

Board of Directors

Chairman

Yogesh Chander Deveshwar

Executive Directors

Anup Singh

Krishnamoorthy Vaidyanath

Kurush Noshir Grant

Non-Executive Directors

Anil Baijal

Shilabhadra Banerjee

Angara Venkata Girija Kumar

Serajul Haq Khan

Sunil Behari Mathur

Dinesh Kumar Mehrotra

Hugo Geoffrey Powell

Pillappakkam Bahukutumbi Ramanujam

Anthony Ruys

Basudeb Sen

Balakrishnan Vijayaraghavan

Board Committees

Audit Committee

S B Mathur Chairman

A Baijal Member

A V Girija Kumar Member

P B Ramanujam Member

B Vijayaraghavan Member

K Vaidyanath Invitee

(Director responsible for the Finance Function)

S Basu Invitee

(Head of Internal Audit)

Representative of the Invitee

Statutory Auditors

B B Chatterjee Secretary

Compensation Committee

S H Khan Chairman

A Baijal Member

S B Mathur Member

H G Powell Member

B Sen Member

Nominations Committee

Y C Deveshwar Chairman

A Baijal Member

S Banerjee Member

A V Girija Kumar Member

S H Khan Member

S B Mathur Member

D K Mehrotra Member

P B Ramanujam Member

Investor Services Committee

A V Girija Kumar Chairman

P B Ramanujam Member

B Sen Member

K Vaidyanath Member

B Vijayaraghavan Member

B B Chatterjee Secretary

Sustainability Committee

Y C Deveshwar Chairman

S Banerjee Member

H G Powell Member

A Ruys Member

B Sen Member

B Vijayaraghavan Member

B B Chatterjee Secretary

Corporate Management Committee

Directors

Y C Deveshwar Chairman

A Singh Member

K Vaidyanath Member

K N Grant Member

Executives

N Anand Member

A Nayak Member

T V Ramaswamy Member

S Sivakumar Member

K S Suresh Member

R Tandon Member

B B Chatterjee Member & Secretary

Executive Vice President & Company Secretary

Biswa Behari Chatterjee

General Counsel

Kannadiputhur Sundararaman Suresh

Investor Service Centre

37 Jawaharlal Nehru Road, Kolkata 700 071, India

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Auditors

Deloitte Haskins & Sells

Chartered Accountants, Kolkata

Registered Office

Virginia House

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Phone : 033-2288 9371

ITC corporate website : www.itcportal.com

Your Directors

Y. C. Deveshwar

Y. C. Deveshwar (63), an engineering graduate from the Indian Institute of Technology, Delhi joined ITC Limited in 1968. He was appointed as a Director on the Board of the Company in 1984 and became the Chief Executive and Chairman of the Board on January 1, 1996. Between 1991 and 1994, he led Air India as Chairman and Managing Director.

Under his leadership, ITC's Sustainability efforts were given shape through unique business models. ITC became the first Indian company to publish its Sustainability Report, 2004 in accordance with the guidelines of the Global Reporting Initiative. For the efforts at creating sustainable livelihood opportunities, ITC also won the inaugural World Business Award instituted jointly by the United Nations Development Programme, International Chamber of Commerce and the HRH Prince of Wales International Business Leaders Forum. ITC's 'e-Choupal', a digital infrastructure initiative to empower marginal farmers in India, is taught as a case study at the Harvard Business School. This initiative won the Development Gateway Award at Beijing in September 2005 and the Stockholm Challenge Award in May 2006.

Deveshwar is the past President of the Confederation of Indian Industry. He is also a member of the Board of Governors of the Indian School of Business and the former Chairman of the Society and Board of Governors of the Indian Institute of Management, Calcutta. He also serves on the National Executive Committees of some of India's premier trade and industry bodies.

Amongst several awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award 2010 by the U.S.-India Business Council of the US Chamber of Commerce, the SAM/SPG Sustainability Leadership Award 2007 conferred at the International Sustainability Leadership Symposium, the Business Person of the Year Award 2006 by the UK Trade & Investment by His Royal Highness Prince Andrew, the Duke of York. In January 2006, he was inducted to the prestigious Hall of Pride at the Indian Science

Congress. He was also named the Manager Entrepreneur of the Year 2001 by Ernst & Young.

Other Directorships

Name of the Company	Position
Surya Nepal Private Limited*	Chairman & Director
HT Media Limited	Director
West Bengal Industrial Development Corporation Limited	Director

Committee Membership of other Companies: Nil

Anup Singh

Anup Singh (65) was appointed a Director on the Board of ITC on November 21, 1997. Upon completion of his term, he was appointed an Additional Director effective March 22, 2010, to hold office upto the date of the forthcoming Annual General Meeting of the Company.

Singh currently holds responsibility for the Company's Agri Business Division, R&D, Central Projects Organisation and Environment, Occupational Health & Safety functions.

He has in the past held responsibility for the Company's Cigarettes, Foods, Personal Care, Lifestyle Retailing and Information Technology businesses.

An Electrical Engineer from IIT Kharagpur, he has played a key role in initiating modernisation, quality and technology upgradation in various businesses across ITC. He was instrumental in implementing the concept of "Management by Objectives" (MBO), a strategic initiative of the Company in the seventies.

Prior to his appointment as Director, he led the Company's Cigarettes and Specialty Papers businesses as Chief Executive.

He is a Director of the Tobacco Institute of India. He is also the past President of The Bengal Chamber of Commerce and Industry and the Indian Chamber of Commerce Calcutta.

Other Directorships

Name of the Company	Position
ATC Limited	Chairman & Director

Committee Membership of other Companies: Nil

K. Vaidyanath

K. Vaidyanath (60) was appointed a Director on the Board of ITC on January 17, 2001. He holds responsibility for the Company's Finance, Internal Audit and Corporate Communications functions, its investment subsidiary, its Paperboards & Specialty Papers, Packaging and Information Technology businesses.

Before his elevation to the Board, he was the Company's Chief Financial Officer. An MBA from XLRI, Jamshedpur, Vaidyanath has been with ITC for the past 34 years.

He has held various positions in the Company's Finance function including that of Head of Finance of ITC's Packaging, Hotels and Agri Businesses. He has also been Head of Corporate Planning & Treasury as well as Internal Audit. He has in the past held responsibility for the Company's Education and Stationery Products, Matches, Agarbatti and Agri businesses. He is a recipient of the 'Best CFO' award from Business Today and the 'Best CFO in the FMCG category' award from CNBC-TV18.

Other Directorships

Name of the Company	Position
Russell Credit Limited	Chairman & Director
Greenacre Holdings Limited	Chairman & Director
ITC Infotech India Limited	Chairman & Director
ITC Infotech Limited, UK*	Chairman & Director
ITC Infotech (USA), Inc.*	Chairman & Director
Gold Flake Corporation Limited	Chairman & Director
Wills Corporation Limited	Chairman & Director
Classic Infrastructure & Development Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Russell Credit Limited	Audit Committee	Chairman
Greenacre Holdings Limited	Audit Committee	Chairman
Gold Flake Corporation Limited	Audit Committee	Chairman

K. N. Grant

Kurush N. Grant (52) was appointed a Director on the Board of ITC effective March 20, 2010. He oversees ITC's FMCG businesses - Cigarettes, Foods, Personal Care, Lifestyle Retailing, Education and Stationery Products, Matches and Agarbattis. After completing his MBA in 1979, he worked with DCM as a Management Trainee before joining ITC in 1980 in the Marketing function of the Tobacco Division. During his tenure in the Division, he has handled a wide range of responsibilities in Sales, Brand Management and Product Development. He was Executive Vice President, Marketing of the Tobacco Division before becoming Divisional Chief Executive in 1999.

He has been involved in the incubation and development of ITC's new initiatives in the FMCG sector. He is the Chairman of CII Eastern Region and is also on the Executive Committee of the Indian Chamber of Commerce Calcutta. He is the Vice Chairman of the Indian Society of Advertisers, Eastern Region. He has been a past Chairman of the National Readership Studies Council as well as the Audit Bureau of Circulations, India.

Other Directorships

Name of the Company	Position
Wimco Limited	Chairman & Director
Surya Nepal Private Limited*	Director
King Maker Marketing, Inc., USA*	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Wimco Limited	Audit Committee	Member

Anil Bajjal

Anil Bajjal (63) joined the ITC Board as a Non-Executive Independent Director on January 22, 2010. Prior to this, he represented the Specified Undertaking of the Unit Trust of India on the ITC Board from July 2007 to August 2009.

Bajjal joined the Indian Administrative Service in 1969 from the Union Territories Cadre. In a career spanning over 37 years, he has held various important responsibilities including that of the Union Home Secretary, Chairman & Managing Director - Indian Airlines, Chief Executive Officer - Prasar Bharti Corporation, Vice-Chairman - Delhi Development Authority, Development Commissioner, Goa, and Counsellor in-charge of the Indian Aid Programme in Nepal. He retired in October 2006 as Secretary, Ministry of Urban Development, Government of India. He piloted the flagship programme - Jawaharlal Nehru Urban Renewal Mission - for improving infrastructure and basic services in the country.

Currently, he is a Senior Advisor to the Infrastructure Development & Finance Company Limited (IDFC) and Chairman of IDFC Foundation. In addition, he is the Secretary General of the Federation of Indian Airlines.

Other Directorships

Name of the Company	Position
International Travel House Limited	Director
DLF Pramerica Life Insurance Company Limited	Director
IDFC PPP Trusteeship Company Limited	Director
MMTC Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
DLF Pramerica Life Insurance Company Limited	Audit & Compliance Committee	Chairman
MMTC Limited	Audit Committee	Chairman

S. Banerjee

Shilabhadra Banerjee (61) joined the ITC Board as a representative of the Specified Undertaking of the Unit Trust of India (SUUTI) on February 4, 2010.

Banerjee, a Masters in History from St. Stephen's College, Delhi, began his career in the Indian Administrative Service in 1971 from the Andhra Pradesh Cadre. In a career spanning over 37 years, he has held several eminent positions including that of Joint Secretary in the Ministries of Petroleum & Natural Gas and Urban Development. Banerjee was Director General (Acquisition) in the Ministry of Defence and retired as Secretary, Ministry of Tourism in October 2008. Banerjee spearheaded the infrastructure upgradation at important tourist destinations in India and played a key role in articulating India's response to climate change issues relating to the tourism sector.

He received a Post Graduate Diploma in Public Administration from the Indian Institute of Public Administration, New Delhi in 1992 and an M. Phil degree in Social Sciences from the University of Panjab the same year. Banerjee has been a Visiting Fellow at the Queen Elizabeth House, University of Oxford, U.K. and the National Institute of Urban Affairs, New Delhi. He is currently a Director of IFCI Limited. He does not hold directorship or committee membership of any other company.

A. V. Girija Kumar

A. V. Girija Kumar (50) joined the ITC Board as a representative of the General Insurers' (Public Sector) Association of India on March 19, 2010. He holds a Master's Degree in Business Administration from Jawaharlal Nehru Technological University.

In a career spanning over 28 years, Girija Kumar was with New India Assurance Co. Limited (New India). In New India, he worked at many centres across India, holding

various positions including that of Divisional Manager, Senior Divisional Manager and Regional Chief before moving to the Corporate Office in Mumbai, as Deputy General Manager overseeing Techno-marketing, Foreign Business Development and Investments.

On secondment, he was posted as General Manager (Non-Life), Saudi Indian Company for Cooperative Insurance in Saudi Arabia. His responsibilities included facilitating an IPO to raise capital and completing the legal formation of the company in the Kingdom of Saudi Arabia. He joined National Insurance Company Limited (NIC) as a General Manager in 2009. He is currently a Director of NIC. He does not hold directorship or committee membership of any other company.

S. H. Khan

S. H. Khan (71) joined the ITC Board as a Non-Executive Independent Director on October 30, 2006. Khan is the former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He holds a Master's degree in Commerce and is a university Gold Medalist. He is an alumnus of International Management Development Institute, Lausanne.

He started his professional career with RBI and after serving it for a few years moved over to IDBI in 1966. He served IDBI in various capacities for over three decades and retired as its Chairman and Managing Director in 1998. During his tenure as Chairman, IDBI made impressive growth in its operations and profits. He was instrumental in expanding its activities to several new areas like commercial banking, asset management and stock broking. He played an important role in the promotion of two premier capital market institutions viz., NSE and NSDL and guided their operations for 5 years as their first Chairman. He was also involved in the promotion of the rating agency, CARE and served as its Chairman for 10 years. Khan in his capacity as IDBI Chairman has

served on the Boards of a number of important institutions such as UTI, LIC, GIC, IFCI, Exim Bank, Deposit Insurance Corporation, Indian Airlines and Air India. Currently he serves as an Independent Director on the Boards of several companies.

Other Directorships

Name of the Company	Position
Infrastructure Development Finance Company Limited	Director
Apollo Health Street Limited	Director
Bajaj Auto Limited	Director
Bajaj Finserv Limited	Director
Bajaj Holdings & Investment Limited	Director
Bajaj Allianz Life Insurance Company Limited	Director
Bajaj Allianz General Insurance Company Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Infrastructure Development Finance Company Limited	Audit Committee Investors' Grievance Committee	Chairman Chairman
Apollo Health Street Limited	Audit Committee	Chairman
Bajaj Auto Limited	Audit Committee Shareholders' / Investors' Grievance Committee	Member Member
Bajaj Finserv Limited	Audit Committee	Member
Bajaj Holdings & Investment Limited	Audit Committee Shareholders' / Investors' Grievance Committee	Member Member
Bajaj Allianz Life Insurance Company Limited	Audit Committee	Chairman
Bajaj Allianz General Insurance Company Limited	Audit Committee	Chairman

S. B. Mathur

S. B. Mathur (65) has been on the ITC Board since July 29, 2005, first as a representative of the Life Insurance Corporation of India (LIC) and then in his individual capacity as a Non-Executive Independent Director.

A qualified Chartered Accountant, Mathur retired from LIC in October 2004 as its Chairman. Subsequently, the Government of India appointed him the Administrator of the Specified Undertaking of the Unit Trust of India in December 2004, up to December 2007.

Mathur took over as Chairman of LIC at a time when the insurance sector had just opened up. Under his leadership, LIC successfully rose to the challenges of a competitive environment by enhancing product offerings.

He joined LIC in 1967 as a Direct Recruit Officer and rose to the rank of Chairman. He held various positions in LIC including Senior Divisional Manager of Gwalior Division, Chief of Corporate Planning, General Manager of LIC (International) E.C., Zonal Manager in charge of Western Zone and Executive Director.

Other Directorships

Name of the Company	Position
IDFC Trustee Company Limited	Chairman & Director
Orbis Financial Corporation Limited	Chairman & Director
National Stock Exchange of India Limited	Director
Axis Bank Limited	Director
UltraTech Cement Limited	Director
National Collateral Management Services Limited	Director
HOEC Limited	Director
Havells India Limited	Director
DCM Shriram Industries Limited	Director
Infrastructure Leasing & Financial Services Limited	Director
Housing Development & Infrastructure Limited	Director
Universal Sampo General Insurance Company Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Havells India Limited	Audit Committee	Chairman
Universal Sampo General Insurance Company Limited	Audit Committee	Chairman
Orbis Financial Corporation Limited	Audit Committee	Member
HOEC Limited	Audit Committee	Member
DCM Shriram Industries Limited	Audit Committee	Member

D. K. Mehrotra

D. K. Mehrotra (57) has been on the ITC Board since May 26, 2006, first as a representative of the Specified Undertaking of the Unit Trust of India and then as a representative of the Life Insurance Corporation of India (LIC). He is currently the Managing Director of LIC. He joined LIC as a Direct Recruit Officer in 1977.

Mehrotra is an Honours Graduate in Science from the Patna University. In an illustrious career spanning 30 years, Mehrotra has held various important positions spanning three Zones and the Corporate Office of LIC. He was Executive Director (International Operations) before being appointed Managing Director.

Mehrotra has attended several important knowledge forums in India and abroad. He is associated with the apex training institutes of insurance in India, like the National Insurance Academy and the Insurance Institute of India. He is also a member of the Supervisory Board of India Advantage Funds I & II of the ICICI Venture Funds Management Company Limited.

Other Directorships

Name of the Company	Position
LICHFL Care Homes Limited	Chairman
LIC (International) B.S.C.(C), Bahrain*	Deputy Chairman & Director
LIC Housing Finance Limited	Managing Director
LIC Cards Services Limited	Director
ACC Limited	Director
Infrastructure Leasing & Financial Services Limited	Director

Committee Membership of other Companies: Nil

H. G. Powell

H. G. Powell (65) joined the ITC Board as a representative of BAT on May 7, 2008. Powell's career, spanning almost 40 years, began in 1963 when he joined Unilever in its Management Development Scheme. He trained with Lever Brothers for 5 years in the Marketing and Sales functions. In 1968, he joined Warner-Lambert Inc. as Brand Manager and became General Manager, Consumer Products, in 1975. A year later, he moved over to Standard Brands in Canada and assumed charge as President of Lowney's Confectionery. Two years later, Powell joined Jacobs Suchard as President of Nabob Foods. He later shifted to Germany to head Jacobs Suchard's coffee and chocolate unit.

In 1984, he joined John Labatt Limited in Canada, and was President of a number of its businesses, including McGavin's Bakeries, Everfresh Juice Company in Chicago, Ontario Breweries and Labatt Brewing Company. In 1995, he took over as Chief Executive Officer of Interbrew Americas and then of Interbrew SA in 1999. Powell retired from Interbrew SA in 2002.

Other Directorships

Name of the Company	Position
Reynolds American Inc.*	Director

Committee Membership of other Companies: Nil

P. B. Ramanujam

P. B. Ramanujam (65) has been on the Board of ITC since October 30, 1998, first as a representative of the General Insurance Corporation of India (GIC) and its erstwhile subsidiaries and then in his individual capacity as a Non-Executive Independent Director. A qualified Chartered Accountant, Ramanujam has held several responsibilities in GIC covering finance, accounts, investments, reinsurance, information technology etc. He was General Manager and Director with the National Insurance Company Limited, and the Managing Director of GIC till July 31, 2004.

Ramanujam has served as a faculty member at the National Insurance Academy, Pune. He was also the Chairman of the Committee appointed by the interim Insurance Regulatory Authority (IRA) for prescribing norms, rules and regulations in the area of finance. He has also been a member of three other IRA Committees on technical issues, investment matters and insurance regulatory information system. He was a member of FICCI's Reinsurance Sub-Committee, the Insurance Tariff Advisory Committee and the Advisory Committee on Finance of the Insurance Regulatory and Development Authority (IRDA). Currently he is a member of IRDA's Reinsurance Advisory Committee and the Committee to suggest regulatory changes with regard to capital structure, IPOs, mergers & acquisitions etc. of insurance companies. He is also a member of the Educational Advisory Council of the School of Management, SRM University, Tamil Nadu.

He does not hold directorship or committee membership of any other company.

Anthony Ruys

Anthony Ruys (62) joined the ITC Board as a representative of BAT on January 20, 2009. He holds a degree in commercial law from the University of Utrecht and a Master's degree from the Harvard Business School.

Ruys commenced his career with Unilever in 1974. During his long tenure with Unilever, he served at various senior positions, including that of marketing director and chairman of various subsidiary companies in the Netherlands, Colombia and Italy. In 1993, he joined Heineken as a member of its Executive Board, became Vice-Chairman in 1996 & Chairman in 2002 and remained in that position till 2005. In March 2006, he was appointed to the Board of BAT as a Non-Executive Director. Currently, Ruys also serves as Chairman on the Board of Trustees of Rijksmuseum, Aids Foundation and Madurodam (Miniature City).

Other Directorships

Name of the Company	Position
Schiphol Group NV, NL (Int. Airport)*	Chairman
British American Tobacco p.l.c., UK*	Director
Lottomatica SpA, Italy*	Director
Janivo Holdings BV, NL*	Director

Committee Membership of other Companies: Nil

Basudeb Sen

Basudeb Sen (61) has been on the Board of ITC since March 23, 1995, first as a nominee and then as a representative of the Unit Trust of India (UTI), and from July 28, 2000 in his individual capacity as a Non-Executive Independent Director. Sen has over 32 years of management experience in different areas of commercial

banking, coal mining, development banking and investment management. He is an M.A. in Economics from the University of Calcutta and a Ph.D. from the Indian Statistical Institute, besides being an alumnus of the Harvard Business School.

Sen has been associated with management education as director / visiting faculty of various business schools and as course director in executive development programmes. He has contributed several articles in academic / professional journals and financial papers on a wide range of issues related to management, economics, banking, financial markets and energy.

He has served as Chairman and Managing Director of the Industrial Investment Bank of India Limited and Executive Director of UTI. His special interest / expertise areas include corporate governance, sustainability, strategic planning, risk management system, investment portfolio management and fund marketing & credit / project appraisal.

Sen has served as Chairman and / or Member of various working groups / committees set up by SEBI, RBI and Indian financial institutions and industry associations on issues such as consortium lending, corporate governance, institutional disinvestment, overseas investment by mutual funds, money markets and corporate debt restructuring. He has been / is on the Boards of several companies in sectors like infrastructure, engineering, petrochemicals, electronics and financial services.

Other Directorships

Name of the Company	Position
Mahanagar Gas Limited	Director
Gujarat NRE Coke Limited	Director
South Asian Petrochem Limited	Director
Srei Venture Capital Limited	Director
Sumedha Fiscal Services Limited	Director
Ispat Industries Limited	Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Mahanagar Gas Limited	Audit Committee	Chairman
Gujarat NRE Coke Limited	Audit Committee Investor Grievance Committee	Member Member
South Asian Petrochem Limited	Shareholders' Grievance Committee Audit Committee	Member Member

B. Vijayaraghavan

B. Vijayaraghavan (75) joined the ITC Board as a Non-Executive Independent Director on November 25, 1996. Vijayaraghavan was in the Indian Administrative Service from 1957 to 1993, when he retired in the rank of Chief Secretary to the Government of Tamil Nadu. He has served as Secretary to the Tamil Nadu Government in the Public Works, Forests & Fisheries, Prohibition & Excise and Home departments. He has been the Chairman of the Tamil Nadu Electricity Board, Member - Board of Revenue

and Commissioner of Commercial Taxes, Tamil Nadu, Chairman and President - Tuticorin Alkali Chemicals and Fertilisers Limited, Chairman and Managing Director - State Industries Promotion Corporation of Tamil Nadu and Vigilance Commissioner & Commissioner for Administrative Reforms, Tamil Nadu. During this period, he had also chaired various government committees concerning forests, wildlife, environment and reform of sales tax laws and administration.

After his retirement from Government service, Vijayaraghavan was a Member of the Syndicates of Alagappa University and Bharathidasan University, Member of the Governing Council, Salim Ali Centre for Ornithology and Natural History, Chairman, Madras Naturalists' Society, Member of the Committee for Economic Reforms, Jammu and Kashmir, Member of the Board of Trustees of the Indian Bank Mutual Fund and arbitrator for disputes between the public sector coal companies and the State Electricity Boards of Maharashtra, Gujarat, Madhya Pradesh and Chattisgarh. Vijayaraghavan is currently Chairman, Chennai Snake Park Trust.

He does not hold directorship or committee membership of any other company.

Notes:

1. Other Directorships and Committee Memberships of Directors are as on 31st March, 2010.
 2. Other Directorships exclude Directorship in Indian Private Limited Companies, Membership of Managing Committees of Chambers of Commerce / Professional Bodies and Alternate Directorship.
 3. Committee Memberships are in respect of Audit Committee and Investors Grievance Committee of Indian Public Limited Companies.
- * Denotes Foreign Company

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

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

THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

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

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

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

each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

Trusteeship recognises that large corporations, which represent a coalition of interests, namely those of the shareholders, other providers of capital, business associates and employees, have both an economic and a social purpose, thereby casting the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfil obligations to other stakeholders. Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Transparency means explaining the Company's policies and actions to those to whom it has responsibilities. Externally, this means maximum appropriate disclosures without jeopardising the Company's strategic interests and internally, this means openness in the Company's relationship with its employees and in the conduct of its business. ITC believes transparency enhances accountability.

Empowerment is a process of unleashing creativity and innovation throughout the organisation by truly vesting decision-making powers at the most appropriate levels and as close to the scene of action as feasible, thereby helping actualise the potential of its employees. Empowerment is an essential concomitant of ITC's first core principle of governance that management must have the freedom to drive the enterprise forward. ITC believes that empowerment combined with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

Control ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risks. ITC believes that control is a necessary concomitant of its second core principle of governance that the freedom of management should be exercised within a framework of appropriate checks and balances.

Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the

The cornerstones of ITC's governance philosophy are trusteeship, transparency, empowerment and accountability, control and ethical corporate citizenship.