITCCorpCom

[in](#) itc-limited