

# ESG Supplementary

## Environmental Policy & Management

### Environmental Policy

Asian Paints has an environmental policy that is approved by the Board of Directors and covers the below:

1. Production operations and business facilities
2. Products and services
3. Distribution and logistics
4. Management of waste
5. Suppliers, service providers and contractors
6. Other key business partners

Additionally, the policy also covers Biodiversity and Water Management, and environmental considerations are made in the merger and acquisition process.

The management of the company is responsible for the implementation of the policy. We consider compliance with statutory EHS requirements as the minimum performance standard and are committed to going beyond and adopting stricter standards. We are committed to continual improvement in our Environment Management System and performance on environment-related parameters in all business processes and track such improvement through measurable indicators. Key areas of improvement have been identified in the policy for which we have targets and objectives. Training is provided for employees to understand the impacts of their work activities on the environment and their role in managing them. We take active measures to raise the awareness of stakeholders such as our customers and employees.

Asian Paints Environmental Policy is available in the link: [Environmental Policy - Asian Paints](#)

### Verification of Environmental Programs/EMS Certifications:

The certification documents are publicly available and can be accessed through the [link](#).

### Return on Environmental Investments

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Capital investments linked to environmental investments	331726151	233876238	440658416	378268947
Operating Expenses linked to environmental investments	168219227	189943696	246430395	271681141
Total Expenses (= Capital Investment + Operating Expenses) linked to environmental investments	499945378	423819934	687088811	649950088
Cost savings and avoidance linked to environmental investments.	111312000	32800000	1000000	14000000

*The above information is for all decorative paint manufacturing plants.*

### Environmental Violations

We have not made any violations of legal obligations/regulations and have not paid any fines related to environmental issues in the reporting year. The environmental liability occurred at the year end is zero.

The same has been disclosed in our Annual Integrated Report under BRSR principle 1, essential indicators 2 and Principle 6, Essential criteria 13.

**Additional Public Reference:** [APL Integrated Report FY24-25](#) (Pages: 307, 332)

## Waste & Pollutants

### Waste Management Programs

Our approach to waste management is built on systematic monitoring of material flows and regular reviews to identify opportunities for reduction. We follow a clearly defined waste hierarchy, prioritising innovative technologies for minimisation and investing in R&D to support carefully designed reuse schemes. Internal and external waste audits are conducted by subject matter experts to identify opportunities for improving waste performance.

We continue to empower our workforce through targeted training on waste reduction techniques and safe handling practices. Our primary objective is to minimise waste generation at source by optimising existing processes and adopting more efficient production methods. Where avoidance is not feasible, we actively pursue recycling and reuse options within our operations. For example, we repurpose wash water, recover solvents and produce economy-grade paint from recycled materials. All these schemes are developed by our Research & Technology team.

By maintaining rigorous waste management protocols, we ensure the safe, responsible, and environmentally compliant disposal of non-recyclable and non-reusable materials. At our paint manufacturing facilities, specific hazardous waste disposal (measured in kg/KL) has consistently declined year over year since the baseline year of FY 2013–14. In FY 2024-25, we achieved a 79% decrease since FY 2013–14. Similarly, our specific non-hazardous waste reduced by 40% from FY 2013-14. Our initiatives are explained through case studies in our Sustainability Report.

### Non-Hazardous Waste (NHW) Disposal

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Total NHW disposed (MT) (including waste sent for recycling/reuse)	11247	11770	9759	10607

For the above disposal below is the break-up of disposal method for non-hazardous waste:

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Total NHW waste recycled/reused (MT)	4362	4759	9759	10607
Total waste disposed (MT)	6885	7011	0	0
-Waste landfilled (MT)	0	0	0	0
-Waste incinerated with energy recovery (MT)	0	0	0	0
-Waste incinerated without energy recovery (MT)	0	0	0	0

-Waste otherwise disposed, please specify: (Recycled/ Reused in MT)	6885	7011	0	0
-Waste with unknown disposal method (MT)	0	0	0	0

All our nonhazardous wastes are sent to authorized recyclers. The same has been provided here in this row until FY 2022 Plastic waste which is sent to CPCB authorized recyclers used to be considered in recycled. From FY 2023, we have provided all our waste in the recycled/ reused in line with BRSR reporting guidance. All the nonhazardous waste are being channelized to authorized recyclers. Assurance on the same has been provided by Deloitte Haskins & Sells LLP.

**Additional Public Reference:** [asian\\_paints\\_sr\\_2024\\_25.pdf](#) (Pages: 21-24)

**Third-party verification/assurance report:** [APL Integrated Report FY24-25](#) (Pages: 549-556) The relevant GRI standards have been assured as part of the Integrated Report. [asian\\_paints\\_sr\\_2024\\_25.pdf](#) the relevant management indicator has been assured as part of Sustainability Report (Pages: 78-85).

### Hazardous Waste Disposal

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Total hazardous waste disposed (MT) (including waste sent for recycling/reuse)	1186	929	1574	1642

For the above disposal below is the break-up of disposal method for hazardous waste:

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Total hazardous waste recycled/reused (MT)	31.07	79.39	805.34	951.45
Total hazardous waste disposed (MT)	1154.58	849.81	768.88	690.57
- Hazardous waste landfilled (MT)	70.11	44.54	64.55	32.49
- Hazardous waste incinerated with energy recovery (MT)	485.44	378.74	369.66	243.7
- Hazardous waste incinerated without energy recovery (MT)	599.03	426.53	334.67	414.38
- Hazardous waste otherwise disposed, please specify (Recycle/ Reuse) (MT)	0	0	0	0
-Hazardous waste with unknown disposal method (MT)	0	0	0	0

**Additional Public Reference:** [asian\\_paints\\_sr\\_2024\\_25.pdf](#) (Pages: 21-24)

**Third-party verification/assurance report:** [APL Integrated Report FY24-25](#) (Pages: 549-556). The relevant GRI standards have been assured as part of the Integrated Report. [asian\\_paints\\_sr\\_2024\\_25.pdf](#) the relevant management indicator has been assured as part of Sustainability Report (Pages: 78-85)

## Water

### Water Efficiency Management Programs

Our factories undergo both internal and external water audits/assessments each year to identify opportunities for improvement and reduce inefficiencies. At an organization level and factory level we have taken promises for both water consumption and wastewater generation. There is a fulfilment structure established to ensure that the focused actions are being implemented, and performance is improving. Awareness training is being imparted to employees.

Our worldclass water treatment infrastructure, along with our dedication to water reuse and recycling within the premises, ensures Zero Liquid Discharge (ZLD). All our manufacturing plants are Zero Liquid Discharge facilities, i.e., zero discharge of effluent outside premises.

We are committed to continue operating all our plants as Zero Liquid Discharge facilities.

**Additional Public Reference:** [APL Integrated Report FY24-25](#) (Pages: 4-11, 97-99)

### Water Consumption in Water-Stressed Areas

Our sites in India are assessed on water stress risk in line with guidance from Central Ground Water Board ('CGWB') groundwater block classification as recommended by SEBI under BRSR disclosure. As per recent assessment report released by Central Ground Water Board ("CGWB") in 2024, our Patancheru plant is located in the water stress area. Before 31<sup>st</sup> March 2024 none of the manufacturing locations were in the water-stress zones.

	<i>Units</i>	<i>FY2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Water Withdrawal (Excluding saltwater)	Megalitres	45.29	0	0	45.18
Water Discharge	Megalitres	0	0	0	0
Total Net Freshwater Consumption	Megalitres	45.29	0	0	45.18

**Third-party verification/assurance report:** [APL Integrated Report FY24-25](#) (Pages: 549-556) The relevant GRI standards have been assured as part of the Integrated Report.

### Business Impacts of Water Related Incidents

	<i>Currency</i>	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Total actual and opportunity costs (e.g. forgone income) from water-related incidents	INR	0	0	0	0

## Climate Strategy

### Indirect Greenhouse Gas Emissions (Scope 2)

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Location Based (tCO <sub>2</sub> e)	60901	61240	67345	68025
Market Based (tCO <sub>2</sub> e)	28410	27685	28052	33797

### Indirect Greenhouse Gas Emissions (Scope 3)

	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>	<i>FY 2024-25</i>
Scope 3 (tCO <sub>2</sub> e)	3188298	3285192	3320949	3223691

<i>Scope 3 Category</i>	<i>FY 2024-25 (tCO<sub>2</sub>e)</i>	<i>Emissions calculation methodology and exclusions</i>
1. Purchased Goods and Services	2655187	<p>Emissions calculation methodology involves average data method and spend-based method.</p> <p>This category encompasses the activities related to the extraction, production of goods and services that the reporting company procured or acquired during the reporting year. We have accounted raw materials, packaging, manufacturing consumables and purchased finished goods.</p> <p>Average data method has been used by identifying appropriate emission factors from Ecoinvent for raw material and packaging procured; spend-based method has been considered for consumables and purchased finished goods using exiobase database for emission factors.</p>
2. Capital Goods	18975	<p>Emissions calculation methodology involves average data method and spend-based method.</p> <p>This category encompasses the activities related to the extraction, production, &amp; transportation of capital goods considered (based on Financial Accounting) that the company procured or acquired during the reporting year.</p> <p>Major expense categories of plant &amp; machinery, and factory buildings were estimated using average data method using Ecoinvent database. For some of the goods spend-based method was used.</p>
3. Fuel-and-energy-related-activities	22829	Average data method was used to calculate this category of emissions.

(not included in Scope 1 or 2)		<p>This category includes extraction, production, and transportation of fuels and energy purchased or acquired by the company in the reporting year, not already accounted for in scope 1 or scope 2, which includes Upstream emissions of purchased fuels and electricity and Transmission and distribution (T&amp;D) losses.</p> <p>Type of fuels and energy or electricity mapped with appropriate emission factor from Ecoinvent, IPCC, and CEA databases taking into consideration the T&amp;D losses wherever applicable.</p>
4. Upstream transportation and distribution	469192	<p>Distance-based method and spend-based method were used to compute this category emissions.</p> <p>This category includes transportation and distribution of products purchased by the company in the reporting year between a company's tier 1 suppliers and its own operations in vehicles not owned or operated by the company and from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the company.</p> <p>Quantity transported over distance mapped between locations, mapped with appropriate mode of transportation emission factor.</p> <p>Transportation of finished goods from our warehouse locations to dealer locations are estimated using spend based method.</p>
5. Waste generated in operations	16668	<p>Average-data method is used to compute this category of emissions.</p> <p>This category encompasses the activities related to third-party disposal and treatment of waste generated in the company's owned or controlled operations in the reporting year.</p> <p>Each of the disposal and treatment of waste generated is mapped with the CO<sub>2</sub> eq/kg related factors of that disposal and treatment of waste, extracted from the Ecoinvent &amp; DEFRA databases.</p>
6. Business Travel	11197	<p>Emissions calculation methodology for this category involves distance-based method and spend-based method.</p> <p>This category encompasses the activities related to the transportation of employees for business-related activities in</p>

		<p>vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.</p> <p>Each of the modes of transportation of the employees for business-related activities is mapped with the CO<sub>2</sub> eq/kg related factors of that mode of transportation from the Ecoinvent &amp; India GHG program databases along with the mapping of distances between the sending and receiving locations.</p>
7. Employee commuting	3872	<p>Distance-based method and spend-based method was used to calculate these emissions.</p> <p>This category encompasses the activities related to the transportation of employees between their homes and their worksites.</p> <p>There was a survey conducted for a few of the sites to understand the employee commuting modes, distance, etc., accordingly the response of the survey were extrapolated to get into the details of employee commuting. Additionally, information on company vehicles used for employee commuting is considered. Each of the modes of transportation of the employees for business-related activities is mapped with the CO<sub>2</sub> eq/kg related factors of that mode of transportation in the Ecoinvent &amp; India GHG program databases along with the mapping of distances between the homes, work locations and vice versa.</p>
8. Upstream leased assets	0	This category has been subsumed into standalone Scope 1 & Scope 2 numbers.
9. Downstream transportation and distribution	0	Not relevant - Emissions from the outbound logistic for transportation of finished goods from manufacturing sites to dealers have been accounted for in Category 4 as recommended by GHG protocol. Calculation of emissions pertaining to the movement of products from dealers to end consumers has been found not relevant. This is a result of a thorough analysis through which we were able to conclude that this category of emissions falls well below our threshold of accounting which contributes to less than 0.1% of our Scope 3 emissions.
10. Processing of sold products	0	Not relevant - We do not calculate and report GHG emissions from this category, as these emissions were identified as not being relevant to us. This is the result of a thorough analysis and balancing of different relevance criteria for Scope 3 emissions sources and the five accounting and reporting principles of the GHG Protocol standards by WRI and WBCSD. These emissions cannot be tracked reasonably and reliable figures on a yearly basis are impractical to obtain. In addition, the WBCSD Chemical

		Sector Standard "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain" emphasises that "chemical companies are not required to report Scope 3, category 10 emissions, since reliable figures are difficult to obtain, due to the diverse application and customer structure."
11. Use of sold products	0	Not relevant - Our finished product is meant for direct use for consumption. They do not result in any emission at this stage.
12. End of life treatment of sold products	25770	<p>Using average-based method, this category emissions were computed.</p> <p>This category encompasses the activities related to Waste disposal and treatment of products sold by the company (in the reporting year) at the end of their life.</p> <p>Each of the sold products (paints, tools, adhesives etc.) &amp; packaging materials are mapped with the CO<sub>2</sub> eq/kg related factors of that treatment of sold product and waste disposal, extracted from the Ecoinvent &amp; DEFRA databases taking into consideration the waste disposal and treatment of products.</p>
13. Downstream leased assets	0	Not relevant as Asian Paints does not own downstream leased assets.
14. Franchises	0	Not relevant as Asian Paints does not own or operate franchises.
15. Investments	0	This is not relevant as we are into the manufacturing of paints and coatings.
Other upstream	0	Not relevant as Asian Paints does have any other upstream activities. All the emissions pertaining to Upstream activities is already reported in the above relevant categories.
Other downstream	0	Not relevant as Asian Paints does have any other Downstream activities. All the emissions pertaining to Downstream activities is already reported in the above relevant categories.

**Additional Public Reference:** [APL Integrated Report FY24-25](#) (Pages: 88, 91, 92)

**Third-party verification/assurance report:** [APL Integrated Report FY24-25](#) (Pages: 549-556) The relevant GRI standards have been assured as part of the Integrated Report.



## Financial Risks of Climate Change

(More on this is available in our CDP Climate Change Disclosure)

### **Transitional Risk:**

*Brief Description:* In June 2023, the central government introduced the Carbon Credit Trading Scheme (CCTS), establishing a national framework for the Indian carbon market aimed at reducing GHG emissions through carbon credit trading. In July 2024, the Bureau of Energy Efficiency (BEE) released the "Detailed Procedure for Compliance Mechanism under CCTS." The framework classifies carbon-intensive sectors as "obligated entities" required to meet emission intensity targets and participate in carbon trading. The paint sector, being low carbon intensive, is not currently classified as an obligated entity, and we do not anticipate this changing soon. However, if notified, our investments in renewable electricity (standing at 57.6%) and energy efficiency measures (28% reduction since 2013-14) should ensure compliance with the stipulated targets, thus mitigating the identified risk. Hence, financial impact has been considered as zero. We will continue to reassess and update as necessary.

*Resilience Measures:* We have achieved a 69% reduction in Specific scope 1 and scope 2 emissions from FY 2013-14 baseline through: - Sustained efforts in increasing the share of RE in our energy mix, with a 57.6% contribution to our electricity consumption in 2024-25- Efforts in energy efficiency resulting in a decline in specific power consumption by 28% from the 2013-14 baseline. We target to reduce specific emissions by 80% by 2030. With a high share of RE & other emission reduction measures, we expect a reduced emission obligation. We shall participate in policy consultations to understand the impact of carbon markets. During the year, we did a capital expenditure of INR ~2.8 crore towards initiative such as heat pump installation, installation of gas-based generators, solar lighting, solar dryer etc.

### **Physical Risk:**

Acute Physical - Flood (coastal, fluvial, pluvial, groundwater).

Asian Paints has plants located in different geographies for which we evaluated both scenarios - RCP 4.5 and RCP 8.5 for acute and chronic risk analysis. For all the locations assessed, we are generally at low to medium risk for adverse impacts resulting from floods however, one of our locations is at a high risk. The impact of this is expected to be fully mitigated in 3 weeks. The breakup for the financial cost calculated considering a week of impact on operations has been provided below:

1. Cost of redistribution of material (INR 1.14 crore)
2. Loss of revenue due to production interruption (INR 5.17 crore)
3. Cost of inventory loss both raw material and finished goods. (INR 10.55 crore)
4. Cost of cleaning and restoration of the plant (INR 0.5 crore)

Pre-monsoon activities and awareness are being conducted at the site which costs approximately INR 250000.

## Financial Opportunities Arising from Climate Change

(More on this is available in our CDP Climate Change Disclosure)

To reduce its carbon footprint and improve energy efficiency, the Asian Paints Mysuru plant replaced conventional natural gas boilers with 550 kW heat pumps powered by excess solar electricity. Previously, steam generation relied on natural gas, contributing to Scope 1 emissions. The plant identified an opportunity to utilize its surplus solar power—earlier underutilized—to run the heat pumps, producing steam without increasing Scope 2 emissions. This year long initiative is expected to yield annual savings of approximately INR 1.4 crores at current production levels. By integrating clean energy with heat pump technology, the plant significantly reduced its dependence on fossil fuels while maximizing renewable energy use.

## Product Stewardship

### Exposure to Hazardous Substances

<i>Type of substance</i>	<i>Classification of hazardous substances</i>	<i>% of revenue associated with products containing substances in this list</i>
Substances classified as hazardous by a regulatory authority	As per Stockholm Convention - Persistent organic pollutants (POPs)	<10%

Please refer our Annual Integrated Report and Sustainability Report for more information.

## Supplier

### KPIs for Supplier Screening

<i>Supplier Screening</i>	<i>FY 2024-25</i>
Total No. of tier-1 suppliers	576
Total No. of significant suppliers in tier-1	66
% of total spend on significant suppliers in tier-1	75
Total number of significant suppliers in non-tier-1	0

### KPIs for Supplier Assessment and/or Development

<i>Supplier Assessment</i>	<i>FY 2024-25</i>
Total number of suppliers assessed via desk assessments/on-site assessments	53
% of unique significant suppliers assessed	80.3
Number of suppliers assessed with substantial actual/ potential negative impact	4
% of suppliers assessed with substantial actual/ potential negative impact with agreed corrective/ improvement plan	100
Number of suppliers assessed with substantial actual/ potential negative impact that were terminated	0
Total number of suppliers in capacity building programs	13
% of unique significant suppliers in capacity building programs	19.7