Sustainability Report 2022-23

asianpaints

Embedding Sustainability & Resiliency

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ABOUT THE REPORT

Embedding Sustainability & Resiliency

Over the last decade, we have been constantly evolving our approach towards sustainability by embedding newer avenues, incorporating new practices, and factoring prevalent understanding of sustainability as a subject. This has resulted in a growing capacity for delivering sustainable product offerings, process capability that continually reduces our environmental footprint, provides safer workplace and local partnerships that ensure thriving communities. In continuance with our approach, the report covers the updates on our performance on decade-long sustainability initiatives around Environment, Product Stewardship, Community and Health & Safety. The report provides insight into our climate change strategy and risk assessment as per TCFD recommendations as well as our sustainable supply chain framework. We believe that the incorporation of these would help us in further embedding sustainability and resiliency into our business strategy including the value chain.

Report Profile

The scope of reporting boundary includes all our eight Indian decorative paint units at Ankleshwar, Patancheru, Kasna, Sriperumbudur, Rohtak, Khandala, Mysuru and Vizag. Data has been reported for these sites only, which is also covered under the assurance boundary. In addition, wherever we discuss environment performance on standalone basis, the performance of our chemical plant at Cuddalore is covered.

The criteria that is being adhered to for the identified sustainability indicators in the Sustainability Report is as per management-defined criteria and GRI for Scope 3 indicator.

Section "AP-Global" of this report highlights information related to initiatives taken by our International Business units. However, this is not part of our reporting and assurance boundary.

Assurance

Reasonable and Limited Assurance on certain agreed/identified sustainability indicators (refer to assurance reports for indicators specific to reasonable and limited assurance) in this report has been provided by Price Waterhouse Chartered Accountants LLP, in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standard Board (IAASB). The subject matter, criteria, procedures performed and assurance conclusions are presented in the assurance reports attached at the end of this report.

MESSAGE FROM MD & CEO

> Our climate change strategy involves mitigation through our decarbonisation strategy as well as increasing resiliency through our adaptation efforts.

Dear Readers,

Globally, FY 2022-23 has been a year of significant challenges amidst geopolitical tensions to the lingering impact of COVID-19 and mounting inflation. Amid this volatility and inflationary environment, we delivered a double-digit volume and value growth in the Decorative business in India, taking multiple steps to expand the market and gain from the organised and unorganised segments through our distinct product and service offerings. The results delivered for the year bears testimony to this phenomenal work done by Team Asian Paints.

The Integrated Annual Report for FY 2022-23 gives detailed insights into the Company's performance on financial as well as non-financial aspects. I urge you to read it.

We have always looked at integrating our sustainability agenda into the Company's business objectives and considered it as a key driver of long-term value creation for all our stakeholders. We have been publishing our Sustainability Report since 2014-15, and our 9th Sustainability Report provides greater details of the various elements being pursued by the Company and the milestones achieved under environmental and social stewardship in this decade of focussed action in Sustainability.

Our climate change strategy involves mitigation through our decarbonisation strategy as well as increasing resiliency through our adaptation efforts. Our mitigation efforts within our operations, over the years, have resulted in an impressive 74% reduction in Scope 1 and Scope 2 emission intensity over 2013-14, primarily driven by energy efficiency initiatives and augmentation of renewable energy, which now stands at over 62%. During the year, we inventoried our Scope 3 emissions and have formulated our strategy towards reducing the value chain emissions. We support Task Force on Climate-related Financial Disclosures (TCFD) and during the year, we conducted a climate risk assessment as per its recommendations. This now guides our climate change adaptation and sharpens our mitigation efforts.

Our on-site and off-site harvesting and recharging projects have helped us replenish 382% of the freshwater consumed within our 8 paint manufacturing facilities. When it comes to specific hazardous waste, there has been a 21% reduction over the previous FY representing a 71% overall improvement over 2013-14. Under plastic Extended Producer Responsibility (EPR), we have collected over 54,000 MT of flexible plastics and rigid plastics across 23 states and ensured its safe disposal.

For our customers, we are providing best-in-class safe and eco-friendly products through the green-certified low VOC product range, high-durability products, and higher renewable content. We have formulated Nilaya Naturals, first-of-its-kind paint with over 90% natural ingredients. As we move forward, we will continue to develop safe and sustainable products. One of our latest projects involves backward integration to manufacture environment-friendly low VOC Vinyl Acetate Ethylene Emulsion (VAE), which represents a significant step toward strengthening our position in this area.

This year, our factories at Kasna, Khandala and Patancheru have been awarded the prestigious British Safety Council 'Sword of Honour' in Occupational Health and Safety assessment. Our Colour Academy offers the best training facilities and works towards enhancing productivity as well as the financial well-being of the people in the paint application trade as well as carpenters and plumbers, covering over 5.1 lakh participants. We continued our programmes centred around the key areas of Health and Hygiene touching more than 3.65 lakh lives, Water Management creating water harvesting potential of 195% and continued to stand with our communities in their time of need through our disaster relief support.

Our recently adopted ESG strategy incorporates sustainable operations and product offerings, upholds highest standards of social responsibility and world-class governance, and sets ambitious commitments till 2030. During the year, we rolled out the Company's sustainable supply chain framework which is a strong step towards establishing the ESG agenda in our value chain. Our ESG approach propels us to steer the business strategy to deliver our purpose of bringing joy to people's lives.

For any feedback or queries, do write to us at sustainability@asianpaints.com.

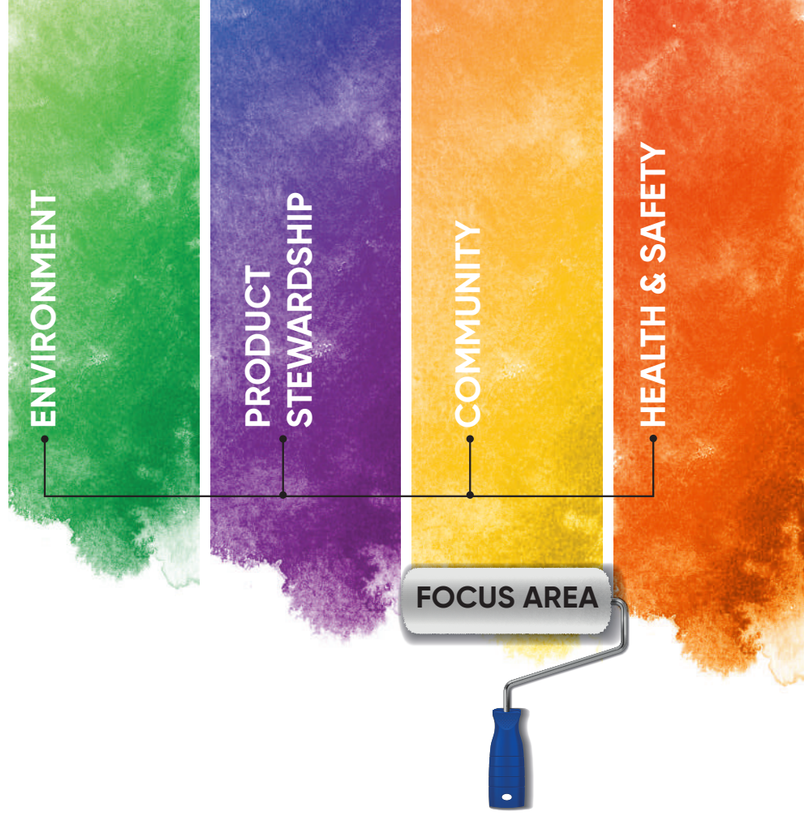
Happy Reading!

Warm regards,

Amit Syngle

Managing Director & CEO

OUR SUSTAINABILITY PRIORITIES & GOVERNANCE



Sustainability Governance - Board Oversight & Management Role:

Sustainability is a top priority at Asian Paints and has long been integrated into our decision-making process across the board. Through our robust and outcome-oriented governance structure, our Board maintains keen oversight and together with the senior management, drives the implementation of our ESG agenda.

The Board has provided guidance in developing our recently adopted ESG strategy and monitors progress in fulfilling the objectives set therein. The Stakeholders Relationship Committee of the Board is entrusted with the responsibility to support the Board in ESG oversight. Further, the Risk Management Committee of the Board evaluates and provides insights on ESG risks and opportunities including climate-related, along with mitigation plan.

The Company's One Link[1] group, led by the Managing Director & CEO, is tasked with implementing the ESG objectives of the Company, including climate change mitigation and adaptation. Relevant business unit heads are responsible for driving specific initiatives such as R&T for product stewardship, Manufacturing Technology team for renewable electricity etc.

Board Oversight	Risk Management Committee	Evaluates and provide the Board with insights on ESG risks including climate-related risks and opportunities along with mitigation plans
	Stakeholders Relationship Committee	Provides direction to the management on the implementation of ESG Strategy and maintains oversight of the execution of the ESG Strategy as well as the progress on the near-term & long-term ESG commitments
Management Role	MD & CEO and One Link group[1]	Provide leadership in setting the targets and implementing the ESG objectives of the Company including objectives related to climate change
	Business Units and Functional Heads	Driving department-specific initiatives in line with ESG targets
	Sustainability Team	Group of professionals responsible for the execution, monitoring and reporting of climate change-related indicators

[1]One Link group is led by the Managing Director & CEO and comprises General Managers, Associate Vice Presidents, Vice Presidents, Senior Vice Presidents and Presidents.

ENVIRONMENT

74%
Reduction in Scope 1 and Scope 2 emission intensity over 2013-14

382%
Water replenishment

62.2%
Electricity from renewable sources (RE)

5,200+
Tonnes of recycled plastic used in packaging

235
Megalitres of harvested rainwater used in operations

54,000+
Tonnes of plastic packaging waste collected under EPR

SDGs ALIGNMENT

Prev
Next

ENVIRONMENT

Our vision of "bringing joy to people's lives" depends on our impact on nature and the planet. We have consistently strived to minimise the negative environmental impact of our operations while maximising the positive environmental impact.

Dealing with climate change is one of the greatest challenges faced by the world today. We have adopted Task Force on Climate-related Financial Disclosures (TCFD) recommendations to transparently disclose how the organisation is prepared for a lower carbon economy as well as climate change adaptation and risk management.

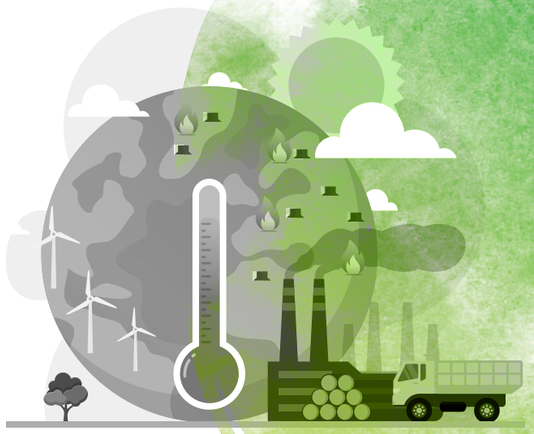
We are working towards reducing our dependence on natural resources including freshwater consumption and energy conservation, pollution control, and waste minimisation. We are exploring more opportunities in the circular economy and environment stewardship across the value chain.

A. CLIMATE CHANGE

We are committed to identifying climate trends and holistically addressing their effects. Our approach involves mitigation through our decarbonisation strategy as well as increasing resiliency through our adaptation efforts.

Our mitigation efforts within our operations, over the years, have resulted in impressive emission reduction primarily driven by energy efficiency initiatives and augmentation of renewable energy. During the year, we inventoried our Scope 3 emissions and have formulated our strategy towards reducing the value chain emissions, leveraging our sustainable supply chain framework. We track, monitor, and disclose mitigation-related metrics and have set 2025 and 2030 targets.

During the year, we conducted a climate risk assessment following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We identified the physical and transition risks and opportunities. The identified physical and transition risks are now incorporated into our Risk Management framework, and it is helping us embed sustainability and resiliency across our operations.



Climate Change Mitigation

Aligning our emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks, we have streamlined our processes to move closer to this common decarbonisation goal. Reducing GHG emissions is not only a business imperative for us at Asian Paints, but also forms a vital part of our environmental stewardship.

Scope 1 and Scope 2 GHG emissions

We have achieved significant reductions in both our Scope 1 and Scope 2 emissions for the paint business. Our Scope 1 emissions have decreased by 43%, while Scope 2 emissions have seen a remarkable 47% reduction compared to FY 2013-14 in absolute terms.

Moreover, our emission intensity has dropped by an impressive 74% from the baseline year. These improvements are attributed to our energy efficiency initiatives and continued investments in renewable energy.

	Baseline FY 2013-14	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Scope 1 (tCO_2e)	25,072	12,252	11,601	12,407	14,340	75% reduction in emission intensity over baseline	80% reduction in emission intensity over baseline
Scope 2* (tCO_2e)	52,471	26,612	27,788	28,410	27,685		
Specific Emission $KgCO_2e$/KL of production	131.15	40.5	40.4	33.7	34.7		

**The scope 2 emissions have been revised for previous years. This is because of a change in methodology. The emission factors for the respective year have been referred to from CEA guidelines.*

The total Scope 1 and Scope 2 emissions on a standalone basis during the year was 103,394 tCO_2e. Biogenic emission due to the combustion of biofuels was 171 tCO_2e/KL.

Use of biogas at Khandala:

At our Khandala Plant, we have consistently pursued greener fuel options to meet our heating requirements. Two years ago, we adopted LNG as a sustainable fuel. Building on this progress, we recently began utilising biogas, another eco-friendly fuel derived from waste.

We source this biogas from a vendor who generates it from Pune municipality food waste. During the year, we successfully consumed 20.18 tonnes of biogas, furthering our commitment to sustainable energy practices

To achieve our target of reducing our Scope 1 and Scope 2 emissions, we are working on two enablers: increasing the percentage of renewable electricity to 100% by 2030 and reducing our specific electricity consumption by 53% by 2030 (over 2013-14 baseline).

Energy efficiency

Our efforts to reduce specific and, in turn, absolute energy consumption focus on optimising energy consumption, process optimisation, installing energy-efficient technologies and conserving/recovering energy through activities such as waste heat recovery etc. This is enabled by monitoring our performance and conducting energy audits for improvement.

During the year, the total energy consumption at our decorative paint manufacturing units stood at 562,287 GJ and renewable energy consumption contributed 204,798 GJ.

One of the key metrics that we have been monitoring and concentrating on is Specific Electricity Consumption at our decorative paint plants. The specific electricity consumption (KWh/KL) is as follows:

	Baseline FY 2013-14	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Specific Electricity Consumption (KWh/KL)	116	75.7	73.2	74.67	60.49 (48% reduction)	54.4 (53% reduction)

In FY 2022-23, there was an increase in electricity consumption at some of our sites due to multiple ongoing expansion projects.

In FY 2022-23, total energy consumption on a standalone basis stood at 1,196,127 GJ, out of which 913,261 GJ contributed to direct energy consumption and 282,866 GJ contributed to indirect energy consumption. Out of our total energy consumed, renewable energy consumption contributed 204,798 GJ.

Key energy efficiency initiatives:

IE5 pumps for water circulation for Reactor condensers:

The International Efficiency (IE) standards stipulate energy efficiency and have set five levels of motor efficiency: IE1 to IE5 with IE5 being the highest efficiency level.

Replacement of the existing system with IE5 pumps resulted in 15% reduction in units consumed.

Installation of auto tube condenser cleaning system on 100TR chiller at Ankleswar. The system ensures online condenser tube cleaning every half an hour resulting in energy savings.

At our Vizag plant, we changed the superflo technology for flexible intermediate bulk containers charging to Silos. This helped improve operational efficiency, resulting in 10% reduction in actual power consumption while also improving equipment uptime.

At our Patancheru plant, we have installed an XPlate for blowers. XPlate Nanotechnology device (Xenogeneic Plate) is an innovative fuel-saving and pollution control technology. It works on air side application of combustion.

HVAC timings were optimised by reducing the timings of AHU with respect to the ambient climate and modification of operation timings wherever deemed unnecessary.

Renewable Energy

We have been making sustained efforts toward transitioning to renewable energy over the last decade through investments in solar and wind projects. We have an installed capacity of 24.6 MW of solar energy and 24.3 MW capacity of wind energy. The overall contribution of renewables to electricity consumption stands at 62.2% compared to 61.1% last year.

	Baseline FY 2013-14	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Share (%) of renewable electricity in total electricity consumed across paint manufacturing factories	0.1	57	61.1	62.2	75	100[@]

@: We aspire to achieve 100% renewable electricity share subject to favourable state policies pertaining to minimum grid utilisation requirements & banking policies

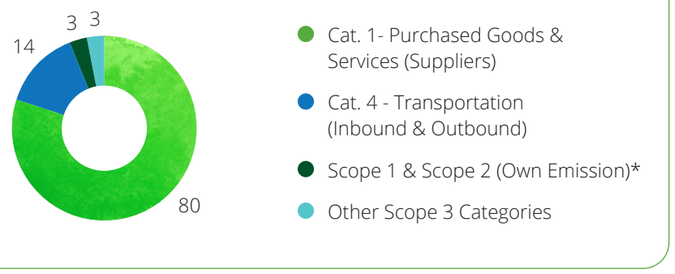
62.2%

Renewable energy consumed in FY 2022-23 as part of the total electricity consumption

Scope 3 Emissions:

During the year, our total scope 3 emissions are estimated to be 33 Lakhs tCO_2e. The category-wise details have been provided here:

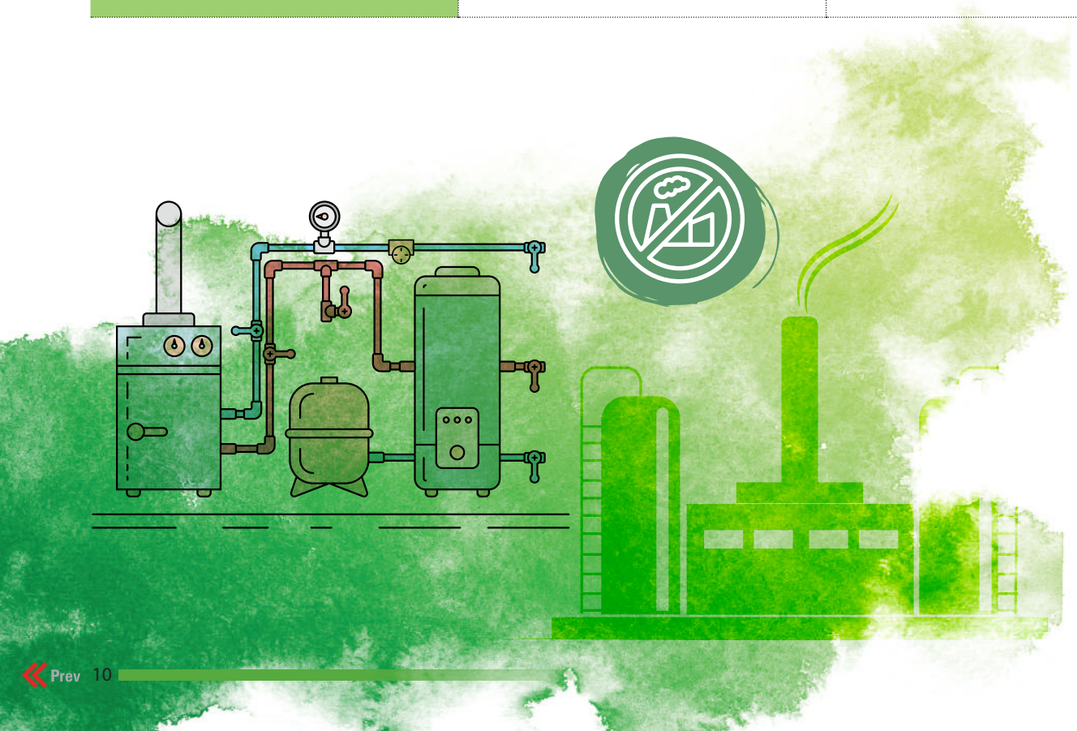
GHG Emissions (%)



**Scope 1 & Scope 2 emissions categorised above are on a standalone basis. Other Scope 3 categories include categories 2, 3, 5, 6, 7, 8 and 12.*

Our GHG emissions breakup:

Emission Category	Contribution	Emissions (lakhs tCO_2e)
Cat. 1 - Suppliers (Purchased Goods & Services)	80%	27.15
Cat. 4 - Transportation (Inbound & Outbound)	14%	4.80
Scope 1 & 2 (own emissions) - standalone	3%	1.03
Other Scope 3 categories (categories 2, 3, 5, 6, 7, 8 and 12)	3%	0.91



We endeavour to reduce our Scope 3 emissions to transition to low carbon by focussing on:

Sustainable optimisation of products and services:

We have been working on formulation optimisation and efficiency to reduce the overall carbon footprint of the products. This essentially means reducing emission-intensive raw materials through formulation and process innovations.

Lesser carbon-intensive raw material alternatives:

We evaluate low embodied carbon alternatives for existing raw materials such as alternate grades, alternate chemistries as well as increased renewable/bio-based content, suppliers with efficient operations. Our proposed investment in setting up low-carbon-intensive Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing is a strong step towards this direction. We target to significantly increase renewable/bio-based raw materials by 20% and 30% by 2025 and 2030 respectively. Similarly, we strive to increase the recycled content in our plastic packaging to 30% by 2025 and 60% by 2030.

Sustainably Advantaged Products:

Our Sustainably Advantaged Products are products which are more sustainable than current norm for the industry and bring tangible sustainability benefit to our customers. These include products which provide resource efficiency benefit in use-phase by reducing surface temperature, offer longer lasting performance, provide health and well-being benefits, etc. We have a well-entrenched Product Stewardship agenda to advance development of Sustainable products as part of ESG commitments.

Engagement with Suppliers to reduce emissions:

Our Code of Conduct for Business Partners (the Code) acts as the foundation for driving the ESG agenda in our value chain. Through our recently developed sustainable supply chain framework, we plan to sensitise, assess and engage with our suppliers on ESG issues including climate change to promote sustainability in their operations. We encourage our suppliers to transition to the use of renewable energy sources and work with us to increase the use of renewable raw materials.

Transportation and distribution:

We focus on reducing our logistics footprint through greener modes of transport as well as upsizing of trucks employed for transporting our material. We adopted multimodal transportation focussing on rail and sea despatches, employed cleaner fuel-powered vehicles, etc. We collaborate with leading FMCG/FMCD industries for load pooling and reverse logistics synergies. We look for opportunities that National Logistics policy provides to augment these initiatives further and embrace green logistics.

GHG Optimisation through formulation optimisation

We have been working on formulation optimisation and efficiency to reduce the overall carbon footprint of the products by reducing high emission contributing raw materials through multiple formulations and process innovations such as improving the scattering efficiency of the rutile and other raw materials. All these efforts helped us to reduce 20,390 tCO_2e in FY 2022-23.

Multimodal outbound logistics

With National Logistics Policies gaining traction, we have been quick to adopt multimodal transport. During the year, we were able to reduce more than **3,000 tCO_2e of GHG emissions** from our logistics footprint, while also optimising freight cost through:

Sea despatch

Over 2,000 Tonnes

of finished goods movement from Chennai to East was piloted during the year using sea despatches instead of the usual road transport mode.

Multimodal despatch

Over 29,000 Tonnes

of finished goods movement was done by utilising rail for long haul despatches.

100%
of our new suppliers are screened using Environmental and Social criteria

Supplier Engagement

Engagement with business partners for low carbon transition & responsible sourcing

We recognise the integral role that our suppliers play in achieving our sustainability strategy and our ability to ensure secure supply to our customers. Nearly 80% of our emissions are contributed by procurement from our suppliers. Hence, our decarbonisation strategy requires efforts in reducing our value chain emissions and necessitates work with our suppliers.

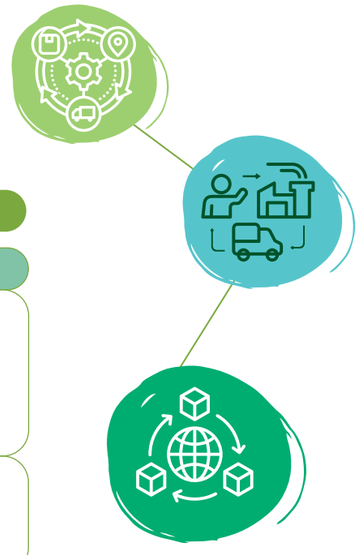
We are committed to embedding sustainability and resiliency across our value chain through our Sustainable Supply Chain Framework. This involves adopting a systematic approach to engage with business partners which shall ensure increased awareness, better disclosure, improved sustainability performance and deep collaboration.

We deploy a well-defined stage-gate process for evaluation and onboarding of prospective suppliers which assesses suppliers on quality, delivery, price competitiveness and ESG criteria. Suppliers are assessed on legal compliance as well as critical environmental and social criteria such as comprehensiveness of environmental policy, implementation of the management system as well as self-declaration on key Human Rights. During the year, 98 suppliers were onboarded based on the above evaluation and screening criteria.

Our top suppliers representing more than 50% of the raw material procurement by value are certified to be compliant with social and environmental standards such as SA 8000, ISO 14001, OHSAS 18001 / ISO 45001, EcoVadis (bronze or higher) or any other relevant labels.

Sustainable Supply Chain Framework:

Our Code of Conduct for Business Partners ("the Code") sets our expectations from suppliers in terms of their Environmental, Social and Governance performance among other matters. During the year, guided by the Code, we have enhanced and formalised our Sustainable Supply Chain Framework, setting out our approach, expectations, process and promises towards sustainability in the supply chain. We have also established a Responsible Procurement Policy to guide our internal procurement decision-making process in line with the Code of Conduct.



Sustainable Supply Chain

AREAS	PROCESS
All suppliers	→ Acknowledge Code of Conduct for Business Partners → ESG criteria in new supplier screening → ESG Disclosure
Critical suppliers	→ Comprehensive Site Assessment → Capturing Environment performance data

Foundation: Code of Conduct for Business Partners & Responsible Procurement Policy

Engagement with suppliers:

The framework enables us to conduct regular supplier reviews to monitor our suppliers' adherence to the Code. Business partners are expected to comply with requirements, that extend beyond local regulations. Our network of suppliers spans varied geographies, scale of operations and different category of materials. Suitable processes are adopted based on criticality, practicality, and nature of business engagement as well as scale of supplier operations. The engagement comprises 3 levels – Awareness, Assessment and Association and shall aim to shape, assess and improve our suppliers' sustainability practices and performance as explained in the table below:

Critical Supplier:
Business partners which fall in the top quartile (75%) of value by spend or suppliers having a significant ESG footprint.

	Awareness	Assessment	Association
Objective	. Sensitising suppliers on ESG issues . Setting our expectations	. Assess Suppliers' maturity . Nudging in the right direction	. Deep collaboration
Process	Asian Paints will create awareness on critical ESG issues and the need for collective action on areas such as Climate Change through: • Communication and acknowledgement of the Code by all suppliers • Engaging with suppliers on key ESG issues through trainings and conservations	Asian Paints will assess suppliers' maturity on ESG issues and action through: • **ESG criteria in screening** during supplier onboarding process • Suppliers' assessment of **ESG criteria and performance** using self-declaration questionnaire or public disclosures • **Comprehensive ESG assessment** of critical suppliers Corrective actions and development areas for suppliers shall be a key part of the Assessment	• Asian Paints aims to foster collaborative partnerships with strategic and sustainably matured suppliers whose ambitions align with our ESG ambitions. We shall undertake **joint initiatives** and share technical know-how to improve processes, build resiliency and **reduce our scope 3 emissions**

Contribution to the transition to low carbon:

The engagement with suppliers is a key enabler for decarbonising our value chain emissions through:

Improvement in emission accounting:

The framework will enable access to primary environment-related value chain data and help us to move from secondary data to primary data in our estimation of emission footprint. The availability of primary data will in turn help in measuring and monitoring the actual impact created by our association with suppliers.

Promoting sustainability:

The framework will help us understand the sustainability performance of our suppliers and help us encourage our suppliers to transition to the use of renewable energy sources.

Association to drive joint initiatives:

The framework shall also help us the identification of business partners with whom we can co-create a path for lower carbon transition. These initiatives could be efficiency improvement in the operations, development and identification of better alternatives and optimisation of products and services.

Key criteria of the framework:

The framework focusses on criteria which are grouped into Environment, Social and Governance themes. The criteria are based upon international sustainability standards such as United Nations Global Compact principles, International Labour Organisation (ILO) conventions, Global Reporting Initiative (GRI) standard, ISO 26000 standard, and CERES principles. Key criteria are listed below:

Environment

- Policy & EMS
- Energy & Emissions
- Water Stewardship
- Waste Management
- Biodiversity
- Product Stewardship

Social

- Labour Practices
- Human Rights
- Occupational Health & Safety
- Career Development & Training

Governance

- Business Ethics
- Business Management
- Sustainable Procurement

Outcomes of the assessment:

The assessments will have outcomes at three levels based on the importance of the criteria:

1. **Zero Tolerance:** Some of the criteria are classified as the must-have criteria where Asian Paints will have zero tolerance.
2. **Influence:** This includes positive criteria where supplier will be nudged to improve ESG performance including monitoring and reporting.
3. **Compliance:** This includes criteria against which supplier will be assessed to improve compliance through corrective actions implementation in a time-bound manner.

The assessment will help identify development agenda for improvement in compliance as well as ESG performance. The assessment will also help in identifying sustainably matured suppliers and thus pave the way for collaboration for achieving shared sustainability goals and create an impact.

Supplier performance management:

All Suppliers

- We expect all our suppliers to acknowledge our Code of Conduct for Business Partners. As of 30th April 2023, 1,279 existing vendors have acknowledged the policy which includes more than 65% of raw material suppliers by value.
- 100% of our new suppliers are screened using Environmental and Social criteria.
- Suppliers' assessment using self-disclosure or publicly available information

Critical Suppliers

- Comprehensive assessment for critical suppliers which may include comprehensive site visits, suppliers certified under international standards such as SEDEX or EcoVadis will be exempted depending on the performance and self-disclosure. We intend to assess 20% of the total critical suppliers in FY 2023-24.

Climate Change Adaptation

In line with the TCFD recommendations, we carried out climate risk assessment covering both Physical and Transitional risks.

Asian Paints assesses risk factors that may materially and adversely affect our business, results of operations and financial condition. In line with the TCFD recommendations, we carried out a climate risk assessment covering both Physical and Transitional risks. The assessment helped us improve our understanding of the physical and transition risks we are exposed to, and while the exposure is minimal, it also helped us strengthen resilience measures as part of our adaptation strategy. The outcomes of the assessment are now integrated under our Risk Management framework.

Physical Risk analysis

As part of our physical risk assessment approach, we focussed on analysing acute risks arising from extreme weather events and chronic risks resulting from long-term changes in climate patterns for our all-eight-paint manufacturing locations in India. The risks were analysed over the short-term (2030) and long-term (2050), using IPCC Representative Concentration Pathways – RCP 4.5 (moderate climate change scenario) & RCP 8.5 (high climate change scenario).

To prioritise the risks, a composite rating was calculated based on the likelihood and impact of the risks considering RCP 4.5 as probable scenario and short-term (2030) time horizon to facilitate effective decision-making. Along with scenario analysis findings, historical events and the probable impact of the risks were also considered for likelihood and impact scores.

Summary of physical risk and resilience measures:

Risk	Heatwave	Drought	Cyclone	Floods (Coastal/Riverine)
No. of sites with high / very high risk	2 1	1 2	1 1	1

High risk Very high risk

Resilience measures are already part of the design considerations for climate events like cyclones, floods depending on geographical regions. Similarly, for water risk, our approach already encompasses reduction of non-process water consumption as well as increasing grey water utilisation across our plants. As per Central Ground Water Board's classification, none of our sides are located in Water-stressed area. For other physical risks, resilience measures have been identified and will be implemented to mitigate the risks envisaged. Details of the risks and the resiliency measures are described in the annexure on Outcomes of Climate Risk Assessment.

Transition Risk analysis

Transitioning to a lower-carbon economy may entail policy & legal, technology, and market changes. These changes offer both risk and opportunities to the organisation. To analyse potential transition risks for the company, we conducted a comprehensive assessment aligned with the International Energy Agency's scenarios (IEA SDS) and India's Net Zero commitments, current and anticipated policies.

The transition risks & opportunities identified as part of the assessment as well as the resilience measures are described in the annexure on Outcomes of Climate Risk Assessment.

Risk Management

At Asian Paints, we have a robust and resilient risk management framework as per ISO 31000, which is guided by Risk Management Committee of the Board. The Risk Management Committee closely reviews climate-related risks and mitigation efforts. During the year, we undertook the climate risk assessment as per TCFD recommendations. The physical and transition risks identified through climate risk assessment have been integrated with our Risk Management framework for effective management of these risks.

We identified the physical risks using multiple tools primarily through the Aqueduct tool developed by World Resources Institute (WRI), and the World Bank data, India Meteorological Department (IMD) and Central Ground Water Board (CGWB). A composite risk rating was developed for prioritising the risk based on likelihood and impact. We analysed transition-related risks and opportunities through sectoral analysis, International Energy Agency's scenarios, India's NDC, analysis of policy & regulatory developments, boundary spanning, and interactions with our Senior Management. An overview of the outcomes of the risk assessment exercise is provided in the annexure to this report.

Our efforts towards managing and mitigating our climate-related risks are centred on our approach towards reducing our Scope 1 and Scope 2 GHG emissions, reducing our value-chain emissions, while building resiliency measures in our operations. The details of resilience measures to physical risks have been described in the strategy section. The details around our approach towards managing other climate-related risks and achievements therein can be referred in the Product Stewardship and Environment sections, with **key highlights** being:

74%

reduction in our Scope 1 and Scope 2 intensity through 62.2% renewable electricity and 36% reduction in specific power consumption

382%

water replenishment through our on-site and off-site recharge projects, while reducing our non-process water consumption by 54%

71%

reduction in specific hazardous waste disposal, 78% reduction in specific industrial effluent generation

Sustainably Advantaged Products –

30

certified low VOC products,

22

products with durability of 5 years or higher, formulation of first-of-its-kind paint - Nilaya Naturals with over

90%

renewable ingredients

Collection and safe disposal of over

54,000 MT

of flexible plastics and rigid plastics across 23 states while utilising 5,200+ MT of recycled plastic in our packaging

Scope 3

Scope 3 emissions inventoried, and Sustainable Supply chain framework developed to engage with value-chain on climate-related risks and sustainability performance

Our 2025 and 2030 ESG targets, including climate change-related indicators, further our commitment in this area.

Climate-related Metrics and Targets

At Asian Paints, we assess climate-related risks and opportunities using following metrics:

The performance and the targets against each metrics can be referred to in Environment and Product Stewardship sections of this report.

B. WATER STEWARDSHIP

Water is a critical natural resource that is essential to our business operations, and we recognise that the responsible management of water is crucial to our long-term sustainability. We have implemented a water stewardship program to ensure that we use water responsibly, minimise our impact on local communities, and protect water resources for future generations.

Water Management Strategy:

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 of 31st March 2023, none of our manufacturing plants falls under the water-stressed area.

Our plants are located in different geographies for which we evaluated both scenarios - RCP 4.5 and RCP 8.5 for acute and chronic risk analysis as part of climate risk assessment. The details of drought risk have been discussed in the climate change adaptation section.

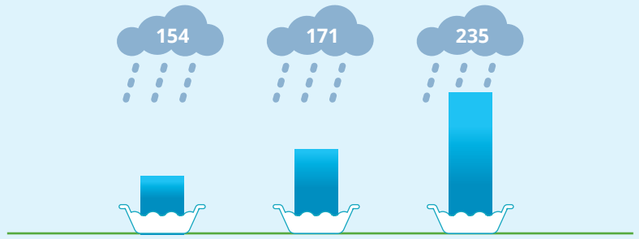
We have developed a comprehensive water management strategy that includes risk assessment, water conservation, and replenishment in and around our manufacturing locations.

Water conservation and replenishment inside factory premises:

On-site projects

Our on-site projects are focussed on reducing freshwater consumption and increasing the share of recycled water in our processes. The use of rainwater in the process is one of the important focus areas along with efficiency improvement.

Rainwater harvested and consumed within the factory (megalitres)



Mysore Plant utilised almost 120,000 KL of rainwater for process requirements, which is 64% of total water consumption and 177% of total freshwater consumption in the plant. Similarly, our Vizag Plant utilised more than 80,000 KL of rainwater for process requirements, which represents 65% of total freshwater consumption and 39% of total water consumption at the plant.

At our paint manufacturing units, we consumed

815 megalitres

of fresh water of which 756 megalitres were sourced from industrial water/third-party supply and

59 megalitres

from groundwater. Further, we harvested and reused

235 megalitres

of rainwater

At the standalone level, during the year we withdrew

1,033 megalitres

of total fresh water.

Specific Non-Process Water Consumption at paint manufacturing plants

Our focus has been on the reduction of our non-process water consumption. These involve the adoption of water-efficient technologies and enhancing recycling and reuse. Our focussed and sustained efforts have resulted in a specific non-process water reduction of 53% since FY 2013-14.

	Baseline FY 2013-14	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Specific non-process water (KL/KL)	0.97	0.40	0.37	0.45	0.27 (72% reduction)	0.24 (75% reduction)

In FY 2022-23, there was an increase in water consumption due to expansion projects in multiple sites as well as changes in certain consent conditions resulting in increased freshwater consumption. We have identified interventions to mitigate the impact of such changes and reduce absolute freshwater consumption to achieve our 2025 and 2030 commitments.

Water replenishment and conservation outside factory premises

For the last several years, we have been partnering with our communities to improve the availability of water in the ecosystem near our plants by increasing the infrastructure to harvest rainwater.

We implement integrated watershed development in villages nearby our factories to improve their water security. We undertake initiatives like pond cleaning, desilting, check-dams, irrigation canal lining, training farmers on micro-irrigation systems, and integrated pest and soil health management.

Significant and sustained investment in the creation of the harvesting and recharging potential over the years coupled with better rains, helped us replenish 382% of the freshwater consumed in our paint manufacturing sites in FY 2022-23. This has ensured the strengthening of ecosystem services for water supplementation for indoor use, water supplementation for food production, and groundwater recharge.

In FY 2022-23, we replenished

382%

of the freshwater used in our paint manufacturing sites

	Baseline FY 2013-14	FY 2022-23	Target 2025	Target 2030
Water replenishment as a percentage of freshwater consumption (%)	0.1	382	400	600

The details of the community water projects undertaken during the year can be found in the community section of this report.

C. NATURE POSITIVE

Nature Positive, at Asian Paints, refers to a holistic approach to sustainability that considers the environmental impact of the Company's operations and strives to create a positive outcome for both the company and the planet. The theme includes our efforts around waste reduction, other air emission and biodiversity.

Waste management

Minimising waste in our processes not only reduces costs but also reduces our use of materials, energy, water, and land. We follow the classical '3R' strategy: Reduce, Reuse, and Recycle for waste management. Systems and procedures have been developed through which we repurpose used material and reintroduce excess material into the production process.

At our paint manufacturing unit, specific hazardous waste disposal (Kg/KL) has seen a consistent year-on-year reduction since the baseline year of 2013-14. Specific Hazardous Waste Disposal saw a 21% decrease from last year and 71% decrease from FY 2013-14.

During the year, at our paint manufacturing units, the 929 MT of hazardous waste and 9,449 MT of non-hazardous waste were disposed of from our units. We directed 9% of hazardous waste for recycling, 41% for co-processing, 5% to a secured landfill, and the remaining 46% for incineration. All our non-hazardous waste was directed for recycling.

	Baseline FY 2013-14	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Specific Hazardous Waste Disposal (Kg/KL)	2.7	1.35	1.19	0.98	0.77	0.50	0.45
Specific Non-Hazardous Waste Disposal (Kg/KL)	14.1	8.6	8.65	8.2	7.8	6.7	6.0

At the standalone level, during the year, the 1,129 MT of hazardous waste and 12,671 MT of non-hazardous waste* was disposed of from our units. We directed 43% of hazardous waste for recycling and co-processing, 19% to a secured landfill, and the remaining 38% for incineration. Similarly, we directed more than 99% of non-hazardous waste for recycling.

**Non-hazardous waste doesn't include e-waste, battery waste, and construction and demolition waste.*

Teflon baffles

In the emulsion reactors, there used to be agglomeration on the surface of the baffle resulting in waste generation. During the year, we replaced Stainless Steel baffles in emulsion reactors with Teflon baffles which helped us in eliminating waste generation. This initiative is expected to avoid 40 MT of waste generation and has been implemented across 5 plants.

Leakage reduction by adopting new technology

During paint transfer from one section to another in the production block, a considerable amount of paint would leak. To address this, we have adopted a latest, proven, and cost-effective technology at Kasna and Khandala plant which helped in leakage reduction. This initiative is expected to avoid 18 MT of hazardous waste generation in a year.

Wastewater management

Industrial effluent is generated during paint processing and during equipment and pipeline cleaning. Source reduction is our major area of focus, and we have over the years achieved a significant reduction in the same by employing high pressure cleaning systems and enhanced utilisation of resultant wash water back in our process. Effluent that cannot be reused is recycled in our ETP and advanced treatment systems. This recycled water is then utilised to fulfil both process and non-process requirements.

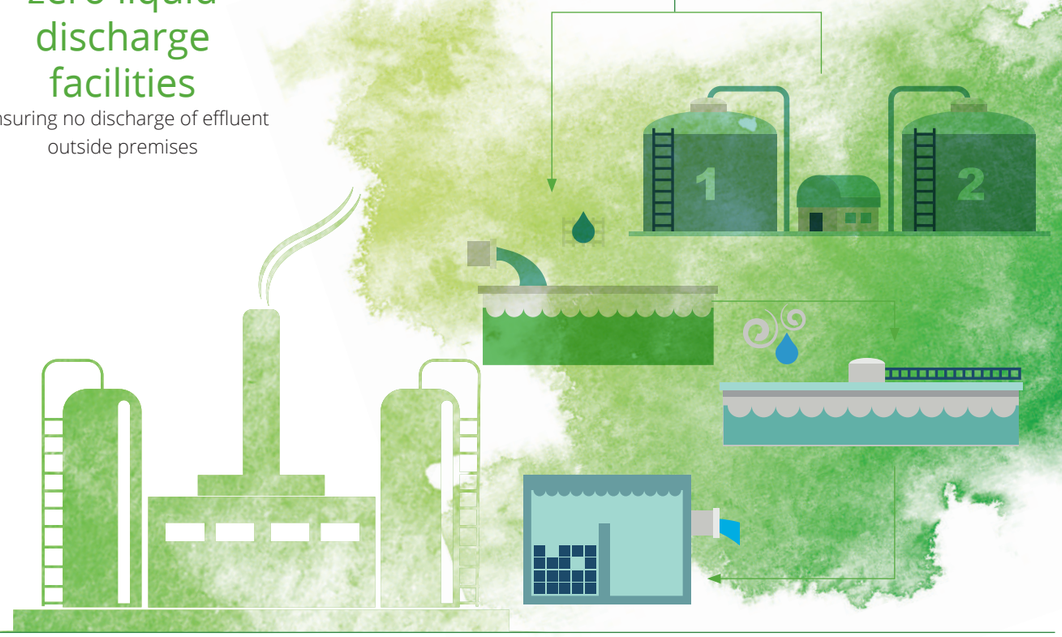
Specific Trade Effluent Generation (Litre/KL) at decorative paint manufacturing units:

	Baseline FY 2013-14	FY 2020-21	FY 2021-22	FY 2022-23	Target 2025	Target 2030
Specific Trade Effluent Generation (Litre/KL)	82	19.9	18.65	18.07	17.53	15.8

All our paint manufacturing sites are

zero liquid discharge facilities

ensuring no discharge of effluent outside premises



Circularity in operation

Waste to value - Plastic Waste Management (PWM):

We have been ensuring the collection and safe disposal of our packaging waste through the Extended Producer Responsibility (EPR) approach since 2018. Under plastic EPR, we have collected over 4,900 MT of flexible plastics and over 49,000 MT of rigid plastic. The collection and responsible channelisation were ensured across 23 states. More than 99% of the total plastic collected was channelised for recycling while the remaining was co-processed.

Recycled plastic:

We increased the use of recycled plastic in a host of our product packaging. The total quantity of recycled plastic used in our packaging was over 5,200 tonnes in FY 2022-23. This accounts for 7.8% of total "plastic packaging".

Wash water:

In FY 2022-23, we utilised 30,400 MT of wash water in our products, resulting in the avoidance of freshwater consumption and generation of waste sludge through the wash water.

Economy grade paint:

In case of materials where source segregation or development of reuse scheme is not possible, we collect and use these materials in producing an economy grade paint. We have been able to segregate, reprocess and produce 2,321 MT of economy-grade paint in FY 2022-23.

Waste solvent reuse:

We continued to recover and reuse waste solvents in our products. In FY 2022-23, we were able to reuse 599.7 MT of solvent in products. In addition to this, we also use recovered solvents for cleaning purposes.

Air emissions:

We have been monitoring and measuring other significant emissions through our stacks. We not only ensure to comply with the regulatory requirements but also strive to maintain these emissions at near-zero levels.

Across our plants, we have switched to cleaner fuels, replaced the diesel-based DG sets with gas-based, undertaken DG retrofitting, and reduced boiler use by utilising community steam boilers and setting heat recovery units.

At our decorative paint units, the absolute PM, NOx, and SOx emissions were 4.81 MT, 9.91 MT, and 2.72 MT respectively. While at the standalone level, the absolute PM, NOx and SOx emission was 10.48 MT, 40.28 MT and 10.68 MT respectively.

Other emissions at paint units (g/KL):

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
SPM	5	3.3	4.0	4.1
NOx	11.1	12.3	11.8	8.2
SOx	2.9	2.6	4.9	2.2

Shifting Gears to Cleaner Fuels in Rohtak and Kasna Facilities

At Rohtak, we have replaced 4,000 KW of diesel generators capacity with gas-based generators as secondary source of captive power consumption using natural gas to move towards usage of cleaner fuels instead of diesel.

Similarly, in Kasna, all our equipment connected to stacks (Thermopacs and boilers) already run-on PNG; and in FY 2022-23 we have also replaced our Diesel Generator Sets (6x500 kVA) with Gas-based Generator Sets (2x1765 kVA; 1x315 kVA).

D. BIODIVERSITY

While none of our manufacturing locations is situated in or adjacent to any protected area, we are cognisant of the impact of our activities on the local biodiversity and take proactive steps to minimise any negative effects.

We comply with legal criteria for green belt development and take measures to increase local biodiversity, such as growing native plant species within our facilities, avoiding clearing existing forests, and protecting wildlife. Our long-term objective is to enhance the site's biodiversity value and, whenever possible, work with locals outside the premises.

We have prioritised the conservation and nurturing of biodiversity in and around our operational areas for several years. Our approach begins with conducting a thorough baseline study, followed by the development of a comprehensive natural action plan. In a phased manner, we implement interventions aligned with the plan.

Notably, our Sriperumbudur plant initiated a systematic approach to flora and fauna management within its premises, achieving remarkable progress year after year. Similar efforts have positively impacted local biodiversity at our Mysuru, Vizag, Khandala, and Rohtak plants, as well as our R&T Center in Turbhe. Additionally, at our Kasna plant, we have taken on the responsibility of community land to enhance the green cover, exemplifying our commitment to preserving and enhancing the natural world.

Highlights of some of the initiatives are provided below:

Sriperumbudur continuing the biodiversity agenda

Our Sriperumbudur plant has been the torchbearer in driving the biodiversity agenda for multiple years now. The plant achieved 72% in the biodiversity assessment carried out by CII. Continuing their journey this year as well, as recommended by CII & IBBI in Natural Capital Action Plan to achieve net zero carbon footprint and climate resilient, around 92 invasive species trees were removed & 23 species of 1,378 numbers of native trees were planted as dense forest inside the plant premises in 13,000 ft of area. These plants are cyclone-resilient species.

Further, during the year, Herbal Garden-II project was executed and over 811 herbal plants & trees were planted across an area of 2,500 sq ft. This project contributes to the enhancement of the species diversity index of the plant.

Community Park development at the Kasna Plant

Kasna plant has developed a park that contributes in reducing our environmental footprint, carbon sequestration, and recharge of groundwater aquifers. The park consists of a micro forest spread over 1,500 sq. metre built using the Miyawaki dense plantation method.

The forest in our Plant has 422 trees along the periphery. There are also 911 trees inside the periphery, a garden, and a bio pond. It houses over 40 plant species with trees, sub-trees, canopies, and shrubs. The bio pond was built strategically to take advantage of the site level and natural drainage to allow the free flow of water across the park.

The park has been appreciated and recognised by Uttar Pradesh State Industrial Development Authority (UPSIDA) and sets an industry benchmark.

Organic kitchen garden at Khandala

Within our plant's green space, we dedicated a small 1,400 sq.m area for the development of a kitchen garden. Adopting a scientific and results-oriented approach, we followed a methodical process that included:

- Thorough soil analysis conducted by an external laboratory
- Site preparation with carefully cultivated soil beds
- Selection of appropriate crops based on soil quality
- Implementation of optimised irrigation systems using drip and sprinkler techniques
- Exclusively utilising organic fertilisers
- Incorporating suitable structures to ensure ample sunlight and a pest-free environment

Within just three months, this garden blossomed, showcasing over 20 varieties of fresh vegetables. The produce is promptly harvested and transported directly to our canteen, where it becomes part of our employees' meals. The accessible kitchen garden also serves as a delightful respite for employees seeking a rejuvenating break amid nature's beauty.

AP GLOBAL – ENVIRONMENT STEWARDSHIP AT GLOBAL LEVEL

Asian Paints has subsidiaries present across four geographical regions - Asia, the Middle East, South Pacific and Africa. These subsidiaries have different target and performance levels, baseline years vis-à-vis their Indian counterparts, we are reporting them separately in this section. However, our endorsement of environment-friendly procedures and processes remains the same across the globe.

Energy Conservation – Specific power consumption (SPC)

1. Timer installation in grinding and mixing equipment in Indonesia and Bangladesh

In our Indonesia plant, we have installed timers for two of our grinding equipment & for all our mixers to prevent over-grinding / over-agitation time in unsupervised operations.

Similarly, in the Gazipur plant in Bangladesh, timers have been fixed in our four grinding equipment, leading to reduced power consumption as well as cycle time reduction. Similar initiatives are taken at the Mirsharai plant for the installation of a timer for grinding equipment to avoid unwanted runtime.


Grinding equipment and Timer setup


Agitator Mixer and Timer setup


Gantry Agitators


MSD Agitators

2. Basket Mill - Grinding Media, Bahrain

Basket Mills are used in the production of enamel and protective coating batches in which grinding media used was ceramic beads. We collaborated with equipment supplier to optimise the quantity of ceramic beads charged. This helped in reducing the cycle time by 1 hr and resulted in SPC reduction.


Before


After

3. Energy efficiency initiatives for SPC reduction, Mirsharai – Bangladesh

- Modification of mixer, TSD and resin transfer system to increase the capacity, mill base volume and transfer rate, to reduce power consumption. Similarly, optimisation of 50TR and 100TR chiller temperature for paint block.
- Optimisation of processing parameters such as optimising batch size and grinding time as per machine capacity and optimising FIBC operation during powder transfer to silo helped in reducing power consumption.
- Optimising set-point of air compressor, cooling tower utilisation, utility pumps utilisation and optimised utilisation of exhaust fans, lights and ACs in all blocks. Also running the compressor with VFD more than the compressor without VFD helped in the reduction of SPC significantly.

4. Energy efficiency initiatives for SPC reduction at the UAE plant

- Replacement of high bay lamps with LED lamps in almost all locations.
- Installation of auto-cut-off timers for air conditioners in identified locations, revision in temperature settings in the winter season for ACs and for chiller units.
- Optimisation in solvent recovery plant operations through reuse of waste solvent in batches.
- Replacement of cowl disc in HSD with a new design.

5. Energy efficiency initiatives for SPC reduction, Indonesia

- In addition to auto-timers on processing equipments, automatic on-and-off scheduled timers have been installed for the air compressor, centralised air conditioner, PMCC room air conditioners and factory street lamps thus helping in saving energy consumption.
- Cooling water recirculation pump running time optimised by utilising the same only grinding process and closing the valve afterwards, thus saving power.
- Filter press operating time reduction by increasing the capacity of AODD pump to increase the flow rate of sludge feed to the filter press.
- Installation of motion light sensors at various locations in the plant helped in energy saving.

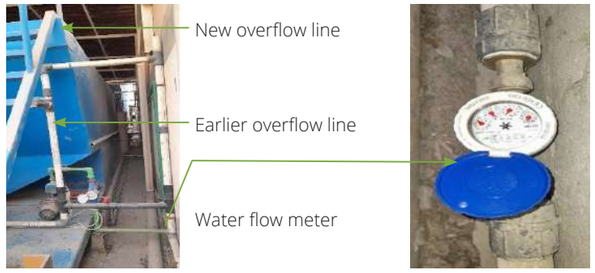
6. Key energy conservation initiatives at various international business unit

- At the Gazipur plant, traditional fluorescent lights were replaced with LED lights which are up to 80% more efficient, thus helping in energy consumption reduction. Similarly, a few other interventions to be energy-efficient by checking & repairing air leakages through air leakage inspection on a monthly basis and rational running of the chiller & cooling tower as per production demand. Zone-wise energy consumption is tracked daily, with user access to improve awareness and energy consciousness. Additionally, mixer blade length has been increased for six mixers at our Gazipur plant in Bangladesh to improve agitation and thus reduce cycle time.
- At Nepal plants, timers were installed in mixers to standardise mixing time to avoid any unnecessary utilisation of the mixer, along with energy meters to facilitate monitoring of equipment running and power consumption.
- At Oman plant, timers have been installed in TSDs, fume extractors and dust collectors, and motion sensor lights have been installed in various locations.

WATER CONSERVATION

1. Increased reuse of treated effluent water, Bahrain

ETP treated water is being used for barrel, trolley cleaning, floor washings and contact-less toilet flushing at Bahrain plant. Overflow line from the treated water storage tank has been repositioned to maximum level, helping optimise availability and utilisation of treated effluent. Opportunity lost is also monitored by providing new meter in the overflow line, and we have witnessed significant reduction through these efforts.



2. Rainwater harvesting project, Sri Lanka

The rainwater harvesting project has been done at the Panadura plant and rainwater use for washing the tubs and vessel at the ETP.

3. Initiatives implemented at Gazipur, Bangladesh

- Utilisation of ETP treated water for barrel cleaning, contact-less toilet flushing as well as washing / cleaning and gardening purposes, resulting in saving of more than 50 KL fresh water per month.
- Improved measurement and monitoring of water consumption through installation of additional flowmeter at different places, facilitating better analysis and reduction.
- Introduced Aerator Water tap in high consumption areas such as officers' canteen, prayer room and admin building washroom.
- Proactively identifying avoidable water leakages and providing right type of tap. Necessary actions to arrest the leakages have been undertaken.
- Modification of pressure release valve in UV raw water pipeline that reduced damage frequency of UV lamp and at the same time helped in saving water lost due to leakages.

4. Initiatives undertaken at the UAE plant

- Auto-cut off valve for garden area for admin side garden.
- All domestic pipelines replaced with Polypropylene Random copolymer plastic pipes (PPR) and rerouted above the ground to identify leakages immediately and take corrective actions.
- Re-use of wash water in batches through reuse scheme and infrastructure for collection and storing of wash water, resulting in consumption of more than 200 KL of wash water in batches.
- Ensure process equipment cleaning with high-pressure jet pump.
- Training imparted to all employees and contract workmen regarding the reduction of wastage of power and water.

5. Initiatives taken at Mirsharai Plant, Bangladesh

- Reduction in non-process water consumption by 86% through equipment Wash-water reuse schemes, aerator taps in high usage areas such as lab, washrooms etc. and surveillance visits for leakage identification and repair. Conducting TBTs and awareness session among people to reduce use of fresh water. Equipment Wash-water reuse schemes have also been introduced to reduce fresh water consumption.

WASTE MANAGEMENT

1. Increasing wash-water utilisation through cost-effective agitation system, Bahrain

Settling of solids was impacting utilisation of wash-water. For proper agitation, we implemented a cost-effective system consisting of perforated pipes connected with compressed air for validation. This helped increase wash water utilisation at the unit.

2. Wash water and solvent re-use, UAE

- In our Dubai unit, we focussed on optimising the generation and utilisation of wash-water generated from mixers, process machines and trolleys through use of high-pressure jet nozzle and reuse schemes. Similar process has been developed for wash solvent reuse as well.

3. Hazardous Waste reduction initiatives at Gazipur, Bangladesh

- Introduced a new jet pump for vessel to reduce wash-water generation and focussed on consumption of wash-water in batches, utilising 83.75 KL in FY 2022-23.
- Shade-wise segregation of wash solvent from washing/cleaning purpose at SB packing and process section and storing wash solvent in separate 7 barrels (blue, green, red, white, yellow, grey, epoxy, primers) to facilitate reuse of wash solvent.

4. Few hazardous waste management initiatives at Bangladesh - Mirsari Plant

- Optimised generation of wash-water through low-pressure jets in wash points and packing machines to reduce generation of solid waste and increased reuse of wash-water.
- Reducing barrel disposal by maximising use of in-house emulsion.
- Commissioned SRP to reduce the volume of waste solvent.

PRODUCT STEWARDSHIP

Sustainable optimisation of products and services reduces

20,390 tCO_2e

in FY 2022-23

6.4%

Usage of Renewable or bio-based raw materials (not including water)

30%

Revenue contribution of Sustainably Advantaged Products during the year

SDGs ALIGNMENT

Prev
Next

PRODUCT STEWARDSHIP

We are committed to responsible and sustainable product stewardship, which involves managing the environmental impacts of our products throughout their entire lifecycle. Our product stewardship efforts are aligned with our commitment to environmental sustainability and responsible business practices. We believe that by managing the environmental impacts of our products, we can create value for our stakeholders, including customers, employees, suppliers, and communities.

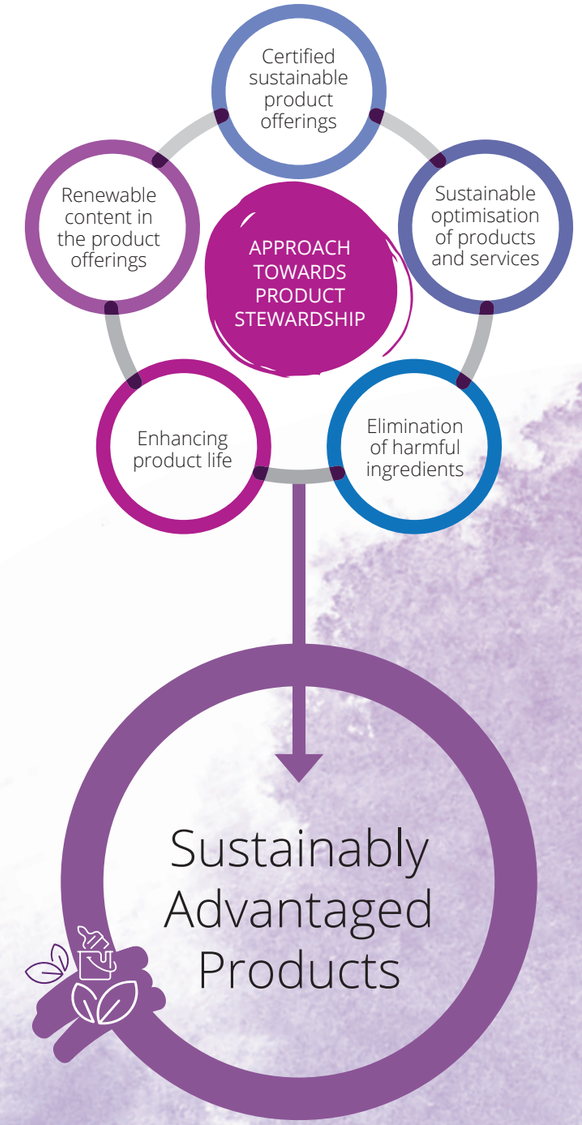
Led by our Research & Technology team, we continuously review and improve our product stewardship practices, and work with our stakeholders to identify and address emerging issues and trends. As a market leader, we focus on product offerings that meet global sustainability standards, and minimise the overall environmental footprint and toxicity impact, providing higher value and durability for the consumer.

Life cycle approach toward product stewardship

At Asian Paints, we follow a life cycle approach to assess the environmental impacts of our products throughout their entire life cycle, from raw materials sourcing to disposal. We believe that by understanding the full life cycle impacts of our products, we can identify opportunities to reduce environmental impacts, increase resource efficiency, create value for our stakeholders and provide our customers with a range of sustainably advantaged products.

We have invested in advanced LCA capabilities to estimate product carbon footprints and environmental impacts. 16 scientists from our R&T team have received effective training to utilise the software to its fullest potential.

Going forward, every new Asian Paints product will undergo LCA study to assess potential environmental impacts and address the gaps prior to market release.



A. CERTIFIED SUSTAINABLE PRODUCTS AND SERVICE OFFERINGS

At Asian Paints, we consider third-party certifications as an important tool in providing assurance to our customers and other stakeholders that our products meet rigorous environmental standards. Our products range is covered under types of environment certification such as the Green Seal, APL's Green Assure and CII GreenPro.

Our certified products undergo a rigorous evaluation process, which includes product and packaging testing, verification, and review of our manufacturing processes and supply chain. Further, we are constantly changing and improving our paint formulations to offer low-VOC paints that ensure health and environmental benefits while providing higher performance levels.

Our efforts to produce low VOC paints are recognised by Green Seal and APL's Green Assure certification standards wherein VOC is one of the important compliance criteria. There are 3 products certified by US Green Seal amongst our 30 products under APL's Green Assure. Further, our 203 products are covered under GreenPro certification by CII-IGBC including 16 additions during the reporting year. The product categories covered are distemper, primer, putty, enamel, interior and exterior water-based paint, wood finishes, and waterproofing range.

B. SUSTAINABLE OPTIMISATION OF PRODUCTS AND SERVICES

We have been working on formulation optimisation and efficiency to reduce the overall carbon footprint of the products. This essentially means reducing high emission contributing raw materials through multiple formulations and process innovations.

For example, the rutile grade of titanium dioxide is a key contributor to the cradle-to-gate product carbon footprint. Over the years, we have focussed on improving the scattering efficiency of the rutile. Similar initiatives were undertaken for other raw materials as well. All these efforts helped us to reduce 20,390 tCO_2e in FY 2022-23.

	Baseline FY 2020-21	Performance in FY 2022-23	Target 2025	Target 2030
GHG reduction through formulation optimisation	3,700 tCO_2e reduction	20,390 tCO_2e	Cumulative reduction of 24,000 tCO_2e from FY 2022-23	Cumulative reduction of 49,000 tCO_2e from FY 2022-23

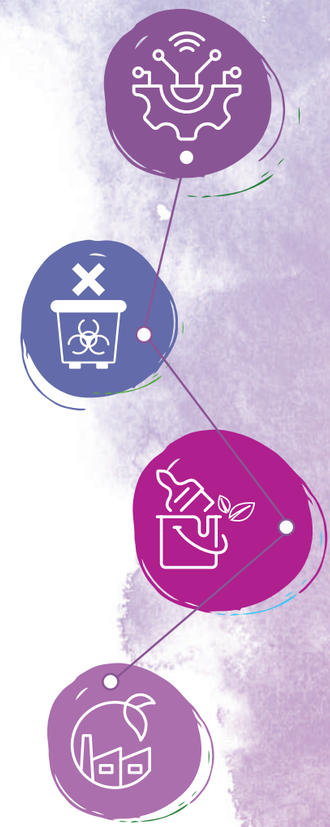
C. ELIMINATION OF HARMFUL INGREDIENTS

At Asian Paints Limited, our unwavering commitment lies in eradicating harmful ingredients from our products and safeguarding the well-being of our customers, employees, and the environment. We adhere to a stringent process that involves meticulous testing, substituting hazardous substances with safer alternatives, and complying with applicable regulations and standards.

To ensure the highest standards of safety, we have established a robust system and screening protocols for introducing raw materials, seamlessly integrated into an advanced IT platform. Each raw material introduction is treated as a distinct project, subject to multiple stage gates and clear accountabilities. The stage-gate mechanism acts as a formidable barrier, preventing the inclusion of any hazardous or harmful ingredients.

Since 2008, all our architectural paints have been crafted to be free from lead and added heavy metals. While our formulations have never included heavy metals, our commitment extends further. We meticulously assess the heavy metal content in raw materials and take deliberate measures to eliminate any traces, ensuring our architectural products are completely devoid of heavy metals.

We are committed to reducing/eliminating existing raw materials which are classified as CMR, through the development of alternates. One major initiative in this direction is our proposed investment in setting up a Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing.



Metrics	Baseline FY 2020-21	Performance in FY 2022-23	Target 2025	Target 2030
% of products free from lead and added heavy metals	100% architectural products free of Lead and added heavy metals	100% products free of Lead and added heavy metals	100% architectural products free of Lead and heavy metals by 2025	
% reduction in CMR substances in products[3]	With Styrene 19.89 kg/KL	19.1 Kg/KL	15%	25%
	Without Styrene 4.45 kg/KL	4.01 Kg/KL	15%	25%

[3]We have been tracking and reducing CMR raw materials in our formulations and reducing and eliminating such raw materials over the years. Styrene was classified as CMR in 2020, hence is monitored and reported separately.

D. ENHANCING PRODUCT LIFE

We are dedicated to delivering products that surpass expectations by combining durability and environmental responsibility. Enhancing product longevity is vital in minimising waste and conserving resources throughout the lifecycle.

Through research and development, rigorous testing, and consumer research, we strive to create long-lasting, low-maintenance products that uphold our performance and aesthetic standards. Additionally, we focus on extending in-can shelf life, ensuring optimal usability for our customers.

E. RENEWABLE CONTENT IN PRODUCT OFFERINGS

As a part of our commitment to sustainable development, Asian Paints has been focussing on renewability in its product offerings. The Company has been working on developing products that are eco-friendly and renewable, keeping in mind the changing consumer preferences and global trends toward sustainable living. Asian Paints has a range of products that utilise renewable content such as plant-based resins and biomass-based raw materials.

6.4%
Usage of Renewable or bio-based raw materials (not including water)

	Baseline FY 2020-21	Performance in FY 2022-23	Target 2025	Target 2030
Renewable / bio-based raw materials in product offering	6.5%	6.4%	20% increase in Renewable content	30% increase in Renewable content

F. SUSTAINABLY ADVANTAGED PRODUCTS

Through our dedicated product stewardship, we have successfully developed environmentally friendly, energy-efficient, durable, and health-conscious products that embrace sustainable materials. Our 'Sustainably Advantaged Products' go beyond industry standards, meeting specific criteria that highlight their exceptional sustainability. These products embody our commitment to a greener future.

30%
Contribution of sustainable product offerings to FY 2022-23 revenue

Criteria	Available product
• Reduced energy and emissions We design products which offer resource efficiency benefits in the use phase or products which have been formulated in a manner which brings down emission.	**SmartCare** Damp Proof range of waterproofing products that provide surface temperature reduction. 
• Longer lasting performance We develop durable products that protect surfaces for longer, thereby helping consumers reduce costs while saving resources and reducing carbon emissions over the life of the product.	**22** products with durability of more than 5 years
• Health and well-being benefits We focus on developing products that bring health advantages to customers, such as helping to improve indoor air quality and hygiene of surfaces.	**3** **Green Seal certified products** amongst our **30 Green Assure** range of low-VOC products **Royale Health Shield, anti-bacterial paint** also improves indoor air quality 
• Reuse, Reduce, Renew We develop products which use less materials, reuse or recycle waste material, reduce waste and utilise higher bio-based or renewable content, enhancing circularity.	**Nilaya Naturals** first-of-its-kind paint which contains more than 90% of its materials from natural origin 

COMMUNITY

195%
of water harvesting potential created in 2022-23

365,000+
Beneficiaries of Health Initiatives

510,000+
Colour Academy participants during the year

SDGs ALIGNMENT

1 NO PROPERTY
2 ZERO HUNGRY
3 GOOD HEALTH AND WELL BEING
6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS

COMMUNITY

Standing true to our Charter, to bring joy and happiness to people's lives, our Corporate Social Responsibility (CSR) vision is based on embedded tenets of trust, fairness, and care to maximise efforts in this regard. We aim to enrich and empower marginalised communities by addressing critical social, economic, and environmental challenges. We believe in responsible growth and undertake CSR initiatives that make a difference to the communities and the environment in which we operate. Our CSR approach is led by the Board through the CSR committee.

As an organisation, we have formed partnerships with local NGOs and on-ground health workers to better assess the requirements of local communities. We focus mainly on four areas as a part of our Corporate Social Responsibility: health and hygiene, skill development, disaster management and water conservation. Through our sustained work over the years, we have been able to create meaningful impact to the environment as well as the communities in which we operate. Our on-ground work in the areas of water and enhancing vocational skill has helped improve life outcomes in the communities. In the area of health & hygiene as well as disaster relief during their time of need, our communities can count on us.

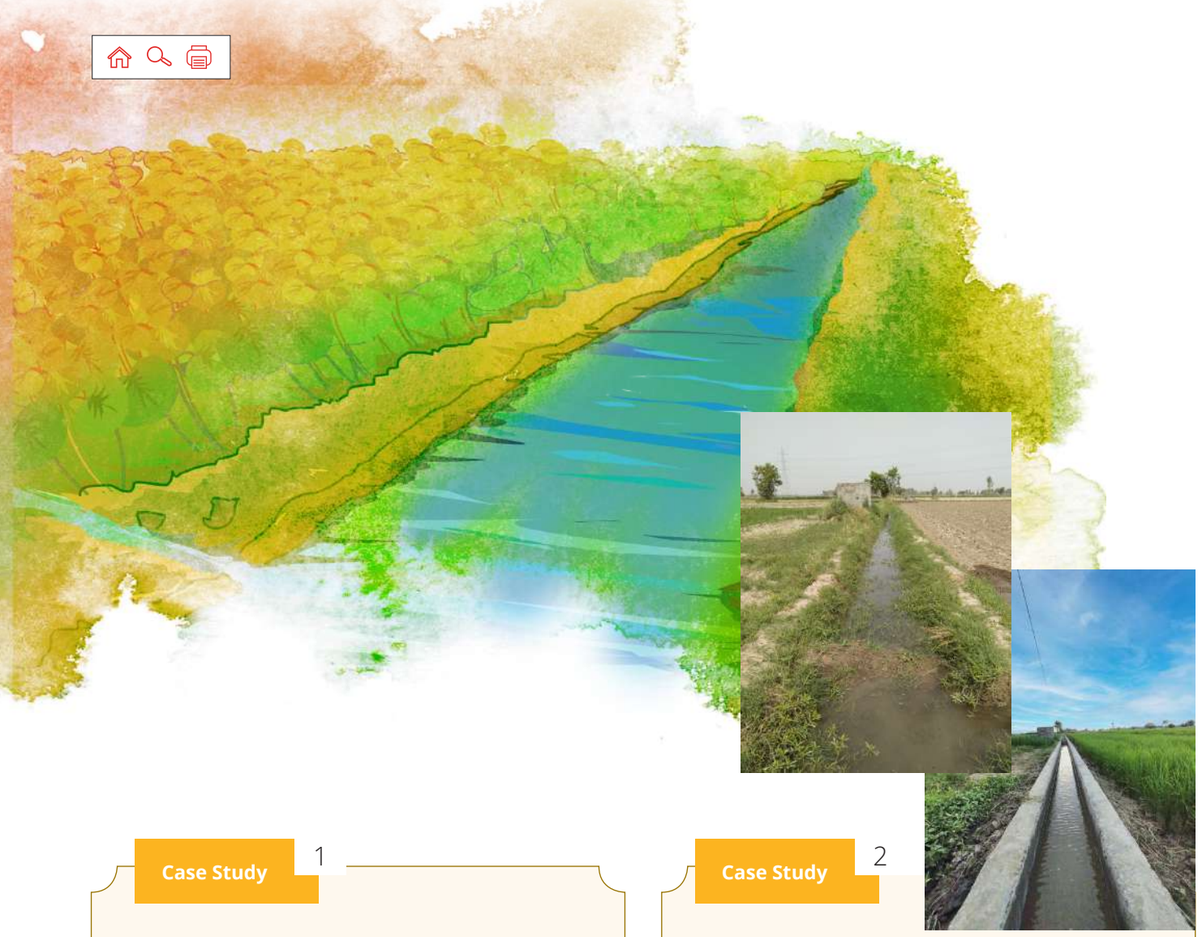
A. WATER STEWARDSHIP

We recognise that water is a shared resource that is critical for our operations as well as our communities. The challenge of water scarcity is only going to increase and as a socially responsible company, we have been partnering with our communities to improve the availability of water in the ecosystem near our plants by increasing the infrastructure to harvest rainwater.

We implement integrated watershed development in villages nearby to our factories to improve their water security. We undertake initiatives like pond cleaning, desilting, check-dams, irrigation canal lining, training farmers on micro-irrigation systems, and integrated pest and soil health management. Our projects begin with a need assessment to form a baseline and conclude with an impact analysis to measure the outcome. This has ensured the strengthening of ecosystem services for water supplementation for indoor use, water supplementation for food production, and groundwater recharge.

195%
of water harvesting potential created in 2022-23

	Baseline FY 2013-14	FY 2022-23	Target 2025	Target 2030
Water harvesting potential created during the year as % of annual freshwater	8.1	195	>70	>70



Case Study 1

Reviving waters, cultivating growth: Namma Jala Bhadrate's transformative journey

Through our CSR initiative – **'Namma Jala Bhadrate'**, we have successfully revitalised the Bagurkatte Kere pond in Mysuru, Karnataka. The project aimed to secure water for the community and enhance agricultural yields. With the support of district and community anchors, 46,662 cubic meters of silt were excavated from the tank and utilised by local farmers.

The rejuvenated water body now serves as a significant resource, creating over 46,000 kilolitres of water potential. Groundwater levels have significantly improved, reducing the depth of water extraction, and benefiting more than 30 farmers with an impressive 20% increase in crop yields. This project exemplifies the positive impact of sustainable water management and community engagement.

Case Study 2

Transforming agriculture in Nonand Village

In Nonand village near our Rohtak plant, where agriculture is the primary livelihood, water scarcity posed a significant challenge due to unreliable canal water supply and high losses through unlined channels. As part of our CSR water initiative, we undertook a canal lining project in FY 2022-23, covering a 1,500-metre stretch in Nonand.

The results were transformative:

- Minimised water loss from percolation and seepage, ensuring a consistent water supply to tail-end farms throughout the year.
- Increased agricultural productivity with year-round crop cultivation.
- Reduced dependence on groundwater resources.
- Substantial fuel savings in tubewell operations.

This project positively impacted 40 farmer families across 25 hectares, conserving an impressive 95,000 kilolitres of water annually. It exemplifies our commitment to fostering sustainable water practices and empowering agricultural communities.

B. HEALTH AND HYGIENE

Community health and hygiene is one of the key focus areas of our CSR activities. We aspire to deliver primary health care support through diagnosis and treatments to our communities. Our interventions are aimed at promoting preventive healthcare, building awareness about hygiene, sanitation, maternal and child health care, setting up medical infrastructure, and instrumenting clean drinking water habits for communities.

Our health initiatives have a major focus on people from the vulnerable section of the local communities. With the help of our partner organisations and local on-ground health workers, our aim is to ensure that primary healthcare facilities are accessible to the maximum number of relevant beneficiaries.

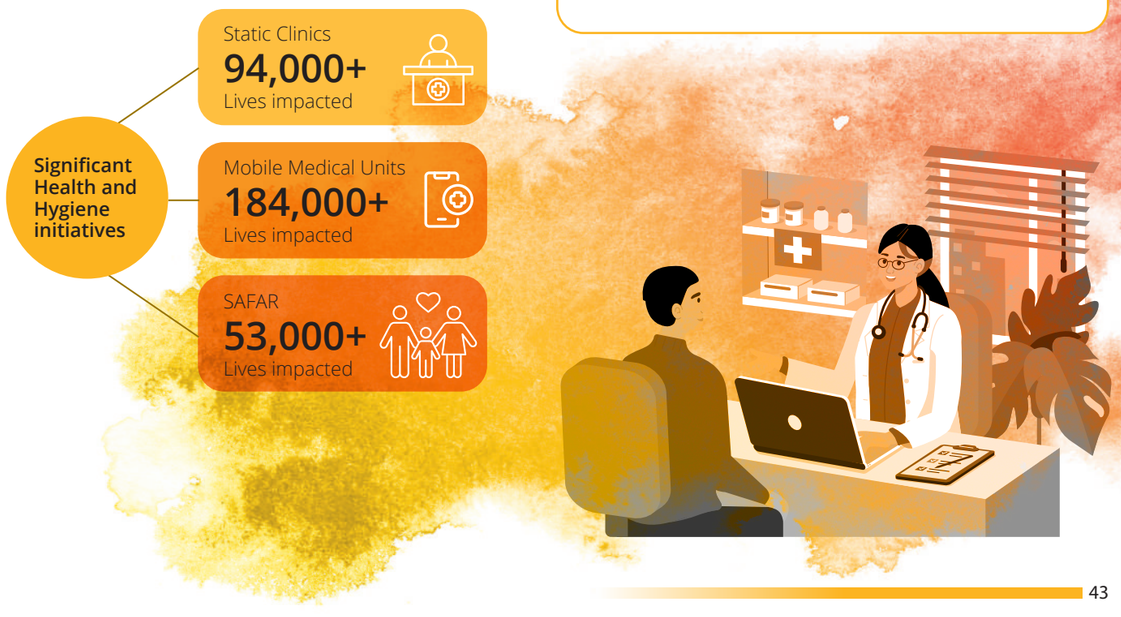
	Baseline FY 2020-21	FY 2022-23	Target 2025	Target 2030
Beneficiaries impacted through healthcare initiatives	170,000+	365,000+	500,000	650,000

Static Clinics

Our commitment to improving community health has led us to establish six static clinics across India. Our clinics offer timely diagnosis and treatment for various diseases, majorly hypertension and diabetes as well as other general health ailments. By providing access to basic health treatments, including maternal and neonatal care, we work to ensure that everyone has the opportunity to lead a healthy life.

Mobile Medical Units

Our Mobile Medical Units (MMUs) provide free healthcare services to villages across eight states in India, increasing access to basic healthcare in remote areas. Our MMUs offer free consultations, medication, basic diagnostic services, and referrals to hospitals. Our MMUs provide healthcare services and raise awareness about basic health and hygiene practices among villagers and locals.



Case Study 1

Healthcare for all

Asian Paints, in collaboration with HelpAge India, as a part of its CSR initiatives focusses on providing primary health consultation in specified areas through the Mobile Medical Units.

Among other services, mobile medical units provide medical consultation for common ailments, free of cost medicines and offer weekly treatment to the identified beneficiaries. Narayan Chauhan*, aged 58 years, a resident of Rohtak, is a daily wage earner who was facing the issue of blood pressure since the last 5-6 years. Due to the strenuous nature of his work, he used to get severe body pain on some days and on such days, he was unable to go to work. Since the MMU started visiting his village, he is able to consult a doctor regularly and get medicines free of cost. His blood pressure is now under control because of taking regular medications.

** Name changed to protect identity*

Case Study 2

Bringing Healthcare to your doorsteps : a success story

Asian Paints collaborated with Kaka Ba Hospital to organise a medical camp in the Hansot village, providing free medical treatment to those in need. Our employees volunteered to manage and coordinate the camp and assisted the villagers in accessing medical services.

During the camp, thousands of persons in need were provided with medical treatment and diagnoses requiring further attention.

Impact Assessment

Following an impact assessment conducted by an independent third party for Asian Paints Mobile Medical Units (MMUs), it was observed that the MMUs are helpful to the elderly people and women who generally have reduced access to Healthcare facilities in socioeconomically backward communities.

The elderly people who are generally dependent on other family members for hospital visits are now able to address their healthcare needs due to easy accessibility and free-of-cost medical care.

Key findings of the impact assessment are:

93.1%
of respondents are not spending any amount for medical consultation after intervention by our MMUs

89.7%
of the respondents are not spending any money on purchasing medicines after our MMU intervention

SAFAR

SAFAR healthcare initiative is aimed at providing general healthcare to truckers, promoting healthy lifestyles and providing free consultation for various health issues. The initiative also organises awareness programmes on health, hygiene and sexually transmitted infections.

Case Study

Piyush, a driver from Mysuru, was experiencing severe pain in his shoulder. He was avoiding visiting the doctor due to time and cost constraints. Having the SAFAR clinic operational at the trucks and heavy vehicles parking site in Mysuru, Piyush visited the clinic where he was provided with the necessary medical attention and prognosis.

Piyush followed the instructions of the physiotherapist and performed recommended stretching exercises which took him from zero movements on his left side to 180-degree movement without any pain within a span of two weeks. Piyush now drives trouble-free and does not have to suffer from loss of pay due to absenteeism at work due to health complaints.

Nutrition Projects

We take a proactive approach to healthcare in our communities, partnering with ASHA, Anganwadi (AAA) Workers, and Auxiliary Nurse Midwives (ANMs) to promote preventive healthcare. Our goal is to improve the health status of pregnant and lactating women, adolescent girls, and infants in identified villages by mitigating anaemia and malnutrition.

8,700+
Lives impacted through nutrition projects

The celebration of National Nutrition Month

During National Nutrition Month (NNM) or 'Poshan Maah', Asian Paints, through its partners conducted home visits to counsel pregnant and lactating women and helped in the early detection of malnourishment through growth monitoring sessions, providing a healthier future for the community.

500+
Pregnant women benefited

470+
Instances of malnourishment detected

Yes! To Poshan!

"Yes! To Poshan!" a partnership between Asian Paints and Tata Trusts, is aimed at educating rural households about the importance of nutrition and promoting a diverse diet for pregnant and lactating mothers.

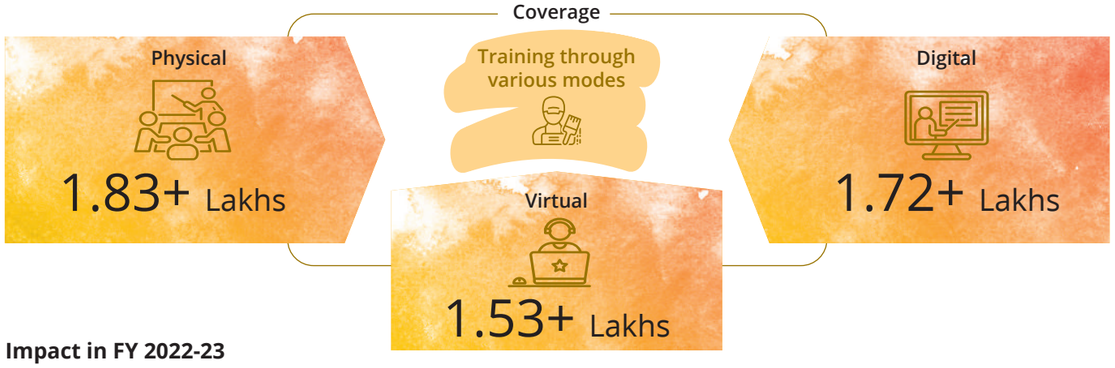
C. SKILL DEVELOPMENT – COLOUR ACADEMY

Asian Paints Colour Academy empowers communities with specialised skills by providing vocational training in the paint application trade. We have expanded our horizons in this segment to also include carpentry, plumbing and masonry training for the further benefit of our local communities. Fixed academies are located in Tier 1 and major metropolitan cities, while mobile academies are deployed in Tier 2 cities, allowing us to expand our reach to participants across the country. In addition to the physical and the digital training, we have also curated a specified set of training courses which can be accessed by the users at any point through our website.

Each and every course has been developed with the intent of developing the skills of our painters, contractors and other workers. We have a wide range of courses ranging from textures, waterproofing, wood finishes and financial management to name a few.

	Baseline FY 2020-21	FY 2022-23	Target 2025	Target 2030
Participants trained at Asian Paints Colour Academy	199,000+	510,000+@	600,000	1,000,000

@Total number of unique participants were more than 1.95 lakhs during the year.



Impact in FY 2022-23

We performed an impact assessment study# of the work undertaken by colour academies which indicated that our Colour Academy had a significant positive impact on the beneficiaries. The survey indicated that we were able to have a broad-based impact including intrapersonal, interpersonal, professional, and economic impact.

75% Net Promoter Score (NPS)* signifying that the trainees are satisfied with the trainings and would enthusiastically recommend it to others in their professional circles.

Outcome of impact assessment study:
- **96% reported increased knowledge/skills**
- **95% reported improved confidence in client interactions**
- **97% reported they learned an in-demand skill**
- **97% reported an increase in monthly income**

Testimonial

After the sad demise of my husband, I felt clueless, and life seemed uncertain. I was educated till 5th standard, hence there were few career options.

A few months down the line I thought of following my husband's career path. I collected his previous team and with their support re-established the business. Initially, I found it very difficult to pitch to customers and I wasn't very confident with my technical knowledge. 2 years after I had taken up painting, I came to know about Colour Academy. The training helped me a lot in becoming more confident and understanding product technicalities. Now, I handle a team of 16 and I've moved from taking up 1-2 sites to 4-5 sites per month.

I hope to become as renowned a contractor as my husband.

- Pravabati Bhar, Howrah, West Bengal

 # The survey was undertaken by an independent evaluation agency with a sample size of 170+ telephonic and 40+ in-person contractors interactions across 15 cities.
** NPS Calculation: % Promoters - % Detractors*

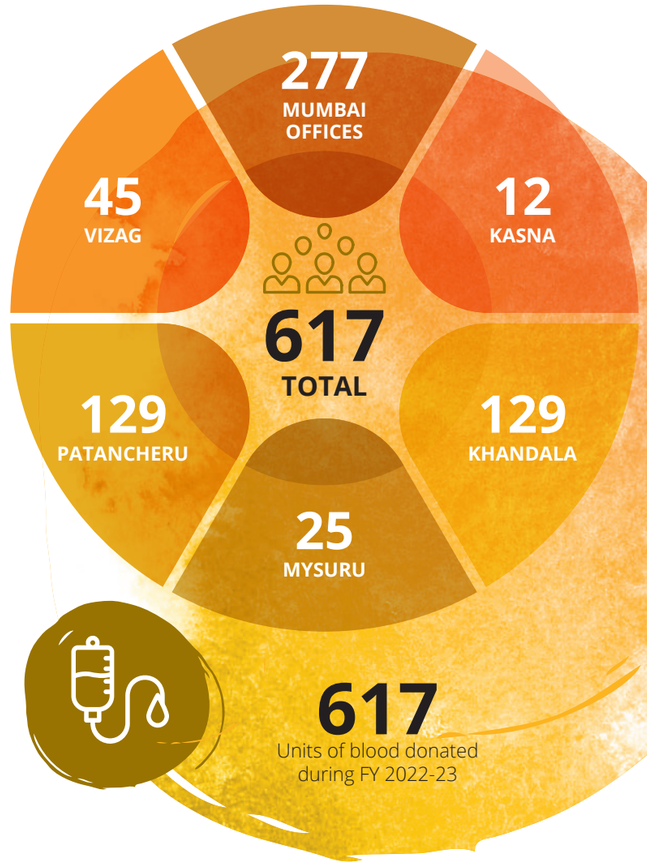
D. EMPLOYEE VOLUNTEERING

Blood donation camps

At Asian Paints, we encourage our employees to participate in blood donation camps, which are organised in collaboration with local hospitals and blood banks. Through these initiatives, we aim to create awareness about the importance of regular blood donation and ultimately helping in saving lives.

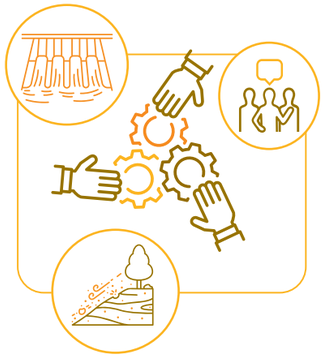
During FY 2022-23, we spearheaded an initiative by hosting Blood Donation drives at 4 offices in Mumbai including our Head Office as well as at our manufacturing plants viz. Khandala, Kasna, Patancheru, Visakhapatnam and Mysuru. All these events were meticulously planned and promoted.

Many employees contributed to this noble cause and did their bit towards society. The astounding effort and cooperation from the medical teams, organisers, CSR SPOCs at plant locations and the participants made this campaign an enormous success.



Employee Volunteering at Khandala:

For any project, stakeholder's (community) alignment is important. A Participatory Rural Appraisal (PRA) programme provides a platform for the community to discuss and share their urgent needs with the Khandala plant team. The approach aims to incorporate the knowledge and perspectives of rural people in the planning and management of development programmes that are being implemented for the benefit of the community itself.



A team of 16 employees participated alongside the community, in the PRA program at the 3 villages - Ghadagewadi, Karnawadi & Atit in September 2022. Employees used tools like Social Mapping, Natural Resources Mapping, Seasonal Calendar, and Chapati Diagram in the PRA program. This program was successful in involving and engaging the rural communities along with our employees.

In yet another initiative under the Integrated Watershed Management (IWSM), a team of 6 employees contributed their time and effort in the construction of Gully Plugs in Atit village, Khandala in August 2022. Gully Plugs are small check dams built to prevent soil erosion when there is water run-off down the slopes due to heavy rain. The employees participated in the Gram Sabha followed by the Gully Plug inauguration ceremony. The volunteers built the structures that would prevent soil erosion and, help prevent the accumulation of silt in the percolation tanks and ponds. The activity was done in coordination with our NGO partner Vanarai and had participation from the villagers and the Sarpanch of the village. Thus, both the activities were instrumental in getting the involvement of the locals, who would be the direct beneficiaries of the Company's CSR interventions under the IWSM project.

Employee Experience 1

"I have been in situations where there was an urgent requirement for blood for my friends and was fortunate enough to find help from Blood Banks. Thank you, Asian Paints, for providing me the opportunity to donate blood and be there in the hour of need for someone."

Patha Sanjay
Senior Executive, Patancheru

Employee Experience 2

"On 3rd and 8th October 2022 as a part of employee volunteering under CSR, I participated in the field discussions at the Mahadev Mangalam Pond in Mangalam Village, Cuddalore, and addressed the villagers as well as students from Department of Agriculture of Venkateshwara Engineering College.

Along with my team, I discussed the criticality of water management and educated the students about the efficient utilisation of water in agriculture. The sessions were interactive and included interesting set of FAQs on problems related to water management and agriculture.

The sessions concluded with interactions on the problems associated with increasing plastic pollution and the hazards of single-use plastics for agriculture, animals, water bodies and aquatic animals. This day made me realise that with small efforts in the right direction, we can influence young minds and ourselves to make big changes together. Going forward, I will never miss the opportunity to help others work towards a greener future."

Deepak S
Manager, Sriperumbudur

E. DISASTER RELIEF

This year's monsoon season led to devastating floods in Assam and other parts of Northeast India. Responding to this crisis, we conducted a donation drive at three locations: Visakhapatnam, Mysuru, and the Head Office in Mumbai. Employees generously donated dry rations, toiletries, and clothing, resulting in overflowing donation boxes and a total of 1,166 kg of donated materials.

Mumbai
112 participation
Total **583Kgs** material donated

Mysuru
37 participation
Total **80Kgs** material donated

Vizag
138 participation
Total **503Kgs** material donated

F. BEAUTIFYING PUBLIC SPACES

Asian Paints' involvement with St+art India Foundation has been ongoing for over 9 years. Over the years this has included insights, varied resources, and unparalleled efforts in facilitating innovation in the public space. We have been an active and dynamic patron across multiple festivals and public art projects organised by St+art India in Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, Chandigarh and Coimbatore creating iconic landmarks in these cities. Each public art district in the country and new editions of several festivals bring curated interventions to civic spaces that are embedded in urban culture, and use art as a tool to reimagine how public spaces can be utilised. All of these activations aimed to create a dialogue on pressing issues with regard to future cities. Together, we have created over 500 murals and established 6 public art districts across 30+ cities, aiming to make traditional and vernacular art forms more accessible and inclusive.

	FY 2022-23	Target 2025	Target 2030
St+art/community sites	425+	500	1,000

As partners with a shared philosophy of #ArtForAll, St+art and Asian Paints continue to collectively share a long-term vision for India to nurture public art as a means of democratic urban and social regeneration.

Artist: Yok & Sheryo
Artwork: Letters for Lodhi
Location: Lodhi Art District, New Delhi
Year: 2019

Public art districts

We have created 6 public art districts across India, fostering a sense of community and promoting tourism in these areas.

Artist: Afzan Pirzade
Location: Patuli Sub Station, Kolkata
Year: 2022

Donate a wall

Based on collaboration from the public, we transform walls in urban spaces annually. From iconic buildings to theatres to community spaces to public societies, we have transformed 26 landmark locations thus far.

Artist: Swati & Vijay, Johnson, Do
Location: PGICH, Noida
Year: 2022

St+art Care

Initiated in FY 2022-23 and powered by the vision of bringing art to neglected spaces, we transformed the outer architecture of Post Graduate Institute of Child Health.

Artist: Vayeda Brothers
Artwork: Valley of elements
Location: Lodhi Art District, New Delhi
Year: 2022

St+art residency

Every year, we create beautiful murals based on Indian art styles. This project gave birth to one of our most loved collections – Royale Play Taana Baana – Wall textures inspired by Indian handicrafts.

Art festivals

Artist: Trespassers
Artwork: Refraction of Reflections
Location: Sassoon Docks, Mumbai
Year: 2022

In December 2022, Mumbai Urban Art Festival (MUAF) was announced by St+art India Foundation in collaboration with Asian Paints. MUAF was introduced with the objective to contribute to the contemporary public art heritage, featuring new interventions that were held across Mumbai. It was a city-scale endeavour including landmark murals, experiential exhibitions, and immersive installations across several locations across Mumbai.

With Sassoon Docks, Colaba being the centrepiece of the festival, a total of 150+ events and workshops across 11 locations in Mumbai city were hosted. The festival attracted 3,00,000+ visitors and had 60+ national and international artists participate and create art spread over 2,50,000 square feet of surface.

HEALTH AND SAFETY

71,000+
Safe Unsafe Act (SUSA) conversations in FY 2022-23 for promoting safety culture

14,700+
Proactive reporting

CAPEX of
₹ 26.23 Cr
under Health & Safety

196,000 hrs
Training man-hours

SDGs ALIGNMENT

Prev
Next

HEALTH AND SAFETY

At Asian Paints, we prioritise the safety and well-being of our employees, and are committed to becoming the global benchmark for safety in coatings. Our Occupational Health and Safety (OHS) approach focusses on prevention, intervention, and collaboration. We have invested in advanced technologies and processes to minimise risks and hazards associated with manual interfaces with machinery. Safe practices and behaviours are facilitated across our manufacturing and other operational processes through well-defined frameworks, protocols, training, and awareness programmes. We share the learnings from incidents across units to prevent the recurrence of the incident at the unit and the occurrence of the same incident at the other units and improve our safety track record.

Asian Paints Occupational Health and Safety management system meets the

5-Star

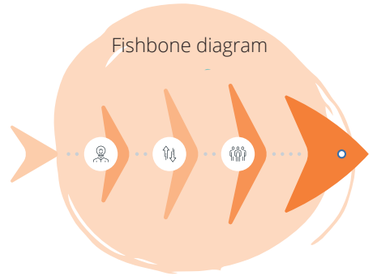
Integrated Audit standards of the prestigious British Safety Council.

Our OHS framework is designed to identify work-related hazards through Hazard Identification and Risk Assessment (HIRA), process safety hazards through bow-tie analysis, Hazard and Operability Study (HAZOP), Quantitative Risk Assessment (QRA) fire risks through fire risk assessment and manual material handling through manual material handling risk assessment.

We use the above to identify and analyse risks related to processes, buildings, equipment, chemicals, ergonomic hazards and fires annually. The process also focusses on developing action plans and control systems to mitigate or eliminate hazards. We train our employees on HIRA to create awareness and make them alert towards workplace hazards thereby preventing and addressing them effectively.

A. SAFETY PERFORMANCE AND HIGHLIGHTS

A robust incident reporting portal **"iSafe"** is implemented across manufacturing plants. On the occurrence of any incident, an investigation team is formed at the manufacturing plant to identify probable causes using tools like 5-Why, fishbone diagram, etc. On the basis of the investigation reports, probable causes and CAPA are identified. The investigation report, probable causes and CAPA are discussed at various levels in the Company. Findings of the investigations are shared across the plants. Incidents along with CAPA are reported to the Board of Directors of the Company on a quarterly basis. Our performance against key indicators of Total Reportable Incident Severity Rate and Total Reportable Incident Frequency Rate is given below:



Year	Total Reportable Incident Frequency Rate	Total Reportable Incident Severity Rate	Fatalities	Mandays lost	No. of Accidents	Total Man-hours worked
2020-21	0.72	23.80	0	463	14	19,454,212
2021-22	0.59	60.33	0	1,323.5	13	21,936,418
2022-23	0.55	17.05	0	436	14	25,509,383

1. The reporting period for safety-related indicators has been changed to Financial Year from this year, making it consistent with other ESG indicators. The data shared here is for Financial Year.
2. The above table includes data from our decorative and non-decorative business units and includes contractor data. It indicates the performance of units which are in addition to the units under the Independent Assurance Statement.
3. The Safety Performance for Decorative Business Unit: Total Reportable Incident Frequency Rate – 0.57, Total Reportable Incident Severity Rate – 15.55, Man-Days Lost – 356, No. of Accidents, – 13, Total Man-Hours Worked – 22,893,208.
4. The Safety Performance including AP Global - Total Reportable Incident Frequency Rate – 1.4, Total Reportable Incident Severity Rate - 95.1.

We have implemented a comprehensive range of occupational safety initiatives across our operations to prioritise the safety of our employees. These initiatives encompass identifying and safeguarding moving equipment parts, evaluating man-vehicle interaction in plant areas, and establishing guidelines for monitoring the Total Recordable Incident Frequency Rate (TRFR) and Total Severity Rate (TSR). By closely monitoring these safety performance indicators, we ensure a safe working environment and strive for continuous improvement.

We have implemented Behavioural Based Safety (BBS) initiatives, a contractor passport system, and Process Safety Management (PSM) initiatives to enhance workforce competency and ensure process safety. PSM initiatives taken up this year includes setting detailed safety standards for areas like contractor management, risk assessment, work equipment, and hazardous substance control. Corrective and Preventive Action (CAPA) implementation, and an online reporting system further strengthen safety practices.

	FY 2022-23	Target 2025	Target 2030
Tier 1 Process Safety Incidents	4	</=3	To sustain as the global benchmark in safety

HIGHLIGHTS

- Road safety week is celebrated by means of quiz, skit and games. Awareness created on road safety through emails.
- Campaign on road safety, with tagline “Roddu Bhadrata Budhavaaram” meaning “Wednesday - dedicated to road safety” was introduced in Patancheru plant.
- Safety Connect application launched for 800 employees to identify at-risk behaviour while driving.
- Campaign on 5 golden rules for road safety, with tagline **“Jivan”** identifying road safety as a Key Safe Behaviour (KSB) was introduced at Ankleshwar plant. This initiative resulted in zero road accidents at the Ankleshwar plant.
- Refresher defensive driving techniques training through simulators.

B. EMERGENCY RESPONSE PLAN

An emergency response plan (ERP) enhances our readiness to handle untoward incidents. We have an Emergency Response Team at each manufacturing plant, comprising the Site Main Controller, Incident Controller, Fire Fighting Team, First Aiders, Communications Team, and Power & Utility Teams.

Each team member has clearly defined responsibilities and functions to respond to emergencies efficiently and effectively. A list of regulatory agencies and local hospitals with names and telephone numbers is regularly updated and made available. We conduct mock drills every six months to test the effectiveness of our plans.

C. PROMOTING A SAFE WORKPLACE

We prioritise the health and safety of our employees with comprehensive measures to assess and mitigate potential risks. A dedicated industrial hygienist conducts regular workplace assessments. Pre-employment and periodic medical check-ups are conducted for all employees and contractor workmen for various parameters. Regular monitoring of Volatile Organic Compounds (VOC) and Respirable Particulate Suspended Matter (RPSM) ensures air quality control. Ventilation studies, ergonomic assessments, and safety audits further reinforce our commitment towards safety.

Through rigorous assessments and preventive actions, we create a secure environment where employee well-being remains paramount. Toxicity assessments and categorisation of materials based on international standards enhance our safety practices.

D. BUILDING A SAFETY CULTURE

Asian Paints prioritises safety through diverse training programmes for employees and their families. Digitalised and gamified modules supplement regular training, while safety awareness initiatives include presentations, newsletters, and toolbox talks. The Rolling Trophy - a safety promotional activity, that incentivises positive practices, and observances like National Safety Week further reinforce awareness. Safety messages reach employees’ families through booklets and displays, covering road and home safety measures.

Case Study

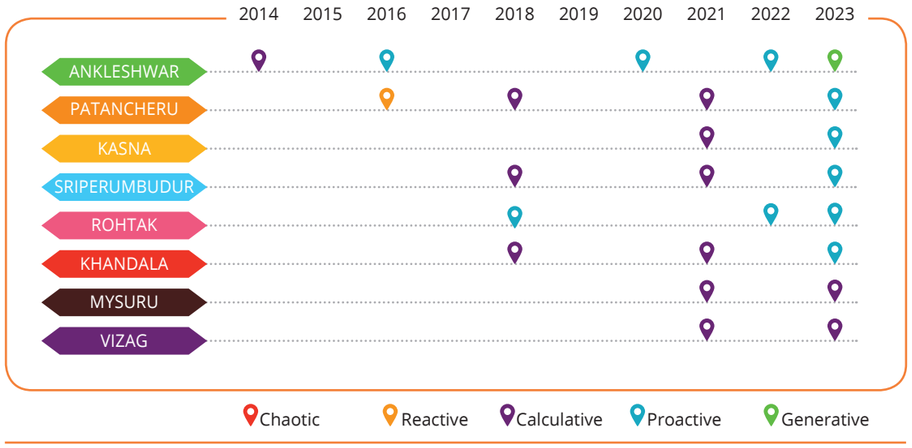
Maintaining the health and safety of employees

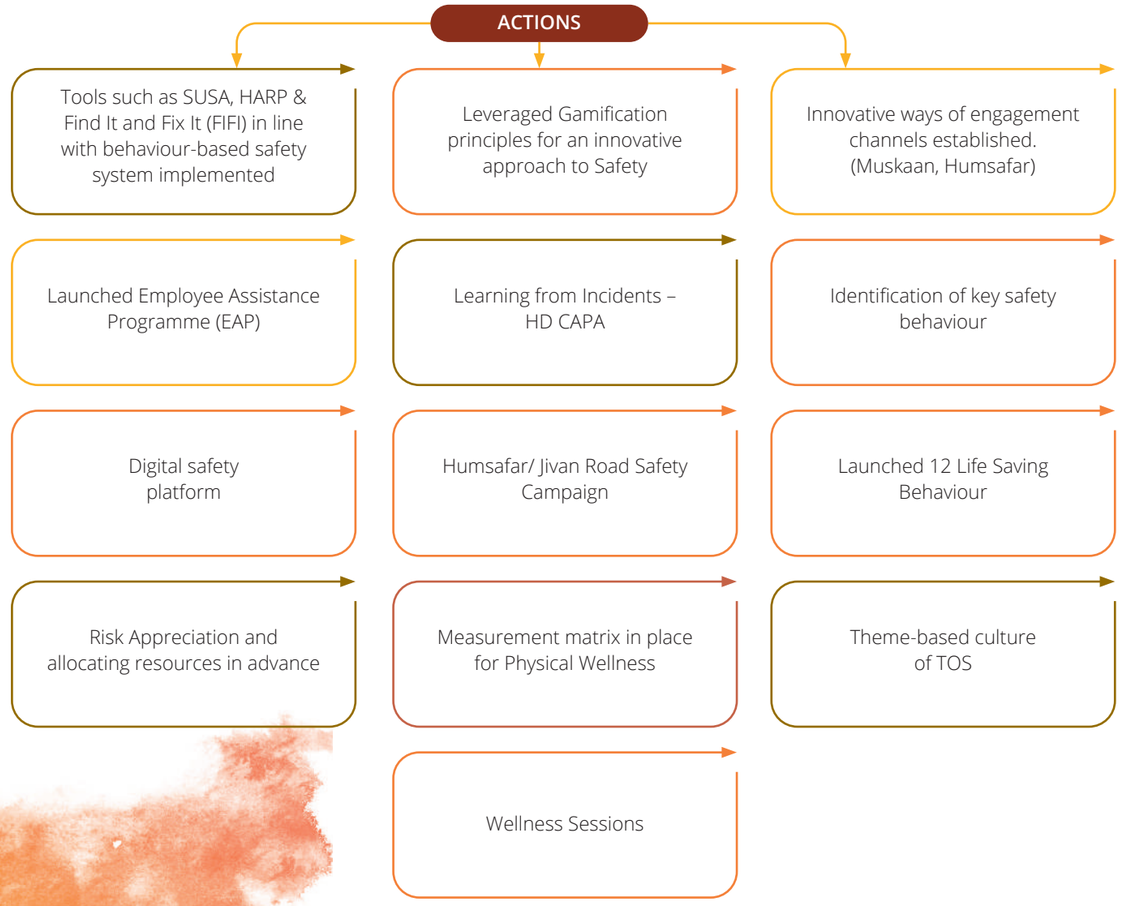
To make employees aware of the safety systems, the Company has put in place a mandatory induction system for all new joiners, with specific training modules on safety based on the nature of work.

A skill development programme for all contractors with a progress card issued to track the completion of safety training as per the timeline. Safety-related training modules are available on our intranet portal for all the employees. Further, to keep abreast with regulatory updates on safety statutes and new requirements, the Company has subscribed to external portals for regular updates.

Behaviour-Based Safety Journey:

Recognising that individual behaviour towards safety significantly influences how people act and behave within and outside the workplace, we embarked on Behaviour-Based Safety (BBS) journey across all our factories. Through this intervention, we aim to foster a culture of interdependence both at the workplace and at home by addressing individual at-risk behaviour and achieving a generative stage of cultural maturity. The plant-wise safety culture benchmarking is depicted in the figure below:





Case Study

Transforming Safety Culture through Behaviour-Based Safety (BBS) at Ankleshwar Plant

Ankleshwar Plant partnered with the British Safety Council (BSC) to launch a robust Behaviour-Based Safety (BBS) programme. Starting with a Safety Culture Assessment, the plant's calculative stage was identified, leading to a proactive plan guided by the BSC. A dedicated site steering team ensured the successful implementation, while expert trainers conducted BBS workshops.

Vision

We commit to fostering a Safe Work Environment where all of us voluntarily exhibit safe behaviour and contribute to continually improve safety performance.

Values

- Stick to the rules
- Look out for each other
- Speak up courageously
- Recognise safe behaviour
- Continuously seek improvement

Outcome

Ankleshwar plant achieved BBS Generative Stage during the year. First site in coatings sector across the world to achieve Generative Stage.

E. TECHNOLOGICAL INTERVENTIONS TO ENHANCE HEALTH AND SAFETY

We are at the forefront of implementing cutting-edge technology solutions to minimise human interaction with machines and optimise processes. Automation plays a key role in our operations, with the production of paints and intermediates being automated through the Manufacturing Excellence System (MES).

We prioritise safety through measures such as conducting HAZOP studies, configuring alarms and interlocks based on temperature, pressure, and level parameters, and employing independent controls for solvent and monomer tanks to prevent hazardous situations. Additionally, we leverage pneumatic conveying for bulk handling of solid raw materials and deploy robots for efficient palletising of paint containers, reducing manual handling risks. Our commitment to technological advancements ensures enhanced safety and efficiency throughout our operations.

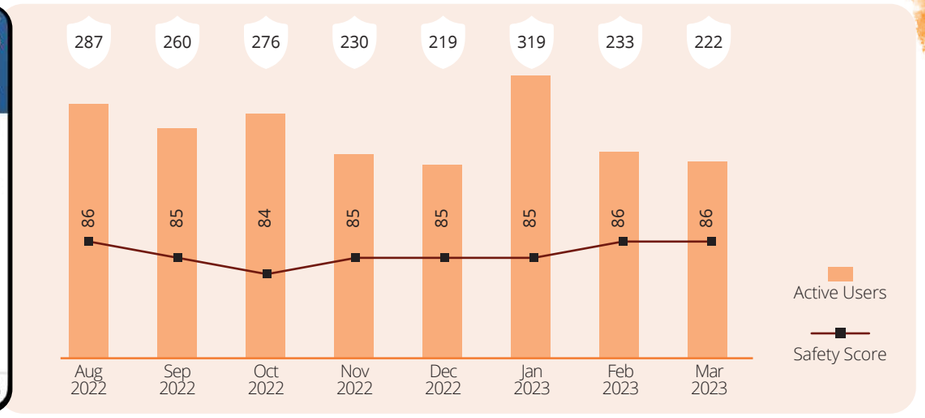
Case Study

Empowering employees to make safer choices on the road

Recognising the need to address road safety incidents during employees' travel between home and work, these incidents are monitored as part of the Total Recordable Frequency Rate (TRFR) and Total Severity Rate (TSR).

To monitor road safety incidents and mitigate risky driving behaviours, an innovative application was created and deployed. The application utilises the sensors of employees' smartphones to monitor and detect dangerous driving actions such as harsh braking, sudden cornering, over speeding, and phone usage and assigns a safety score basis these parameters. This application was developed to raise awareness, trigger immediate attention, and prompt corrective actions among the employees.

Following the deployment in August 2022 at the select location, we witnessed wide adoption of the application and reduction in road accidents, and substantial decrease in instances of reckless driving.



ANNEXURES

ANNEXURE:
RATINGS AND RECOGNITION

1. Our sustainability performance is being acknowledged across the globe. We have been rated 'B' at the Management Level for Climate Change by CDP in the first year of disclosure. We have sustained our 'AA (Leadership)' rating by MSCI-ESG Ratings.

	Your CDP score
CDP Climate Change Score	B

MSCI ESG Ratings	AA (Leader)

CCC | B | BB | BBB | A | AA | AAA

2. Asian Paints **Kasna Plant** won the Greentech International EHS Award under the Category Environment Innovation.

3. Three of our plants - Kasna, Khandala and Patancheru were awarded the prestigious 'Sword of Honour, by the British Safety Council in FY 2022-23 for achieving a 5-star rating in the British Safety Council audit process in FY 2021-22.

4. Three of our plants - **Rohtak, Mysuru and Visakhapatnam** achieved five-star ratings in British Safety Council's five-star rating audit conducted in FY 2022-23.

5. **Khandala plant** recognised with the ICC National Occupational Health and Safety Gold Award.

6. Global Safety Award 2023 for **Visakhapatnam plant** by the Energy & Environment Foundation at the 13th World Petro-Coal Congress Conference.

7. **Ankleshwar plant** received a Platinum award by the Quality Circle Forum of India (QCFI) for Project Defensive Driving.

8. **Rohtak plant** bags National Safety Award at the Global Safety summit organised by Fire & Safety Forum & United Nations Global Compact Network India.

9. **Kasna plant** bags Golden Peacock Occupational Health & Safety Award.

ANNEXURE:

OUTCOME OF CLIMATE RISK ASSESSMENT

PHYSICAL RISK ANALYSIS

As part of our physical risk assessment approach, we focussed on analysing acute risks arising from extreme weather events and chronic risks resulting from long-term changes in climate patterns for our all-eight-paint manufacturing locations in India. The risks were analysed over short-term (2030) and long-term (2050), using IPCC Representative Concentration Pathways – RCP 4.5 (moderate climate change scenario) & RCP 8.5 (high climate change scenario).

Risk Type	Description	Time Horizon	IPCC Representative Concentration Pathways
Acute Physical Risk	Assess the current level of drought risk, flood risk, cyclone risk and exposure to heat waves at our eight paint manufacturing sites	Short-Term (2030)	Moderate Climate Change Scenario (RCP 4.5)
Chronic Physical Risk	Estimates the expected changes in temperature, precipitation, and sea level variation from historical levels at our eight paint manufacturing sites	Long-Term (2050)	High Climate Change Scenario (RCP 8.5)

To prioritise the risks, a composite rating was calculated based on the likelihood and impact of the risks considering RCP 4.5 as probable scenario and short-term (2030) time horizon to facilitate effective decision-making. Along with scenario analysis findings, historical events and the probable impact of the risks were also considered for likelihood and impact scores. The figure below depicts the Risk Rating methodology:

Risk Rating (Range : **1-16**) = **Likehood** (Unlikely, Possible, Likely, Regular) (Range : **1-4**) x **Impact** (Minor, Moderate, High and Extreme) (Range : **1-4**)

Risk Scale	Low	Medium	High	Very High
	1-4	5-8	9-12	13-16

For all the locations assessed, we are generally at low to medium risk for adverse impacts resulting from flood, wherein a couple of our units have medium to high-risk exposure from the cyclone. India being a tropical country, plant locations are evenly distributed between low to medium risks and high to very high risks exposure to heat wave-related adverse impact.

One of the locations is expected to be at high risk in terms of drought, a couple of them at high risk and the rest all at Medium or Low risk. However, 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 of 31st March 2023, none of our manufacturing plants falls under the water stress area. Assessing the water risk in a region is a step in the broader corporate decision-making process, which also includes decisions about the setting up of new units.

Acute Physical Risk:

Asian Paints has its operations distributed across the country and each geographical location of presence offers different weather conditions. The increasing frequency of extreme weather events will pose a risk to our operations and impact our ability to meet customer demands, and hence loss of sales. Similarly, any adverse impact on key suppliers may also result in our manufacturing, distribution, and sales.

In the past, we have not yet faced adverse climate events at any of our manufacturing locations which has resulted in a significant impact on operations. Natural disasters such as floods and cyclones in multiple geographies in the country have resulted in challenges related to distribution and sales. In the event of adverse weather conditions or natural disasters, we focus on the effective rearrangement of our resources and finding appropriate alternate solutions.

Water is an important natural resource consumed in paint manufacturing as part of our formulations. There are growing concerns on scarcity of water in various parts of the country. In this regard, we have been putting focussed efforts into reducing the non-process water consumption in our factories as well as utilising rainwater harvested within our premises. We have engaged with nearby communities and have worked together for water harvesting and recharge initiatives, improving the water availability throughout the year in such communities. All our efforts around water have been discussed in detail in the environmental section of this report.

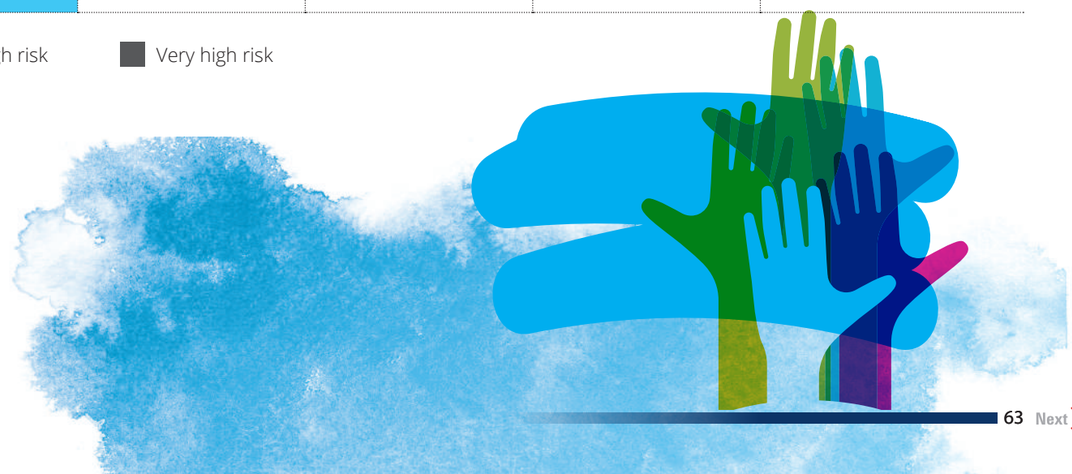
Chronic Physical Risk:

The events resulting from a change in climate pattern will have an impact on our operations. Our manufacturing locations are well distributed throughout the country. Going forward, building resilience to these risks on the man, machine and material/ process front shall be made. While developing our business strategies, we will continue to put a strong emphasis on the physical risk that has been recognised, with water stress being the main long-term concern.

Summary of physical risk and resilience measures:

Risk	Heatwave	Drought	Cyclone	Floods (Coastal/Riverine)
No. of sites with high / very high risk	2 1	1 2	1 1	1

High risk Very high risk



Resilience Measures

Man	Material/Process	Machine/Infrastructure
Development of greenbelt near working areas to reduce the effect of high temperatures under our Biodiversity initiatives	All materials are stored as per the Material Safety Data Sheet (MSDS) requirements for storage including temperature	Adequacy assessment of cooling / chilling infrastructure for storage/ handling of material at site and augmentation if needed
Creation and maintenance of adequate medical facilities at the site	Storage tanks of temperature sensitive materials are equipped with automated alarms and temperature cooling techniques	Implementation of green building methods such as cool roofs and better ventilation
Interventions to improve ventilation and cooling infrastructure at plants to better equip to deal with summer temperatures	Water use efficiency through conservation, reuse and recycling (Reduction in Non-process Water Consumption and Zero Liquid Discharge)	Rainwater storage and maximum utilisation
Employee training and mock drills for emergency preparedness related to cyclones and floods and awareness on heatwaves, drought	Reduced dependency on freshwater – Identifying and adopting alternate sources of water/grey water	Augmentation of water harvesting capacity outside premises and community engagement
Monitoring of flood and cyclone related information available with IMD (India Meteorological Department)	Adequate Insurance covering any loss arising out of the cyclone and floods	Evaluating less water-intensive utilities in new projects
	Uninterrupted power supply (UPS) for emergency lighting and emergency systems	Considerations as per IS 873: Part 3 are incorporated in plant design in cyclone prone sites
	Implementation of Safe Shutdown and Start-up Protocol	Business Continuity and Emergency Preparedness Plan
		Infrastructure for material storage is at sufficient height above ground preventing contamination
		Availability of key equipment for flood management (high-capacity pumps etc.) and pre-monsoon activities at sites

Transition Risk analysis

Transitioning to a lower-carbon economy may entail policy, legal, technology, and market changes. These changes offer both risk and opportunities to the organisation. To analyse potential transition risks for Asian Paints,, we conducted a comprehensive assessment aligned with the International Energy Agency's scenarios and India's commitment to achieving Net Zero emissions, ensuring our readiness for a sustainable and low-carbon future. Short-term (0-2 years), medium-term (2-5 years) and long-term (beyond 5 years) were considered as time horizons for the analysis. The summary of risks and opportunities is mentioned below:

Policy and Legal Risk: Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change

1. Carbon market and obligations related to emissions (emerging)

Risk Description: India's carbon trading framework is being developed and the regulatory authority is expected to come up with a voluntary carbon market framework in the near future. It will evolve into a cap-and-trade mechanism in the next 2-3 years with a sector-specific carbon budget. There is a probability of obligations being made applicable to Asian Paints.

Additionally, with India's commitment to becoming net zero by 2070, there is likely to be expectations from industries to transition to cleaner energy.

Likelihood & Time Horizon: Likely in Medium-term

Resilience Measures: We have achieved a 74% 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 62.2% contribution to our electricity consumption in 2022-23
- Efforts in energy efficiency resulting in a decline in specific power consumption by 36% from the 2013-14 baseline

We target to reduce specific emissions by 75% and 80% by 2025 and 2030 respectively. With a high share of renewable energy and other emission reduction measures, we expect a reduced emission obligation for Asian Paints. Further, we shall participate in policy consultations to understand the impact of carbon markets on the Company.

2. Risk Type: Exposure to Litigation (legal)

Risk Description: The environment-related regulatory landscape is continuously evolving. The speed and extent of changes in the regulatory landscape are expected to continue even in the future. Not being able to meet the compliance requirement may result in the Company's exposure to litigation.

Likelihood & Time Horizon: Likely in short-term

Resilience Measures: We are committed to adhering to all laws and regulations in letter and spirit. We have a robust process for scanning and timely implementation of new legislations and amendments. We stay abreast with emerging regulations. This is illustrated by our compliance readiness with PWM rules and their amendments. We have been doing EPR for our plastic packaging as the brand owner for the last 5 financial years. We have been doing 100% EPR against our Flexible & MLP liability way before it was mandatory. We successfully eliminated Lead from all our architectural paints in 2008 which became a regulatory requirement nearly a decade later in 2017.

Market Risk: Changes in the supply and demand for specific commodities, goods, and services as concerns associated with climate change are increasingly taken into account

1. Changing Customer behaviour

Risk Description: Consumers shall make more informed purchasing decisions which may lead to a shift in consumer preferences towards products with an eco-label, lower life cycle carbon footprint, low VOC and bio-based or natural paints

Likelihood & Time Horizon: Likely in Medium-Term

Resilience Measures: Product Stewardship agenda to advance the development of Sustainable products is well entrenched as part of ESG commitments. We have a healthy product portfolio of Sustainable products in the form of:

- 30 Green Assure low-VOC products, out of which 3 are Green Seal certified
- Royale Health Shield, anti-bacterial paint that also improves indoor air quality
- Nilaya Naturals' first-of-its-kind paint with more than 90% natural ingredients
- SmartCare Damp Proof range of waterproofing products that provide surface temperature reduction
- 22 products having durability of 5 years or higher

Further, backward integration to manufacture Vinyl Acetate Ethylene Emulsion (VAE), which is a low carbon footprint alternative is a strong direction in making our products more sustainable.

2. Increased Cost of raw materials

Risk Description: To reduce the impact of global warming, countries have taken net zero commitments, which may have a possible impact on the cost of crude oil, which in turn may impact the cost of raw materials for the paint industry (Solvents, Monomers and TiO^2), which are derived from petrochemical feedstocks and further will impact the production costs of paints and coatings.

Likelihood & Time Horizon: Possible in Medium-Term

Resilience Measures: We focus on formulation optimisation and efficiency to reduce the overall carbon footprint of the products being carried out such as improving the scattering efficiency of the rutile.

In FY 2022-23, we used 6.4% renewable or bio-based raw materials by volume with a target of increasing the same by 20% and 30% in 2025 and 2030 respectively from the FY 2020-21 baseline year.

Reputational Risk: Change in customer attitudes towards a company's contribution to or detraction from climate change

1. Increased stakeholder concern or negative stakeholder feedback

Risk Description: There is growing awareness about the impact of climate change and the role that businesses play in contributing to it. Many stakeholders, including investors, customers, and employees, are increasingly concerned about the organisation's environmental impact and its efforts to address climate change. Companies that fail to commit to disclose the climate-related targets or fail to meet them may face negative feedback or concerns from stakeholders.

Likelihood & Time Horizon: Very Likely in Short-term

Resilience Measures: We have been disclosing emission reduction year-on-year progress in the public domain for the last 10 years with external assurance of relevant indicators. This year, we have disclosed our 2025 and 2030 promises for scope 1 and scope 2 emission intensity reduction. Further, this year, we have completed and disclosed scope 3 emissions. Along with Integrated Report and Sustainability Report, we have also been disclosing to CDP climate change.

Technology Risk: Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system

1. Costs to transition to lower emissions technology

Risk Description: Regulatory or stakeholder pressure is forcing organisations to reduce negative impact on the environment, which includes replacing old machines with lower emissions technologies which brings in additional cost.

Likelihood & Time Horizon: Likely in Short-term

Resilience Measures: All our future investment decisions, factors in prevalent and expected regulatory guidelines and policy changes and we focus on adoption of best available technologies (BAT) from environmental stewardship.

Climate-Related Opportunities:

Efforts to mitigate climate change also offer opportunities for organisations. Asian Paints proactively seeks opportunities offered by climate change and takes measures to tap those opportunities. The opportunities identified are as mentioned below:

Opportunity Category	Opportunity Type	Opportunity Description	Time Horizon
Products and Services	Shift in consumer preferences	• There is increased awareness around climate change, which is likely to result in shift in consumer preferences. • Demand for green / sustainable products is expected to grow with shift in consumer preference as well as increase in green buildings. Our healthy portfolio of Sustainably Advantaged Products as well as well-entrenched roadmap for future holds us in good stead to leverage such opportunities.	Medium-Term
Resource Efficiency	Use of efficient modes of transport	• There are national initiatives aimed at increasing the share of Railways in freight movement from the current ~35% to 45% by 2030. • Indian Railways is also committed to achieving 100% electrification before 2030. We focus on leveraging multimodal despatches including railways and sea despatches for our despatches beyond 500 kms.	Medium-Term
Energy Source	Use of lower-emission sources of energy	• Increasing proportion of renewable electricity non-fossil fuel energy in total energy mix to realise operational savings. • Improving energy efficiency in operations to realise savings. We are committed to increasing the share of RE in our electricity consumption to 75% by 2025 and 100% by 2030, while reducing our specific electricity consumption by 48% and 53% by 2025 and 2030 respectively.	Medium-Term

ANNEXURE:

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) MAPPING

Recommended disclosures	Reference sections in report	Additional detail
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities. **b)** Describe management's role in assessing and managing climate-related risks and opportunities.	Our Sustainability Priorities & Governance → Board Oversight & Management Role *(pg 3)*	Stakeholders Relationship Committee of the Board is entrusted with the responsibility to support Board in ESG oversight. Further, the Risk Management Committee of the Board evaluates and provides insights on ESG risks including climate-related risks and opportunities along with mitigation plan. The Company's One Link team, led by the Managing Director & CEO, is tasked with implementing the ESG objectives of the Company, including climate change mitigation and adaptation.
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. **b)** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. **c)** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environment → Climate Change Adaptation *(pg 15)* **Annexure:** Outcome of Climate Risk Assessment *(pg 62)*	During the year, we have undertaken climate risk assessment, in line with TCFD recommendations and our Climate Change mitigation and adaptation strategy is now guided by TCFD recommendations.

Recommended disclosures	Reference sections in report	Additional detail
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks. **b)** Describe the organisation's processes for managing climate-related risks. **c)** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Environment → **a)** Climate Change Mitigation *(pg 7)* **b)** Climate Change Adaptation *(pg 15)* **c)** Risk Management *(pg 16)*	We have a robust and resilient risk management framework as per ISO 31000, which is guided by Risk Management Committee of the Board. Outcomes of climate risk assessment have been integrated with our risk management processes.
Metrics & Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. **b)** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. **c)** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Environment → Climate-related Metrics & Targets *(pg 17)*	We have ESG commitments through till 2030. As part of these commitments, we are committed to reducing our Scope 1 & Scope 2 emission intensity by 75% and 80% by 2025 and 2030 respectively. During the year, we have also inventoried and disclosed our Scope 3 emissions.

ANNEXURE:
REPORT CARD

Details provided in the table pertain to our paint manufacturing plants, unless stated specifically

Area	Unit	Baseline value	2020-21	2021-22	2022-23	Target 2025	Target 2030
ENVIRONMENT							
Energy Conservation & Emissions							
Specific Energy Consumption	KWh/KL	116 (2013-14)	75.7	73.2	74.7 (36% reduction)	60.5# (48% reduction)	54.4# (53% reduction)
Renewable Energy	% of total electricity	0.1 (2013-14)	57	61.1	62.1	75	100*
Scope 1	tCO_2e	25,072 (2013-14)	11,601	12,407	14,340	-	-
Standalone	tCO_2e	-	-	75,499	74,419	-	-
Scope 2	tCO_2e	52,541 (2013-14)	27,788	28,410	27,685	-	-
Standalone	tCO_2e	-	-	29,233	28,974		-
Scope 3 Standalone	tCO_2e	-	-	3,188,297	3,285,192	-	-
Emissions Intensity (scope 1 and scope 2)	Kg/KL	131.2 (2013-14)	40.4	33.7	34.7 (74% reduction)	32.8 (75% reduction)	26.2 (80% reduction)
SOx							
	g/KL	-	2.6	4.9	2.2	-	-
	MT	-	2.6	6	2.7	-	-
Standalone	MT	-	-	18.84	10.68	-	-
NOx							
	g/KL	-	12.3	11.8	8.2	-	-
	MT	-	12	13.5	9.9	-	-
Standalone	MT	-	-	42.43	40.28	-	-
Particulate Matter							
	g/KL	-	3.3	4	4.1	-	-
	MT	-	3.2	4.8	4.8	-	-
Standalone	MT	-	-	12.19	10.48	-	-
Water Neutrality							
Specific Non-Process Water	KL/KL	0.97 (2013-14)	0.4	0.37	0.45 (54% reduction)	0.27 (72% reduction)	0.24 (75% reduction)
Water Replenishment	% of freshwater consumed	0.1 (2013-14)	185	282	382	400	600
Rainwater harvested and used within the factory	Megalitres	-	154	171	235	-	-

 # Assuming present product mix, in case of significant adverse change in mix, the number shall be recalculated

**We aspire to achieve 100% renewable electricity share subject to state policies relating to minimum grid utilisation requirements & banking policies*

Area	Unit	Baseline value	2020-21	2021-22	2022-23	Target 2025	Target 2030
Nature Positive							
Specific Hazardous Waste Disposal	Kg/KL	2.7 (2013-14)	1.2	1	0.8 (70% reduction)	0.5 (81% reduction)	0.45 (83% reduction)
Total Hazardous Waste Disposed	MT	-	1,159.55	1,185.65	929	-	-
Specific Non-Hazardous Waste	MT	14.1 (2013-14)	8.65	8.2	7.8 (45% reduction)	6.7 (52% reduction)	6 (57% reduction)
Total Non-Hazardous Waste Disposed	MT	-	9,365	11,247	11,770	-	-
Total Hazardous Waste Disposed (Standalone)	MT	-	-	1,813	1,129	-	-
Total Non-Hazardous Waste Disposed (Standalone)	MT	-	-	13,240	12,771	-	-
Proportion of Recycled Plastic Used in our Packaging	%	-	-	-	15% recycled content across products 20% in Green Seal certified products	30	60
Specific Trade Effluent Generation	L/KL	82 (2013-14)	19.9	18.7	18.1 (78% reduction)	17.5 (79% reduction)	15.8 (81% reduction)

Area	Unit	Baseline value	2020-21	2021-22	2022-23	Target 2025	Target 2030
Product Stewardship							
Renewable/Bio-based Raw Materials	% in product offerings	6.5 (2021-22)	-	6.5	6.4	20	30
GHG Reduction Through Formulation Optimisation	tCO_2e	3,700 (2020-21)	3,700	17,700	20,390	Cumulative reduction of 24,000 from FY 2022-23	Cumulative reduction of 49,000 from FY 2022-23
Minimising & Eliminating CMR Raw Materials	Kg/KL With Styrene	19.9 (2020-21)	19.9	-	19.1	15% reduction	25% reduction
	Kg/KL Without Styrene	4.5 (2020-21)	4.5	-	4		

Area	Unit	Baseline value	2020-21	2021-22	2022-23	Target 2025	Target 2030
SAFETY							
Total Reportable Incident Frequency Rate	per million manhours	-	0.76@	0.77@	0.57	-	To sustain as the global benchmark
All Manufacturing Units in India (Decorative and non-decorative)	per million manhours	-	0.72	0.59	0.55	-	
Including AP Global	per million manhours	-	-	-	1.4	</=0.98	
Total Reportable Incident Severity Rate	per million manhours	-	403.68@	40.23@	15.55	-	To sustain as the global benchmark
All Manufacturing Units in India (Decorative and non-decorative)	per million manhours	-	23.8	60.33	17.05	-	
Including AP Global	per million manhours	-	-	-	95.1	</=150	
Number of Fatalities							
All Manufacturing Units in India (Decorative and non-decorative)		-	0	0	0	-	-
Tier-1 Process Safety Incidents		-	-	-	4	</=3	To sustain as the global benchmark

Area	Unit	Baseline value	2020-21	2021-22	2022-23	Target 2025	Target 2030
Community							
Water Harvesting Potential Created	% of freshwater consumed	8.1 (2013-14)	34.3	93.1	195	>70	>70
Beneficiaries Impacted Through Health Initiatives		170,000+ (2020-21)	170,000+	270,000+	365,000+	500,000	650,000
Participants Trained at Asian Paints Colour Academy		199,000+ (2020-21)	199,000+	375,000+	510,000+	600,000	1,000,000

@ values are for calendar years

Price Waterhouse Chartered Accountants LLP

Independent practitioner's limited assurance report on Identified Sustainability Indicators in Asian Paints Limited's Sustainability Report

To the Board of Directors of Asian Paints Limited

We have undertaken to perform a limited assurance engagement for Asian Paints Limited (the 'Company') vide our Engagement Letter dated May 31, 2023 and addendum to Engagement Letter dated June 23, 2023 in respect of the agreed indicators listed below (the "Identified Sustainability Indicators"). These indicators are as included in the Sustainability Report of the Company for the year ended March 31, 2023.

Identified Sustainability Indicators

The Identified Sustainability Indicators for the year ended March 31, 2023, are summarized in Appendix 1 to this report.

Our limited assurance engagement was with respect to the year ended March 31, 2023, information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company are:

Criteria 1: Global Reporting Initiatives Standards ("GRI Standards") 2021, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the Sustainability Report.

Criteria 2: Criteria internally defined by the Management as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the Sustainability Report.

Management's Responsibility

The Company's Management is responsible for identification of key aspects of Sustainability Report, engagement with stakeholders, content, and presentation of the Sustainability Report in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Sustainability Report, and measurement of Identified Sustainability Indicators, which are free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial indicators allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse gas ('GHG') quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Price Waterhouse Chartered Accountants LLP, Building No. 8, 8th Floor, Tower - B, DLF Cyber City, Gurugram - 122 002
T: +91 (124) 4620000, F: +91 (124) 4620620

Registered office and Head office: 11-A, Vishnu Digamber Marg, Sucheta Bhawan, Gate No 2, 1st Floor, New Delhi - 110002

Price Waterhouse Chartered Accountants LLP

Independent practitioner's Reasonable assurance report on Identified Sustainability Indicators in Asian Paints Limited's Sustainability Report

To the Board of Directors of Asian Paints Limited

We have undertaken to perform a reasonable assurance engagement for Asian Paints Limited (the 'Company') vide our Engagement Letter dated May 31, 2023 and addendum to Engagement Letter dated June 23, 2023 in respect of the agreed indicators listed below (the 'Identified Sustainability Indicators') in accordance with the Criteria stated below. These indicators are as included in the Sustainability Report of the Company for the year ended March 31, 2023.

Identified Sustainability Indicators
The Identified Sustainability Indicators for the year ended March 31, 2023, are summarized in Appendix 1 to this report.

Our reasonable assurance engagement was with respect to the financial year ended March 31, 2023, information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria
The criteria used by the Company, to prepare Identified Sustainability Indicators for inclusion in the Sustainability Report, are defined internally by the Company, and are set out in Appendix 1 to this report ("the Criteria")

Management's Responsibility
The Company's Management is responsible for identification of key aspects of Sustainability Report, engagement with stakeholders, content and preparation of the Sustainability Report in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Sustainability Report and measurement of Identified Sustainability Indicators, which is free from material misstatement, whether due to fraud or error.

Inherent limitations
The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse gas ('GHG') quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

Price Waterhouse Chartered Accountants LLP, Building No. 8, 8th Floor, Tower - B, DLF Cyber City, Gurugram - 122 002
T: +91 (124) 4620000, F: +91 (124) 4620620

Registered office and Head office: 11-A, Vishnu Digamber Marg, Sucheta Bhawan, Gate No 2, 1st Floor, New Delhi - 110002

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Identified Sustainability Indicators have been prepared, in all material respects, in accordance with the Criteria.

Exclusions

Our limited assurance scope excludes the following and therefore we do not express a conclusion on the same:

- Testing the operating effectiveness of management systems and controls.
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Sustainability Report not agreed under our engagement letter/ Scope of Assurance
- The statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Indicators included in the Sustainability Report for the year ended March 31, 2023, are not prepared, in all material respects, in accordance with the respective criteria.

Restriction on Use

Our limited assurance report, including the conclusion, has been prepared and addressed to the Board of Directors of the Asian Paints Limited at the request of the company solely to assist the Company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/500016

Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWPNR6722

Place: Gurugram
Date: October 05, 2023

Appendix 1

Identified Sustainability Indicators and related criteria

S. No	Indicator Description	Unit	Criteria
1	Water Replenishment	%	Criteria internally defined by the Company: Water replenishment = Total water harvested/Total fresh water consumption Total water harvested includes: • Water recharged through rain water harvesting within the plant • Water recharged through rain water harvesting outside the plant, which is collated from data reported by NGO partners implementing CSR programmes Fresh water consumption includes water drawn from the following: Canal water, bore-well, water from municipal corporation (including water purchased from third party such as tanker and bottled water)
2	Other indirect (Scope 3) GHG emissions	lakhs tCO2e	GRI 305-3

Price Waterhouse Chartered Accountants LLP

Independent practitioner's Reasonable assurance report on Identified Sustainability Indicators in Asian Paints Limited's Sustainability Report

To the Board of Directors of Asian Paints Limited

We have undertaken to perform a reasonable assurance engagement for Asian Paints Limited (the 'Company') vide our Engagement Letter dated May 31, 2023 and addendum to Engagement Letter dated June 23, 2023 in respect of the agreed indicators listed below (the 'Identified Sustainability Indicators') in accordance with the Criteria stated below. These indicators are as included in the Sustainability Report of the Company for the year ended March 31, 2023.

Identified Sustainability Indicators
The Identified Sustainability Indicators for the year ended March 31, 2023, are summarized in Appendix 1 to this report.

Our reasonable assurance engagement was with respect to the financial year ended March 31, 2023, information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria
The criteria used by the Company, to prepare Identified Sustainability Indicators for inclusion in the Sustainability Report, are defined internally by the Company, and are set out in Appendix 1 to this report ("the Criteria")

Management's Responsibility
The Company's Management is responsible for identification of key aspects of Sustainability Report, engagement with stakeholders, content and preparation of the Sustainability Report in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Sustainability Report and measurement of Identified Sustainability Indicators, which is free from material misstatement, whether due to fraud or error.

Inherent limitations
The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse gas ('GHG') quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

Price Waterhouse Chartered Accountants LLP, Building No. 8, 8th Floor, Tower - B, DLF Cyber City, Gurugram - 122 002
T: +91 (124) 4620000, F: +91 (124) 4620620

Registered office and Head office: 11-A, Vishnu Digamber Marg, Sucheta Bhawan, Gate No 2, 1st Floor, New Delhi - 110002

Our firm applies International Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and ISQM 2 "Engagement Quality reviews", and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Identified Sustainability Indicators based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain reasonable assurance about whether the Identified Sustainability Indicators are prepared, in all material respects, in accordance with the reporting criteria.

A reasonable assurance engagement involves assessing the risks of material misstatement of the agreed indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Obtained an understanding of the identified sustainability indicators and related disclosures
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and /or measurement of the identified sustainability indicators
- Made enquiries of Company's Management, including those responsible for Sustainability, Environment Social Governance ('ESG'), Corporate Social Responsibility ('CSR'), etc., and those with responsibility for managing the Company's Sustainability Report.
- Obtained an understanding and performed an evaluation of the design of the key systems, processes, and controls for managing, recording, and reporting on the Identified Sustainability Indicators at the 8 paint manufacturing plants and corporate office visited.
- Based on above understanding and the risks that the identified sustainability indicators may be materially misstated, determined the nature, timing, and extent of further procedures
- Checked the consolidation for 8 paint manufacturing plants under the reporting boundary (as mentioned in the Sustainability Report) for ensuring the completeness of data being reported.
- Performed substantive testing on a sample basis of the Identified Sustainability Indicators pertaining to the 8 paint manufacturing plants located at Ankleshwar, Kasna, Rohtak, Khandala, Patancheru, Vizag, Mysore and Sriperumbudur, to verify that data had been appropriately measured with underlying documents recorded, collated, and reported. This included assessing records and performing testing including recalculation of sample data.
- Assessed the level of adherence to criteria internally defined by Management in preparing the Identified Sustainability Indicators in the Sustainability Report.
- Assessed the Sustainability Report for detecting, on a test basis, any major anomalies between the information reported in the Sustainability Report on performance with respect to agreed indicators and relevant source data/information.
- Obtained representations from Company's Management.

Exclusions:

Our reasonable assurance scope excludes the following and therefore we do not express an opinion on the same:

- Testing the operating effectiveness of management systems and controls.
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Sustainability Report not agreed under our engagement letter/ Scope of Assurance
- The statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

Opinion

Based on the procedures we have performed and the evidence we have obtained, the Company's Identified Sustainability Indicators in the Sustainability Report for the year ended March 31, 2023 are prepared in all material respects, in accordance with the respective Criteria.

Restriction on use

Our Reasonable Assurance report, including the opinion, has been prepared and addressed to the Board of Directors of Asian Paints Limited at the request of the Company solely, to assist the Company in reporting on the Company's sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/500016

Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWPNS4557

Place: Gurugram
Date: October 05, 2023

Appendix 1

Identified Sustainability Indicators and related criteria

S. No	Indicator Description	Unit	Criteria as defined internally by the Company
1	Specific non-process freshwater consumption	Kl/Kl	Specific Non-Process freshwater Consumption = [Total Fresh Water (-) Process Water]/Paint Production Fresh water consumption includes water drawn from the following: Canal water, rainwater, bore-well, water from municipal corporation (including water purchased from third party such as tanker and bottled water) Process water means water used in paint production
2	Specific hazardous waste disposal	Kg/Kl	Specific hazardous waste disposal = Total hazardous waste disposed/ Paint Production Total hazardous waste disposal includes: • chemical sludge • filters contaminated with oil • liner bag • process waste • waste residual • used oil/ spent oil • discarded liner/ discarded containers • Ash From Incinerator And Flue Gas Cleaning Residue Cargo Residue, washing water And Sludge Containing Oil • Chemical Sludge From Waste Water Treatment • Empty Barrels/Containers/Liners Contaminated With Hazardous Chemicals/Wastes • Oil & Grease Skimming residues
3	Specific non-hazardous waste disposal	Kg/Kl	Specific non-hazardous waste disposal = Total non-hazardous waste disposed/ Paint Production Total non-hazardous waste includes plastic, wood scrap, paper, metal scrap, wooden pallets.
4	Specific electricity consumption	kWh/Kl	Specific electricity consumption = Total electricity consumption/ Paint Production Total electricity consumption includes: • Electricity purchased (Grid electricity) • Electricity produced within the plant (non-renewable & renewable energy)
5	Renewable electricity consumption	%	Renewable electricity consumption = renewable electricity consumption/ total electricity consumption Renewable electricity consumption includes: Electricity from solar energy consumed in the plant + Electricity from wind energy consumed in the plant For, total electricity consumption: Refer S. No 4 above
6	Specific trade effluent generation	L/kL	Specific trade effluent generation = Total trade effluent generation/ Paint Production Total trade effluent generation includes: • Waste water generated in each Process Unit • Steam condensate from each process unit drain to ETP
7	Scope 1 GHG Emissions	TCO_2 Eq	• It includes emissions from burning of fuels like diesels, LPG, Natural gas • GHG Scope 1 emissions is calculated in metric tons of Co_2 Equivalent
8	Scope 2 GHG Emissions	TCO_2 Eq	• It includes emissions from consumption of grid electricity and Steam purchased • GHG Scope 2 emissions from electricity consumptions is calculated in metric tons of Co_2 Equivalent
9	Frequency Rate (FR) for incidents	Per million hours	$\text{Frequency Rate} = \frac{\text{No. of "accidents" X 1,000,000}}{\text{Total man-hours worked}}$ • Accident means an incident which causes death or injury by reason of which the injured person is not able to resume his duties within 48 hours, immediately following the accident • Man hours worked includes those pertaining to permanent employees and contract workmen.
10	Severity Rate (SR) for incidents	Per million hours	$\text{Severity Rate} = \frac{\text{Total man-days lost X 1,000,000}}{\text{Total man hours worked}}$ • Man-days lost means the total number of days lost due to an accident. • Man hours worked includes those pertaining to permanent employees and contract workmen.

ASIAN PAINTS LIMITED
6A, Shantinagar, Santacruz (East),
Mumbai - 400 055, Maharashtra, India
Tel: +91 22 6218 1000 | Fax: +91 22 6218 1111

Website: https://sustainability.asianpaints.com