



# Shaping the future



Evolve



Nurture



Sustain

## ESG Fact Book

For the year ended 31<sup>st</sup> March, 2024



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The scope and boundary of ITC's sustainability/ESG disclosures includes performance of various businesses of the Company (including units, hotels, and office complexes), Subsidiaries, Associate Companies, and Third-Party Manufacturers (TPMs) included in the reporting boundary. This represents 100% of ITC's (ITC Limited) standalone revenues and more than 98% of revenues on the basis of Consolidated Financial Statements of the ITC Group.

For details related to the reporting boundary (inclusions and exclusions), refer pages 6-8 ("About this report" section) of ITC Sustainability Report 2024.



# ITC Sustainability 2.0 Ambitions Progress Summary

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance FY 2023-24 <sup>2</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
<b>Climate Change</b>									
50% of Total Energy from Renewable Sources	% of Total Energy Consumed from Renewable Sources	50%	2030	-	50%	43%	42%	41%	Achieved
100% Purchased Grid Electricity Requirements <sup>3</sup> from Renewable Sources	% of Total Electrical Energy (Grid Purchased) from Renewable Sources	100%	2030	-	52%	47%	50%	51%	On Track
50% reduction in Specific GHG Emissions <sup>4</sup>	% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production	50%	2030	2018-19	Paperboards & Specialty Papers Business: 25%↓	Paperboards & Specialty Papers Business: 11%↓	Paperboards & Specialty Papers Business: 18%↓	Paperboards & Specialty Papers Business: 7.4%↓	On Track
					Branded Packaged Foods Businesses: 43%↓	Branded Packaged Foods Businesses: 38%↓	Branded Packaged Foods Businesses: 32%↓	Branded Packaged Foods Businesses: 21.4%↓	
					Hotels: 18%↓	Hotels: 9%↓	Hotels: 12%↓	Hotels: 4.2%↑	
					FMCG Cigarettes: 11%↓	FMCG Cigarettes: 15%↓	FMCG Cigarettes: 9%↑	FMCG Cigarettes: 2.0%↓	
30% reduction in Specific Energy Consumption	% Reduction in Energy Consumed per Unit of Production	30%	2030	2018-19	Paperboards & Specialty Papers Business: 11%↓	Paperboards & Specialty Papers Business: 9%↓	Paperboards & Specialty Papers Business: 16%↓	Paperboards & Specialty Papers Business: 5.5%↓	On Track
					Branded Packaged Foods Businesses: 25%↓	Branded Packaged Foods Businesses: 25%↓	Branded Packaged Foods Businesses: 31%↓	Branded Packaged Foods Businesses: 20%↓	
					Hotels: 12%↓	Hotels: 13%↓	Hotels: 7%↓	Hotels: 14%↑	
					FMCG Cigarettes: 6%↓	FMCG Cigarettes: 12%↓	FMCG Cigarettes: 3%↓	FMCG Cigarettes: 0.5%↓	
Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programmes and other such initiatives	Area under Social and Farm Forestry (Acres)	1,500,000	2030	-	1,160,000 Acres (cumulative)	>1,000,000 Acres (cumulative)	953,000 Acres (cumulative)	>876,000 Acres (cumulative)	On Track

1 Coverage: ITC Standalone

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

3 This includes all electricity sources except onsite power from co-generation plant.

4 ↑ Decline in KPI, ↓ Improvement in KPI





## ITC Sustainability 2.0 Ambitions Progress Summary

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance FY 2023-24 <sup>2</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
<b>Water Stewardship</b>									
40% reduction in Specific Water Consumption <sup>5</sup>	% Reduction in Water Consumed per Unit of Production	40%	2030	2018-19	Paperboards & Specialty Papers Division: 11%↓	Paperboards & Specialty Papers Business: 9%↓	Paperboards & Specialty Papers Business: 16%↓	Paperboards & Specialty Papers Business: 3.4%↓	On Track
					Branded Packaged Foods Businesses: 34%↓	Branded Packaged Foods Businesses: 31%↓	Branded Packaged Foods Businesses: 40%↓	Branded Packaged Foods Businesses: 33%↓	
					Hotels: 16%↓	Hotels: 17%↓	Hotels: 10%↓	Hotels: 22.6%↑	
					FMCG Cigarettes: 27%↓	FMCG Cigarettes: 24%↓	FMCG Cigarettes: 10%↓	FMCG Cigarettes: 4.5%↓	
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	-	4.16	3.44*	3.96	4.32	On Track
All Sites in High Water Stressed Areas to be certified as per the International Water Stewardship Standard by AWS (Alliance for Water Stewardship)	No. of AWS Certified Sites	8 sites by 2024 All high-risk sites by 2035	2035	-	7 Sites  Food Factories in Malur (Karnataka) and Ranjangaon (Maharashtra), Cigarette factories in Bengaluru (Karnataka), Ranjangaon (Maharashtra) and Saharanpur (Uttar Pradesh), Green Leaf Threshing Unit in Mysuru (Karnataka) and Paper Mill at Kovai (Tamil Nadu) have received Platinum-level certification.  → Certification audit of other Units in progress	2 Sites – Food Factory in Malur, Karnataka and Paper Unit at Kovai, Tamil Nadu, have received Platinum-level certification.  → Certification of other Units in Progress	1 Site AWS certified.  ITC's Kovai unit received the Platinum-level certification in 2019-20.  → Certification of other Units in Progress	1 Site AWS certified.  ITC's Kovai unit received the Platinum-level certification in 2019-20.	On Track

<sup>5</sup> ↑ Decline in KPI, ↓ Improvement in KPI

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



## ITC Sustainability 2.0 Ambitions Progress Summary

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance FY 2023-24 <sup>2</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
Ensure Water Security for All Stakeholders through Watershed Development & Managed Aquifer Recharge	Watershed Area (Acres)	2,200,000	2030	2016-17	1,630,000 (cumulative)	1,470,000 (cumulative)	1,330,000 (cumulative)	1,231,251 (cumulative)	On Track
	Water Harvesting Structures (Nos.)	50,000	2030	2016-17	32,400 (cumulative)	28,300 (cumulative)	25,000+ (cumulative)	21,991 (cumulative)	On Track
	Storage Potential (Million KL)	60	2030	2016-17	54.26 (cumulative)	48.9 (cumulative)	45.27 (cumulative)	41.95 (cumulative)	On Track
Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions	Potential Water Usage Saved (Million KL)	2,000	2030	-	1,090	780	496.5	208	On Track
<b>Plastic Waste &amp; Circular Economy</b>									
100% of Packaging to be Reusable, Recyclable or Compostable/ Bio-Degradable	% of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable/ Bio-degradable	100%	2028	-	>99% (less than 1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place).  ITC is also actively working to increase the collection and recycling rates for Multi-Layered Plastic (MLP) packaging waste by implementing replicable, scalable and sustainable models of solid waste management <sup>6</sup>	99.9% (less than 0.1% of Packaging Portfolio is Non- Recyclable or Hard to Recycle – Phase out plans in place).	99.9% (less than 0.1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place).	99.9% (less than 0.1% of Packaging Portfolio is Non- Recyclable or Hard to Recycle – Phase out plans in place).	On Track
Sustain Plastic Neutrality by Enabling Sustainable Management of Waste in Excess of the Amount of Packaging Utilised	% of Plastic Packaging Waste Sustainably Managed	>100%	Ongoing	-	>100% Achieved & Sustained Plastic Neutrality since 2021-22	>100% Achieved Plastic Neutrality	>100% Achieved Plastic Neutrality	80%+	On Track

<sup>6</sup> ITC is currently in the process of aligning its recyclability definition with global frameworks and standards like the ones provided by Ellen MacArthur Foundation.



## ITC Sustainability 2.0 Ambitions Progress Summary

Goal <sup>1</sup>	KPI	Target	Target Year	Baseline Year	Performance FY 2023-24 <sup>2</sup>	Performance FY 2022-23	Performance FY 2021-22	Performance FY 2020-21	Progress
<b>Sustainable Agriculture</b>									
Promote Climate Smart Village (CSV) approach in core agri-business catchments	Climate Smart Villages (Nos.)	10,000	2030	2016-17	6,755	-	-	-	On Track
Promote Climate Smart Agriculture (CSA) practices	Area Covered (Acres)	40,00,000	2030	2016-17	27,90,000	23,40,000	15,00,000	8,81,000	On Track
<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	4,70,000 Acres (cumulative)	2,90,000 Acres (cumulative)	1,33,000 Acres (cumulative)	44,044 (cumulative)	On Track
<b>Sustainable Livelihoods</b>									
Supporting sustainable livelihoods for 10 million people by 2030	Sustainable Livelihoods supported (Nos.)	1,00,00,000	2030	-	60,00,000	60,00,000	60,00,000	60,00,000	On Track



# Economic Performance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Revenues in ₹		₹ Crores	70,105.29	70,251.28	59,745.56	48,524.56	46,807.34
Revenues in US Dollars		Milion US \$	8,405.41	8,549.50	7,882.78	6,637.20	6,186.13
Contributions and other spending	Lobbying, interest, representation	₹ Crores	0	0	0	0	0
	Local, regional or national political campaigns/organizations	₹ Crores	0	0	0	0	73.81
	Trade association or tax-exempt groups	₹ Crores	13.00	9.74	6.55	6.10	7.42
	Other (eg. spending related to ballot measures or referendums)	₹ Crores	0	0	0	0	0
	Total contributions and other spending	₹ Crores	13.00	9.74	6.55	6.10	81.23

Note: Standalone

## Tax Reporting - FY 2023-24

Financial Reporting	(₹ Crores)	
	FY 2023-24	FY 2022-23
Earnings before Tax	27,139.88	25,915.12
Reported Taxes	6,388.52	6,438.40
Effective Tax Rate (in %)	23.5392	24.8442
Cash Taxes Paid	6,119.56	6,250.24
Cash Tax Rate (in %)	22.5482	24.1181

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

### Jurisdiction wise details of Key Financial Parameters

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 above are publicly available as under –

Particulars	Amount (₹ Crores)	Jurisdiction			
		India		Others	
		Amount (₹ Crores)	%	Amount (₹ Crores)	%
Revenue from Operations	76,840.49	71,867.11	93.5%	4,973.38	6.5%
Profit before tax	27,139.88	25,995.40	95.8%	1,144.47	4.2%
Income tax accrued (Current Tax for Current Year)	6,627.49	6,266.11	94.5%	361.38	5.5%
Income tax paid	6,119.56	5,776.16	94.4%	343.40	5.6%

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



# Environmental Performance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Energy Consumption	Total Energy Consumed	Terra Joules	26,383	26,885	24,394	22,369	23,853
	Total Non-Renewable energy consumed	Terra Joules	13,198	15,380	14,206	13,122	14,047
		MWh	366,611.0	42,72,363	39,46,137	36,44,935	38,94,100
	Total Energy from Renewable Sources	Terra Joules	13,185	11,505	10,188	9,247	9,806
		MWh	366,237.2	31,95,807	28,29,916	25,68,544	27,23,815
	Renewable Energy Consumption	%	50	43	42	41	41
GHG Emissions	Direct GHG Emissions (Scope 1)	Metric tonnes CO <sub>2</sub> eq	11,46,088	13,54,662	12,57,786	11,71,553	12,41,718
	Location based Indirect GHG Emissions (Scope 2)	Metric tonnes CO <sub>2</sub> eq	2,41,959	2,51,236	1,96,447	1,67,716	2,30,535
	Market based Indirect GHG Emissions (Scope 2)	Metric tonnes CO <sub>2</sub> eq	2,62,236	2,41,113	1,93,256	1,67,661	2,30,192
	Indirect Greenhouse Gas Emissions (Scope 3)	Metric tonnes CO <sub>2</sub> eq	2,52,559	2,95,430	3,18,288	2,37,238	2,06,064
Waste	Total waste recycled/reused (*including Waste Incinerated with energy recovery)	Metric tonnes	7,28,247	7,06,393	7,24,448	6,82,961	7,09,244
	Total waste disposed	Metric tonnes	1,770	1,122	859	1,423	1,872
	Waste landfilled	Metric tonnes	1,280	532	294	991	1,256
	Waste incinerated without energy recovery	Metric tonnes	490	590	565	432	571
	Waste otherwise disposed* (Difference between in-house storage and carry forward from previous year)	Metric tonnes	0	0	0	0	45
Water	Withdrawal: Total municipal water supplies (or from other water utilities)	Million cubic meters	1.82	1.9	1.4	1.3	1.575
	Withdrawal: Fresh surface water (lakes, rivers, rainwater etc.)	Million cubic meters	28.18	27.1	26.86	25.056	26.317
	Withdrawal: Fresh groundwater	Million cubic meters	5.89	5.5	5.4	5.406	6.317
	Discharge	Million cubic meters	21.87	20	22	21.81	23.32
	Total Net Fresh Water Consumption	Million cubic meters	14.02	14.5	11.7	9.95	10.89





## Environmental Performance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Packaging Materials	Total Weight						
	- Wood/Paper fiber packaging	Metric tonnes	1,61,595	1,56,184	1,33,073	1,21,776	1,41,388
	- Metal (e.g. aluminum or steel) packaging	Metric tonnes	345	416	792	389	916
	- Glass packaging	Metric tonnes	382	399	2,118	120	0.05
	Recycled and/or Certified Material						
	- Wood/Paper fiber packaging	% of total weight	73	77	90	92	76
	- Metal (e.g. aluminum or steel) packaging	% of total weight	-	-	-	-	-
	- Glass packaging	% of total weight	-	-	-	-	-
Plastic Packaging	Total weight of all plastic packaging	Metric tonnes	70,578	56,758	50,878	47,821	40,851
	Percentage of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	%	99.90	99.9	99.9	99.9	99.9
	Percentage of compostable plastic packaging (as a % of the total weight of all plastic packaging)	%	0.15	0.12	0.02	0.012	-
	Quantum of recycled content within plastic packaging	Metric tonnes	174	97.74	23	-	-
	Percentage of recycled content within plastic packaging (as a % of the total weight of all plastic packaging)	%	0.25	0.17	0.05	-	-
Environmental Violations	Significant fines related to the environment or ecology	-	NIL	NIL	NIL	NIL	NIL

## Environmental Management Policy & Due Diligence

Environment, Health and Safety (EHS) management across ITC's operations is governed by Board-approved Policy on 'Environment, Health and Safety (EHS)'. To operationalise the Policy, ITC has also developed ITC EHS Guidelines aligned to the best-in-class national/international standards. For new projects including mergers and acquisitions, on-site assessments and environmental compliance related due-diligences are carried out in line with ITC's EHS Guidelines.



## Environmental Performance

### Energy Management Programs

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

→ Energy audits are carried out at all ITC Units by internal as well as external auditors including those certified by Bureau of Energy Efficiency (BEE), a Government of India nodal agency on energy efficiency.

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

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

#### Quantified targets to address energy savings

→ At the organisational level, ITC has committed to a 30% reduction in its specific energy consumption by 2030 as compared to a 2018-19 baseline.

→ The long-term organisational level target is adopted by all ITC Businesses including FMCG Cigarettes and is further broken down into annual milestones at the Business as well as Unit level.

→ Additionally, annual performance against this target is reported publicly in ITC's annual sustainability report.

→ Till 2023-24, ITC has achieved 25%, 11%, 12% and 6% reduction across Foods, Papers, Hotels and FMCG Cigarettes Businesses (~96% of ITC's Total Energy Consumption)

#### Actions to reduce the amount of energy use

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

→ Installation of static electricity discharge nets in Air Handling Units (AHUs) to eliminate electrostatic disturbance thereby improving heat transfer efficiency in Hotels and Foods Businesses.

→ Installation of Automatic Tube Cleaning System (ATCS) to reduce scaling thereby improving chiller efficiency in Foods, Hotels and Packaging Businesses.

→ Installation of energy efficient sludge dewatering system and multi-disc screw press in Foods Business.

→ Installation of desuperheater to efficiently reduce steam pressure for process requirements during low electricity demand in Paper Business.

→ Installation of catalyst system to improve fuel combustion efficiency and reduce air emissions in Foods Business.

→ Compartmentation in potato cold room to optimise cooling requirement in Foods Business.

→ Installation of Pressure Reduction Station (PRS) in lamina re-drier to optimise steam consumption in Agri Business.

→ Installation of Variable Frequency Drives (VFDs) for various pumps, conveyors, dryers, fans, motors and chillers across Businesses.

→ Replacement of burners, LPG vaporisers, air diffusers, air conditioners, chiller, heater, cooling tower, UPS, boiler, motors, fans and pumps with higher efficiency ones across Businesses.

→ Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs) across Businesses.

#### 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 Organization level and this is reviewed quarterly.

→ Aggregate savings are also reported publicly in ITC's annual report. In 2023-24, various investments listed earlier resulted in energy savings of about 500 TJ during the year.

#### Use of clean or green energy

→ All business units of ITC continuously work towards improving energy usage efficiencies and increasing the share of renewable energy in line with ITC's 2030 Goals.

→ These goals include reduction in specific energy by 30% and specific GHG by 50% along with increasing renewable energy share to 50% and sourcing 100% of purchased electricity from renewables.

→ The Company regularly tracks its performance against these key performance indicators.

→ The Company invests in energy conservation and renewable energy projects along with exploring innovative technologies to bring alignment with the goals. These investments are done in phases by taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects.

→ Over the years, ITC has installed 205 MW of solar and wind power plants to supply renewable electricity to its Units.

→ These investments in renewable electricity along with investments in renewable thermal energy have helped ITC in achieving 50% renewable energy share in 2023-24 itself i.e., seven years ahead of the 2030 target. Also, 52% of grid purchased electricity was sourced from renewable sources in 2023-24.



## Environmental Performance

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

As a part of Industry 4.0 initiative, 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.

- Currently, 40 ITC buildings are platinum rated green buildings. In addition, the first twelve LEED® Zero Carbon hotels in the world are ITC properties, and ITC Sankhya is the first LEED® Zero Carbon data centre in the World.
- During 2023-24, 30% of total capex consisted of investments in the areas of renewable energy, green buildings, energy efficient equipment, pollution control equipment etc.

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

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

→ ITC's Corporate EHS team organises a 5-day expert-led annual training programme for relevant personnel for building advanced-level capabilities across all aspects of ITC's EHS Guidelines including energy management.

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

## Waste Management Programs

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

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

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

visit to their facilities, statutory approval wherever relevant (for example hazardous waste recycling)

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

### Action plans to reduce waste generation

- ITC's Board-approved Policy on Resource Efficiency promotes optimising resource usage that reduces waste generation.
- For the waste that gets generated, ITC's approach focusses on segregation of waste at source and then channelizing it to suitable recycling streams.
- Several initiatives have been undertaken across ITC Units to reduce waste generation, e.g.,
  - Recovery and recycling of paper fibre from ETP sludge back for paper making, thereby reducing ETP sludge generation.
  - Recovering starch recovery from the potato chips effluent which is then sold as raw material for other industries.

### 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/



## Environmental Performance

vendors as notified by the local authorities to achieve 100% recycling.

→ At the organisation level, ITC has a target of sustaining/maintaining waste positive status i.e., recycle more waste than what is generated and plastic waste neutral status i.e., collect and manage more plastic waste than what is utilised in operations.

- For waste positive status, ITC aims to maintain recycling rate of over 99% across its factories and increase the utilization of externally sourced waste paper at its paper recycling mill. In line with this, Business and Unit-level targets are set. Dashboards covering material utilization and waste recycling rates are maintained to ensure effective monitoring.
- For plastic waste neutral status, ITC has implemented large-scale solid waste management programmes to collect post-consumer packaging waste and channelise it for recycling. Additionally, ITC is working towards ensuring that 100% of packaging is recyclable, reusable or compostable/biodegradable by 2028.

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

→ Various technological innovations and process optimisations including Industry 4.0 measures are being implemented across Businesses that result in improving material utilization efficiency thereby reducing waste generation, e.g.,

- Using advanced analytics (including weather conditions input) to optimise

process parameters for reducing moisture variations, thereby lower rejects.

- Paper mill at Kovai has 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 gets converted into innovative products like fly ash bricks, cement, grey boards, egg trays etc.
- For built infrastructure, adoption of measures like value engineering principles for reducing material consumption, using recycled waste products as construction material, and building for longevity.

### Waste reduction training provided to employees

→ Regular training is provided to employees on topics like optimising material consumption and reducing waste. This includes training operators on reducing rejects, promoting material efficiency and waste management.

→ In addition, all ITC Units have clearly marked bins for promoting segregation of waste at source

→ ITC's EHS Guidelines, implemented across all ITC Units, have specified competency requirements including qualifications and trainings for employees involved in overseeing waste management across ITC Units. This is aimed at encouraging relevant employees to continuously upgrade their skills and knowledge through a combination of internal as well as external courses on waste management.

→ ITC also has an in-house knowledge

platform wherein monthly sessions are conducted by internal and external experts on important sustainability topics including solid waste and plastic waste management.

→ Awareness programmes on topics like segregation and composting are conducted for employees to encourage individual-level actions for managing waste in their daily lives.

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

→ ITC aims to improve material utilization efficiency and increase recycling rates across its Businesses. This is ensured through segregation of waste at source and channelizing it to appropriate recycling streams including recycling processes integrated within ITC. For e.g.,

- Waste paper cutting from ITC's FMCG Units across foods, packaging and stationery businesses is sent for recycling at ITC's in-house paper mill in Kovai. Tamil Nadu.
- In Food factories, ITC has 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 has implemented innovative circular solution for its ETP sludge which includes making nursery pods, egg trays etc.

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

→ Internal systems are in place to track waste performance i.e., quantity of waste generated across different waste categories, quantity of waste channelised to different end-uses,

and regular audits are conducted to ensure effectiveness of onsite management systems.

→ Implementation of ITC's waste management approach across its facilities has enabled a consistent recycling rate over 99% (i.e., +99% waste diverted from landfill) for last 10 years.

→ ITC's waste performance is reported publicly in its annual sustainability report in line with GRI Standards. In the reporting year, following GRI indicators related to waste performance: 306-3: Waste generated, 306-4: Waste diverted from disposal and 306-5: Waste directed to disposal, have been assured by Messrs. KPMG Assurance and Consulting Services LLP, an independent third-party assurance provider. They have provided the assurance as per the International Standard for Assurance Engagements (ISAE) 3000 at a 'Reasonable Assurance' level. Their assurance statement is included in the annexure "Independent External Assurance" of ITC Sustainability Report 2024.

## 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.



## Environmental Performance

- 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.,
  - Recycling water in mixer jacket back to cooling tower instead of sending it to ETP
  - Using specially designed spray ball to minimize water usage in cleaning
  - Reusing the reverse osmosis (RO) reject water after treatment in a softener unit, thereby decreasing the consumption of groundwater
  - o 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 2023-24, ITC has successfully substituted ~61,000 kl of fresh water with rain water and treated waste water

- Constructing structures for rainwater recharge to facilitate the infiltration of rainwater into the ground, consequently enhancing groundwater levels.

### Actions to improve wastewater quality

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

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

- During FY 2023-24, all ITC Units met their regulatory requirement related to effluent discharge quality and quantity.
- Real time effluent quality meters are installed at ITC's paper mills that contribute to ~99% of ITC's total water discharge.

### Establishment of targets to reduce water use

- At the organisational level, ITC has committed to a 40% reduction in its specific water consumption by 2030 as compared to a 2018-19 baseline.
- The long-term organisational level target is adopted by all ITC Businesses including FMCG Cigarettes and is further broken down into annual milestones at the Business as well as Unit level.
- Additionally, annual performance against this target is reported publicly in ITC's annual sustainability report.
- Till 2023-24, ITC has achieved 34%, 11%, 16% and 27% reduction across Foods, Papers, Hotels and FMCG Cigarettes Businesses (~99% of ITC's Total Water Consumption)

### Application of water recycling

- As mentioned, above, various actions are undertaken for improving wastewater quality and utilising the same across applications

depending on water quality requirements.

- Wastewater is recycled in the processes like boiler feed (after additional treatment to improve quality), cooling tower makeup, toilet flushing, landscaping etc.
- In addition, steam condensate recover system is installed across factories to recover it and utilise it in the boiler feed thereby reducing freshwater consumption.

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

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





# Social Performance

## Human Resources

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Labour and Employment	Labour and Employment	Nos.	40,409	38,722	37,334	35,947	36,572
	Total Female Employees	Nos.	6,275	5,527	5,001	4,457	4,672
Training & Development Inputs	Total Employee Training	Person days	2,22,873	1,11,829	1,31,670	7,53,604	1,00,003
	Average hours per FTE of training and development	Hour	44	23	28	168	22
	Average amount spent per FTE on training and development.	INR	7,593	7,259	4,934	4,381	8,124
	Training of FTEs based on Ethnicity:						
	Indian	%	99	98			
	Other than Indian: Primarily from Nepal, Europe and North American countries	%	1	2			
	Average hours per FTE of training and development for Male Employees	Hour	39	21			
	Average hours per FTE of training and development for Female Employees	Hour	73	34			
Human Capital Return on Investment	a) Total Revenue	₹ Crores	70,105	70,251	59,746	48,525	46,807
	b) Total Operating Expenses	₹ Crores	47,320	48,011	42,506	34,611	30,522
	c) Total employee- related expenses (salaries+benefits)	₹ Crores	3,732	3,588	3,076	2,832	2,682
	Resulting HC ROI (a-(b-c))/c	-	7.11	7.20	6.61	5.91	7.07
Hiring	Total New Hires	Nos.	6,235	6,478	9,763	4,592	8,045
	New Male Hires	Nos.	4,717	4,909	7,469	3,682	-
	New Female Hires	Nos.	1,518	1,569	2,294	910	-
	Hiring based on Ethnicity: Indian	%	99	98			
	Others: Primarily from Nepal, Malaysia, Australia, European, North American, Middle Eastern countries	%	1	2			
	Percentage of open positions filled by internal candidates (internal hires)	%	31	30	50		
	Average hiring cost/FTE	₹ Lacs	0.5	0.4	0.3		



## Human Resources

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
<b>Workforce Breakdown: Gender</b>	Share of women in total workforce (as % of total workforce)	%	16	14			
	Share of women in all management positions, including junior, middle and top management	%	19	18			
	Share of women in junior management positions	%	20	19			
	Share of women in top management positions	%	6	3			
	Share of women in revenue generating functions	%	13	11			
	Share of women in STEM	%	17	15			
<b>Workforce Breakdown: Race/ Ethnicity &amp; Nationality</b>	Nationality: Indian						
	Share in total workforce	%	99	98	100		
	Others: Primarily from Nepal, but also includes Malaysia, Australia, other North American countries, Middle Eastern Countries and Europe Break down region-wise is provided below:	%	1	2			
	Nepal	%	1				
	Middle East	%	0.01				
	Malaysia	%	0.002				
	Europe	%	0.005				
	Australia	%	0.002				
	USA	%	0.02				
	Share in all management positions, including junior, middle and senior management (as % of total management workforce)						
	Indian	%	98	98	100		
	Other Than Indian	%	2	2			
<b>Freedom of Association</b>	No. of employees covered under the collective bargaining process	Nos.	10,916	10,700+	11,000+		
	% of employees represented covered by collective bargaining agreements	%	27	28	29		



## Human Resources

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Employee Turnover Rate	Employee Turnover Rate	Rate	9	12	10	8	11
	Voluntary employee turnover rate	Rate	7.9	10	9	7	10
	Data coverage (as % of all FTEs globally)	%	69	61	70	77	77
Trend of Employee Wellbeing	% of employees with top level of engagement, satisfaction, wellbeing, or employee net promoter score (eNPS)	%	96	94	94	95	
	% of employees who responded to the survey	%	98	96	96	97	
	Employee Metrics - Satisfaction: Taking everything into account, how satisfied are you with ITC as a place to work?	Scores	79	75			
	Employee Metrics - Purpose: I understand how my work contributes to the Division / SBU business objectives	Scores	96	94			
	Employee Metrics - Happiness: I feel I can openly and honestly communicate my views upwards	Scores	82	78			
	Employee Metrics - Stress: I am able to sustain the level of energy I need throughout the work day	Scores	85	82			
Parental leave	Rate of return to work (Male-permanent employees)	%	100	100			
	Rate of return to work (Female-permanent employees)	%	100	100			
	Employee Retention Rate (Male Permanent Employees)	%	87	100			
	Employee Retention Rate (Female permanent employees)	%	93	51			



## Human Resources

### 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 and is available at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

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

The Code of Conduct is applicable to all Directors, Senior Management and Employees of the Company and the compliance of the Code of Conduct is an essential part of their employment obligations. Directors, Senior Management and Employees are made aware of the Code through acceptance of it at the time of joining and refresher trainings at regular frequencies are ensured. The Head of Human

Resources of the respective Business / Head of Corporate Human Resources, as applicable, will address any queries from employees pertaining to this Code.

Employees should report any violation to the Whistleblower Complaints Committee any illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information, that could adversely impact the Company's operations, business performance and / or reputation. The Company deals with instances of non-adherence to the requirements relating to this Code through an appropriate internal mechanism. The details are available in ITC's Whistleblower Policy available at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>.

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

### Gender Pay Equality Commitment

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

→ We recognize that fostering a culture of DEI requires ongoing dedication and effort. Therefore, we are committed to embedding these principles into our organizational practices, from recruitment, remuneration and retention to professional development and leadership. We seek to create a workplace where every employee is given the opportunity to thrive, where diverse perspectives are not only welcomed but actively sought, and where equity is not merely an aspiration but a tangible reality.

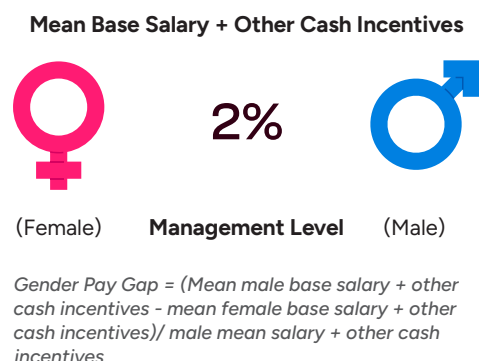
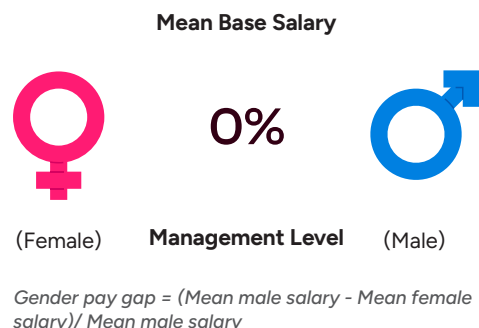
→ Our principled approach ensures that there is no discrimination based on gender etc, and that the principle of equity is consistently maintained, as is detailed in our Diversity, Equity & Inclusion policy. Our compensation structure is designed to reflect this commitment as well, ensuring that pay decisions are based solely on role requirements, performance, and market benchmarks.

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

→ The Company's Policy on remuneration is available at <https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf>

## Human Resources

### The Gender Pay Gap



### Employee Development Programmes

ITC Analytics Accelerator Programme	Business Leadership Programme, BLP
<b>Objective/Business Benefits:</b> <p>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.</p> <ul style="list-style-type: none"> <li>(i) an ELearning that prepared participants with the foundations of analytics, algorithms, data engineering and Machine Learning;</li> <li>(ii) a three day classroom program that sharpened the how to apply these concepts into functional domains</li> <li>(iii) A mentorship to guide the participants to apply their learning in appropriate projects</li> </ul>	<b>Objective/Business Benefits:</b> <p>The program aimed to strengthen the leadership Pipeline of ITC and catalyse 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.</p>
<b>Quantitative Impact of Business Benefits:</b> <p>47 managers involved in Data Science and Analytics Projects in Marketing, Manufacturing and Sales and Distribution (100% of the target population) have been covered in the program. Some of the business benefits that accrued out of the application projects include improvement in finished product quality upto 30%; potential saving upto D 1.9 crores by improving operational efficiency etc. Coverage- 100% participation of eligible FTEs</p>	<b>Quantitative Impact of Business Benefits:</b> <p>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. 65% 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. Coverage- 45% participation of eligible FTEs</p>





## Human Resources

### Employee Support Programmes

ITC, has always believed in the employee's comprehensive engagement and well-being. The objective is to positively impact all aspects of well-being – physical, mental and emotional.



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.



**Child Care Facilities:** Creche and childcare facilities, including breast-feeding stations, are available to employees across various locations.



**Paternity Leave:** The Company encourages employees who are non primary care givers to take time-off and support the spouse / partner at the time of child birth, including birth through surrogacy, or adoption. (10 working days of paid leave.)



**Working From Home (WFH):** The WFH policy enables a provision of working from a location other than the designated office.

## Employee Support Programmes



**Time Off:** Sabbaticals provided to managers to pursue higher studies along with financial support.



**Care Giver Support:** Relocation of managers to enable them provide care giver support to aged parents.



**Maternity Leave:** as per Maternity Benefit Act (26 weeks).

**Extended Child Care Leave:** Women employees are allowed extended time-off from work after childbirth, adoption, or surrogacy, or as the primary caregiver, in addition to maternity leave.

**Health/medical camps,** yoga and other wellness sessions including such innovative practices like providing employees with gamified solutions to meet their health, fitness and nutritional goals such as Annual Sports Days, availability of Gymnasiums at office premises, etc are also offered to the employees.

**Medical Assistance:** Medical benefits are extended to the employees and her/his spouse or same gender partner and two dependent children below the age of 24 years, which includes domiciliary, hospitalization benefits, accident insurance and periodic preventive health check-ups.

**“Wellbeing on the Web”, an online Employee Assistance Programme** to promote holistic wellbeing of employees and their families is being offered as a part of the employee wellness initiative, which includes doctor consultations, dietitian, psychological counselling and preventive care, access to monthly webinars on health and wellbeing topics such as Stress Management, Cardiac Health, Good Diets, as well as retirement counselling.



## Human Resources

### 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.

## 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 globalising 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 cognises for the Company's diverse multi-business portfolio, its unique competitive context and strategy of organisation."

→ "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

In line with ITC's Remuneration Policy, 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), 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) and circular economy as measured by KPIs like plastic neutrality, sustainable packaging (recyclable, reusable or compostable/ biodegradable), among others.



# Social Performance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Water Stewardship	Area covered through Supply Side Work - catchment treatment and irrigation support	Acres	1,68,668	1,37,000	1,01,000	97,549	1,22,112
	Rainwater harvesting potential created	Million Kl	5.52	3.80	3.47	3.95	3.68
	Water harvesting structures	Nos.	4,100	3,196	3,189	3,000	2,370
	Demand Management - Potential water savings through water efficient practices in agriculture	Million Kl	1,090	780	497	208	136
	Beneficiaries covered under Water Stewardship programme	Nos.	60,609	32,400	21,000	36,000	21,000
	SC/ST beneficiaries	%	11	25	30	35	30
	Female beneficiaries	%	22	22	17	36	19
Climate Smart Agriculture	Area covered under Climate Smart Agriculture (CSA) practices	Acres	27,90,000	23,40,000	15,00,000	8,81,000	7,37,000
	Beneficiaries covered under CSA programme	Nos.	10,51,782	7,40,000	4,50,000	2,54,000	3,36,000
	SC/ST beneficiaries	%	19	21	24	22	12
	Female beneficiaries	%	19	20	18	15	9
	Farmer Field Schools	Nos.	13,500	8,201	7,196	5,969	4,786
	Climate Smart Village (CSV) area	Acres	18,99,843	10,04,136			
	CSV Villages	Nos.	6,755	4,800			
Institutional Support	Agri Business Centers	Nos.	1,158	916	613	401	
	Linkage to Government Schemes	Nos.	15,24,000	9,50,000			
Off-Farm livelihood diversification - Livestock development	Animal Owners covered under Livestock development programme	Nos.	2,33,423	79,400	31,000	33,400	32,786
	SC/ST beneficiaries	%	19	19	16	21	16
	Female beneficiaries	%	40	60	5	6	4
On-Farm livelihood diversification - Social Forestry	Area covered under Social Forestry	Acres	33,980	31,000	30,300	30,439	35,193
	Beneficiaries covered under Social Forestry programme	Nos.	10,874	8,795	15,000	16,371	14,632
	SC/ST beneficiaries	%	34	25	17	14	27
	Female beneficiaries	%	28	26	21	29	36



## Social Performance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Support to Education	Children covered in Education programme	Nos.	4,09,691	2,50,000	55,000	33,000	84,000
	Govt Schools & Anganwadi Infra support	Nos.	590	386	440	263	273
Skilling of Youth	Youth benefited from Skilling programme	Nos.	12,500	14,400	11,500	9,600	12,000
	SC/ST beneficiaries	%	31	34	29	30	32
	Female beneficiaries	%	49	46	48	42	46
Mother & Child Health and Nutrition (MCHN)	Beneficiaries covered under MCHN programme	Nos.	14,61,000	6,80,000	5,90,000	3,40,000	3,76,000
Waste Management	Households covered under Waste Management programme	Nos.	1,14,59,000	80,00,000	61,30,000	45,31,000	34,58,000
Women Empowerment	Women reached out through all CSR interventions (Approx)	Nos.	60,00,000				



## Social Performance

### Occupational Health & Safety

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Occupational Health & Safety	No. of fatalities – Employees*	Persons	0	0	0	0	0
	No. of fatalities - Contractors*	Persons	0	1	2	1	0
	High Consequence Work Related Injury Rate*	Rate	0	0.0014			
	High Consequence Work Related Injuries*	Count	0	1			
	LTIFR (per one million-person-hours worked)* The data on LTIFR is for the combined workforce i.e. ITC employees and service providers' employees.	Rate	0.065	0.095	0.11	0.12	0.09
	Lost Day Rate (the combined workforce i.e. ITC employees and service providers' employees.)*	Rate	0.88	15.6	29.4	8.39	2.02
	Injury Rate (the combined workforce i.e. ITC employees and service providers' employees.) (the frequency of Lost Time Accidents (LTAs), for every 200,000 manhours worked*)	Rate	0.013	0.019	0.022	0.024	0.018

\*Onsite accidents



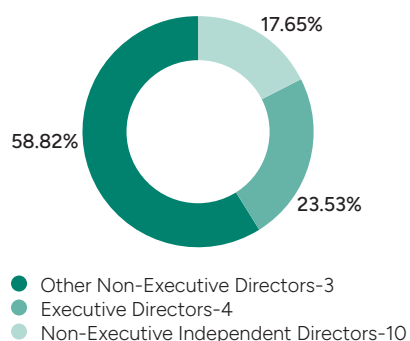
# Governance

## Composition of the Board of Directors of the Company

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. More than 50% of the total Board strength comprises Independent Directors and more than 20% comprises Women Directors.

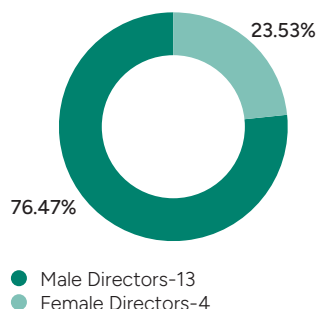
The Company has a diversified business portfolio comprising 13 businesses, including Branded Packaged Foods, Personal Care Products, Education & Stationery Products, Matches & Agarbattis, Cigarettes, Hotels, Agri Business and Paperboards, Paper & Packaging Businesses. Such a diversified business portfolio tends to require a large size of the Board of Directors to address the complexities arising from the diverse operations of the Company. The present composition of the Board represents an optimal mix of professionalism, knowledge, experience and diversity, taking into account, inter alia, the size and scale of operations of the Company.

### BOARD COMPOSITION (BASIS CATEGORY)



Data as on 30<sup>th</sup> June, 2024

### BOARD COMPOSITION (BASIS GENDER)



## Chairman and Managing Director

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

As stated above, the Company has a diversified business portfolio which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders' aspirations and societal expectations. The Chief Executive is therefore generally chosen from amongst the executive management of the Company.

## Election process of the Directors

The Board Members of the Company are elected individually (as opposed to elected by slate). Directors are appointed / re-appointed with the approval of the Shareholders for a period of three to five years or a shorter duration, in accordance with retirement

guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Shareholders of the Company. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

## Evaluation of Board, Board Committees and Individual Directors

The Company has a structured process for performance evaluation of the Board, Board Committees and individual Directors. The Nomination & Compensation Committee has formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the roles and responsibilities of the Board as provided in the Indian regulatory requirements and the Governance Policy of the Company. The parameters for Board performance

evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company; such parameters include securing alignment of the Company's goals with the nation's economic, ecological and social priorities, ensuring that the Company has a clearly defined strategic direction for realisation of its vision, and supporting the Company's management to meet challenges arising from the operating & policy environment in the country.

Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of the Company. The parameters for performance evaluation of individual Directors, inter alia, include ability to provide thought leadership across the role spectrum, and contribution to Board cohesion, governance & organisational processes.



## Governance

### Attendance at Board meetings and at Annual General Meeting (AGM) during the FY 2023-24

Director	Number of Board Meetings attended	Attendance at last AGM
S. Puri	6 of 6	Yes
S. Dutta	6 of 6	Yes
H. Malik	3 of 3	N.A.
B. Sumant	6 of 6	Yes
S. Banerjee	6 of 6	Yes
H. Bhargava	6 of 6	Yes
A. M. Bharucha	2 of 3	N.A.
A. Duggal	6 of 6	Yes
M. Gupta	6 of 6	Yes
R. Jain	1 of 1	N.A.
S. Mukherjee	6 of 6	Yes
A. Nayak	6 of 6	Yes
S. Panray	6 of 6	Yes
N. Rao	5 of 6	Yes
A. K. Seth	6 of 6	Yes
M. Shankar	6 of 6	Yes

### Board Committees

Name of the Committee	Composition (as on 31 <sup>st</sup> March, 2024)	No. of Meetings held during FY 2023-24	Average Committee meeting attendance
Audit Committee	4 ID	8	100%
Nomination & Compensation Committee	4 ID, CMD*	4	100%
Risk Management Committee	1 ID, 3 ED, CMD and 1 SM	3	100%
Securityholders Relationship Committee	1 ID, 1 NED, and 2 ED	18	92.59%

Name of the Committee	Composition (as on 31 <sup>st</sup> March, 2024)	No. of Meetings held during FY 2023-24	Average Committee meeting attendance
CSR and Sustainability Committee	3 ID, 3 NED, and CMD	3	100%

ID: Independent Director; CMD: Chairman & Managing Director; ED: Executive Director; NED: Non-Executive Director; SM: Senior Manager

\* Considering that the role of the Nomination & Compensation Committee, inter alia, involves identification of persons for directorship / senior management positions, recommendation of their appointment / removal to the Board etc., the CMD who occupies a critical position in the governance structure of the Company is a Member of the Committee primarily to facilitate the decision-making process of the Committee. All decisions of the Committee are taken by majority of the Members. In any event, the CMD does not participate in any decision of the Committee pertaining to himself.

### Remuneration of Chairman and Executive Directors

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with the Company's 'triple bottom line' approach to business, to attract & retain high quality talent and is anchored on ITC's values, all of which are integral in pursuit of the Company's vision and mission of enhancing the wealth generating capability of the enterprise in a 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, contributes in determining remuneration. The Company has adopted a comprehensive 'Total Rewards' approach to remuneration that, inter alia, promotes a superior quality of personal and work life by combining both cash and non-cash

components / benefits. The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on its corporate website at <https://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 of the Company. The Chairman & Managing Director and each of the Executive Directors are entitled to performance bonus for every financial year up to a maximum of 300% and 200% of their basic / consolidated salary, respectively, as may be determined by the Board on the recommendation of the Nomination & Compensation Committee; such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria. Apart from fixed elements of remuneration and benefits /



## Governance

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, including performance against Sustainability goals. The maximum annual value of such Long Term Incentives is 0.10% and 0.05% for the Chairman & Managing Director and each of the Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year.

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

→ **Performance Period:** Remuneration of the Chairman & Managing Director and the Executive Directors of the Company is a mix of fixed pay and variable pay / long-term pay (weighing more towards variable pay) reflecting short and long-term performance objectives in line with the Company's business

**The details of remuneration of the Chairman & Managing Director and the Executive Directors of the Company for the FY 2023-24 is given below:**

Nature of Directorship	Particulars	Amount (₹ in crores)	Percentage to total remuneration
Chairman & Managing Director	Basic / Consolidated Salary	3.12	10.90%
	Performance-based bonus*	8.64	30.18%
	Performance-based remuneration <sup>#</sup>	12.84	44.85%
	Others	4.03	14.07%
	<b>Total</b>	<b>28.63</b>	

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. Unvested Stock Options lapse in case of resignation, and both vested and unvested Stock Options are forfeited, in case of termination of service due to misconduct. This applies to all employees including the Chairman & Managing Director and the Executive Directors of the Company. Further, there is no separate provision for payment of severance fee under the resolutions governing the appointment of the Chairman & Managing Director and the Executive Directors who have all been drawn from the management cadre. The statutory provisions will however apply.

→ **Time Vesting:** As stated above, the Chairman & Managing Director and the Executive Directors of the Company are eligible for Stock Options. The exercise period for such Stock Options commences from the date of vesting of the Options and expires at the end of five years from the date of such vesting.

Nature of Directorship	Particulars	Amount (₹ in crores)	Percentage to total remuneration
Executive Directors (3 Nos.)	Basic / Consolidated Salary	4.35	17.48%
	Performance-based bonus*	5.89	23.66%
	Performance-based remuneration <sup>#</sup>	8.05	42.19%
	Others	6.53	16.67%
	<b>Total</b>	<b>24.89</b>	

Data as on 31<sup>st</sup> March, 2024

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

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

### NON-EXECUTIVE DIRECTORS WITH INDUSTRY EXPERIENCE

Sl. No.	Name of the Director	GICS Level 1 Classification	Industry Experience
1.	H. Bhargava	Industrials	Worked with the Life Insurance Corporation of India as Managing Director (and also as Chairman in-charge for an interim period) in different capacities, especially in marketing, international operations and new ventures. Adept at establishing new strategic initiatives with multiple stakeholders and designing innovative marketing & sales campaigns, he has guided several skilled professionals across the finance value chain.
2.	A. Duggal	Financials and Information Technology	International banker with global experience in financial strategy, M&A and capital raising, having worked with Bank of America as Chief Executive and HCL Technologies Limited as Chief Financial Officer, amongst others.
3.	M. Gupta	Industrials	Worked with the Life Insurance Corporation of India as Managing Director in diverse set of roles building multi-dimensional experience in different capacities, especially in insurance, marketing, bancassurance and alternate channels.
4.	S. Mukherjee	Financials	Former Chairman and Senior Partner of PricewaterhouseCoopers in India. He has been known for building a culture that is value-driven and encourages innovation & robust governance.



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Sl. No.	Name of the Director	GICS Level 1 Classification	Industry Experience
5.	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.
6.	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.
7.	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) and Fawaz Abdulaziz Alhokair Company (as CEO) and also served as Executive Vice Chairman (Senior Management Personnel) of Raymond Limited.

Data as on 31<sup>st</sup> March, 2024

## CODE OF CONDUCT – SYSTEMS AND PROCESSES

Particulars	
<b>Dedicated help desks and focal points</b>	<p>The Head of Human Resources of the respective Business / Head of Corporate Human Resources, as applicable, addresses any queries from employees pertaining to the ITC Code of Conduct.</p> <p>Further, in terms of the Whistleblower Policy of the Company:</p> <p>→ 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'. 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.</p> <p>→ Anonymous complaints are also entertained if the complaint sets out specific allegations and verifiable facts and is accompanied with supporting evidence.</p>

Particulars	
<b>Disciplinary actions in case of breach, i.e., warning, dismissal, zero tolerance policy</b>	<p>Instances of non-adherence to the requirements stated under the ITC Code of Conduct are dealt with by the Company through an appropriate internal mechanism.</p> <p>Further, employees may also bring to the notice of the Whistleblower Complaints Committee any illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information, that could adversely impact the Company's operations, business performance and / or reputation.</p>
<b>Anti-competitive behaviour</b>	<p>The Company does not engage in any anti-competitive behaviour. The Company expects the highest standards of ethical conduct in all its endeavours. In terms of the ITC Code of Conduct, the Company believes in conducting business in a transparent manner and does not indulge in bribery or corruption.</p>
<b>Compliance system of the Company</b>	<p>It is the Company's policy to fully comply with all the applicable laws and regulations. The Company does not accept practices that are unlawful or may be damaging to its reputation. Ensuring legal and regulatory compliance is the responsibility of the Chief Executives of the respective Businesses and their Divisional Management Committees (DMCs) in case of Divisions, and the respective Heads in case of Corporate Departments. The DMCs of the respective Businesses and Heads of Corporate Departments satisfy themselves from time to time that sound and adequate arrangements exist to ensure compliance with the statutory and regulatory requirements impacting the Business / Department, and identify &amp; respond to developments in the regulatory environment relevant to the Business / Department. In the event the implication of any law is not clear, the Company's Legal Department is consulted for advice.</p> <p>At the central level, the Corporate Management Committee and the Board of Directors of the Company review the statutory compliance reports from all Businesses and Corporate Departments on a monthly basis and provide appropriate directions, where necessary.</p>



## Governance

### SUMMARISED DATA OF LAST 5 FINANCIAL YEARS:

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Board of Directors	<b>Total number of Directors on the Board (as on 31<sup>st</sup> March)</b>	<b>Persons</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>14</b>	<b>14</b>
	Executive Directors (as on 31 <sup>st</sup> March)	Persons	4	4	4	4	4
	Independent Directors (as on 31 <sup>st</sup> March)	Persons	9	8	8	7	7
	Other Non-Executive Directors (as on 31 <sup>st</sup> March)	Persons	3	4	4	3	3
	Number of Women Directors (as on 31 <sup>st</sup> March)	Persons	3	2	2	2	2
	Average tenure of Directors on the Board (as on 31 <sup>st</sup> March)	No. of years	4.69	4.91	4.39	4.75	3.75
	Number of Board Meetings held	Nos.	6	6	6	6	6
	Average attendance at Board Meetings	%	97.05	97.85	98.81	97.62	95.32
	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.	1	0	0	1	1
	Number of Non-Executive Directors (including Independent Directors) with 4 or less mandates (as on 31 <sup>st</sup> March) <sup>2</sup>	Nos.	10	11	12	9	8
	% of Non-Executive Directors with 4 or less mandates, as stated above, against the total number of Non-Executive Directors	%	83.33	91.67	100	90	80
	Number of other mandates for Non-Executive Directors (including Independent Directors) restricted to <sup>3</sup>	Nos.	7	7	7	7	8
	Number of Non-Executive Directors (including Independent Directors) with industry experience (based on GICS 1 classification i.e. Energy - Materials - Industrials - Consumer Discretionary - Consumer Staples - Healthcare - Financials - Information Technology - Communication Services - Utilities - Real Estate Executives and Employee Representatives)	Nos.	6	8	8	6	6
	% of Non-Executive Directors with industry experience, as stated above, against the total number of Non-Executive Directors	%	50	66.67	66.67	60	60
Code of Conduct	Communicated to employees	%	100	100	100	100	100
	Written acknowledgement from employees	%	100	100	-	-	-
	Training provided to employees on Code of Conduct	%	100	100	-	-	-
Remuneration related	ITC shares held by the CMD as a multiple to his base salary <sup>4</sup>	Nos.	3.84	8.05	2.81	0.93	0.51





## Governance

Focus Area	Sub Category	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Reporting on breaches	Corruption or bribery cases	Nos.	Nil	Nil	Nil	Nil	Nil
	Discrimination or harassment cases	Nos.	5^	1^	2^	2^	9^
	Customer privacy data	Nos.	Nil	Nil	Nil	Nil	Nil
	Conflicts of interest	Nos.	Nil	Nil	Nil	Nil	Nil
	Money laundering or insider trading	Nos.	6*	6*	4*	6*	14*
	Whistleblower Complaints	Nos.	5#	-	-	-	-
	Total number of information security breaches	Nos.	0	-			
	Total number of clients, customers and employees affected by the breaches	Nos.	0	-			

- 1 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.
- 2 Number of other Directorships represents directorships in other public limited companies.
- 3 Restrictions as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been considered.
- 4 There are no share ownership requirements for the Directors of the Company. This is also in line with the Indian regulatory requirements.
- ^ 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.
- \* Represents instances of non-adherence to the ITC Code of Conduct for Prevention of Insider Trading – 2019 for which monetary penalties were levied. All instances were placed before the Corporate Management Committee and the Board of Directors of the Company, and also reported to the Stock Exchanges where the Company's shares are listed. There were no breaches relating to money laundering.
- # During the FY 2023-24, the Company received five complaints in terms of its Whistleblower Policy, out of which four complaints were investigated and appropriate action(s) were taken. Detailed Reports on these complaints were placed before the Corporate Management Committee and the Audit Committee. Investigation was underway for the remaining complaint which has since been completed.

# 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 and 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; three members, including the Chairman of the Committee, have accounting and financial management expertise.

One of the roles for Audit Committee is to evaluate the Company's internal financial controls and risk management systems.

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

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

#### Risk Management Committee

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

#### Composition

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

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.

A combination of centrally issued policies and Divisionally-evolved procedures brings 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/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. Further, risk criticality/ tolerance levels for each risk is derived based upon the likelihood and magnitude of the risks for each Business.

### Materiality Assessment and Enterprise Risk Management

The Company undertakes a "Double Materiality" assessment annually 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 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.



## Risk and Crisis Management

Sl. No	Risk Tolerance Level	Risk	Risk Description	Material Issues
1	High Risk	Climate Change & Sustainability	Climate related physical and transition risks may impact business operations, sourcing, supply chain and increase compliance costs	Nature & Biodiversity, Climate Smart Agriculture, Net Zero & Climate Transition, Water Stewardship, Brand & Reputation, Sustained Stakeholder Value Creation, Sustainable Livelihoods, Climate Resilient Operations, Sustainable Supply Chain, Food Loss and Waste
2	High Risk	Cyber Security and Information Technology Systems	Increasing intensity of sophisticated cyber-attacks may result in non-availability of Information Technology systems and Information Assets, loss of data integrity and compromise/theft of sensitive or personal information.	Data Security & Privacy, Brand & Reputation, Sustained Stakeholder Value Creation, Risk and Crisis Management
3	High Risk	Talent Management	Inability to attract and retain high quality talent in a highly competitive market.	Sustained Stakeholder Value Creation, Brand & Reputation, Human Rights, Diversity, Equity and Inclusion, Occupational Health and Safety, Learning & Development, Nutrition
4	High Risk	Discriminatory and punitive taxation, and stringent regulations on domestic legal cigarette industry	Discriminatory and punitive taxation coupled with extremely stringent regulations adversely impacts the domestic legal cigarette industry	Sustained Stakeholder Value Creation, Brand & Reputation
5	Medium Risk	Innovation and Consumer / Brand Preference	Failure to adequately anticipate evolving consumer preferences and inability to proactively innovate and remain competitive.	Brand & Reputation, Product Stewardship, Circularity & Sustainable Packaging, Sustained Stakeholder Value Creation
6	Medium Risk	Corporate and Brand Reputation	<p>Risks arising due to inadequate protection against malicious attacks, misinformation, trademark infringement, misrepresentation or fraudulent activity, including those on digital and social media.</p> <p>This can impact ITC's customer loyalty/consumer franchise and reputation.</p> <p>Risk of the Company's brands and reputation getting impacted if it is construed that the Company's operations/products &amp; services are inconsistent with the expectations of stakeholders.</p>	Brand & Reputation, Sustained Stakeholder Value Creation
7	Medium Risk	Heightened uncertainty in the macro-economic and operating environment	Heightened uncertainty in the macro-economic and operating environment resulting in fluctuation in demand for the Company's products and services, inflationary pressures, volatility in financial and commodity markets.	Sustained Stakeholder Value Creation, Responsible Advocacy
8	Medium Risk	Black Swan Event	Disruption across the value chain arising out of unforeseen events like the COVID-19 pandemic	Sustained Stakeholder Value Creation, Sustainable Supply Chain
9	Medium Risk	Diversified business portfolio	Increasing complexity of operations in the context of a highly diversified business portfolio	Brand & Reputation, Sustained Stakeholder Value Creation, Product Stewardship, Responsible Advocacy
10	Medium Risk	Product and Plastic Packaging	Inability to comply with current or future regulation on plastic packaging and/or failure to meet commitments on packaging and the environment.	Product Stewardship, Brand & Reputation, Sustained Stakeholder Value Creation, Circularity & Sustainable Packaging



## Risk and Crisis Management

### Risk Exposure and Review

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 the implementation, effectiveness and adequacy of the risk management systems, processes & plans of the Company form part of the role of the Committee.

#### Composition

The Risk Management Committee presently comprises the Chairman of the Company, all Executive Directors, one Independent Director and one senior member of 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 2023-24

The Company's risk exposure is reviewed on a regular basis. Three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	14 <sup>th</sup> September, 2023	7	7
2	19 <sup>th</sup> December, 2023	8	8
3	11 <sup>th</sup> March, 2024	7	7

### Attendance at Risk Management Committee Meetings

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

1. Appointed as Member w.e.f. 19<sup>th</sup> October, 2023.

2. Ceased to be Member w.e.f. 3<sup>rd</sup> January, 2024

### Risk Management Process Audit Process of Internal Audit

A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all Businesses, throughout the year in accordance with the internal audit calendar approved annually by the Audit Committee of the Company, 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

The Company endeavours to continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key Businesses of the Company have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and

processes prevalent in these Businesses have been independently assessed to be compliant with the said global Standard. During the year, the large categories within the Branded Packaged Foods Businesses were assessed for compliance with ISO 31000 Risk Management Standard. The centrally anchored initiative of conducting independent external reviews of key business processes with high 'value at risk' continued during the year. These interventions continue to provide further assurance on the robustness of risk management practices prevalent in the Company.

As on date, all Businesses of the Company including FMCG Cigarettes have been assessed for such compliance.

ISO 31000 Compliance Assurance Audits are annually conducted for the various Businesses by an independent third party assessment firm.

### Risk Culture

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

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on material changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation & economic environment and on matters significantly affecting the Company to enable them to take well informed and timely decisions.

## Risk and Crisis Management

Induction programme is organised by the Company for the Non-Executive Directors joining the Board. The Independent Directors are apprised through appointment letters, on their roles, duties & responsibilities, time commitment required, remuneration, insurance coverage, and also the process for evaluation of the performance of the Board, Board Committees & individual Directors. Further, the Directors, on appointment, are provided with induction kits which, inter alia, include the Company's Memorandum and Articles of Association, Corporate Governance Policy, ITC Code of Conduct, ITC Code of Conduct for Prevention of Insider Trading, Terms of Reference of Board Committees and Annual Report & Accounts and Sustainability Report for the last 2 years. These Directors are also provided with an overview of the Company's businesses and sustainability initiatives.

To enable the Directors to familiarise themselves and experience the manufacturing & other facilities of the Company, Board Meetings are held from time to time in locations where the Company has operations, besides the registered office. Visits to Company facilities are also separately organised for the Directors for this purpose. The industry scenario, competitive environment, regulatory framework and such other topics of interest are periodically shared with the Directors at the Board Meetings, along with review of the various businesses of the Company. **Amongst others, risk assessment & minimisation procedures, CSR & sustainability interventions, changes in organisational structure, succession plans including management development processes, performance of subsidiary companies and new initiatives proposed by the Company are also presented to the Board and / or Board Committees, as appropriate.**

Familiarisation Programmes organised by the Company during the financial year 2024-25 and cumulative from 1<sup>st</sup> April, 2015 up to 1<sup>st</sup> August, 2024

Particulars	During the financial year 2024-25	Cumulative from 1 <sup>st</sup> April, 2015 up to 1 <sup>st</sup> August, 2024
Number of familiarisation programmes organised by the Company, including visits to Company facilities	5	72
Time spent by the Independent Directors in such programmes in the aggregate	>41-man hours	>457-man hours

**Reference: FAMILIARISATION PROGRAMME FOR DIRECTORS** <https://www.itcportal.com/about-itc/leadership/images/directors-familiarisation-programme.pdf>

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

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

A Divisional Risk & Audit Meet is conducted every year by the Risk Management Cell in which the Divisional Risk Officers (DROs), Audit Managers and Risk Custodians from various Businesses participate. The Meet covers the various issues including insights from Global Risks Surveys, emerging risks, risk identified by major Corporates, best practices and future expectations from the Risk Management Team. During 2023-24, the meet was conducted on 13<sup>th</sup> and 14<sup>th</sup> October, 2023, in addition to experience sharing by DROs (to enable cross – pollination of best practices), knowledge sessions on Business Continuity Plan (ISO 22301), Cyber Security Risks & IT-OT, Emerging ESG Risks for Businesses and Utilizing Data

Analytics in Audits. 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

ITC Life Sciences & Technology Centre (ITC LSTC) is the Research & Development Centre of ITC and caters to the Research, New Product Development, Materials Development and Quality Improvement need for various divisions of ITC. ITC LSTC is committed to using rigorous protocols to effectively manage risks in its processes including product/materials development and quality improvement. Structures have been put in place to proactively monitor and manage the inherent risks in LSTC with unique / relatively high-risk profiles. Risk management involves identification, analysis and evaluation of risk in addition to treatment, monitoring and periodic review. Throughout the process from concept to launch, due diligence is conducted to ensure that the products and packaging meet shelf-life requirements. This involves careful selection of ingredients, technologies, appropriate certified testing methods (both internal and external), literature/clinical support to evaluate the performance, pilot scale trials. Products undergo regular safety testing as mandated and after the launch, consumer product quality teams address any consumer queries promptly. To protect novel products and processes



## Risk and Crisis Management

from infringement by competitors, a documented intellectual proprietary evaluation is performed.

Towards long term sustainable goals to minimize environmental risks, LSTC is actively engaging in research initiatives focused on climate resilient crop/plant development, specifically by maintaining germplasms at various locations and screening for disease resistance. Information risks are mitigated through the use of both Laboratory

Information Management Systems and IT security measures. ITC LSTC is ISO 31000 certified for risk management in product development. LSTC follows best practices in the management of key risks that threaten to adversely impact the business, people, assets, functions, objectives, operations, or members of the public (local community). ITC LSTC focuses on product quality, processes, shelf life and risks are taken care of.

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

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

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

### 3. Emerging Risks

	Emerging Risk 1	Emerging Risk 2
<b>Name of the emerging risk</b>	Cyber Security and Information Technology Systems	Heightened uncertainty in the macro-economic and operating environment
<b>Category</b>	Technological	Geopolitical
<b>Description</b>	Increasing intensity of sophisticated cyber-attacks may result in non-availability of Information. Technology systems and Information Assets, loss of data integrity and compromise/theft of sensitive or personal information.	Heightened uncertainty in the macro-economic and operating environment resulting in fluctuation in demand for the Company's products and services, inflationary pressures, volatility in financial and commodity markets.
<b>Impact</b>	<p>With accelerating adoption of digital technologies such as Cloud, AI, ML, Robotic Process Automation along with increasing inter connectedness with partners and remote working, the Company's operations are vulnerable to cyber-attacks, the impact of which can be on multiple dimensions:</p> <ul style="list-style-type: none"> <li>→ Unavailability of IT Systems and Infrastructure causing significant disruption to business operations;</li> <li>→ Compromise/theft of sensitive or personal information of organisations/individuals may impact stakeholder confidence;</li> <li>→ Data loss may lead to disruption of business operations;</li> <li>→ Regulatory non-compliance;</li> <li>→ Reputational damage and financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>→ In a globalised environment, economic/geopolitical developments may lead to inflationary pressures, supply chain disruptions, volatility in interest and exchange rates, and commodity prices. These could also cause significant fluctuation in the demand for the Company's products and services;</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>





## Risk and Crisis Management

	Emerging Risk 1	Emerging Risk 2
Mitigating actions	<ul style="list-style-type: none"><li>→ Comprehensive Information Policy detailing practices and procedures for acquisition, deployment, use and retirement of all information assets with specific focus on access authorizations, data storage and backups, incident response and recovery. The policy is reviewed on a regular basis to align with contemporary and evolving best practices, standards and technologies;</li><li>→ Identification of critical IT systems and information assets, and establishing robust IT Continuity Plans along with periodic review and testing thereof;</li><li>→ Dedicated security team under the leadership of Chief Information Security Officer (CISO) to continuously monitor cyber risk and threat landscape and prioritise digital initiatives for strengthening cyber resiliency of the organisation;</li><li>→ Centralised supervision of software updates and establishment of a Next Generation Cyber Security Operations Centre (SOC) to monitor and mitigate cyber risks across end points, network, cloud, email, web and data centres. This involves use of contemporary cybersecurity technologies, continuous threat intelligence feeds and automated operations towards enhancing cyber threat detection, response, and prevention capabilities;</li><li>→ Vulnerability Assessment and Penetration Testing (VAPT) by independent experts for all internet facing applications and Information Technology (IT) and Operation Technology (OT) infrastructure;</li><li>→ Implementation of comprehensive Guidelines on IT-OT integrations and a Continuous Threat Detection and Response (CTDR) platform across manufacturing facilities. This platform is designed to comply with industry standards such as ISO 62443 and the NIST Framework for Industrial Control Systems, to protect against cyber-attacks that target the OT infrastructure;</li><li>→ Intensify Cybersecurity awareness campaigns and training for all users across the organisation;</li><li>→ Policies covering the protection of personal information of consumers, employees and business partners are in place;</li><li>→ Periodic assessment of ITC's IT security posture by independent experts specialising in Information Security to validate adequacy of policy, practices and controls;</li><li>→ ISO 27001 certification of ITC Corporate Data Centres providing an independent third-party assurance of the effectiveness of the Company's Information Security Management System (ISMS).</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>→ Diversify the vendor-base for sourcing key inputs and increase safety stock levels as warranted;</li><li>→ Leverage digital technologies along with best-in-class planning, manufacturing, logistics and distribution processes to enhance supply chain responsiveness and market servicing.</li></ul>



# Aligning ITC's Climate Strategy with TCFD Recommendations

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

The disclosures pertaining to TCFD recommendations are provided in ITC Sustainability Report. ITC also discloses its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform. A mapping of TCFD disclosure requirements with disclosures across ITC Sustainability Report 2024 and CDP Climate Change 2023 and 2024 Questionnaire is provided below:

## Governance

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

TCFD Recommended Disclosures	ITC Sustainability Report 2024	CDP Climate Change 2023 Questionnaire	CDP Climate Change 2024 Questionnaire
a. Board's oversight of climate related risks and opportunities	Section: ESG and Sustainability governance at ITC	C1.1a, C1.1b	4.1.2
b. Management's role in assessing and managing climate-related risks and opportunities		C1.2	4.3

## Strategy

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

TCFD Recommended Disclosures	ITC Sustainability Report 2024	CDP Climate Change 2023 Questionnaire	CDP Climate Change 2024 Questionnaire
a. Climate-related risks and opportunities identified over the short, medium, and long term	Section: ITC's Approach to Value-creation	C2.1a, C2.3, C2.3a, C2.4, C2.4a	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	C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3b, C3.4	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	C3.2, C3.2a, C3.2b	5.1, 5.1.1, 5.1.2



## Aligning ITC's Climate Strategy with TCFD Recommendations

### Risk Management

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

TCFD Recommended Disclosures	ITC Sustainability Report 2024	CDP Climate Change 2023 Questionnaire	CDP Climate Change 2024 Questionnaire
a. The organization's processes for identifying and assessing climate-related risks.	Section: Strategic Risk Management	C2.1, C2.2, C2.2a	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.	Section: Climate Change	C2.1, C2.2	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 pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', sustainable packaging initiatives and promoting regenerative agriculture practices in agri value chains. ITC has also set ambitious 2030 climate targets.

TCFD Recommended Disclosures	ITC Sustainability Report 2024	CDP Climate Change 2023 Questionnaire	CDP Climate Change 2024 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'	C4.2, C4.2a, C4.2b, C9.1	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	C6.1, C6.3, C6.5	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'	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b	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 2023-24, 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
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 2023-24, 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.

→ Key stakeholders 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.



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

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

The approach for supplier assessment and development entails identification of critical/ significant supplier chain partners, assessment of their material sustainability/ESG risks, and further collaboration with them for mitigating the identified risks. 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. Such assessments are carried out on an ongoing basis.

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

Sl. No.	Supplier Screening	FY 2023-24
1.1	Total number of Tier 1 suppliers	2424
1.2	Total number of significant suppliers in Tier 1	26
1.3	% of total spend on significant suppliers in Tier 1	71
1.4	Total number of significant suppliers in non-Tier-1	1
<b>1.5</b>	<b>Total number of significant suppliers (Tier-1 and non Tier-1)</b>	<b>27</b>

Sl. No.	Supplier Assessment	FY 2023-24
1.1	Total number of suppliers assessed via desk assessment/on-site assessments	10
1.2	% of significant suppliers assessed	37
1.3	Number of suppliers assessed with substantial actual/potential negative impacts	0
1.4	% of suppliers with substantial actual/ potential negative impacts with agreed corrective action /improvement plan	100
1.5	Number of suppliers with substantial actual/potential negative impacts that were terminated	0

Sl. No.	Corrective action plan support	FY 2023-24
2.1	Total number of suppliers supported in corrective action plan implementation	10

Sl. No.	Capacity building programs	FY 2023-24
3.1	Total number of suppliers in capacity building programs	19
3.2	% of significant suppliers in capacity building programs	70



## Biodiversity Exposure & Assessment

### Biodiversity Exposure & Assessment

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

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

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

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

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

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

Operational Indices	Unit of measurement	FMCG Cigarette Factories				
		Bangalore (Karnataka)	Kolkata (West Bengal)	Munger (Bihar)	Pune (Maharashtra)	Saharanpur (Uttar Pradesh)
Water harvesting structures created	Nos.	140	-	497	759	53
Water storage potential created	Million KI	0.51	-	1.39	1.18	0.34
Area under biodiversity conservation	Acres	52	-	-	64,993	-
Area under climate smart agriculture	Acres	951	-	1,04,506	75,416	5,053
Water savings in agriculture due to efficient practices	Million KI	1.24	-	41.29	185.26	4.11
Waste Managed as part of Solid Waste Management Programme	Metric Tonnes	7,511	9	9,593	4,416	88,285
Households covered as part of Solid Waste Management Programme	Nos.	65,716	-	1,42,897	37,754	1,47,996

Cumulative data till 2023-24

Operational Indices	Unit of measurement	Leaf Tobacco Sourcing Areas	
		Andhra Pradesh	Karnataka
Water harvesting structures created	Nos.	9,443	3,566
Water storage potential created	Million KI	11	7
Tank Silt Applied	Lakh Tonnes	30	49
Tank Silt Applied - Area	Acres	20,449	55,890
Area under biodiversity conservation	Acres	2,00,322	9,202
Area under energy plantation (avoiding deforestation)	Acres	1,32,490	79,067

Operational Indices	Unit of measurement	Leaf Tobacco Sourcing Areas	
		Andhra Pradesh	Karnataka
Area under climate smart agriculture	Acres	2,20,665	47,642
Water savings in agriculture due to efficient practices	Million KI	83	44
Waste Managed as part of Solid Waste Management Programme	Metric Tonnes	2,78,171	5,224
Households covered as part of Solid Waste Management Programme	Nos.	15,05,957	4,15,946

Cumulative data till 2023-24





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