

ITC's Double Materiality Analysis

The world is nearing the halfway mark towards 2030, widely regarded as the 'Decade of Action' and rightly so as it aligns with the deadline to meet the UN Sustainable Development Goals. It is also the outer limit allotted by climate scientists before which meaningful progress needs to be made towards avoiding the irreversible impacts of climate change.

Considering the significance of this period, it is pertinent to review the existing list of ESG (Environmental, Social, and Governance) topics that matter to ITC's stakeholders. For this, the Company undertook a "Double Materiality" assessment in FY 2023-24 that not only considered 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". This approach is aligned with the recommendations of GRI Standards 2021

Material issues

Material issues are one of the key inputs for medium- and long-term planning. The sensitivity of an issue to stakeholders and ITC, in terms of both impact materiality and financial materiality , forms the basis of the double materiality analysis, which in turn guides the processes for identifying, managing, and devising specific action plans for addressing them.

ITC's approach to managing each material issue has been presented throughout this Report.

As part of the double materiality assessment process

~120 stakeholder voices were captured



~45 external stakeholders

representing sustainability experts, civil society organisations, B2B customers, third-party manufacturers, logistics partners, media, and institutional investors

>70 internal stakeholders

covering sustainability practitioners and senior management representatives from across ITC Businesses In addition to this, ITC commissioned a pan-India consumer sustainability survey in 2023 across its key national markets to capture the views of

1,750 consumers

These were also considered in the double-materiality assessment

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

Identification of **ESG Topics**

Identifying ESG topics based on:

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

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

Engage Stakeholders for Assessing Impact & **Financial Materiality**

Develop Materiality Matrix & Identify Material ESG Topics

Strategise, **Disclose and Assure**

Consolidate

Consolidate inputs from previous steps

using appropriate thresholds for determining ESG aspects to be considered material

Integration of Material ESG topics with:

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

Annual approval of materiality assessment and sustainability report by Sustainability Compliance Review Committee (SCRC), Corporate Management Committee (CMC) and CSR & Sustainability Committee of the Board.



Engaging stakeholders, identified

in line with ITC's Stakeholder

Engagement Approach, for

assessing impacts (actual &

for all ESG topics based

on severity (scale, scope,

potential, positive & negative)

irremediability) and likelihood

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

Engaging senior management

Validate

Validate with senior management

to ensure completeness



Review & Reassessment of Material ESG Topics



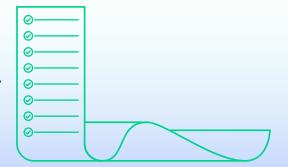
Impact Materiality

Financial Materiality

Continuous tracking of global and national sustainability landscape for identifying emerging ESG issues.

Reassess

Reassessment of **Double Materiality every** 2-3 years.



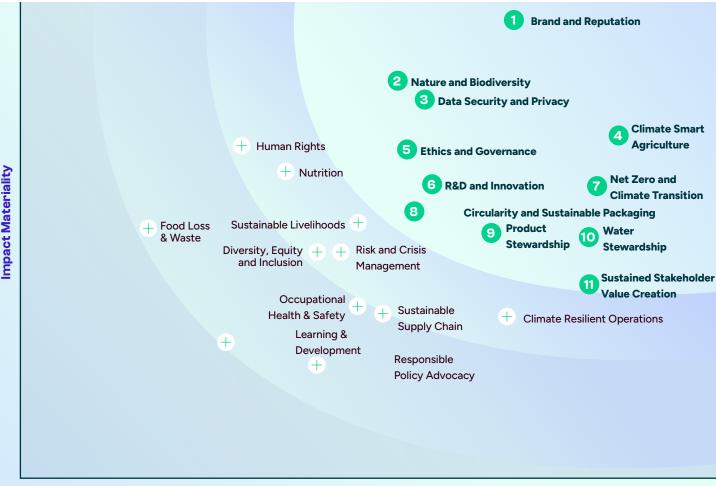
Annual review of material ESG Topics:

SUSTAINABILITY REPORT 2024

Enduring Value

Material Issues

- Brand and Reputation
- 2 Nature and Biodiversity
- 3 Data Security and Privacy
- Climate Smart Agriculture
- 5 Ethics and Governance
- 6 R&D and Innovation
- Net Zero and Climate Transition
- 8 Circularity and Sustainable Packaging
- 9 Product Stewardship
- 10 Water Stewardship
- Sustained Stakeholder Value Creation



Materiality Matrix

Financial Materiality