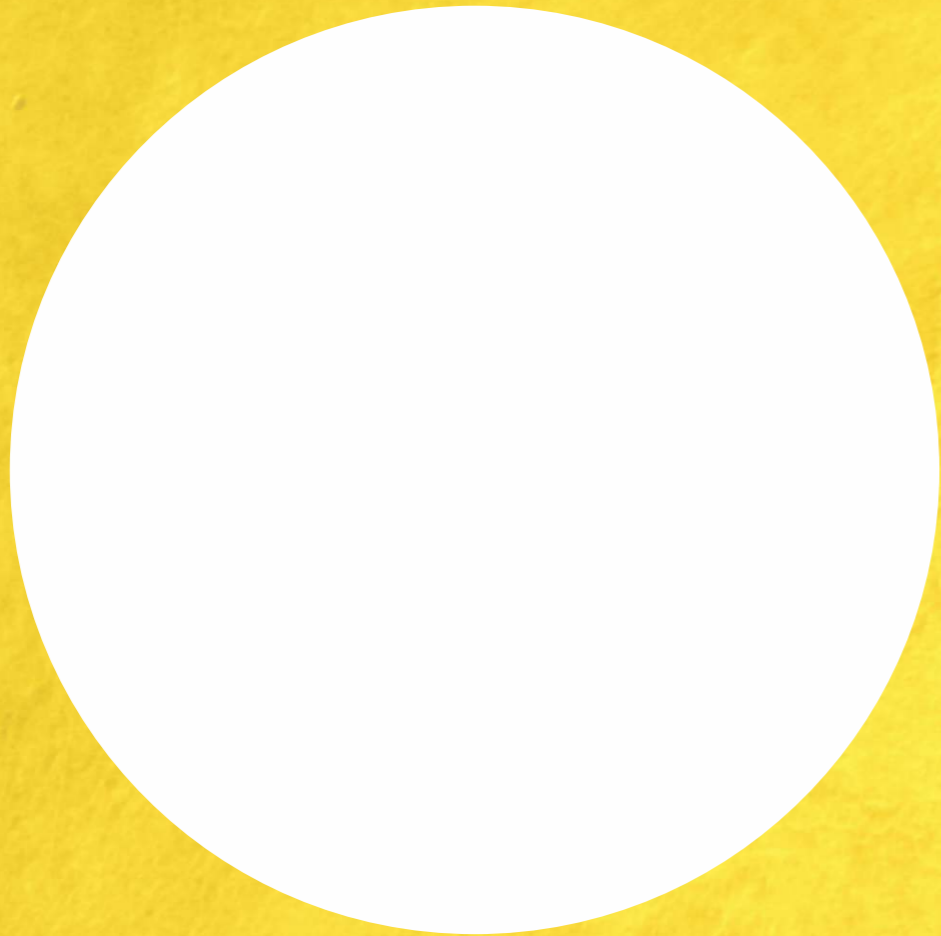




PAINTING A
Sustainable
FUTURE



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Paint and sustainability have always gone hand in hand. When applied on any product, it forms a protective layer and becomes the first line of defence against wear and tear. It elongates usable life of buildings and products, thus reducing the demand for natural resources.

Paints are used for colour coding, be it on roads or in factories. They help avert accidents, enhance safety and save millions of lives. They also contribute actively to good health and wellness by providing a pleasant, lively ambience.

At Asian Paints, India's largest manufacturer of decorative paints, it is our constant endeavour to augment the sustainability quotient of our paints. We do this by enhancing the product characteristics of our paint, reducing our manufacturing footprint, and increasing social well-being of local communities.



We view our sustainability journey as a marathon; a journey of continuous improvement, wherein we work towards bettering our own previous performance.

Dear Readers,

For us at Asian Paints, FY 2015-16 was about taking stock of our sustainability interventions, assessing the gaps and strategising ways of bridging them. FY 2016-17 has been about surpassing targets and setting more challenging ones in all areas of sustainability.

This year, we have replenished more fresh water than what we consumed in our decorative business units. This has been possible through our continuous efforts in:

- 1 Reducing our fresh water consumption in non-product applications
- 2 Groundwater recharge through various rainwater harvesting structures.

We have invested in real-time energy monitoring systems which will lead energy savings in our operations in future. We are continuously increasing renewable energy contribution in our overall energy consumption.

We have focused on reduce, re-use & recycle programmes in our manufacturing units which have reduced material losses.

Our International Business Units (IBUs), too, have posted reductions in water and energy consumption.

We continue to design and improve strong processes in all matters of safety. We have upgraded infrastructure for improving workplace safety. We have launched various safety programmes that improve and drive behaviour based safety in all our employees.

Asian Paints is committed to develop products that are safe, durable and have minimal environmental impact.

'Green Assure', our self-certification for premium products is an example of our commitment to develop, and market green products.

We strive to improve the well-being of local communities by focussing on Education, Health & Hygiene, Water Management and Vocational Training.

Asian Paints Colour Academies impart requisite skills to women so that they can undertake painting assignments on their own.

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

K.B.S Anand
Managing Director & CEO, Asian Paints Limited

At Asian Paints, we engaged with various community representatives, statutory authorities, NGOs and other manufacturing partners to understand and address key concerns. After careful assessment of their inputs, we consolidated our sustainability agenda around four focus areas.



PRODUCT RESPONSIBILITY

Green & Certified Products
Painting Services



ENVIRONMENT

Natural Resource Conservation
Energy & Emission Reduction
Waste Reduction



HEALTH & SAFETY

Safety Management System
Building Culture & Capability
Occupational Health & Wellness



COMMUNITY

Vocational Training
Education, Health & Hygiene
Water Management

MAKING PAINT SUSTAINABLE

For a product to be truly sustainable, it must be so by design. The resolve to provide truly green products is demonstrated by our use of sustainability leadership standards such as Green Seal™ and GS-U standard. In alignment to this commitment, we are concentrating on removing/minimising restricted raw materials from our products. The aim is not just to make the world more beautiful, but also safer, through a systemic approach to paints and painting services.



Green Assure - Our promise of a beautiful home that conforms to true green standards.

ENHANCING HUMAN-FRIENDLINESS

- 1 Our in-house R&D team has developed a range of ultra-low VOC colourants.
- 2 We have eliminated lead and other heavy metals in decorative paints.
- 3 We have replaced Highly Hazardous Raw Materials (HHRMs) from our system and products, and also restricted any new entry.

INITIATIVE

ELIMINATING LEAD IN PAINTS / Pb <90 PPM

Amidst the ever-changing landscape, one thing that has remained constant is our steadfast commitment to being truly green. We started this journey, about seven years ago, with 'Lead & Heavy Metal Free Guarantee'. This was much before the government's legislation in 2016 banning decorative paints containing metallic lead concentration more than 90 ppm.

We have developed an accurate and reliable test method for determining lead concentration and use it for screening all our raw materials and paint formulations. This test method is accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) ISO/ISE 17025:2005.

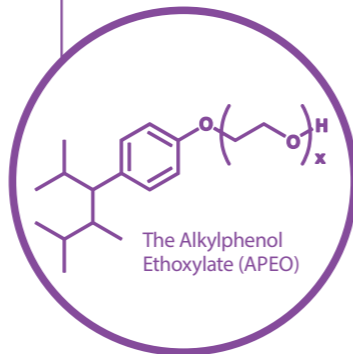
Today all our products are below the mandated lead limit.



INITIATIVE

RETHINK SURFACTANTS

APEOs cause severe damage to the aquatic ecosystem and impair human health. Therefore, we took up the challenge to substitute APEOs with APEO-free surfactant. The substitution process demanded multiple development and testing cycles which lasted over 12 months.



ADDING GREEN TO OUR PRODUCT PORTFOLIO

While all our products meet or exceed the environmental expectations mandated by the law of the land, we keep adding greener products to our portfolio to serve a two-pronged objective.

- 1 To achieve excellence in green manufacturing.
- 2 To constantly develop safe products for our consumers.

APEX ULTIMA PROTEK

A durable exterior emulsion that conforms to VOC specifications, contains no hazardous materials like heavy metals (lead, mercury, arsenic, chromium, cadmium), and toxic materials (carcinogen, mutagen, reproductive toxins, APEOs) as per the guidelines laid out by the International GS-11 (Green Seal™) standard. Based on nanotechnology, it protects exterior walls from dampness, algae, cracks, and colour fading. It comes with 10-year durability and 5-year waterproofing warranty.



ROYALE ATMOS

Specifically developed as an eco-friendly air purifying paint, Royale Atmos reduces indoor pollution levels by neutralising formaldehyde (a harmful pollutant) and making the air healthier to breathe. Paints usually have a lingering smell, but Atmos emits a soothing fragrance post-painting and comes with the promise of Green Assure.



Woodtech Genie Polish received the FICCI 2016 award for the best green product in the chemical and petrochemical sector.

TRANSFORMING PAINTING SERVICES

While paints and paint manufacturing advanced by leaps and bounds, the painting process continued to remain the same across decades. Disruption to daily life, the smell of fresh paint, weeks of cleaning after the painters left, all of this was a given for consumers. Asian Paints Ezycolour Home Solutions transformed it all by providing unmatched colour solutions and easy, stress-free painting services delivered within committed timelines. We also offer green painting services that use only water-based, quick application, fast drying, low-smell, green products. Applicators trained at the Asian Paints Colour Academy deliver a smooth and delightful painting experience to our home solution customers.

To know more about Colour Academy refer to page 26.



product responsibility

Paint manufacturing involves assembling of raw materials, mixing, dispersing, thinning, adjusting, filling and warehousing. Like all industrial processes, this entails an environmental impact. At Asian Paints, we tread responsibly and judiciously to minimise this footprint and assess ourselves against demanding global standards.



AWARDED A
COMMENDATION
FOR SIGNIFICANT
ACHIEVEMENT IN
ENVIRONMENT
MANAGEMENT AT THE
CII - ITC SUSTAINABILITY
AWARDS 2016

PATANCHERU PLANT
WAS AWARDED CII
NATIONAL AWARD FOR
EXCELLENCE IN WATER
MANAGEMENT - WITHIN
THE FENCE - 2016

118%

water replenished in FY 2016-17

15 million

units of electricity consumed in FY 2016-17
was from renewable sources

65%

reduction in specific industrial effluent
generation as compared to FY 2013-14

environment 



All six units are ISO 14001 certified and zero liquid discharge operations.

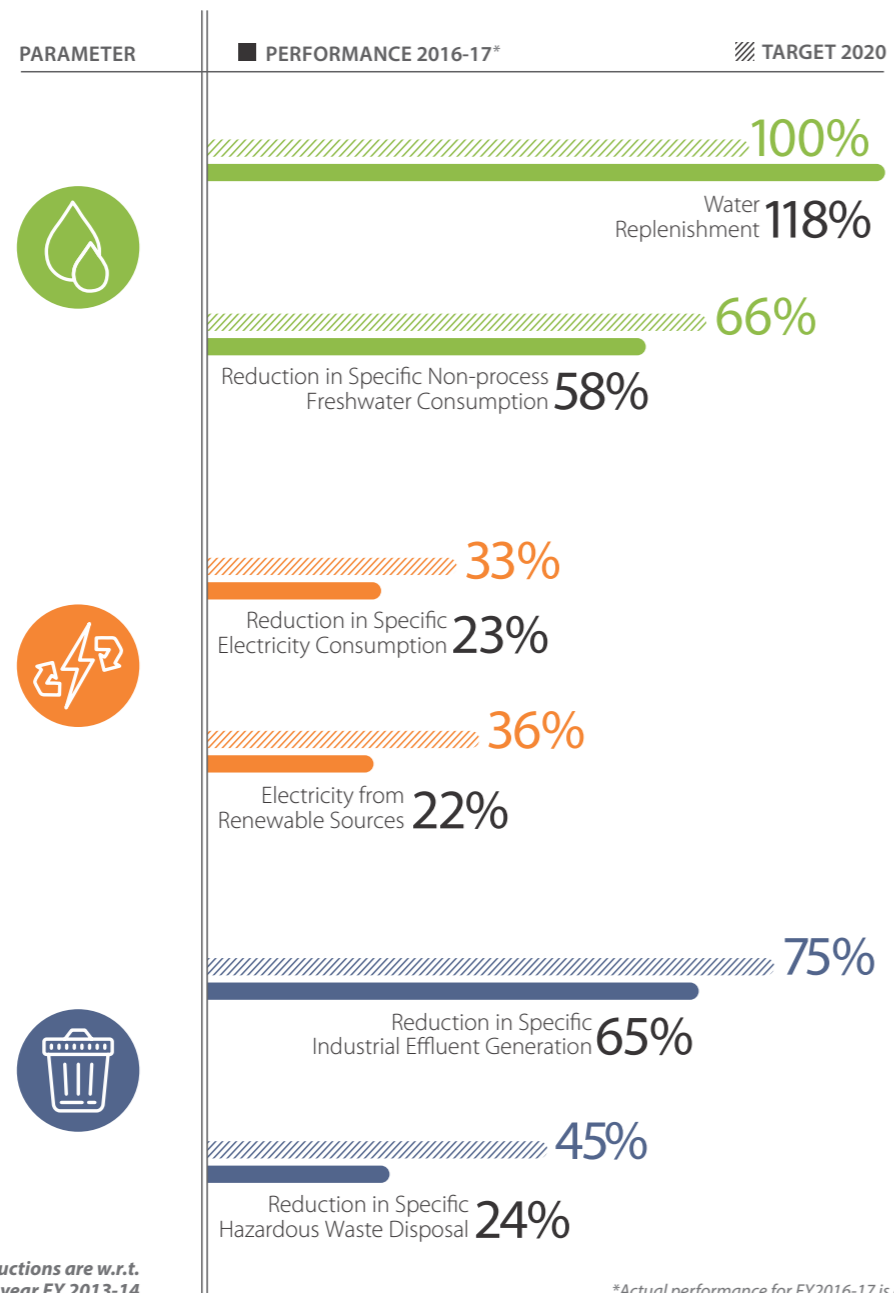
Our business is divided into two major segments. The Decorative Paints Unit which caters to the Indian market, and our International Business Unit, which focusses on high growth emerging markets.

DECORATIVE BUSINESS UNITS - INDIA PROJECT NEW

We endeavour to adopt an inclusive approach to protect and conserve environment. We have continued to make progress under each of the six key themes of Project NEW.

N Natural Resource Conservation **E** Energy & Emission Reduction **W** Waste Reduction

progress dashboard



All reductions are w.r.t. base year FY 2013-14

*Actual performance for FY2016-17 is assured by DNV-GL.



NATURAL RESOURCE CONSERVATION - WATER

WATER MANAGEMENT BEYOND PREMISES

Surface and groundwater resources are declining rapidly. As a responsible corporate citizen, we are determined to make a positive impact in communities surrounding our operations. We have undertaken programmes to contribute towards enhancing water availability for them. All our plants use water judiciously and make significant efforts to facilitate water availability in nearby communities through:

- 1 Integrated watershed development
- 2 Check dam and lake desilting
- 3 Reducing freshwater consumption within our factories

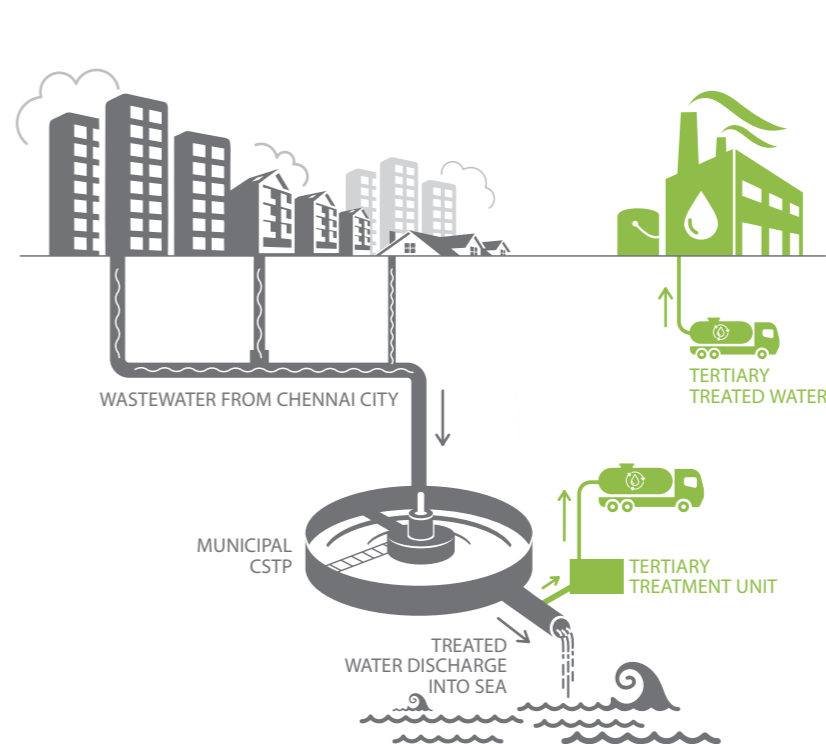


INITIATIVE

REPLACING FRESH WATER WITH SEWAGE WATER Sriperumbudur

This year, our Research and Technology Group, Ion Exchange, and the Sriperumbudur plant team initiated a pilot project for use of municipal sewage water in production.

Samples of secondary treated water were sent to MoEF and NABET accredited environmental labs for analysis on 40 critical parameters. A pilot plant for minor tertiary treatment was commissioned at Perungudi CSTP. A trial load of 20 KL was processed, and four paint batches were produced using this water.



All the batches passed our stringent quality tests with flying colours. We are now in the process of commissioning a similar mobile treatment unit. Also under evaluation is the feasibility to cascade this model across all our factories.

This innovative idea will help us reduce our fresh water footprint by 100%

WATER MANAGEMENT WITHIN PREMISES

We closely monitor the water consumed at every stage of the paint manufacturing process and have taken several conservation measures to reduce our water footprint. During the year, we introduced a range of initiatives across our units, which include:

- 1 Installation of Reverse Osmosis Multiple Effect Evaporator treatment systems
- 2 Deployment of scrapper for temperature sensor cleaning in place of jet cleaning
- 3 Planting native species of plants that help enhance groundwater recharge
- 4 Using pressurised system for cleaning and backwashing
- 5 Utilising treated water in cleaning and utility operations
- 6 Using rainwater in manufacturing processes



INITIATIVE

USING ADIABATIC COOLING TOWER TO MINIMISE WATER USE

Khandala

Typically, utility operations account for more than 35% of our non-process water consumption. The water lost due to evaporation in cooling towers is a significant contributor to this. With a view to reduce water usage, we installed Adiabatic Cooling Tower (ACT) at our Khandala site. These cooling towers provide dramatic water savings as compared to water-cooled equipment by utilising water only when ambient temperatures and system demand necessitate it. The usage of cooling pads and a well-crafted water management system help maximise adiabatic efficiency while minimising water consumption.

ACT saves approximately **90%** water in comparison to the conventional cooling tower system



ENERGY & EMISSION REDUCTION

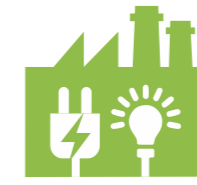
ELECTRICITY CONSUMPTION

At Asian Paints, we have a two-pronged approach to energy management. While we are taking measures to reduce energy consumption and enhance per watt productivity, we are also diversifying our energy mix to cut emissions and our dependence on fossil fuels.

OUR ENERGY CONSERVATION INITIATIVES FOCUS ON TWO STRATEGIC AREAS



PROCESS OPTIMISATION AND AUTOMATION



OPTIMISATION OF ELECTRICAL EQUIPMENT AND LIGHTING

Specific and absolute energy consumptions are tracked daily at individual factory/block level and at consolidated manufacturing level. We have implemented a comprehensive Energy Management System (EMS) software across all plants. Individual energy cells in each manufacturing plant not only ensure continued focus on energy, they also capture exhaustive energy data which can be analysed for further improvements. Apart from this, we have undergone external energy audits to strengthen processes.

Few of our energy conservation initiatives

- Pressure-based Pumping System in Utilities
- Installing LED Lamps
- Motion Sensors
- Installing VFD Chillers

INITIATIVE

ARRESTING AIR LEAKAGE

Business-wide

It was observed that 50% of compressed air was being lost to leakages leading to non-productive energy consumption and higher costs. A team was formed to conduct fortnightly air audits, convert multiple FRL to common FRL, and replace faulty diaphragms in actuator valves. As a result, air leakages reduced from 52% to 32%.

Arrested leakages of about 120 cfm, saving more than **1,329,000** units

INITIATIVE

CHANGING RAW MATERIAL ADDITION SEQUENCE

Ankleshwar | Kasna | Sriperumbudur | Khandala

Due to high viscosity of the mill base, grinding contributed to almost 60% of the power consumption in the Twin Shaft Dispenser (TSD). Shifting thickener addition from TSD to Mixer and adding it in slurry form manifested in 20% power saving in each paint batch.

Energy savings of more than **392,000** units



RENEWABLE ENERGY

To reduce our dependence on fossil fuels, we substantially augmented our investments in renewable energy projects. As part of our Renewable Energy strategy 'RE36', we are working towards sourcing 36% of the total electricity requirement at decorative paint plants through renewable sources by 2020.



Wind Energy Contribution
11.7% of total electricity consumed



Solar Energy Contribution
10.2% of total electricity consumed

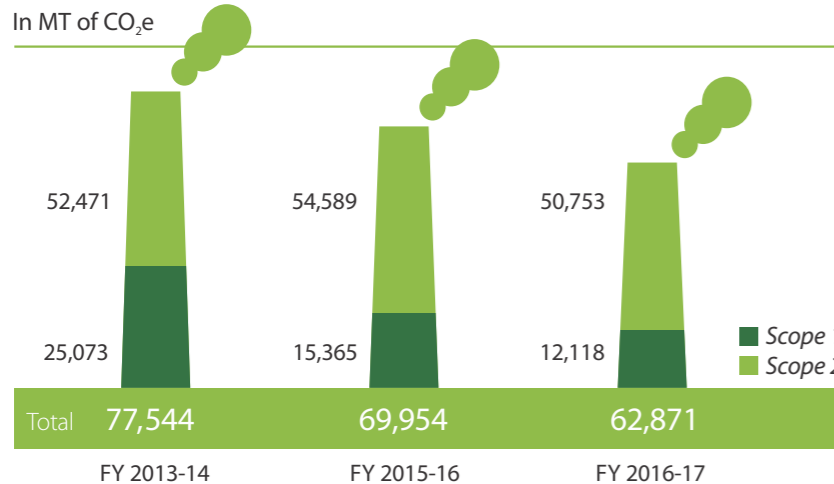
New solar and wind installations during the reporting period boosted our total installed capacity to 15.58 MW and helped us end the year at RE 22% as against the target of 18.6%.

Our Wind Projects generated over
8,000,000
units

Our Solar Projects generated over
7,000,000
units

EMISSIONS

Emissions in the paint industry stem from various sources such as the manufacturing process, filling and cleaning, mixing, storage of solvents and paint application. We consistently strive to reduce Green House Gas (GHG) emissions at every stage.



Note: Greenhouse Gases include Carbon dioxide, Methane and Nitrogen Oxide. We have used IPCC conversion factors for all calculations | Bio-genic emissions + Emissions avoided due to use of bio-gas. Emission data for FY2016-17 is assured by DNV-GL.

Since FY 2013-14, our Scope 1 emissions have reduced by 51%, while Scope 2 emissions have come down by 3%.

Since FY 2013-14, our total emissions have reduced by 19%, despite increase in production.

Avoided over
2,600 MT
GHG emission by using about 1 million m³ of biogas as alternative fuel in place of diesel in FY 2016-17



WASTE REDUCTION

WASTEWATER MANAGEMENT

Over the years, we have diligently worked towards reducing the quantum of wastewater generated and have consistently enhanced our ability to treat it in an environment friendly manner. In 2016-17, we recorded a 65% reduction in specific industrial effluent generation against the target of 50%.

INITIATIVES

REUSE OF RM PIGGING WASH WATER Rohtak | Khandala

Pigging Lines and Direct Lines are two methods used to add liquids during paint processing. Pigging lines transfer multiple materials through the same pipes and need to be cleaned with air and water between cycles. Water used to clean the pipelines gains traces of raw materials and hence, has high organic load. This water is then treated at our ETPs. Our Rohtak and Khandala plants used to generate nearly 4,200 KL per year of such wash water. We have now developed a reuse scheme for utilising this water in selected emulsion paint processing. This leads to lower consumption of fresh water and reduces effluent generation.

Few of our initiatives

- Sustained wash water reuse schemes
- Total Dissolved Solids based blowdown in Cooling Tower
- Use of Magna flushing in emulsion block & reuse of wash water in process

Reduction of effluent generation by more than
900,000 L
in FY 2016-17

HAZARDOUS WASTE MANAGEMENT

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. We keenly monitor and manage material efficiency, to reduce resource consumption and avoid waste generation.



Few of our initiatives

- Utilisation of waste paint in eco-grade paint
- Reduction in hazardous 'putta' generation by replacing it with transparent acrylic sheets
- Installation of waste solvent sludge distillation unit

DISTILLATION OF WASH WATER Khandala

Apolite Machine Colourants (AMC) are used for tinting base paints, which are transferred through pigging lines. The shade changeover process generates significant amount of wash water. In FY 2016-17, more than 500 KL of AMC wash water was generated at our Khandala unit. Treatment of such large quantity of wash water was a concern, so we evaluated a method of distilling the wash water.



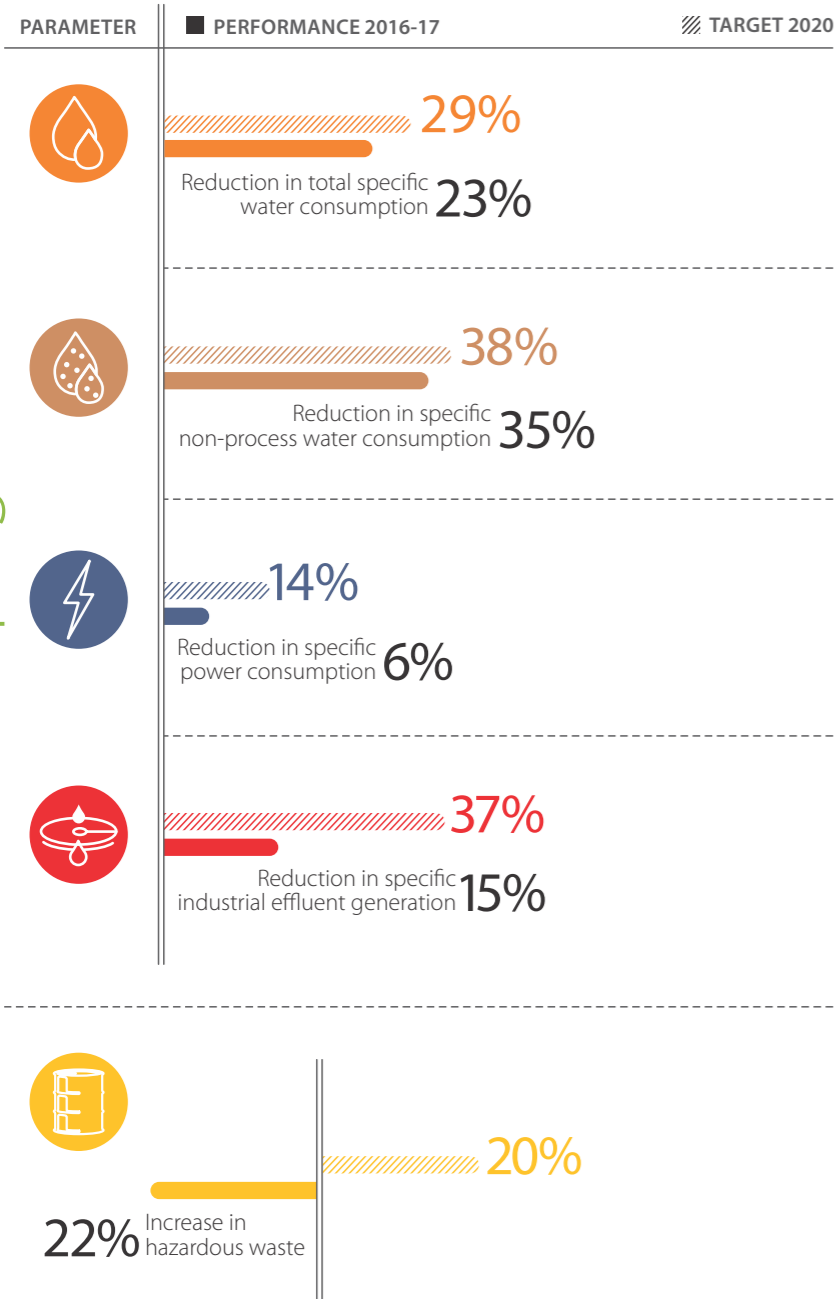
After numerous trials, the results turned out to be positive. Now the condensed water is sent to the ETP, while the residue of about 5% is disposed responsibly as hazardous waste.

Reduction of hazardous waste generation by more than
40,000 KG
in FY 2016-17

INTERNATIONAL BUSINESS UNITS

The environmental threats, concerns as well as opportunities are universal and revolve around energy, water, waste, emissions and material management. Hence, the core ethos and strategy to promote environment-friendly measures remains the same for us in India and across International Business Units. As volume of production and product range differ, the environmental targets are different for our Decorative Paint Units in India and our International Business Units.

progress dashboard



Note: This does not include Ethiopia, Indonesia and Cause way-Lanka
Base year 2013-14 except for hazardous waste where it is 2015-16

Trinidad | Sri Lanka | Egypt
Singapore | Oman | Nepal
Jamaica | Fiji | Dubai | Bahrain
Barbados | Bangladesh

Few of our initiatives

WATER & WASTEWATER MANAGEMENT

- High pressure jet pumps help optimise water usage in cleaning processing vessels
- 100% reuse of treated domestic effluent in Emirates
- Treated water used for cooling in Sri Lanka and for gardening in Oman, Nepal and Bangladesh

ENERGY MANAGEMENT

- Daylight harvesting through translucent roofing sheets in Jamaica
- Installed timers on street lights in Fiji
- Migration to new generation processing equipment in Fiji

WASTE MANAGEMENT

- Accounting standards defined for reporting hazardous waste
- Hazardous waste as fuel for cement plant has been implemented in Sri Lanka, Emirates and Bangladesh

INITIATIVES

ADDING INTELLIGENCE TO ENERGY MANAGEMENT

Oman

Greenfield projects offer us unparalleled opportunity to embed sustainability from the start. While setting up our greenfield plant at Sohar (Oman), we were looking for a comprehensive electrical system which would enable equipment level energy management and enhance the overall energy productivity.

After in-depth evaluation, five intelligent Motor Control Centres (iMCCs) capable of communicating important electrical and operational parameters for each of the connected equipment were installed. A centralised workstation has been set up to monitor the status and historical trends.

Thanks to the iMCC system, the plant is reaping the following benefits:

- Monitoring of important electrical and operational parameters for equipment
- In-built timer facility to control operation of certain equipment and save energy
- Auto generation of customised energy reports
- Enhanced motor protection
- Ease of scheduling preventive maintenance and receiving alerts
- Maintaining detailed equipment history
- Systematic analysis of breakdowns
- Reduction in physical footprint by more than 30%, compared to conventional MCC



At an aggregate, the plant reduced specific power consumption from **105 kWh/KL** in FY 2015-16 to **84 kWh/KL** in FY 2016-17.

MAKING SOLAR ENERGY CLICK IN THE CARIBBEAN ISLANDS

Barbados and Jamaica

With scarce petroleum resources, high energy prices and a looming threat of climate change, solar energy is ideal for the small island economies of the Caribbean. Unfortunately, the penetration of solar energy in the region is still limited due to various socio-economic, political and institutional issues.

Against this backdrop, we decided to take up solar energy projects at Berger Paints, Barbados and Jamaica, and started with a 20-kWp project at Barbados in FY 2014-15. The grid tied system started paying off immediately and the benefits encouraged us to commission another 20-kWp project.

Currently, about 31% of the total power requirement of our Barbados plant is met through solar energy.

Similarly in Jamaica, an 80-kWp project, covering 18% of the plant's energy requirement, was commissioned in March 2016. As of FY 2016-17, this is the biggest solar installation among our IBUs.

OUTCOME

Significant reduction in our carbon footprint -

Total solar energy produced from both units in FY 2016-17 was 139,774 kWh.



Our Barbados, Jamaica and Bangladesh units have solar power plants with total installed capacity of **126 kWp**. An additional **70 kWp** unit is being planned at Fiji.

The safety and well-being of our employees is paramount and non-negotiable. We follow industry accredited best practices on health & safety across our operations, and conduct all our processes in a responsible manner to safeguard our employees.



18,137,661
man-hours worked during FY 2016-17


10,000+

Safe Unsafe Act (SUSA) conversations across cadres in FY 2016-17

More than INR
100 million
CAPEX implemented for Health & Safety in FY 2016-17

OUR GOAL IS TO IMPROVE SAFETY CULTURE TO ACHIEVE ZERO ACCIDENTS, ZERO OCCUPATIONAL ILLNESS, & ZERO INCIDENTS OF PROPERTY DAMAGE



health & safety 

SETTING THE STANDARDS

To maintain and reinforce a robust safety culture at Asian Paints, we are setting the highest standards and communicating them across the organisation.



Ensure elimination of risk at the introductory stage itself or substitute with low-risk measures



Ensure strong operational control measures by instituting standard operating procedures to mitigate and manage OHS risks



Reduce the levels of exposure through proper engineering controls and use of ultra-modern technologies



Undertake regular assessment for potential hazards, carry out occupational risk analysis, identify practical control measures and evaluate the efficacy of implemented control measures



Institute a well-defined safety management system based on the guidelines of British Safety Council standard



Record and analyse previous incidents to identify areas of improvement and minimise future incident rate



Implement emergency management plans



Ensure horizontal deployment of identified practices at all sites



Run structured programmes around cultural intervention

OUR SAFETY REVIEW FRAMEWORK

Occupational Health and Safety is centrally governed by a Safety Council and is supplemented by plant level Apex and Department Safety Committees. Health and safety aspects are covered in all formal agreements with trade unions and contractors, and are a part of wage settlements.



COMMUNICATING WITH CLARITY

- A clear and concise communication network has been deployed for contract workmen and third parties so that they can easily understand and follow safety requirements.



SAFETY PERFORMANCE

Over the last three years, our efforts have yielded positive results with all parameters showing an encouraging decline.



PARAMETER	2014-15	2015-16	2016-17
Total Reportable Incident Severity Rate	447.54 ⁽⁸⁾	401.47 ⁽⁸⁾	32.42
Total Reportable Incident Frequency Rate	0.66	0.52	0.39
Lost Days	7,407*	6,888 [#]	588 ⁽⁵⁾
Reportable Incidents	11	9	7
Number of work-related fatalities	1	1	0
Total man-hours worked	16,550,664	17,156,896	18,137,661

Note: The above table includes data for our Ankleshwar, Kasna, Patancheru, Sriperumbudur, Rohtak, Khandala, Penta, Phthalic, Sarigam, Talaja & Turbhe units in India.

* Includes 6,000 man-days lost per fatality for CY2014 & CY2015

(8) Total Reportable Incident Severity Rate in CY2014 & CY2015 was high due to 6,000 man-days lost in each year due to fatality

Includes 365 man-days lost on account of one injury that occurred in 2014

(5) Includes 366 man-days lost on account of one injury that occurred in 2014

Total Reportable Incident Severity Rate in CY2014 & CY2015 was high due to 6,000 man-days lost in each year due to fatality.

SAFETY CULTURE

Establishing policies, plans and procedures aimed at reducing accident rates are important, but a strong safety culture emerges only when employees share the organisation's vision. At Asian Paints, we are building a culture where employees exhibit and practice safe behaviour.



To strengthen our safety culture, we introduced several interventions in FY 2016-17

Continued screening of highly hazardous materials at the introductory stage

Conducted capability building workshop for plant safety managers and executives

Developed a unique safety park at Khandala for safety induction of contract employees

Completed a pre-certification audit based on British Safety Council 2016 standard in January 2017 at the Khandala site

Conducted electrical safety audit and arch flash assessment with reference to NFPA 70E at all sites by an external expert

Released dust explosion standard for handling dust explosive prone powders

Developed visual Lock Out Tag Out (LOTO) procedures for Khandala and Rohtak site

INITIATIVES

OHCS STRENGTHENING OUR FIRST LINE OF DEFENCE

Patancheru | Kasna | Rohtak | Khandala

After the successful upgradation of the Patancheru Occupational Health Centre (OHC) in FY 2015-16, this year we revamped the OHCs at Kasna, Khandala and Rohtak. Over and above the ultra-modern equipment, a full-time FMO and round-the-clock paramedic staff have been stationed at every OHC. New ambulances with cardiac support were procured for Rohtak, Kasna and Patancheru.



HEAVY EQUIPMENT MAINTENANCE PHILOSOPHY

Rohtak

A heavy equipment maintenance programme was introduced at Asian Paints to ensure safe working practices, eliminate injuries, maintain equipment efficiency, enhance productivity and meet environmental compliance.

Under this programme, we identified critical maintenance activities involving heavy objects and carried out risk assessment to keep our personnel injury-free. The programme also oversees the procurement of equipment for handling heavy objects, and releases standards for safe maintenance philosophy.



TAKING SAFETY BEYOND OUR FACTORY GATES

Transporting our products from our manufacturing facility to a distribution centre and to the end user safely, securely and efficiently, is vital for our business. To beef up transport safety, we undertook the following measures:



- | | |
|--|-----------------------------------|
| 1 Case-to-case monitoring | 2 Introduction of penalty clauses |
| 3 Enhanced engagement with purchase team | 4 Emergency management |

Our vision for transportation safety includes zero leakage, zero overloading and capability to address in-transit emergencies.

MINIMISING MAN-MACHINE INTERFACE

All Plants

Man-machine interface in the industrial settings is inevitable and often the cause or source of accidents. With the objective of eliminating such incidents, we trained our people, sensitised them on engineering controls, and streamlined the movement of vehicles inside the factory.

KAVASAM STRENGTHENING OUR SAFETY CULTURE

Sriperumbudur

Kavasam, a safety culture transformation programme was launched during the reporting period to embed safety deeper in the organisation's culture. Under this programme, we encouraged workers' involvement in safety initiatives, monitored safety performance, addressed shortcomings, institutionalised safe work procedures, established rules that promote safe behaviour and imparted employee training.



CASE STUDY

Making safety everyone's responsibility

ANKLESHWAR

For safety to become second nature, it must become part of everyday behaviour. The main goal of Behaviour-based Safety (BBS) is to focus people's attention and action on daily safety behaviour and target changes in employee behaviour as a means of preventing injuries. A BBS pilot project was initiated at the Ankleshwar plant in May 2014.

BBS proposes that safety culture metamorphoses through 5 stages - from 'pathological', through 'reactive', 'calculative', 'proactive' and finally the 'generative' stage. At the time of introduction, the plant was at the calculative stage of safety.



BBS has yielded encouraging results at the Ankleshwar plant:

Proactive Reporting of Incidents:

Number of incidents reported per employee per month has gone up from 0.04 to 1.61. More importantly, more than 95% of the reported incidents were addressed and closed during the reporting period.

Increase in positive reinforcement of safety:

The ratio of safe act to unsafe act has gone up positively. This means that our workforce is increasingly performing more safe acts than unsafe ones.

Unsafe Condition vs. Unsafe Act:

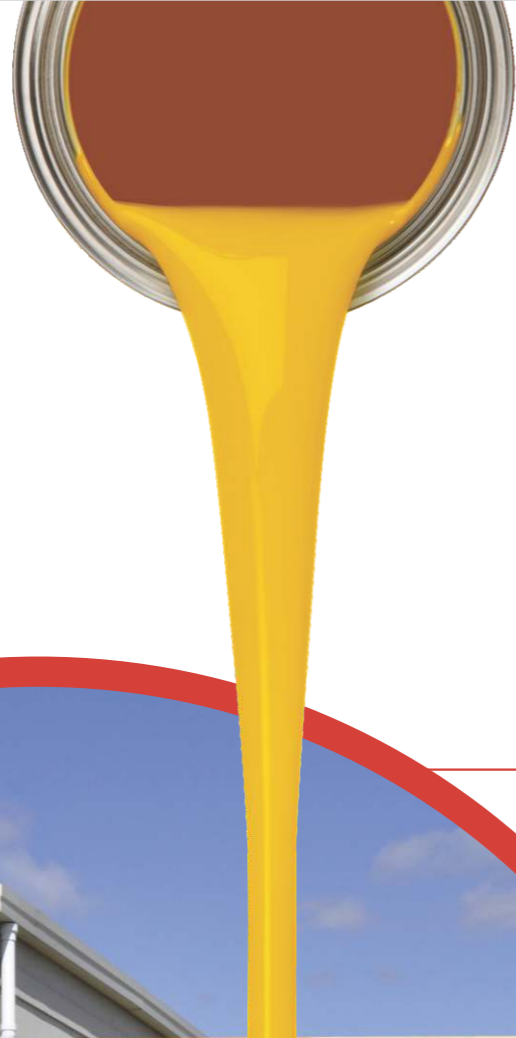
An Unsafe Act is performance of a task in a manner that may threaten the health and/or safety of the worker. Whereas, an Unsafe Condition is a condition in the workplace that is likely to cause personnel injury or property damage. There has been a positive change in both - unsafe conditions being minimised and unsafe acts being identified.



10,000+
Safe Unsafe Act (SUSA) conversations across cadres in FY 2016-17

Safety assessment of the plant done during FY 2016-17 concluded that Ankleshwar plant had moved up two levels to the generative stage, where it is seeking further improvement in safety even in the absence of incidents. Encouraged by this success, BBS was introduced in the Patancheru plant this year.

Asian Paints has always encouraged multi-stakeholder participation, nurtured grassroots development and enabled micro-entrepreneurship. We have always partnered with our stakeholders and believed in sharing the fruits of socio-economic progress. This business philosophy stems from our belief that we are part of the community, and we owe them for what we are.



OUR CSR STRATEGY RESTS ON TWO PILLARS - LEVERAGE ORGANISATIONAL STRENGTHS TO MAXIMISE VALUE AND GENEROUSLY SHARE THE VALUE WITH LOCAL COMMUNITIES AROUND OUR FACILITIES.

INR **47.84** crore
invested in CSR in FY 2016-17

50,000+
patients treated by our Mobile Medical Unit

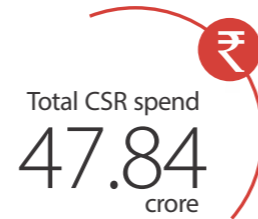


30,000
individuals certified through
11 NSDC certified courses
since 2014


community

CSR INVESTMENT

Community need is the foundation for all our programmes. Our Corporate Social Responsibility Committee provides strategic direction and ensures professional rigour. The four core developmental areas that we address are - education, vocational training, healthcare & hygiene and water.



EDUCATION

Continuing with our commitment to provide access to quality education, especially to the marginalised communities around our plants, we sustained ongoing projects and initiated new ones.

ONGOING PROJECTS

- 1 MagicBus Sports for Development Programme**
Promotes holistic development of children.
- 2 Read India Programme**
Being implemented in partnership with NGO Pratham, it helps improve numeracy and reading abilities for students from class 3 to 5 in schools near Khandala and Patancheru.
- 3 Association with Gattu School, Ankleshwar**
Revamped classrooms and provided digital teaching enablers.

NEW PROJECTS

- 1 Project Rainbow**
Imparts digital literacy to rural students through a solar powered computer lab.
- 2 UDAAN**
Provides scholarships to economically marginalised and meritorious girl students.
- 3 Project STEADY**
Career counselling, parent counselling and self-defence classes for the girl child.



INITIATIVE

HOLE IN THE WALL Ankleshwar

'Hole in the Wall' is a globally acclaimed, minimally invasive education methodology, in which children play with a computer in an unsupervised environment and learn through self-discovery. We undertook this project, in partnership with NIIT Foundation, to reduce the digital divide between the children in villages around Ankleshwar and those in the bigger towns. Along with computer literacy, the programme also included a module to enhance the quality of education imparted to these children. The content of the module is structured in line with the NCERT textbooks, and is taught through animations, games and general learning sessions.

Assessment carried out by the NIIT Foundation reported substantial improvement in:

Understanding computer basics. Students could use the internet for assignments and give presentations.

The performance of students in mainstream subjects such as English, Mathematics and Science.

VOCATIONAL TRAINING

For India to encash its demographic dividend, there is an urgent need to impart vocational training to the youth and make them employable, productive and relevant in today's economy. Only then will we be able to create an inclusive society.



INITIATIVE

ASIAN PAINTS COLOUR ACADEMY

In 2008, we started our first Asian Paints Colour Academy (APCA) in Chennai to transform unskilled labour into skilled professionals. The training helps painters and contractors become more productive and empowers them to earn more.

At present, there are ten APCAs situated in metros like Mumbai, Kolkata, Hyderabad, etc. Each of them is equipped with modern training facilities such as AV classrooms, professional painting workshops and painting booths. In addition, there are six mobile Colour Academies operating in areas such as Kerala, Punjab, Chandigarh, Maharashtra, Uttar Pradesh and upcoming places like North-East, Bihar and Jharkhand.

APCA is a National Skill Development Corporation approved training partner and has been supporting the government's Skill India Mission. Skilling painters and contractors has brought them respect and recognition. We have also enrolled and trained women painters supporting their economic empowerment.

In FY 2016-17
340
women across
the country were
trained & certified

In FY 2016-17
20,800
individuals were
certified in
11 NSDC courses

HEALTHCARE & HYGIENE

Ill-health hits the marginalised community the hardest. Healthcare expenses burden their pockets, whereas illness robs them of their livelihood. Poor sanitation and unsafe drinking water are among the key causes of many preventable diseases. By promoting access to healthcare, better sanitation facilities and safe drinking water, we hope to make a positive impact.

INITIATIVE

MOBILE MEDICAL UNITS Company-wide

Our Mobile Medical Units provide quality medical care to the underprivileged and elderly in their own vicinity. Apart from regular medical services, special camps like diabetes screening and dengue awareness are also conducted.

Current year beneficiary dashboard:

Eight health camps conducted as part of flood relief in Chennai providing treatment to 1,759 flood-affected individuals.

Restored eyesight of 22 beneficiaries through free cataract and intraocular lens surgeries.

Spectacles distributed to 134 beneficiaries.

Disability aids distributed to more than 100 elderly people.



Extended treatment to more than
50,000
elderly beneficiaries with various ailments

INITIATIVE

ACTING AGAINST CATARACT Sriperumbudur

Senior citizens constitute approximately 10.5% of the total population in our country. In rural areas, incidence of unoperated cataract is very high due to unavailability of treatment and/or lack of financial means. This year, our Sriperumbudur unit, with the aid of HelpAge India and Sankara Eye Care Hospital, undertook the 'Cure Blindness' programme to help restore sight among those suffering from cataract.

11 free eye screening camps were held at different locations in Tamil Nadu

981 individuals were screened, which included 372 men and 609 women

Cataract was detected in 138, out of which 100 underwent surgery post counselling

Cataract surgery successfully performed on
44 men & **56** women

SECURING AVAILABILITY OF WATER

Water stress is a harsh reality in India and it is the collective responsibility of all stakeholders to help conserve this precious resource. We are spearheading conservation projects like rainwater harvesting and integrated water resources management.

INITIATIVES

HARVESTING WATER HELPS HARVEST MORE CROP Ankleshwar

Under Project NEW, our Ankleshwar plant implements multiple water-centric projects. Key among them is the construction of check dams. In the reporting period, four new check dams and two new check walls were constructed, while an existing check dam was repaired. During the first spell of monsoon in July 2016, all these structures were aflush with water. A total water harvesting potential of 72,000 KL has been created which will help farmers harvest an additional crop during the non-monsoon seasons.

SWIPING FOR CLEAN WATER Sriperumbudur

Due to high salinity in groundwater, the villages of Thiruvallur district surrounding our Sriperumbudur plant were facing scarcity of potable water. In July 2016, we decided to address the issue by joining hands with 'Sevalaya', and installed a 'Water ATM' at Adigathur village in Thiruvallur district. The 'ATM' is a solar-powered, cloud-connected, water dispensing unit, which provides round-the-clock access to safe drinking water. It draws water from a borewell, which gets stored in an overhead tank and is then purified through a reverse osmosis plant.

A nominal rate of INR 2 is charged for 20 litres of drinking water which in turn makes the initiative self-sufficient. Cloud connectivity enables remote tracking of water quality.

For more information about our CSR activities, areas of operation and implementation partners, refer to Annexure [F] to Board's Report on page 61 in Asian Paints' Annual Report 2016-17.



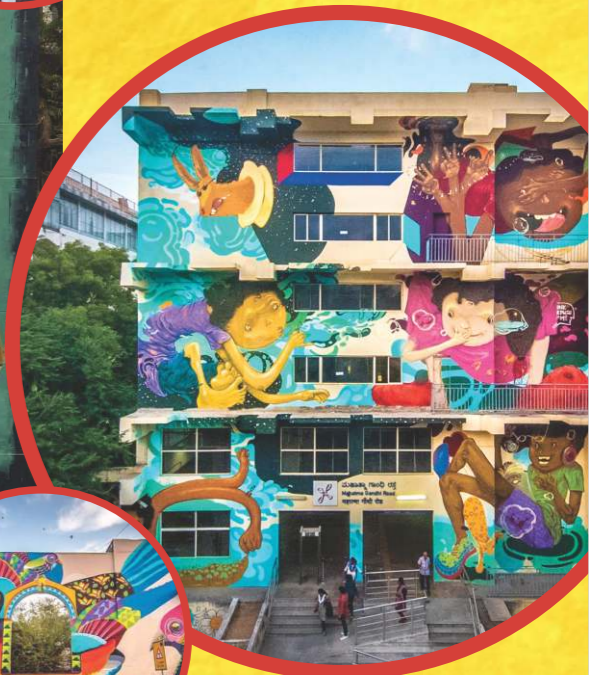
The Water ATM currently supplies water to over
500 families at the swipe of a smart card

TRANSFORMING THE URBAN LANDSCAPES

Asian Paints aims to create awareness and encourage appreciation towards the country's diverse art forms by spreading art across public spaces in India. We also work towards leveraging art to make public spaces more interactive, and reinvigorate neglected parts of the city. It was thus natural for us to whole-heartedly support St+art foundation whose mission is to make art more accessible to the public and in the process bring about a colourful renewal of urban spaces.

During our association with St+art we have worked with local and international artists on various street art projects across Mumbai, Delhi and Bengaluru to enhance the aesthetic appeal of the city and create uniqueness in our communities.

Colour is an integral part in the transformation of any space and is at the heart of everything we do at Asian Paints



Some of the key events organised under St+Art Festival include:

INTERNATIONAL STREET ART FESTIVAL Hyderabad | Bengaluru

India's International Street Art Festival was organised for the first time in Hyderabad, where several sites across the iconic Necklace Road and MS Makhta came alive through murals, installations, talks, screenings and workshops. In Bengaluru, the festival brought together 16 national & international artists to create socially relevant public art projects.



MAKEOVER OF ARJAN GARH METRO STATION Delhi

The Art Stations project was launched by St+Art India Foundation and Asian Paints with the objective of transforming transit spaces into walk-in galleries for the public, give commuters a visual treat and become a catalyst for conversations, ideas and cultural exchanges. The station now showcases Indian artist Nilesh's and Mexican artist Senkoe's interpretation of the vibrant Indian flora and fauna.

Under this project, the Arjan Garh metro station will be transformed into a work of art by two well-renowned Singaporean artists Sam Lo and Soph O

INDEPENDENT VERIFICATION STATEMENT

Introduction

DNV GL Business Assurance India Private Limited ('DNV GL') has been commissioned by the management of Asian Paints Limited ('APL' or 'the Company') to carry out a reasonable level of verification of its reported nine (9) performance data points (except the performance data of water replenishment where it was a 'Limited Assurance') covering the period 1st April 2016 to 31st March 2017.

We performed our work using DNV GL's assurance methodology VeriSustainTM1 which is based on our professional experience and international assurance standards, including the International Standard on Assurance Engagements 3000 (Revised)*. The management of the Company is responsible for the collection, analysis, aggregation and presentation of information in reference to the nine (9) performance data points presented to the DNVGL team. Our responsibility regarding this verification is to the Company only and in accordance with the agreed scope of work. The verification exercise is based on the assumption that the data and information provided to us is complete, sufficient and true. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement.

The verification exercise was carried out during May 2017 to August 2017.

Scope, Boundary and Limitation of Verification

The scope of work agreed upon with the Company included:

- Verification of 'Reasonable level of Verification' for the eight (8) data points – Non-process Fresh Water, Hazardous Waste, Electricity, Renewable Energy, Trade Effluent, CO₂- Green House Gas (GHG) emission data, Frequency Rate, Severity Rate & 'Limited level of Verification' for one (1) data point – Water replenishment.
- The verification considers an uncertainty of ±5% for limited level and ±2.5 % for reasonable level of verification towards errors in estimation and measurement, and omissions.
- The boundary for the above verification was the six (6) decorative paint plants located in India i.e. we carried out review of data aggregation on the above indicators through desk review and onsite audits, covering the Company's Corporate office at Mumbai and following decorative plants at: **Ankleshwar, Gujarat | Kasna, Uttar Pradesh | Khandala, Maharashtra | Patencheru, Telangana | Rohtak, Haryana | Sriperumbalur, Tamil Nadu**

No external stakeholders were interviewed as part of this verification engagement.

Verification Methodology

DNV GL adopted a risk based approach and conducted the onsite and off-site verifications of the data presented to us by the Company. As a part of verification, we:

- reviewed by means of sample-based checks, the methodology, measurement techniques, estimation methods, assumptions and uncertainties involved in the process of data measurements as adopted by the Company;
- interactions with the relevant data owners at the decorative plants and Corporate to understand the current processes in place for capturing the selected performance data;
- review of the relevant documents and systems for gathering, analysing and aggregating the nine (9) selected performance data;
- Visit to six (6) rainwater harvesting structures on a sample basis for on-site condition assessment.

As part of the verification process we obtained;

- an understanding of the systems used to generate, aggregate and reported data at the site level and corporate level;
- an understanding of the data management system and tested the completeness and accuracy of the reported data.

The verification team carried out audit along with APL representatives from the selected locations to physically verify the data points as per Scope of verification above.

Conclusions

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention that would cause us not to believe that the performance data as below is not materially correct and is not a fair representation of APL's performance data for 2016-17 as below:

1 The VeriSustain protocol is available on dnvgl.com. | * Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Reasonable Level of Verification for Six Decorative Business Units**

Specific Non-Process Fresh Water	KL/KL	0.40
Specific Hazardous waste disposal	Kg/KL	2.04
Specific Electricity Consumption	KWH/KL	89.3
Renewable Energy	% of Total Electricity	21.9
Specific Trade Effluent Generation	Lts./KL	28.4
CO ₂ Green House Gas (GHG) Emission data	MT CO ₂ e	
Scope 1		12,117.8
Scope 2		50,753.3
Frequency rate (FB)	(#)	0.26
Severity rate (SB)	(#)	30.73

Limited Level of Verification for Six Decorative Business Units**

Water Replenishment	%	118
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*Emission factors used for estimation of emissions from consumption of Diesel, Petrol and grid electricity are 2.644 T CO₂e/KL, 2.302 T CO₂e/KL and 0.96 kg CO₂e/KWh. # Based on IS 3786- 1983 (Reaffirmed 2002) | **Please refer our management report for detailed calculations

We have evaluated the process of data aggregation data points towards adherence to the following principles and the conclusions are derived from the observations of opportunities for improvement reported back to the Company. Data aggregation and transcription errors which were identified during the process of verification have been communicated to the Company and subsequently corrected for the decorative plants visited by DNV GL.

Completeness

Nothing has come to our attention that would cause us not to believe that APL has not applied this principle for the compilation of performance data presented above and does not exclude performance from processes within the selected six sites; and that the presentation of information is not reasonable and appropriate for the reporting period.

Accuracy and Reliability

Nothing has come to our attention that would cause us not to believe that the APL has not applied these principles for the system of data management including recording, collection and aggregation exceeds threshold limit defined by APL i.e. uncertainty does not exceed of ±5% for water replenishment and ±2.5 % for other parameters reported above i.e. there were no major gaps in data management system.

Our Competence and Independence

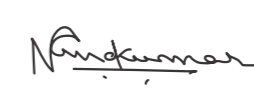
DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. We did not provide any services to Asian Paints Limited during reporting period that could be construed as conflict with the independence of our work. Our verification team were not involved in the preparation of any statements or data pertaining to Asian Paints Limited Sustainability Report 2016-17, except this Verification Statement and the Management Report submitted to the management of the Company. We maintain complete impartiality towards any people interviewed as part of verification.

For DNV GL Business Assurance India (P) Ltd.

Bengaluru, India, 28th August 2017.



Ramesh Rajamani
Lead Verifier
Project Manager - Sustainability Services
DNV GL Business Assurance India (P) Ltd., India.



Vadakepath Nandkumar
Reviewer
Regional Sustainability Manager -
Region India Subcontinent and Middle East
DNV GL - Sustainability
DNV GL Business Assurance India (P) Ltd., India.

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