

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

ITC Limited has been one of the frontrunners in India to have put in place a formalised system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

THE COMPANY'S GOVERNANCE PHILOSOPHY

ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely conservation and development of the nation's economic, social and environmental capital.

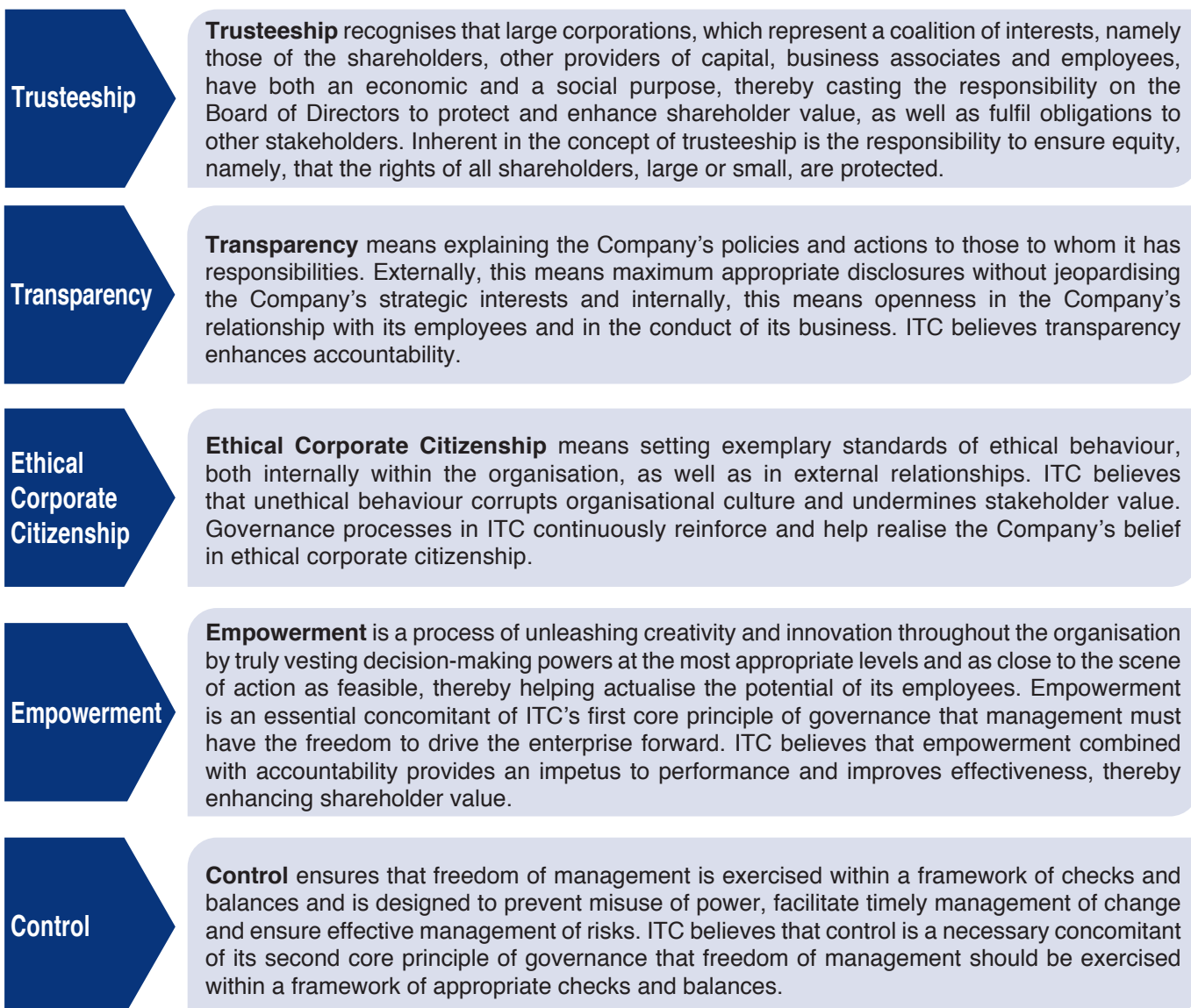
ITC's Corporate Governance structure, systems and processes are based on two core principles:

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

ITC believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance should create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control. ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

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THE GOVERNANCE STRUCTURE

The practice of Corporate Governance in ITC takes place at three interlinked levels:

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional Chief Executive assisted by the Divisional Management Committee

The three-tier governance structure ensures that:

- (a) Strategic supervision (on behalf of the Shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;

- (b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- (c) Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

The core roles of the key entities flow from this structure. These roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

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The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Governance Document that sets out the structure, policies and practices of governance is available on the Company's corporate website www.itcportal.com.

ROLES OF VARIOUS ENTITIES

Board of Directors ('Board'): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC and its wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role, evaluates its performance and also that of the Board Committees and the Directors.

Board Committees: The roles of the Board Committees are determined by the Board from time to time, details of which are provided below under the heading 'Committees of the Board'.

Corporate Management Committee ('CMC'): The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC also assesses the performance of the businesses and allocates resources, and operates under the strategic supervision and control of the Board.

Divisional Management Committee ('DMC'): The primary role of the DMC is executive management of the business to realise tactical and strategic objectives in accordance with the Board approved Business Plan.

The Executive Committee for Business Vertical within the Division is responsible to deliver comprehensive business results under the overall direction and supervision of the Divisional Chief Executive supported by the DMC.

Chairman: The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and also presides over General Meetings of Shareholders. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC Members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for balance of membership of the Board, subject to Board and Shareholder approvals.

Non-Executive Director: Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing independent judgement on issues of strategy, performance, resources, standards of Company conduct etc.

Executive Director: The Executive Director assists the Board in realising its role of strategic supervision of the Company in pursuit of its purpose and goals. As a member of the CMC, the Executive Director contributes to the strategic management of the Company's businesses within Board approved direction / framework. An Executive Director accountable to the Board for a business, assumes overall responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, as Director accountable to the Board for a corporate function, the overall strategic responsibility for its performance forms part of the Executive Director's role. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him.

CMC Member: The CMC Member contributes to the strategic management of the Company's businesses within Board approved direction / framework. A CMC Member accountable for a business, assumes responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, where accountable for a corporate function, the overall strategic responsibility for its performance forms part of the CMC Member's role.

Divisional Chief Executive: The Divisional Chief Executive for a business has the executive responsibility for its day-to-day operations and provides leadership to the DMC in its task of executive management of the business and the Verticals within the Division.

The Chief Operating Officer of a Business Vertical is responsible for providing leadership to the Vertical and realising the tactical & strategic objectives of the respective business area.

BOARD OF DIRECTORS

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors.

The Non-Executive Directors include independent professionals. At least half of the total strength of the Board is required to comprise Independent Directors.

The Governance Policy of the Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business / finance / law / public administration and enterprises. The present composition of the Board represents an optimal mix of professionalism, knowledge and experience. The Board Diversity Policy requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. **The Directors of the Company possess the skills, expertise and competencies, as identified by the Board and provided in the Annexure forming part of this Report.**

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. The present strength of the Board is sixteen, comprising the Chairman & three other Executive Directors, eight Non-Executive Independent Directors, of which two are Women Directors, and four other Non-Executive Directors.

Composition of the Board as on 31st March, 2022:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	25
Non-Executive Independent Directors	8	50
Other Non-Executive Directors	4	25
Total	16	100

Director	Category	No. of other Directorship(s)*	No. of Membership(s) / Chairmanship(s) of Audit Committee / Stakeholders Relationship Committee of other Indian public limited companies
S. Puri	Chairman & Managing Director	5	Nil
N. Anand	Executive Director	8	1
B. Sumant	Executive Director	2	Nil
R. Tandon	Executive Director	9	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	Nil
H. Bhargava	Independent Director	3	2
A. Duggal	Independent Director	3	2
S. Mukherjee	Independent Director	1	Nil
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	2
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	1
N. Doda	Non-Executive Director Representative of the General Insurers' (Public Sector) Association of India as Investor	Nil	Nil
M. Gupta	Non-Executive Director Representative of the Life Insurance Corporation of India as Investor	1	1
S. Panray	Non-Executive Director Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor	Nil	Nil
D. R. Simpson	Non-Executive Director Representative of TMI as Investor	4	Nil

* Details with respect to other Directorships are provided under the section 'Your Directors' in the Report and Accounts.

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Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least five times a year.

The tentative annual calendar of meetings is broadly determined at the beginning of each year.

The intervening period between two Board Meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations.

Board Agenda

Meetings are governed by a structured agenda.

The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven to fourteen days prior to the Board Meeting.

Information placed before the Board

In terms of the Company's Governance Policy, all statutory and other significant & material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of Shareholders.

In addition to the above, the following are also tabled for the Board's approval / periodic review or information:

- Annual operating plans & budgets and periodic review of the Company's businesses.
- Quarterly performance including business-wise financials.
- External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Status and effectiveness of risk management plans.
- Succession to senior management (through the Nomination & Compensation Committee).
- Statutory compliance reports from business units / corporate functions.
- Show cause / demand / prosecution / adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.

- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.
- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals of fixed assets, inventories, receivables, advances etc.
- Significant development in Human Resources / Industrial Relations.
- Non-compliance of any regulatory or listing requirements and in relation to shareholders' services.

Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board, the Board Committees, the CMC and the DMCs.

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2022, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	15th April, 2021	14	13
2	1st June, 2021	13	13
3	24th July, 2021	13	13
4	11th August, 2021	13	13
5	27th October, 2021	14	14
6	3rd February, 2022	16	16

Attendance at Board Meetings and at Annual General Meeting ('AGM') during the financial year

Director	No. of Board Meetings attended	Attendance at last AGM
S. Puri	6	Yes
N. Anand	6	Yes
B. Sumant	6	Yes
R. Tandon	6	Yes
S. Banerjee	6	Yes
H. Bhargava ¹	5	Yes
N. Doda ²	2	N.A.
A. Duggal	6	Yes
M. Gupta ³	1	N.A.
S. Mukherjee ⁴	2	N.A.

Attendance at Board Meetings and at AGM during the financial year (Contd.)

Director	No. of Board Meetings attended	Attendance at last AGM
A. Nayak	6	Yes
S. Panray ²	2	N.A.
N. Rao	6	Yes
A. K. Seth	6	Yes
M. Shankar	6	Yes
D. R. Simpson	6	Yes
A. Jerath ⁵	0	N.A.
S. B. Mathur ⁶	4	Yes

1. Resigned as Non-Executive Director w.e.f. 23rd August, 2021; Appointed Independent Director w.e.f. 20th December, 2021.

2. Appointed Non-Executive Director w.e.f. 11th August, 2021.

3. Appointed Non-Executive Director w.e.f. 27th October, 2021.

4. Appointed Independent Director w.e.f. 11th August, 2021.

5. Resigned as Non-Executive Director w.e.f. 1st May, 2021.

6. Ceased to be Independent Director w.e.f. 15th September, 2021 upon completion of term.

COMMITTEES OF THE BOARD

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. The terms of reference of the Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law.

Meetings of Board Committees are normally convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee Meetings, are placed before the Board with clearance of the Committee Chairman. All the recommendations made by Board Committees during the year were accepted by the Board.

Minutes of Board Committee Meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas.
- safeguarding of assets and adequacy of provisions for all liabilities.
- reliability of financial and other management information and adequacy of disclosures.
- compliance with all relevant statutes.

The role of the Committee includes the following:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To recommend the appointment, remuneration and removal of Statutory and Cost Auditors;
- To recommend the appointment of the Chief Financial Officer of the Company;
- To approve transactions with related parties, including modifications thereto;
- To evaluate the Company's internal financial controls and risk management systems;
- To review with the management the following:
 - Annual financial statements and Auditor's Report thereon before submission to the Board for approval;
 - Quarterly financial statements before submission to the Board for approval;
- To review the following:
 - Management discussion and analysis of financial condition & results of operations, and matters required to be included in the Directors' Responsibility Statement;
 - Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
 - Adequacy and effectiveness of internal control systems laid down in the Company for compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - Internal Audit Reports and discussion with Internal Auditors on any significant findings and follow-up thereon;
 - Statutory Auditors' independence and performance, and effectiveness of the audit process;
 - System for storage, retrieval, security etc. of books of accounts maintained in the electronic form;
 - Functioning of Whistleblower mechanism in the Company;
 - Financial statements, including investments, of subsidiary companies;
 - Utilisation of loans and / or advances and investments by the Company to / in the subsidiary companies.

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Composition

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

The names of the members of the Audit Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2022, ten meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	6th April, 2021	4	4
2	13th May, 2021	4	4
3	1st June, 2021	4	4
4	24th July, 2021	4	4
5	27th August, 2021	4	4
6	27th October, 2021	3	3
7	17th December, 2021	3	3
8	25th January, 2022	3	3
9	3rd February, 2022	3	3
10	30th March, 2022	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of Meetings attended
A. Duggal	10
S. Banerjee	10
H. Bhargava ¹	5
S. Mukherjee ²	6
S. B. Mathur ³	5

1. Ceased to be Member w.e.f. 23rd August, 2021; Appointed Member w.e.f. 3rd February, 2022.

2. Appointed Member w.e.f. 11th August, 2021.

3. Ceased to be Member w.e.f. 15th September, 2021.

II. NOMINATION & COMPENSATION COMMITTEE

The Nomination and Remuneration Committee of the Board, under the nomenclature 'Nomination & Compensation Committee', inter alia, identifies persons qualified to become Directors, and recommends to the Board the appointment, remuneration and removal of the Directors and senior management. The Committee's role also includes formulation of criteria for evaluation of performance of the Directors & the Board as a whole, and administration of the Employee Stock Option Schemes of the Company.

Composition

The Nomination & Compensation Committee presently comprises three Independent Directors and the Chairman of the Company. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.

The names of the members of the Nomination & Compensation Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Nomination & Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2022, five meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	14th April, 2021	4	4
2	31st May, 2021	4	4
3	2nd August, 2021	4	4
4	26th October, 2021	4	4
5	3rd February, 2022	4	4

Attendance at Nomination & Compensation Committee Meetings during the financial year

Member	No. of Meetings attended
S. Banerjee	5
A. Nayak	5
S. Puri	5
M. Shankar	5

Remuneration Policy

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with the Company's "triple bottom line" approach to business, to attract and retain high quality talent and is anchored on ITC's values, all of which are integral in pursuit of the Company's vision and mission of enhancing the wealth generating capability of the enterprise in a 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. The Company has adopted a comprehensive 'Total Rewards' approach to remuneration that, inter alia, promotes 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 was amended by the Board during the year, inter alia, to ensure contemporariness of the Policy. The amended Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/remuneration-policy>.

Remuneration of Directors

Remuneration of the Chairman and the other 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 the other Executive Directors are entitled to performance bonus for each 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 other Executive Directors are also eligible for long term incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee or the Board; such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals.

The maximum annual value of such long term incentives is 0.10% and 0.05% for the Chairman and each of the other Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year.

Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, ranging between

₹ 70,00,000/- and ₹ 1,00,00,000/- individually, as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board, based inter alia on Company performance and regulatory provisions, and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-Executive Directors are also entitled to sitting fees for attending the meetings of the Board and its Committees. The sitting fees as determined by the Board are ₹ 1,00,000/- for each meeting of the Board, ₹ 50,000/- for each meeting of the Audit Committee, Nomination & Compensation Committee, CSR and Sustainability Committee, and Independent Directors Committee, and ₹ 10,000/- for each meeting of the Securityholders Relationship Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2022

(₹ in Lakhs)

Director	Basic / Consolidated Salary	Perquisites / Other Benefits	Performance Bonus / Commission	Sitting Fees	Total
S. Puri	264.00	49.63	752.40	-	1,066.03
N. Anand	156.00	84.43	296.40	-	536.83
B. Sumant	156.00	31.99	296.40	-	484.39
R. Tandon	156.00	31.66	296.40	-	484.06
S. Banerjee	-	-	76.00	14.00	90.00
H. Bhargava ¹	-	-	76.00*	9.00	85.00
N. Doda ²	-	-	-	3.30*	3.30
A. Duggal	-	-	76.00	13.00 [#]	89.00
M. Gupta ³	-	-	-	1.00	1.00
S. Mukherjee ⁴	-	-	-	5.00	5.00
A. Nayak	-	-	76.00	10.20	86.20
S. Panray ²	-	-	-	2.50	2.50
N. Rao	-	-	76.00	8.50	84.50
A. K. Seth	-	-	76.00	8.50	84.50
M. Shankar	-	-	76.00	11.00	87.00
D. R. Simpson	-	-	76.00	8.00	84.00
A. Jerath ⁵	-	-	76.00*	-	76.00
S. B. Mathur ⁶	-	-	76.00	7.00	83.00

* Paid to the Public Financial Institution the Director represents / represented.

[#] Includes ₹ 1.50 Lakhs towards sitting fees for attending the meetings of the Risk Management Committee.

1. Resigned as Non-Executive Director w.e.f. 23rd August, 2021; Appointed Independent Director w.e.f. 20th December, 2021.

2. Appointed Non-Executive Director w.e.f. 11th August, 2021.

3. Appointed Non-Executive Director w.e.f. 27th October, 2021.

4. Appointed Independent Director w.e.f. 11th August, 2021.

5. Resigned as Non-Executive Director w.e.f. 1st May, 2021.

6. Ceased to be Independent Director w.e.f. 15th September, 2021 upon completion of term.

Note: Disclosure with respect to Non-Executive Directors - Pecuniary relationship or transaction: None.

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Employee Stock Option Schemes

The Company granted 12,21,600 Options during the financial year to certain eligible employees and Directors of the Company at 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of such vesting.

Options vest as per the following schedule:

From the date of grant of the Options	% of Options vest
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%

Shares and Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2022	No. of Options granted during the financial year
S. Puri	2,95,800	1,34,500
N. Anand	Nil	67,250
B. Sumant	2,10,657	67,250
R. Tandon	2,62,250	67,250
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
N. Doda	Nil	Nil
A. Duggal	Nil	Nil
M. Gupta	Nil	Nil
S. Mukherjee	13,500	Nil
A. Nayak	10,94,325	Nil
S. Panray	Nil	Nil
N. Rao	Nil	Nil
A. K. Seth	1,32,480	Nil
M. Shankar	45,000	Nil
D. R. Simpson	Nil	Nil

Service Contract, Severance Fee and Notice Period

The appointment of the Chairman and the other Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company. Letters of appointment have been issued by the Company to the Independent Directors, detailing their roles, duties, responsibilities etc., which have been accepted by them.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors who have all been drawn from the management cadre. The statutory provisions will however apply. With respect to notice period of Directors, the service rules of the Company read with the statutory provisions will apply.

Performance Evaluation

Performance evaluation of the Board, the Board Committees and the individual Directors was carried out by the Board in accordance with the Policy approved by the Nomination & Compensation Committee in this regard; brief details of the same are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.

III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Board, under the nomenclature 'Securityholders Relationship Committee', primarily oversees redressal of shareholder and investor grievances, approves transmission of shares, sub-division / consolidation / renewal of share certificates, issue of duplicate share certificates, and allots shares upon exercise of Options under the Company's Employee Stock Option Schemes. The Committee also reviews adherence to the service standards adopted by the Company in respect of its in-house share registration and related activities, and the measures taken for effective exercise of voting rights by Shareholders.

Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Composition

The Securityholders Relationship Committee presently comprises four Directors. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.

The names of the members of the Securityholders Relationship Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2022, twelve meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	1st April, 2021	3	3
2	30th June, 2021	3	3
3	30th July, 2021	3	3
4	25th August, 2021	4	4
5	6th September, 2021	4	4
6	22nd October, 2021	4	4
7	16th November, 2021	4	3
8	17th December, 2021	4	4
9	17th January, 2022	4	4
10	3rd March, 2022	4	3
11	17th March, 2022	4	4
12	29th March, 2022	4	3

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of Meetings attended
A. Nayak	12
N. Doda ¹	8
B. Sumant	12
R. Tandon	10

1. Appointed Member w.e.f. 11th August, 2021.

IV. CSR AND SUSTAINABILITY COMMITTEE

The role of the CSR Committee of the Board, under the nomenclature 'CSR and Sustainability Committee', is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks

to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board forms part of the role of the Committee.

Composition

The CSR and Sustainability Committee presently comprises the Chairman of the Company and seven Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

The names of the members of the CSR and Sustainability Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of CSR and Sustainability Committee Meetings during the financial year

During the financial year ended 31st March, 2022, four meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	14th April, 2021	7	6
2	31st May, 2021	6	6
3	23rd July, 2021	6	6
4	25th October, 2021	7	7

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri	4
N. Doda ¹	1
M. Gupta ²	N.A.
S. Panray ¹	1
N. Rao	4
A. K. Seth	4
M. Shankar	4
D. R. Simpson	4
H. Bhargava ³	3
A. Jerath ⁴	0

1. Appointed Member w.e.f. 11th August, 2021.

2. Appointed Member w.e.f. 27th October, 2021.

3. Ceased to be Member w.e.f. 23rd August, 2021.

4. Ceased to be Member w.e.f. 1st May, 2021.

Report on Corporate Governance

V. INDEPENDENT DIRECTORS COMMITTEE

The statutory role of the Independent Directors Committee of the Board is to review the performance of the non-Independent Directors, including the Chairman of the Company, and the Board, and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

Composition

The Independent Directors Committee comprises all the Independent Directors of the Company.

The names of the members of the Independent Directors Committee are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2022, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th May, 2021	7	7

Attendance at Independent Directors Committee Meeting during the financial year

Member	Attendance at the Meeting
S. Banerjee	Yes
H. Bhargava ¹	N.A.
A. Duggal	Yes
S. Mukherjee ²	N.A.
A. Nayak	Yes
N. Rao	Yes
A. K. Seth	Yes
M. Shankar	Yes
S. B. Mathur ³	Yes

1. Appointed Member w.e.f. 20th December, 2021.

2. Appointed Member w.e.f. 11th August, 2021.

3. Ceased to be Member w.e.f. 15th September, 2021.

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 and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, as also the measures taken for cyber security. The Committee also formulates the Risk Management Policy, and reviews implementation, effectiveness and adequacy of the risk management systems, processes & plans of the Company.

Composition

The Risk Management Committee presently comprises all the Executive Directors, one Independent Director and some senior members of management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit and the Chief Financial Officer are Invitees to the meetings of the Committee. The Chief Risk Officer is the Secretary to the Committee.

The names of the members of the Risk Management Committee, including its Chairman, are provided below.

Meetings and Attendance

Details of Risk Management Committee Meetings during the financial year

During the financial year ended 31st March, 2022, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	21st July, 2021	9	9
2	16th December, 2021	9	9
3	25th March, 2022	9	9

The CSR and Sustainability Committee provides strategic direction to the Company's CSR and Sustainability practices towards fulfilling its Triple Bottom Line objectives.

Attendance at Risk Management Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri (Chairman)	3
N. Anand	3
A. Duggal ¹	3
B. Sumant	3
R. Tandon	3
S. Sivakumar	3
S. K. Singh	3
Invitee	No. of Meetings attended
S. Dutta	3
M. Ganesan	3

1. Appointed Member w.e.f. 1st June, 2021.

CORPORATE MANAGEMENT COMMITTEE

The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC, inter alia, formulates the Company's business plans and organisational policies, systems & processes, reviews business performance against approved plans, allocates resources, and operates under the strategic supervision and control of the Board.

Composition

The CMC presently comprises all the Executive Directors and seven senior members of management. The Chairman of the Company is the Chairman of the Committee. The composition of the CMC is determined by the Board on the recommendation of the Nomination & Compensation Committee. The Company Secretary is the Secretary to the CMC.

The names of the members of the CMC, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings

The CMC normally meets once a month. Matters requiring the Board's attention / approval, as emanating from the CMC Meetings, are placed in the form of notes from the relevant Executive Director, backed by comprehensive background information. Minutes of CMC Meetings are placed before the Board for its information.

SUBSIDIARY COMPANIES

All subsidiaries of the Company are managed by their respective Board of Directors in the best interest of those companies and their shareholders. The Minutes of Board Meetings of the subsidiary companies and details of significant transactions & arrangements entered into by them are placed before the Board of Directors of the Company. The annual financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of the subsidiary companies are also placed before the Board of Directors of the Company on a half-yearly basis.

The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/material-subsi-dary-policy>.

FAMILIARISATION PROGRAMME FOR 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 changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation & economic environment, and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters including risk assessment & mitigation processes, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time. Further details may be accessed on the Company's corporate website at <https://www.itcportal.com/directors-familiarisation-programme>.

Report on Corporate Governance

MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the Company has taken the following initiatives:

- **Website:** The Company's corporate website www.itcportal.com provides comprehensive information on ITC's portfolio of businesses, CSR & sustainability initiatives, EHS performance, shareholding pattern, key Company Policies, and contact details of the Company's employees responsible for assisting Investors & handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on 'Investor Relations' serves to inform and service Shareholders, enabling them to access information at their convenience.

The entire Report and Accounts as well as the quarterly, half-yearly and annual financial results, along with the Media Statements, presentations and FAQs on such results, are available in downloadable formats under the said section as a measure of added convenience to the Investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.

- **Financial Results and Annual Report:** The financial results, along with the Media Statements and presentations on such results, are sent to the Shareholders of the Company. Extracts of these results are published on an all India basis in major newspapers and also in 'Luxemburger Wort', Luxembourg. Annual financial results are also sent to the GDR holders at their registered addresses.

Further, the Report and Accounts of the Company, inter alia, including the Standalone and Consolidated Financial Statements, the Report of the Board of Directors and the Auditors' Reports are sent to the Shareholders of the Company. The Report of the Board of Directors includes all aspects of Management Discussion and Analysis as required under the Listing Regulations.

- **Presentations to the investing community:** Detailed presentations on the quarterly results for the investing community are sent to the

Stock Exchanges where the Company's shares are listed and also made available on the Company's corporate website. During the year, the Company organised an 'Institutional Investors and Financial Analysts Day' to provide deeper insights into the Company's Corporate Strategy and operating segments including, inter alia, their competitive strengths, unique value propositions and key drivers of growth & profitability.

- **Other disclosures / filings:** A copy of the Chairman's speech made at the Annual General Meeting of the Company is sent to all the Shareholders and also made available on the Company's corporate website. In addition, shareholding pattern, report on corporate governance, and other important information & material events relating to the Company are submitted to the Stock Exchanges and also made available on the Company's corporate website.

ITC CODE OF CONDUCT

The ITC Code of Conduct, as adopted by the Board, is applicable to the Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles viz., good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation. The Code covers ITC's commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance, avoidance of conflict of interest, and the philosophy of leading by personal example. The Code is available on the Company's corporate website.

Declaration as required under the Listing Regulations

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2022.

S. Puri

Chairman &

Kolkata, 18th May, 2022.

Managing Director

WHISTLEBLOWER POLICY

Synopsis of the Whistleblower Policy of the Company is provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts. The Whistleblower Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/whistleblower-policy>.

POLICY ON RELATED PARTY TRANSACTIONS

The Policy, as approved by the Board, may be accessed on the Company's corporate website at <https://www.itcportal.com/rpt-policy>.

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2019

The ITC Code of Conduct for Prevention of Insider Trading - 2019, as approved by the Board, inter alia, prohibits trading in securities of the Company by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

OTHER DISCLOSURES

- During the last three years, there was neither any instance of non-compliance by the Company nor penalty / stricture imposed on the Company by the Stock Exchanges / SEBI / Statutory Authorities on any matter related to the capital markets.
- There are no inter-se relationships between the Directors and Key Managerial Personnel of the Company.
- During the year, the Company has not entered into any materially significant related party transaction which may have potential conflict with the interest of the Company at large. The details of related party transactions entered into by the Company during the year are provided in the 'Notes to the Financial Statements', forming part of the Report and Accounts.
- During the year, the senior management of the Company did not enter into any material financial and commercial transaction in which they had personal interest that may have had potential conflict with the interest of the Company at large.

- During the year, the Company was not required to obtain credit rating for any debt instrument, fixed deposit programme or any other scheme involving mobilisation of funds.
- The Company has not raised any funds through preferential allotment or qualified institutions placement.
- None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities; this has also been confirmed by the Company's Secretarial Auditors, Messrs. Vinod Kothari & Company.
- Details of 'loans and advances (being in the nature of loans) provided by the Company to firms / companies in which its Directors are interested' are given in the 'Notes to the Financial Statements', forming part of the Report and Accounts.
- Details with respect to secretarial audit of the Company, and confirmation by the Board with respect to the Independent Directors, are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility and Sustainability Report', forming part of the Report and Accounts.
- Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in the 'Report of the Board of Directors & Management Discussion and Analysis' and in the 'Notes to the Financial Statements', forming part of the Report and Accounts.

In view of the diversified business portfolio of the Company, its exposure in none of the individual commodities which are sourced either for use as inputs in its businesses or for agri-commodity trading, is material in the context of its overall operations, and also in terms of the 'Policy for determination of materiality of events and information for disclosure to the Stock Exchanges', as approved by the Board. Accordingly, the disclosure requirements prescribed under the SEBI Circular dated 15th November, 2018 are not applicable for the Company.

Report on Corporate Governance

- The total fees paid during the year by the Company and its subsidiaries to Messrs. S R B C & CO LLP, Statutory Auditors, and all entities in the network firm / network entities which are part of the network of which the Statutory Auditors are a member firm, aggregate ₹ 7.73 Crores.
- Mr. R. K. Singhi, Executive Vice President & Company Secretary, is the Compliance Officer under the Listing Regulations.

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

The status of compliance with the discretionary requirements under the Listing Regulations is provided below:

- 1. Separate posts of Chairman and Managing Director:** The Chairman of the Company is an Executive Chairman. The Company has a diversified business portfolio, which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders' aspirations and societal expectations. The Chief Executive is therefore generally chosen from amongst the executive management of the Company.
- 2. Non-Executive Chairman's Office:** Not applicable.
- 3. Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and

extracts of these results in the prescribed format are published in the newspapers on an all India basis. Significant events are also posted on the Company's website under the 'Media Centre' section. The complete Annual Report and the financial results, along with the Media Statements and presentations on such results, are sent to the Shareholders of the Company.

- 4. Audit Opinion:** It has always been the Company's endeavour to present Financial Statements with unmodified audit opinion, i.e. without any qualification. The Statutory Auditors have issued an unmodified audit opinion on the Company's Financial Statements for the year ended 31st March, 2022.
- 5. Internal Audit:** The Head of Internal Audit reports to the Audit Committee of the Board.

GENERAL SHAREHOLDER INFORMATION

Provided in the 'Shareholder Information' section of the Report and Accounts.

CONFIRMATION OF COMPLIANCE

It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.

Notes:

1. Reference to Division / Divisional Business includes Strategic Business Unit (SBU), Business Vertical and Shared Services.
2. Reference to Divisional Management Committee includes SBU Management Committee, Shared Services Management Committee and Executive Committee for Business Vertical.
3. Reference to Divisional Chief Executive includes Heads of SBU, Business Vertical and Shared Services.

The ITC Code of Conduct is derived from three interlinked fundamental principles - good corporate governance, good corporate citizenship and exemplary personal conduct.

ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE

SKILLS, EXPERTISE AND COMPETENCIES OF DIRECTORS

ITC believes that it is the collective effectiveness of the Board that impacts Company performance and therefore members of the Board amongst themselves should have a balance of skills, experience and diversity of perspectives appropriate to the Company.

Given the Company's size, scale and diversified nature of its businesses, the Directors should possess one or more of the following skills, expertise and competencies:

1. Organisational Purpose

Ability to comprehend the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses.

Ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's triple bottom line philosophy of building synergy between serving the society and creating economic value for the Company.

2. Strategic Insight

Ability to evaluate competitive corporate and business strategies and, based thereon, contribute towards progressive refinement of the Company's strategies for fulfilment of its goals.

Ability to comprehend strategy of organisation of a diversified company like ITC, in the context of its unique sources of competitive advantage and assess its strengths and weaknesses.

3. Organisational Capacity Building

Acumen to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building.

Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent.

Ability to appreciate and critique the need for in-depth specialisation across business critical areas such as manufacturing, marketing, legal, information technology, public advocacy etc., as well as the breadth of general management capabilities.

4. Stakeholder Value Creation

Ability to understand processes for shareholder value creation and its contributory elements and critique interventions towards value creation for the other stakeholders.

5. Commercial Acumen

Commercial acumen to critique the Company's financial performance and evaluate the Company's strategies and action plans in the context of their financial outcomes.

6. Risk Management and Compliance

Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically.

7. Policy Evaluation

Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically.

Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically.

8. Culture Building

Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

9. Board Cohesion

Ability to comprehend the statutory roles and responsibilities of a Director and of the Board as a whole.

Ability to encourage and sustain a cohesive working environment and to listen to multiple views and thought processes and synergise a range of ideas for organisational benefit.
