



All values in the report are as of 31 March 2016.
Please e-mail your suggestions, views and opinions to
sustainability@asianpaints.com

Asian Paints Limited
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Sustainability Report
2015-16



Taking Stock

Sustainability is ingrained in the way we do business and this is our second sustainability report. We have created a well-defined and robust sustainability roadmap and are assessing our performance. Positive performance motivates and encourages us to continue the good work, while the improvement opportunities help us to further strengthen our systems and processes. We are taking stock of where we are and what we have achieved, to assess the gaps and how we can bridge the same. This report presents an account of our sustainability performance for the year 2015-16, in line with the 'in accordance' core requirements of GRI G4 guidelines on sustainability reporting.

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Message from our CEO



Dear Stakeholders,

It gives me immense pleasure to present our sustainability report for FY 2015-16.

We are committed to sustainable development and inclusive growth. This was the second year of our sustainability roadmap on natural resource conservation, energy and emissions reduction and waste reduction. Our dedicated efforts across these years led to a considerable progress in most of the roadmap areas. This motivated us to revisit and adopt more ambitious goals. Despite this significant progress, we believe that sustainability as a concept is still evolving at Asian Paints. Accordingly, our focus presently is on taking stock of where we are, to evolve where we want to be in the long term.

Environment, health and safety (EHS) continue to be among our primary focus areas. Compliance to statutory requirements is our minimum performance standard and we are committed to go beyond, wherever appropriate. RE36 is the flagship initiative that demonstrates our commitment to sourcing clean energy. During the year, we made substantial investments on sourcing and installation of renewable energy and plan to achieve the target of RE36 by 2020. We recognise the importance of water as a precious natural resource and are adopting conservation measures within our plants and also in the society. Through various initiatives like rain water harvesting, de-silting of water bodies and integrated watershed development projects in local villages around our manufacturing plants, we are aiming to secure water availability for ourselves and the society alike. Our focus has always been to reduce waste to conserve natural resources and minimise our environmental burden. Our waste management initiatives cover widespread activities such as reducing leakages and utilising waste back in to the process to innovative measures such as non-sticky coating for process equipment and formula optimisation.

We recognise that ensuring the safety and good health of our workforce, assets and communities are our primary responsibilities. We had one fatality during the year and have adopted strict and rigorous measures to eliminate such occurrences. As a learning, we have initiated targeted programmes on workplace health and safety such as reducing man-machine interface and further strengthening our monitoring and review procedures.

Product stewardship has always been one of the research and innovation pillars at Asian Paints. We endeavour to learn from customer experiences while

designing new products / services and improvising the existing ones. We have launched several eco-friendly products and services with a focus to create a better living environment for everyone.

We continue to invest in social impact interventions and are exploring new ways of engaging with communities. A focused corporate social responsibility (CSR) strategy has helped us to make a difference to the lives of people across 100 villages in the Indian states of Uttar Pradesh, Haryana, Gujarat, Telangana, Maharashtra and Tamil Nadu. Asian Paints Colour Academy spearheads our initiatives on imparting vocational training to men and women alike.

We believe that transparent disclosure of our sustainability performance helps us to learn and build on our existing systems and processes. Through this report, we discuss our overall strategy, policies and performance on specific sustainability goals and metrics. I am confident that the outcome of our internal assessment will help us to further accelerate and deepen our sustainability efforts.

Do share your feedback at: sustainability@asianpaints.com

**“Our constant
endeavour is to
manage and reduce
our environmental
and social footprint,
even as we expand
our operations”**

K.B.S Anand

Managing Director & CEO

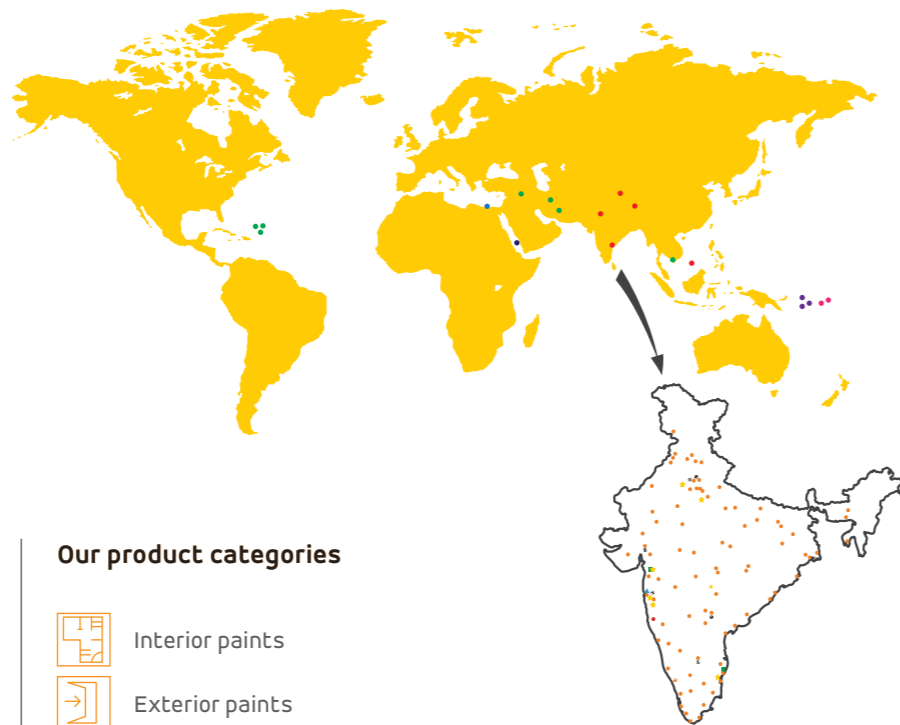
Asian Paints Limited



What we are today

Our business

We are India's leading and one of Asia's largest paint companies, with a group turnover of ₹15,534.14 crores. We operate across 19 countries and have 26 paint manufacturing facilities across the world, servicing consumers in over 65 countries. We also have a dedicated Group R&D Centre in India. Our major global subsidiaries include Berger International Limited, Apco Coatings, SCIB Paints, Taubmans and Kadisco. We also operate through 'PPG Asian Paints Pvt. Ltd.' - a 50:50 joint venture (JV) between Asian Paints and PPG Inc, US (one of the largest coatings manufacturers in the world) to service the increasing requirements of the Indian automotive coatings market. The second 50:50 JV with PPG named 'Asian Paints PPG Pvt. Ltd.' caters to the protective, industrial powder, industrial containers and light industrial coatings markets in India.



Our product categories

- Interior paints
- Exterior paints
- Nilaya
- Wood finishes
- Metal finishes
- Waterproofing solutions
- Professional range
- Adhesives
- Painting tools and implements

Our services

- Colour consultancy@home
- Home painting services
- Large projects
- Experience retail stores
- Colour consultancy online

₹ 14,404.68 crores
Economic value generated

₹ 13,606.43 crores
Economic value distributed

₹ 798.25 crores
Economic value retained

Economic Performance

We are setting up two paint manufacturing plants in a phased manner at **Visakhapatnam** in Andhra Pradesh and **Mysuru** in Karnataka with annual maximum capacities of **5,00,000 KL** and **6,00,000 KL** respectively



We have introduced the **Asian Paints Loctite** range of adhesives in the **general purpose, stone, glass, wood and rubber** categories during the year

We strongly believe that focus on research & development is key to driving sustainable growth and towards this, continue to invest in creating additional lab infrastructure, advanced analytical instruments and recruiting high calibre scientists in order to boost in-house research and build new capability platforms. As a part of vertical integration, we had diversified in to manufacturing of chemical products such as Phthalic Anhydride and Pentaerythritol, as well.

We are present in the waterproofing segment and offer various solutions through the 'SmartCare' range of products. We have introduced the Loctite range of adhesives in western markets of India through an exclusive distribution agreement with Henkel Adhesives Technologies, Germany.

Our supply chain plays a pivotal role right from sourcing of raw and packing materials to manufacturing and delivery of the end products. Extensive variety of input materials and finished goods, wide distribution network and large supplier base adds complexity to the entire value chain. Supply chain management at Asian Paints comprises different departments such as Purchase, Planning, and Distribution at the centre and Production, Administration, Engineering, Quality Assurance and EHS at manufacturing facilities. Further, there are dedicated departments for bringing in process expertise, new products and packing material development and identifying opportunities to create value through collaboration.

Home Improvement and Decor

We forayed into the home improvement and décor business in FY 13-14 by acquiring a 51% stake in the Sleek Group, a kitchen solutions provider. Sleek is a major player in the organised modern kitchen space and is engaged in the business of manufacturing, selling and distribution of modular kitchens as well as kitchen components including wire baskets, cabinets, appliances and accessories.



In June 2014, we acquired the front end sales business of Ess Ess Bathroom Products Pvt. Ltd., a prominent player in the bath segment in India, offering a range of high quality products. Both, the kitchen and the bath business have been co-branded with Asian Paints.

Recently, we launched the 'Smart Kitchen' range of products for easy installation and design under the Sleek brand. In the bath space, we have introduced 'Royale' - a premium range of bath fittings as well as 'Bathsense' - sanitary ware range of products to cater to the evolving tastes of the consumers.

AP Homes - a **new multi-category decor store**, in Coimbatore (Tamil Nadu, India), provides integrated decor consultancy services across areas such as paints, bath fittings, kitchen, sanitary ware, wall papers, furniture, tiles, light fittings and accessories

Corporate governance

06  **01**
Non-Executive/
Independent Directors

05  **01**
Non-Executive/
Promoter Directors

01 
Executive Director
(MD & CEO)

Board composition

We build trust with our stakeholders by committing to adhere to compliance, disclosure, responsible and ethical business conduct. Our sustainability approach is based on the principles of transparency and accountability. Across the organisation, we strive to ensure highest levels of adherence to these principles. Our governance structure has facilitated a high level of integration and cohesion across the systems and processes, enhancing our ability to seize opportunities and respond to emerging challenges.

Board of Directors

The Board of Directors provide direction, supervision, counselling and guidance towards defining a long-term strategy to establish Asian Paints as a brand that values being trusted, fair and caring. Our management team comprises effective leaders with proven capabilities, expertise and experience, and is aligned to ensure strong operational performance, innovation and responsible governance.

Management structure

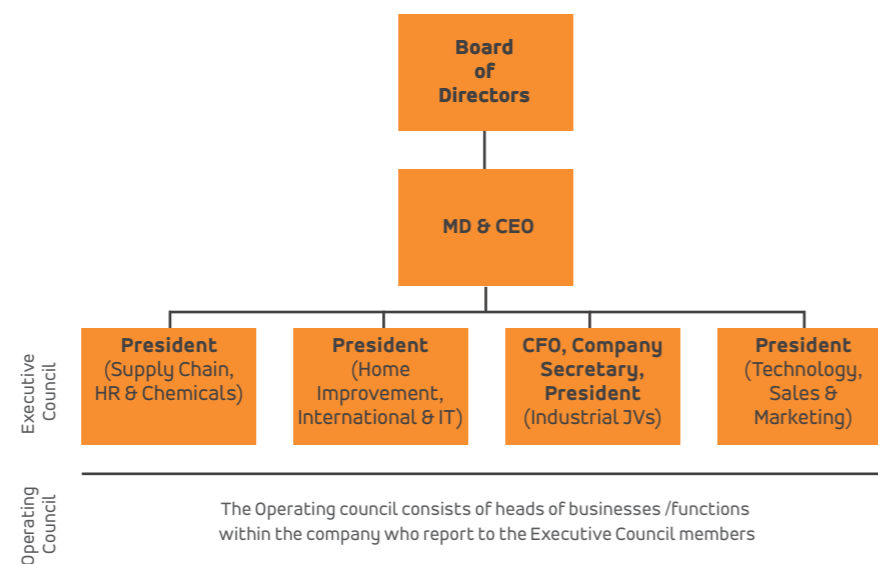
The management structure of Asian Paints is divided into an Executive Council (EC) and Operating Council (OC). This has brought perspective, agility and responsiveness within the organisation and built existing capabilities to enhance value creation.

The Executive Council: The EC members drive strategic initiatives and review the Company's overall performance, including risk management and compliance.

The Operating Council: The OC consists of heads of businesses or functions who report to the EC members. The OC members meet at regular intervals to discuss and deliberate on the daily operating environment. They review improvement initiatives in various areas such as quality, cost efficiency, building capabilities, improving responsiveness and responsibility towards customers and stakeholders.



Committees of the Board



For additional information on Corporate Governance at Asian Paints, please refer to our 2015-16 annual report at <https://www.asianpaints.com/more/investors/financial-results.html>

Stakeholder engagement and materiality

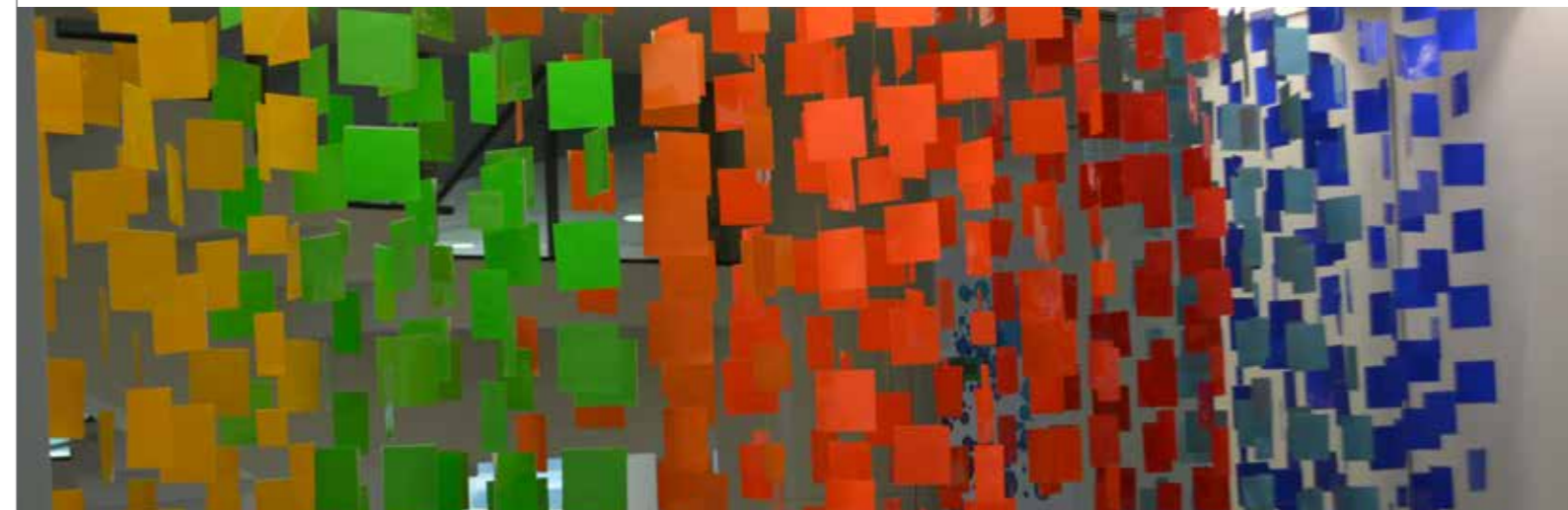


Our stakeholders

We have established processes of engaging with our stakeholders to understand and address their key concerns. Our success is directly dependent on their satisfaction levels and we strive to meet their reasonable demands. Depending on the purpose of the engagement, we adopt appropriate practices to interact with them. Post engagement, we endeavor to close the loop as it is the key to maintain symbiotic relationships with our stakeholders.

Over the past two years, we have had sustainability specific engagements across our operations inviting participation from key representatives of different business verticals, plant heads, employees, staff, workmen from plant sites and a mix of external stakeholders that included suppliers, community representatives and non-governmental organisations. In all we have individually interacted with more than 500 stakeholders or their representatives. During the engagement, we asked them to identify and highlight our strengths as well as the scope for improvement. During our elaborate and extensive sessions with the senior leadership on finalising the priority material issues, we considered the concerns raised by external stakeholders to further consolidate our sustainability agenda.

Significant focus areas



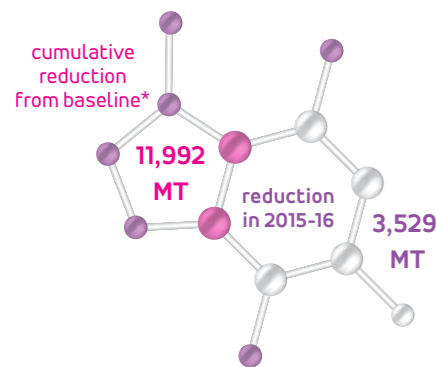


Promoting
sustainable living

Promoting sustainable living

We are pioneers of world class technologies and products that are truly eco-friendly and recognised on a global scale. Product stewardship has always been the priority of our company while ensuring customer satisfaction and delight. We have a team of over 200 scientists, who focus on creating products that meet the global standards and are a mark of innovation.

Assessment of product sustainability is an integral part of our design and development methodology as we believe it is our core responsibility to safeguard the interest of all our stakeholders. We focus on developing premium quality products with high performance efficiency - products that are safe, durable and with minimal health and environmental impacts.



Product VOC# emission

In 2010-11, we created "GREEN ASSURE" - a stringent internal green standard with an eco-label for our leading products. We have aligned "Green Assure" with GS-11 standard of Green Seal USA, consistent with ISO 14024. We believe that this is one of the most stringent and globally recognised standards for green products among all other prevalent eco-labels for the paint and coatings industry. Green Assure not only limits VOCs and heavy metals but also restricts the presence of all other hazardous materials such as carcinogenic, mutagenic, reprotoxic (CMR) substances, hazardous air pollutants (HAPs) and alkyl phenol ethoxylates (APEOs).

The stamp of "GREEN ASSURE" is our promise to customers that the product is truly eco-friendly



We critically review and monitor a selected range of products from raw material selection and procurement to manufacturing till application, by using tools such as life cycle analysis (LCA) and carbon footprint index. The results of these reviews are used to develop initiatives to be adopted at design and manufacturing stages for improving product performance.

*Baseline year of VOC calculation is 2011-12.
#Definition of VOC is as per GS-11 standard of Green Seal USA. The calculation is based on theoretical concepts.



Royale Aspira

We launched a water-based high end premium interior product "Royale Aspira" in 2013, which is the only product approved by US Green Seal body in paint category in India for being compliant to GS-11 standard in all aspects.



FICCI Sustainability Award - 2015 for Best Green Product



Plastic container contains 20% recycled materials



5 year performance warranty



Royale ATMOS

Research has shown that indoor air can be five times more polluted than outdoor air. With very limited solutions available to address this issue, we decided to develop a product that could help reduce the intensity of indoor air pollution. "Royale Atmos" is our evolutionary new product which comes with the promise of improving the indoor air quality inside consumer homes for a better living. The sole aim of the paint is to transform the living spaces with its finish and quality while improving indoor air quality.



Absorbs formaldehyde and various other household mal-odours



Emits a pleasant fragrance



Comes with an easy stain removal coating



Genie Polish

The conventional spirit or alcohol soluble shellac-based polish used for wood finishing, poses several health and safety risks from fires to respiratory diseases for the producers and end users. Further, as more number of coats are required to achieve acceptable level of gloss and finish, the labour productivity decreases and the exposure increases. Genie polish is the outcome of our consistent endeavour to provide environment friendly and economically viable products that also promise superior labour productivity. Genie polish was launched in the Kolkata and Bihar region and has received a positive response from over 1000 applicators. The uniqueness of our innovation has helped us to file two patents.



Constitutes up to 84% renewable raw materials



No exposure related risk and consequent respiratory disease threat



Reliable pricing, superior productivity, faster turn-around time

Customer focus

Customer Effort Score (CES)

helps us to **highlight actionable pain points**. To calculate this score, we ask our customers to rate us on a scale of 1 (low effort) to 5 (high effort) on the question:

“How much effort did you personally have to take to get your complaint solved?”



Customer Effort Score

The annual **“Net Promoter Score”** survey helps us to **interpret shifts in customer preferences**.

This is one of the key parameters used to define strategy for **product innovation, marketing communication and retail experience design**.



Net Promoter Score

We choose to work in a sensitive and responsible manner to create a partnership with our customers for enhancing and enriching the interiors and exteriors of their dream houses. With the aim of making customer satisfaction a priority across all functions and levels, we have established a function called Customer Centricity. This function has two major objectives – fostering a cultural transformation which will ensure that customer needs are placed at the center of every decision and addressing all retail complaints in a fair and transparent manner. Our customer policy is ingrained in our interactions with our customers.

Our Customer Policy



PARTNERSHIP
We will partner with them and provide any assistance required in using our products & services in the areas of decor and protection



SENSITIVE
We will offer the finest products in its line of businesses and provide the best possible services to its customers

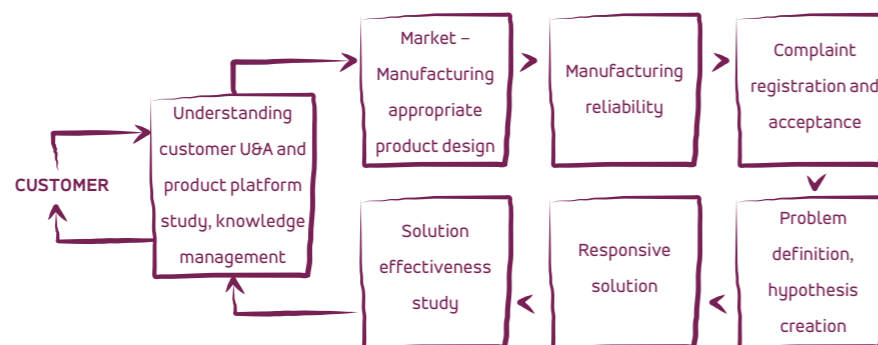


RESPONSIBLE
We will operate in an ethical and transparent manner treating customers as we ourselves would like to be treated

Customer Feedback

Customer feedback and complaints give us an opportunity to continuously better our products and services. It is vital for us to ensure resolution of all complaints in a timely and transparent manner, while capturing the complaints as comprehensively as possible. We have organised ourselves for creating immediate solutions as well as building capacity in the long term. We now have a three level structure to address customer complaints and feedback:

- Complaint Action Team (CAT)**
 This team comprises Group Brand Manager / Brand Manager, Sr Manager / Manager Quality and Technology Sr Manager / Manager. The role of this team is to scan the complaint information in CRM and initiate actions for problem identification, finding root causes and implementing solutions to prevent recurrence.
- Customer Response Team (CRT)**
 This team comprises GM Marketing, VP Supply Chain, VP Technology and GM Customer Centricity. The role of this team is to facilitate all areas from problem identification to solution implementation and work in seamless boundaries. MD & CEO reviews the progress on complaint areas with CRT.
- Customer Capability Development Team (CCDT)**
 This team comprises MD & CEO, President – Sales, Marketing & Technology, President - HR, Supply Chain & Chemicals. This team is responsible for reviewing effectiveness of CRT, identifying specific capability building areas/ long term areas, constituting teams for actioning and monitoring overall effectiveness.



Customer satisfaction alone tends to be more of a short term benefit.

We are aiming at **Customer Loyalty** which determines our true success.

Learning from customers

It is our constant endeavour to create healthier living spaces by producing customised products and solutions. This is made possible by listening carefully to our customers and incorporating their feedback at the product designing stage. Our product design process revolves around five key elements. Our vision of being a trusted and caring brand in the field of complete Decor was a genesis of these elements. Being trusted means responsible product development which is reflected in elements environment and safety and non-toxicity. The other three elements of indoor air quality, hygiene and comfort emphasise our vision of being caring. We started with low odour products and now even have odour absorbing products in our product mix. We continue to evolve and develop products like sound dampening coating, anti-microbial coating and coating to control temperature and humidity.

Key elements	Our approach
Comfort	Sound dampening coating
Hygiene	Anti-microbial coating
Indoor air quality	Odour absorbing coating Heat reflective coating Heat insulating coating Temperature and humidity controlling coating
Non-toxic	Elimination of heavy metals, CMRs Reduction in APEOs, VOCs, Cellosolve Introduction of entry point checks to avoid entry of new HHRMs
Environment and Safety	Flame retardant coating Elimination of Respirable Crystalline Silica Reduction of Volatile Organic Compounds Use of renewable raw materials and energy saving processes

Voice of Customer

It is important for employees to closely connect with the customer experience and their feedback. This plays an important role in providing unmatched service to the customers and generate path-breaking ideas for creating new products. To address this, our customer centricity team launched the Voice of Customer (VOC) portal. Through this initiative, we categorise call types on numerous parameters and assess them to make process and service improvements. The portal has registered tremendous response since its inception.

The customer's **problem**



is actually **OURS**



Do we offer effective solutions always?

Listen to the

Voice of Customer

to find out

Our **Long term vision** is to be a complete decor solution provider so that we can **fulfil our customer's end-to-end requirements** when it comes to creating their **dream homes**

Enhancing the Asian Paints experience

We continue to engage with our customers through a host of forums and address their needs through tailored outreach. By ensuring direct access of decor solutions and end-to-end assistance to the customers, we transformed the paint buying process in to an interactive experience. We have also ventured into the Home Improvement business by acquiring companies in the organised modern kitchen (Sleek Group) and bath fittings space (Ess Ess Bathroom Products Pvt. Ltd.).

Following are some of our key and unique product / service offerings:

Colour Ideas Store



Colour Ideas stores are redesigned traditional paint shops for a better customer experience. At these stores, colour consultants add a level of expertise and partnership in providing free colour consultancy services to walk-in customers. The customers can traverse from Inspiration (colours and themes) to purchase (paints, coatings and special effects) that reflect specific preferences. We now have around 300 Colour Ideas stores.

Express Painting / Eco Express Painting



We launched a service called "Express Painting" under Ezycolour Home Solutions service for completing painting in 3 OR 7 days.

We have launched a green painting service that uses only water based low odour products for all surfaces inside a home, including wood and metal. We use certified green products with quick application and lower drying time.

- Green assurance certification
- Odourless painting
- Quick turnaround
- Eco-safe and non-toxic

Eco Express Painting



The ezycolour service offering was expanded with launch of **Colour Shastra (Vaastu based consultancy), Decor For You and Product Consultancy** variants during the year

ezycolour Variants

ezycolour



The ezycolour network with more than 2,000 stores across the country helps consumers get solutions for their needs through self-help colour consultation kiosk, finishes demonstration and inspiration kits, trained shop assistant and contractors. Asian Paints ezycolour Home Solutions service has a presence in 13 cities.

AP Homes



AP Homes is our new innovative retail format multi-category décor store. The first store under this format was launched in March 2016 in Coimbatore, where consumers can avail 'apply & supply' integrated décor consultation across categories of paints, wall papers, bath fittings, sanitary ware, kitchen, furniture, furnishing, tiles, light fittings and décor accessories along with digital visualisation.

High tech products/ solutions for different spaces

Accurate information dissemination to ensure consumers are made aware of the right product for right problem

Diagnostic tools and guides for the applicator and consumer

Features of SmartCare

Waterproofing Solutions



Customers need long term assurance and correct guidance on waterproofing rather than currently available quick fixes. Our SmartCare range has warranty based specialised preventive and curative products for different spaces like terraces, ceilings, interior walls & bathrooms that provide waterproofing solutions to problems of algal growth, dampness, seepage and leakages to ensure dry and damp-free surfaces.

Colourpro



We closely work with Architects and Interior Designers under our program called 'Colourpro' to offer a set of décor solutions and execution services to Architect and Interior Designer firms. Our ColourNext is the only India specific colour trend forecasting exercise for more than a decade, a product of extensive research with a large number of designers and consumers across the country and having a good reputation amongst Architects and Designers.



Sustainable operations

Decorative Paint Units

Five of our decorative paint manufacturing operations in India are ISO 14001 certified.

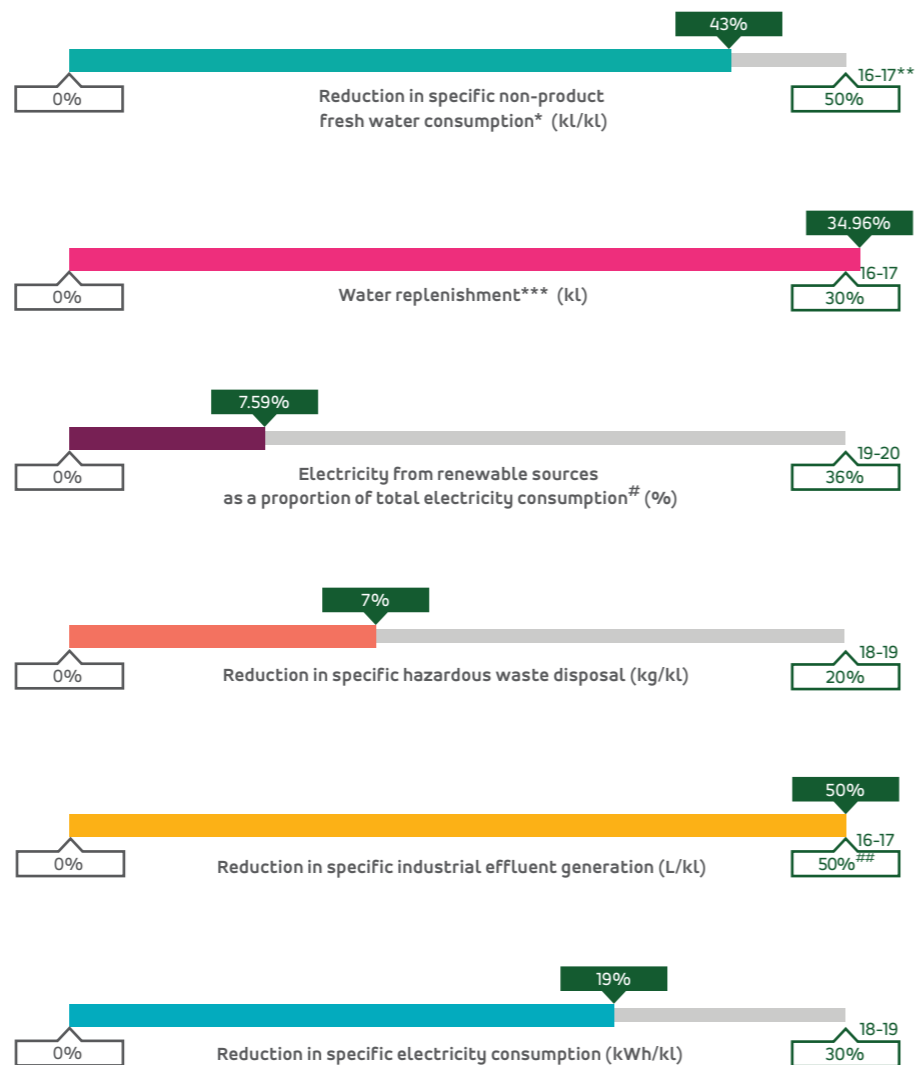
ISO 14001 certification of our Khandala plant is expected to be completed before the end of FY 2016-17.

Report Boundary: Data presented in this section covers our six decorative paint manufacturing units in India. Any exception is mentioned as a footnote. This year we have expanded the report boundary to include our International Business Units. The data for these units has been presented separately.

We endeavour to adopt an inclusive approach to protect and conserve the environment. We have been constantly working towards improving our environmental footprint while optimally utilising natural resources. Our emphasis has been on the entire value chain from addressing raw material vulnerability to reducing environmental impact to creating safe products and services.

We have initiated Project NEW (Natural resource conservation, Energy and emissions reduction, Waste reduction) for six decorative paint manufacturing facilities. We have adopted six key themes under Project NEW. For each theme, we have set performance target with a timeframe of 3 or 5 years against a FY 2013-14 baseline. Each theme is led by a senior management representative. A team of 7 to 8 representatives from different plants and Head Office (HO) supports the leader. This structure enables strong governance, knowledge sharing and horizontal deployment of initiatives across the plants.

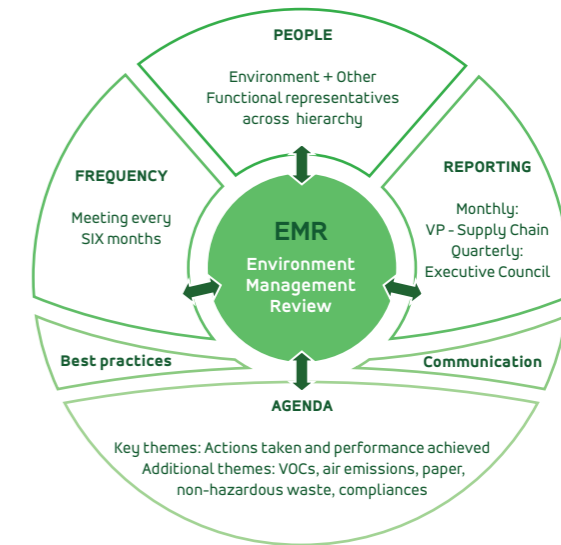
Project NEW: Progress on commitments for key themes



13-14 Baseline | 15-16 Performance | Year Target

*Total fresh water consumption in the factory less water added to product as raw material per kl of paint produced
 ** We have revised this target from 5 years to 3 years on account of an improved performance in FY2014-15
 ***Total water replenished (kl) per kl of total fresh water consumed in the factory
 # We have two targets of 5% in 3 years and 36% in 6 years
 ## We have revised the target from 25% to 50%

Review mechanism for Project NEW



Water management

Water is a critical resource for us – both as a raw material and as an operational requirement and hence it is in our interest to conserve and utilise water responsibly.



Securing the availability of water

Water availability is scarce and its demand is increasing due to population growth, urbanisation and industrialisation. An abundant and stable supply of water is the basic need for all communities and we address it in the immediate ecosystem near our plants through:

- Roof-top rain water harvesting and recharge systems**
- Integrated watershed development in nearby villages**
- Check dam and lake de-silting**



Integrated watershed management at Khandala

- The integrated watershed development project at Khandala comprises:
- Installation of roof top rain water harvesting and recharge systems in village educational institutions
 - Construction of rock-fill-dams, check-dams, earthen check-dams, recharge-pits, open-wells and loose-boulder-structures in villages
 - Water recharge through check dam de-silting
 - Awareness creation on water conservation and its importance
 - Demand management measures by soil testing
 - Creation of self-help groups that enables income generation and maintains the structures

43%
reduction in specific non-product
fresh water consumption

13.8%
reduction in total fresh water
withdrawn (in spite of about a 4%
increase in production)

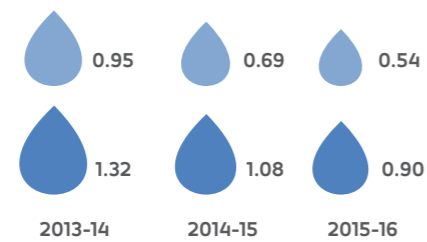
17%
decrease in specific fresh water
withdrawn

Water KPI achievements

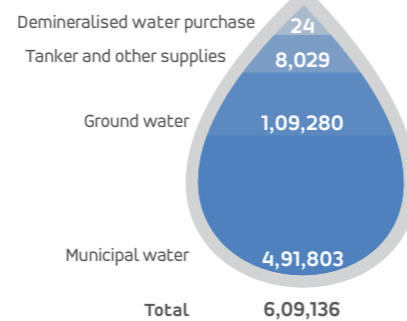
Managing consumption of water inside our factory premises

We closely monitor the water consumed at every stage of paint manufacturing process and have taken several conservation measures to reduce our water footprint. The volume of water used in our products depends on the product specification. Thus the opportunity to reduce such water is limited. However, there are opportunities for efficient water usage in non-product applications such as steam-boilers, cooling towers, chilling plants, cleaning of process equipment, gardening, domestic purposes, etc. This is the reason behind selecting a target on non-product water consumption.

- Specific non-product fresh water consumption (kl / kl of product)
- Specific total fresh water consumption (kl / kl)



Specific water consumption



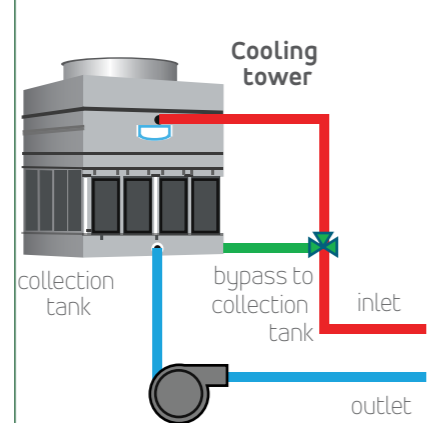
Total water withdrawn (kl): 2015-16

Key initiatives for reducing non-product fresh-water consumption

- Improved efficiency of cooling towers by optimising make-up water consumption
- Used pressurised system for cleaning and backwashing process
- Installed Reverse Osmosis – Multiple Effect Evaporator (RO-MEE) treatment systems
- Utilised treated water in cleaning and utility operations
- Deployed scrapper for temperature-sensor cleaning in place of jet cleaning
- Used rainwater in manufacturing processes
- Planted native species

We have achieved zero liquid discharge outside factory premises across all of our decorative manufacturing units

Cooling tower bypass system



Fresh water is added to a cooling tower during its operation to make-up for the evaporation losses. Our aim was to reduce this make-up water through operational optimisation at Ankleshwar. We achieved this by creating a mechanism to bypass the cooling tower whenever the inlet water temperature decreased below a defined set-point. In this way, by routing the water directly from inlet pump to the collection tank, we could minimise the evaporation losses. The project resulted in the reduction of water consumption by 18.2 kl/day during the winter season.

50%
reduction in specific industrial
effluent generation

Waste water KPI achievement

Waste water management

We have adopted a two way approach for efficient and effective effluent management. We focus on reducing the trade effluent generated at source and find ways of reusing the treated effluent. This strategy has assisted us in achieving zero liquid discharge outside factory premises across all our decorative manufacturing units.



Specific industrial effluent generation (L/kl of product)

Key initiatives for waste water management

- Increased the water use cycle in cooling towers by raising the blowdown TDS threshold
- Reused the caustic solution for cleaning of Twin Shaft Dispenser (TSD) and mixers
- Reused washwater generated during cleaning of transfer pipelines
- Used treated effluent from ETP back in to operations
- Utilised the Reverse Osmosis plant rinse water for cleaning of empty raw material barrels
- Deployed 100% bio-degradable bio-blocks in the urinals to reduce generation of grey water

Raw material pigging* water



In Rohtak and Khandala, treatment of the high COD pigging line flushing water was a big challenge. By reusing the pigging water in certain categories of water based paints, we plan to completely eliminate the treatment of pigging water in the ETP. Further, we could potentially save an equivalent amount of fresh water consumed. This project will help us to reduce the effluent load on ETP and fresh water consumption by over 2,500 KL.

*Pigging refers to a technique of cleaning or inspection of pipeline through recovering trapped products in the pipelines without stopping operation.





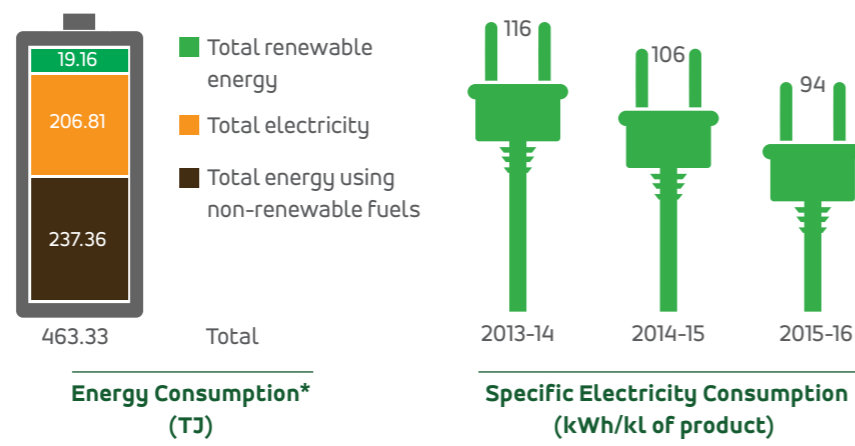
0.35
specific energy consumed in GJ
per kl of production

19%
reduction specific electricity
consumption

Energy KPI achievements

Energy management

Energy management has twin drivers for us – ecological preservation and economic benefit. Additionally, the energy consumed by us has a direct impact on our carbon emissions. We strive to manage our energy demand by improving operational efficiency and adding alternate sources of energy. We have defined targets on reducing specific electricity consumption and increasing the energy share of renewable energy as a proportion of total energy consumption.



Change in raw material addition sequence

The twin shaft disperser (TSD) used in water-base paint processing contributed to about 20% of the power consumed in the plant. This process required addition of thickener before addition of powder raw material resulting in a high viscosity mixture, considerably increasing the energy consumption. By changing the raw material addition sequence and quantity, we were able to reduce the viscosity of the mixture and hence power consumption. This has led to an estimated energy saving of more than 500 MWH. Further, this is projected to help us reduce power consumption by 25% (equivalent to about INR 50 lakhs), raw material usage by 7% (equivalent to about INR 100 lakhs) and a considerable saving in compressed air and fresh water use.

*IPCC conversion factors were used for all the calculations



We have spent
₹ 78.12 crores
as capital investment on
energy conservation

Our energy conservation initiatives
can be categorised# under
**process optimisation and
automation, optimisation of
electrical equipment and lighting**

Energy investment

Pressure based pumping system



The pumping systems in the Sriperumbudur plant consumed about 13% of the total power consumption as pumps were being used without considering the actual demand. We worked on a simple principle of “pumping what is required” and partnered with few vendors to identify our actual pumping system requirements. Subsequently, we replaced the conventional system with advanced pressure based systems. The new pumping system helped us to save more than 26,500 units every month and also reduced the specific power consumption of the utility cooling tower by around three units.

Replacement of conventional lighting with LEDs



The lighting load contributed to about 7% of total specific power consumption across our plants. We replaced conventional lighting with LEDs to optimise the lighting load. We were able to reduce our lighting load by 50%, thereby decreasing the specific power consumption by three units. Ankleshwar, Kasna and Rohtak plants have replaced more than 90% of their lighting system with LEDs, while Patancheru and Sriperumbudur plants have replaced more than 50%. The total energy saving in the year was more than 2,000 MWH.

We have experimented with an alternate dispersion technology equipment for paint processing at our Khandala plant. This technology will help us in reducing power consumption and cycle time significantly.

This year, we have initiated implementation of a software on Energy Management System (EMS) across all plants. We will commence the pilot at Sriperumbudur plant from mid of FY 2016-17 and plan to cover all plants by end of FY 2016-17. This will help us to generate real-time data and monitor, analyse, report and compare the power consumption across paint-products, across similar equipment and across different manufacturing locations.

#Please refer to our annual report for FY 2015-16 for initiatives taken under the three categories



10.92%
reduction in total GHG emissions

48.8 lakh
units equivalent to

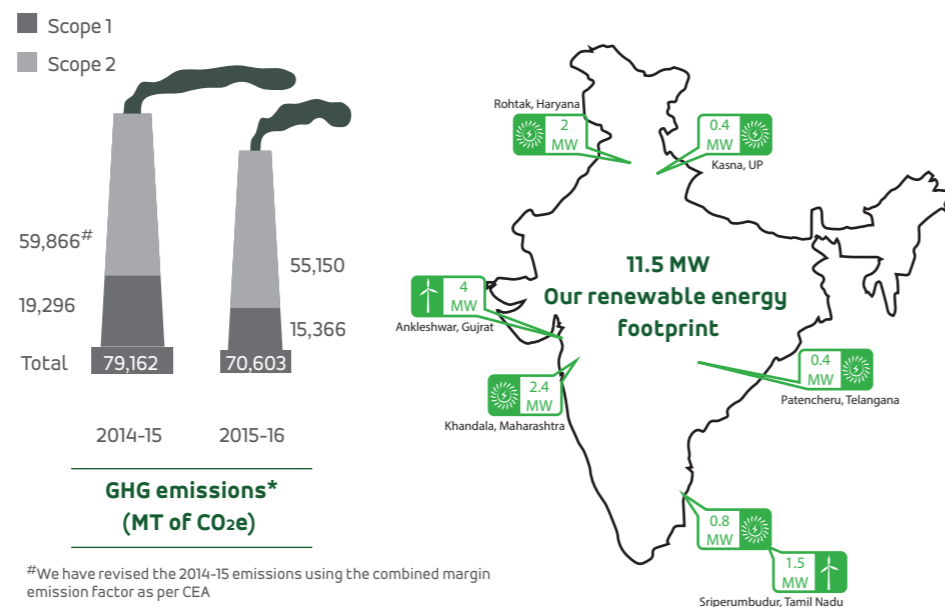
7.59%
under the RE36 target

18%
targeted to be achieved by
FY 2016-17



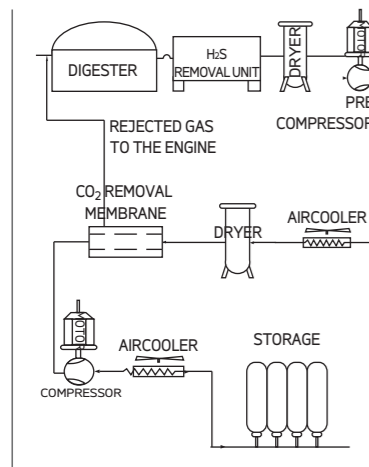
Emission management

We have substantially augmented investments in renewable energy projects to reduce our dependency on fossil fuels. As a part of our renewable energy strategy 'RE36 by 2020', we are working towards consuming 36% of the total electricity consumption at decorative paint plants as renewable energy.



[#]We have revised the 2014-15 emissions using the combined margin emission factor as per CEA

*Greenhouse Gases include Carbon di-oxide, Methane and Nitrogen Oxide. We have used IPCC conversion Factors for all calculations.



Biogas for boiler

At our Khandala plant, we initiated the use of biogas to replace high speed diesel in the thermic fluid heater and boilers. To ensure efficient use of biogas we had to retrofit the existing burners with dual fired burners, install gas decompressing units and execute other modifications. The prevalent practice in India was to use biogas consisting of 60% bio-methane and 40% carbon dioxide. We worked with a vendor to ensure availability of purified bio-methane above 96% purity on a continuous basis, generated through agro waste and waste from sugar industry. Further, as the biogas facility was about 50 km from the plant site, we took a decision to transport the biogas in cascades. This entailed safe transportation and handling of large volumes of gases on a daily basis. The use of biogas has helped us to lower our GHG emissions and also the operational cost. Energy efficiency and renewable energy efforts have also helped us in reducing the overall GHG emissions.

7%
reduction in specific hazardous
waste disposal



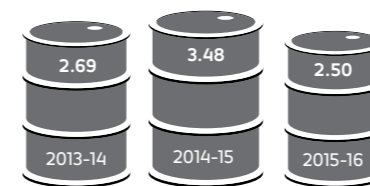
Waste management

We give highest priority to avoid generation of waste through material efficiency and process improvements. Wherever avoidance is not possible, we focus on recycle or reuse as an alternative. Finally, we try to minimise the environmental impact of the generated waste by ensuring its safe disposal.

Key initiatives for reducing hazardous waste generation

- Applied a non-sticky coating on various process equipment
- Utilised distillation residue back in production
- Commenced co-processing / Pre-processing of hazardous waste
- Reused waste materials like liquid resin and barrel residue
- Reduced emulsion skin generated during straining by reusing it in back in the process
- Developed formulations to reuse washwater generated while cleaning transfer pipelines

Our Sriperumbudur manufacturing unit was able to reduce its specific hazardous waste by more than 35% over the last year through various initiatives like installation of distillation unit, pre-processing of hazardous waste, usage of intermediate paint waste back in the process and reduction in screw pump leakages.



**Specific hazardous
waste disposal
(kg/ kl of product)**

Non-sticky coating for process equipment



Sticking losses in process equipment were generating significant quantities of hazardous waste. At Ankleshwar, we piloted an initiative to apply a non-sticky coating on the process equipment, leading reduction in hazardous waste generation and water used for cleaning. We could also achieve significant improvement in the hygiene around the equipment. At the Ankleshwar unit, we were able to reduce the specific hazardous waste disposal by 0.06 Kg/kl of product (~400 Kg/month) along with a 30% reduction in water consumed during cleaning of those equipment. We are in a process of replicating this across all plants.



7,74,638
tons of Raw Materials
(including pigments, solvents,
additives, etc.)

82,293
tons of Packing Materials
(including tins, drums,
plastics & cartons)

Material footprint



Material management

More than 50% of our net revenue is spent on raw material and packing material. We also incur cost in treatment and disposal of waste which increases with higher material wastage. It therefore imperative for us to emphasise on material efficiency to reduce our resource consumption, avoid waste generation and reduce expenditure.

Developing nearby and domestic sources is taken as one of the important focus areas. Localisation helps us to reduce cost, lead time and emissions in terms of reduced distance travelled during transportation of goods. For some of the high volume raw materials / packing material categories we work with our suppliers to set up facilities closer to our locations.

Transportation in bulk form

We use, recycle and reuse jumbo bags for transportation and handling of powdered materials such as extenders across our large plants. Specifically for the extenders, a fairly large proportion has been moved to bulk tankers in two of our large plants. We are working towards maximising the supply of the monomers and certain additives in bulk form that helps us to reduce cost and transportation emissions.

Road safety for monomer transportation

As a product, monomers are categorised as hazardous liquids and hence their transportation from ports to plants have to be carried out in a safe and environment-friendly manner. In 2015, we decided to implement transportation of monomers exclusively via ISO tankers in 2015. ISO tankers are inherently more stable than regular road (SS) tankers due their outer frame structure. In addition, by design, the ISO tankers are also less vulnerable to chances of pilferage, thus further reducing the possibility of environmental damage due to mis-handling.

Recently, we have joined Nicer Globe: a national consortium of leading chemical companies initiated by the Indian Chemical Council (ICC). This initiative covers transport and distribution safety, emergency response, transport security, logistic operation efficiency and fleet management. All the ISO tankers carrying monomers are tracked real-time via GPS devices and safety-related exceptions like over-speeding, night-driving can be monitored and regulated. A dedicated helpline provides scientific assistance to the driver in case of an emergency so that the impact on the environment is safely minimised.

Minimising transportation damages

We have adopted multiple initiatives to reduce damage and spillages during transportation at a few selected locations. We have started palletised dispatches leading to lesser damage. We are investing heavily to secure cargo during dispatches by improving loading procedures, by inserting plywood between the stacks and securing the cargo with straps and buckles to unitise the load and reduce target. We have covered all dispatches for high risk/damage routes under these procedures.



Nested storage

We have redesigned our 20L DTS pails from cylindrical to nested design. This has helped us to achieve significant savings in freight cost for transportation of packaging material, reduced emissions, improved operational efficiency and scrap management, streamlined quality checks and also helped our vendors to better manage their own spaces.

Reducing material loss

We ensure de-dusting of powder from the bags across all the plants to reduce wastage. This collected powder is used back in the process leading to saving material and reducing wastage. At our manufacturing locations, with significantly high production volumes, a few powdered raw materials are supplied in pneumatic tankers. This year we have aggressive plans to expand this practice, wherever feasible.



FSC certified cartons

To ensure our commitment towards sustainable sourcing, we have explored the usage of certified cartons. On a pilot project, we have enabled two of our suppliers to be certified to the Forest Stewardship Council (FSC). They have been made capable to handle and fulfil the requirements of certification. We worked with these suppliers to ensure Forest Stewardship Council Chain of Custody Standard certification for their operations. This was a first-of-its-kind project for us.

Saving paper

Reducing paper consumption and replacing virgin paper by recycled paper has been another focus area at Asian Paints. We endeavour to procure stationery paper and secondary packaging that contains 100% recycled content.

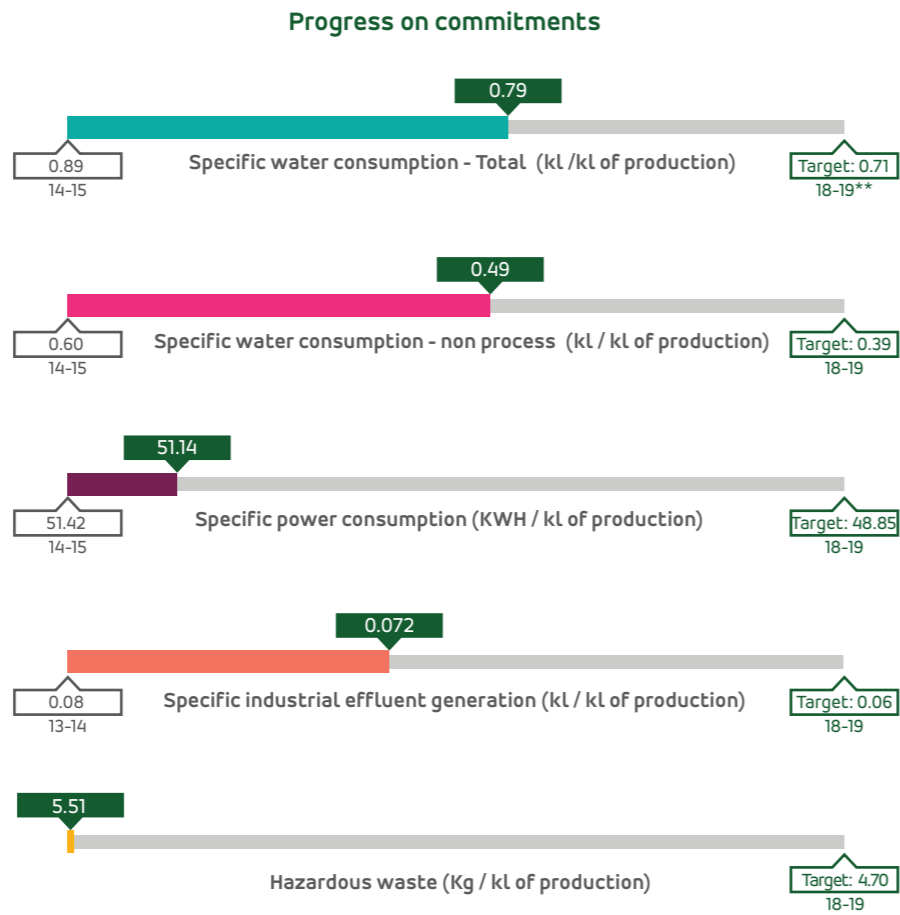
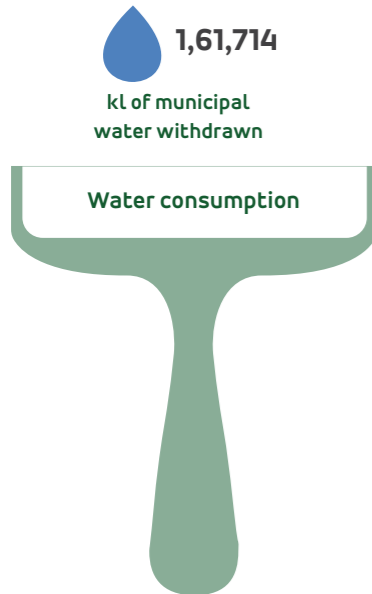
One of the interesting initiatives that we have adopted during the year is to move away from paper based clearance of imported consignments. Moving to an electronic clearance system has helped us in saving approximately 50,000 sheets of paper per year.

We have also replaced corrugated paper separators by plastic separators in packing material received in the plants at a few locations.

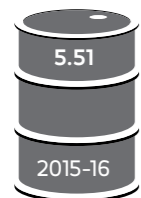


International Business Units

Report Boundary: Data presented in this section covers our manufacturing plants in Bahrain, Bangladesh, Barbados, Dubai, Egypt, Fiji, Jamaica, Nepal, Oman, Singapore, Sri Lanka and Trinidad.



Baseline Year | 15-16 Performance | Target Year



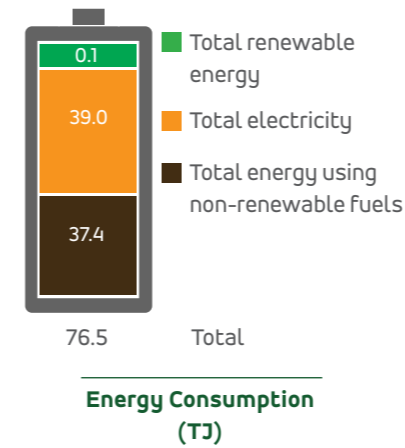
Specific hazardous waste disposal (kg/ kl of product)

Key initiatives on water and waste water management

- Reused treated water from the ETP: for gardening in Emirates, Oman and Nepal; for cooling Sri Lanka; for trolley cleaning in Bahrain and Trinidad
- Improved measurement system with flow meters to quantify usage across locations
- Used bio-block in urinals in Emirates and Oman
- Utilised high pressure jet pump to optimise the water usage in cleaning processing vessels
- Commissioned a new ETP with ozoniser in Oman
- Upgraded the ETP in Fiji

Key initiatives on waste management

- Commenced co-processing of hazardous waste in cement plant in Emirates, Sri Lanka and Bangladesh
- Utilised recycled paper in Emirates and Oman
- Used recycled plastic in our pails for all premium brands in Jamaica, Trinidad and Barbados
- Recycled used paper in Oman and Emirates
- Recycled plastic and e-waste in Emirates

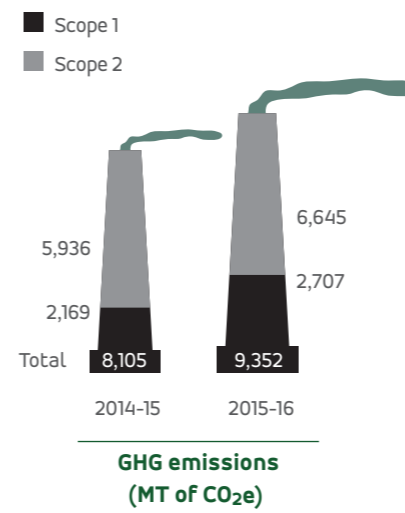


Co-processing of hazardous waste

Our International Business Unit team in Dubai recognised the opportunity for co-processing of hazardous waste which is generated in the plant thereby reducing the amount of hazardous waste disposed. The team established the process by taking following steps:

- Analysing various characteristics of hazardous waste like calorific value, toxicity, etc.
- Understanding the requirements of cement kiln
- Getting statutory clearances
- Establishing packaging and logistics protocol

The key benefits envisaged from this initiative are: 75% reduction in solid waste disposal to the landfills and savings in disposal cost of around 33,000 AED per year.



Key initiatives on energy management

- Natural lighting from translucent roof sheets in Jamaica and new projects
- Used timers for process equipment in Oman, Fiji, Nepal and Bangladesh
- Ensured natural ventilation through turbo ventilators in Fiji, Oman, Bangladesh and Nepal
- Installed additional 20Kwp of roof mounted solar plant in Barbados and 80Kwp plant in Jamaica
- Upgraded old AC units in Jamaica, Trinidad, Barbados and Singapore
- Replaced old motors and air compressors by VFDs in Bangladesh and Oman
- Installed occupancy sensors for AC in Oman
- Changed the ball mill to a basket mill in Fiji
- Used timers for street lights in Oman
- Conducted energy audit for power saving and action planning in Bahrain
- Improved power factor in Fiji, Bahrain, Nepal, Bangladesh, Jamaica and Egypt
- Implemented an online energy monitoring system implemented in Oman

Key activities under E-Save

- Identified **energy efficient technologies** and facilitated their implementation
- Evaluated **renewable energy technologies** like solar and implemented the same
- Included **energy efficiency** as an important **design consideration** for new projects

E-Save

Our International Business Units (IBUs) undertook an energy conservation initiative "E-Save" with the aim of reducing their electricity consumption by 15% in over 5 years (base year – 2012). The project covered all the IBU plants located at Fiji, Singapore, Bangladesh, Nepal, Sri Lanka, Oman, Dubai, Bahrain, Egypt, Barbados, Jamaica and Trinidad. The major source of energy for all the IBUs is electricity which necessitated this initiative. The "E-Save" project encouraged energy efficiency, use of clean energy sources and awareness programs on energy conservation. Around 1.1 million electricity units were saved including a saving of 0.36 million units through LED installation. About 0.20 million electricity units were also generated using clean energy sources.

Building a safe workplace

Report Boundary: Data presented in this section covers six decorative paint plants, two chemical plants, one industrial coating plant, one powder coating plant and R&T center.

We endeavour to follow industry accredited best practices on health and safety management across our operations. We are committed to conducting our operations in a responsible manner to ensure safety of workers, protect the environment and maintain integrity of our assets. Our goal is to enhance safety in our field units and prevent accidents at all times.

 <p>Setting up standard operating procedures to mitigate and handle OHS risks</p>	<p>Assessing all the new additions to work activity for potential hazards, carrying out occupational risk analysis, identifying feasible and practical control measures and evaluating the efficacy of implemented control measures periodically</p> 	<p>Aiming to ensure zero injury incidents by learning from previous incidents and simultaneously recognising areas of improvement to help minimise incident rate</p> 	<p>Employing a clear and concise communication network for contract workmen and third parties to easily understand and follow safety requirement</p> 
 <p>Instructing and training employees in health and safety</p>	<p>Providing emergency medical assistance</p> 	<p>Implementing emergency management plans</p> 	

Our approach to creating a robust occupational health and safety (OHS) culture at Asian Paints

With a focus on minimising the incident severity rate, frequency rate and absenteeism, we have launched targeted initiatives to provide training across aspects like electrical safety, firefighting equipment, use of personal protective equipment (PPEs) and material handling. We also raise awareness about safety and use simple checklist to manage safe practices. To identify risks and reduce vulnerability to emergency we have set up systems at all our operational facilities with detailed procedures and plans. A record of health and safety incidents at all facilities is maintained routinely. All key incidents are studied in detail and precautions are taken to avoid reoccurrence.






- #### SAFETY TRAININGS
- ✓ Hazard identification & Risk assessment
 - ✓ Awareness on electrostatic hazards
 - ✓ Ergonomics: Workplace improvements
 - ✓ Spill management
 - ✓ Safety in work heights
 - ✓ Safe Unsafe Acts trainings
 - ✓ Chemical / Electrical safety
 - ✓ Emergency preparedness
 - ✓ MSDS awareness
 - ✓ Safety in mobile materials handling equipment
 - ✓ Refresher: Contractor safety management
 - ✓ Refresher: Behaviour based safety
 - ✓ Fire fighting
 - ✓ Defensive drivers training
 - ✓ Safety in handling power tools /Gas cutting/LPG handling



At office places and manufacturing units we have installed location specific interventions. Through location specific programmes, areas such as women safety, lifestyle, stress, yoga, meditation are addressed. We ensure that safety standards are properly implemented and followed in our sales offices and dedicated health and safety coordinators are responsible for ensuring that the standards are followed. Emphasis is laid on creating a participatory governance model to implement safety management systems and regular training on health, safety and emergency preparedness is provided. Safety training workshops are conducted regularly for employees, workmen and contractual employees.

Health and safety aspects are covered in all our formal agreements with trade unions and contractors, and are a part of the Settlement Book. The following broad aspects are included:

-  Maintaining safe working conditions, keeping discipline, avoiding waste and reducing absenteeism
-  Co-operation in introducing new management systems and sustaining existing management and housekeeping systems
-  Participatory governance of health and safety through Quality Circles, suggestion schemes, training and capacity building

Learning from the root cause analysis of the **Fatality** that occurred during the year, we have developed a robust plan for implementing projects to reduce **man-machine interface** for eliminating such occurrences

Categories	CY 2014	CY 2015
Total Reportable Incident Severity Rate	447.54	401.47
Total Reportable Incident Frequency Rate	0.6646	0.5246
Lost Days*	7,407	6,888 [#]
Injuries	11	9
Number of work related fatalities	1	1
Million man hours worked	1,65,50,664	1,71,56,896

*includes 6,000 man-days lost per fatality for both years
[#]includes 365 man-day lost on account of one injury that occurred in 2014



The Occupational Health Centre at **Patancheru plant** received a certificate of appreciation from the Director of Factories, Telangana State in recognition of maintenance of **best occupational health centre** as per the statute.

Key health and safety initiatives

- | | |
|--|--|
| <ul style="list-style-type: none"> 💡 Implemented the Find It-Fix It (FI-FI) project at Khandala plant 💡 Eliminated raw material with 100% respirable crystalline silica from all decorative paints 💡 Implemented the 10 life-saving rules @ Patancheru plant 💡 Introduced of visual LOTO and visual inspection procedures at Sriperumbudur 💡 Launched a new work permit system at Rohtak, Ankleshwar and Kasna 💡 Commissioned projects to reduce man-machine interface | <ul style="list-style-type: none"> 💡 Ensured time bound incident investigation and horizontal deployment of CAPA across all plants 💡 Reduced ergonomic load and workplace emission at Kasna and Ankleshwar 💡 Partnered with Health Spring for Health and wellness programmes 💡 Conducted defensive driving sessions for the employees / contract employees 💡 Award schemes to recognise good OHS practices 💡 Organised health and safety awareness campaigns for truck drivers |
|--|--|

Strengthening health and wellness

The Patancheru and Khandala plant partnered with Healthsprings to revamp health centres with an aim to secure health, safety and emergency management practices at the plant. Beginning with a gap assessment and mapping exercise to understand employee expectations, medical centres were set up on site with qualified medical professionals to monitor the health of our employees on regular basis. A software tool was launched to create a plant level management information systems, tracking and monitor healthcare metrics. As a result of these interventions, we have recorded a marked improvement in employee satisfaction on healthcare support.

Zero accidents during Kasna project upgradation

As part of Kasna plant upgrade, changes were introduced to improve hygiene, safety, efficiency, equipment automation and also reduce ergonomic risks. The facility was revamped with zero accidents at the plant without compromising on any service parameters. A phase wise approach with safety assessment and stage based analysis included a hazard and operability (HAZOP) study for operational processes, driven by a cross-functional team comprising Safety, Production and Engineering. Prior to site mobilisation all workmen underwent a safety induction programme and 97 'Job Safety Analysis' were conducted. We could achieve a reduction in VOC emissions, noise levels, energy consumption, ergonomic risks and a total of 4.5 million accident free man hours.

Behaviour based safety at Ankleshwar

The Behavioural Based Safety (BBS) program at the Ankleshwar plant was initiated two years back. This year we built upon this program to build a culture of personnel risk assessment through the HARP exercise to promote a safety conscious working environment and also conducted a BBS readiness assessment was conducted at Patancheru.

Salient features	36 operators trained on Safe UnSafe Acts (SUSA)	109 unsafe acts stopped during Safe UnSafe Acts conversation
	07 key safe behaviours (KSB) & 04 leadership KSBs	157% increase in proactive reporting
	08 steering committee meetings during the year	2719 safe acts appreciated during SUSA conversations
	6,000 safety conversations were conducted	3,496 numbers SUSA conversation conducted by Officers / Sr. Officers
	Safety beyond workplace road and home safety	

Achieving zero accidents



At the Asian Paints' Phthalic division, accidents resulting in bodily injury were a concern. To address this, a project under the banner "Zero Accidents" was initiated at the division to eliminate accidents. The project is driven by a philosophy recognises safety as a culture requiring leadership and accountability at all levels. As part of the project a well-conceived safety strategy was developed with a phased implementation plan. A 'Safety Leadership Program' was launched to raise awareness and promote collective responsibility.

Key outcomes of the program:

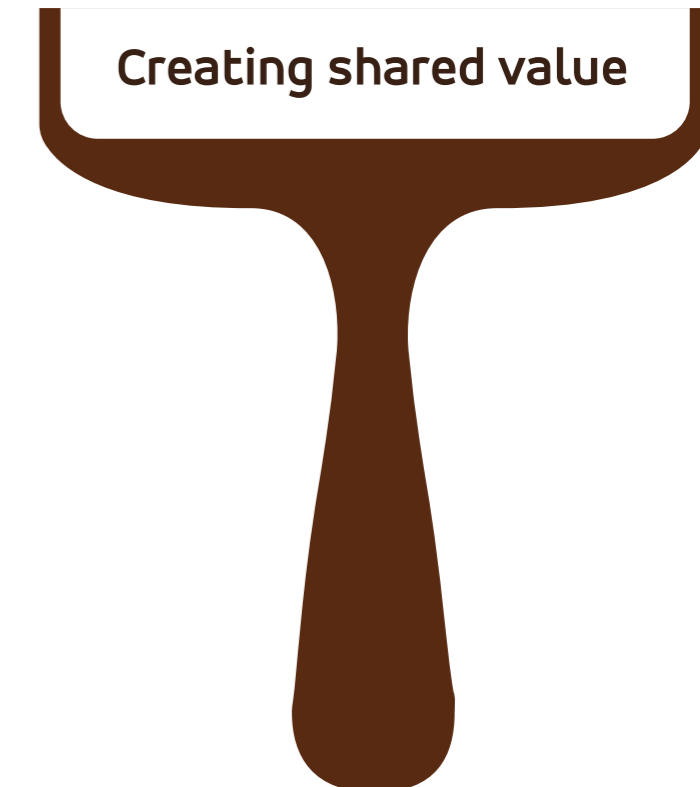
- Developed a customised OHSAS index to assess the health and safety metrics
- Provided a platform to share learnings through an analysis of past accidents
- Developed 'Golden Safety Rules'

Employee training increased from **4.19** man-days in 2013-14 to **8.91** in 2015-16

Contract Labour training increased from **1.38** in 2013-14 to **1.97** in 2014-15.

OHSAS index has improved from **78%** in 2008-09 to **98%** in 2015-16

Number of **accidents** reported **decreased** from **3** in 2013-14 to **0** in 2015-16.



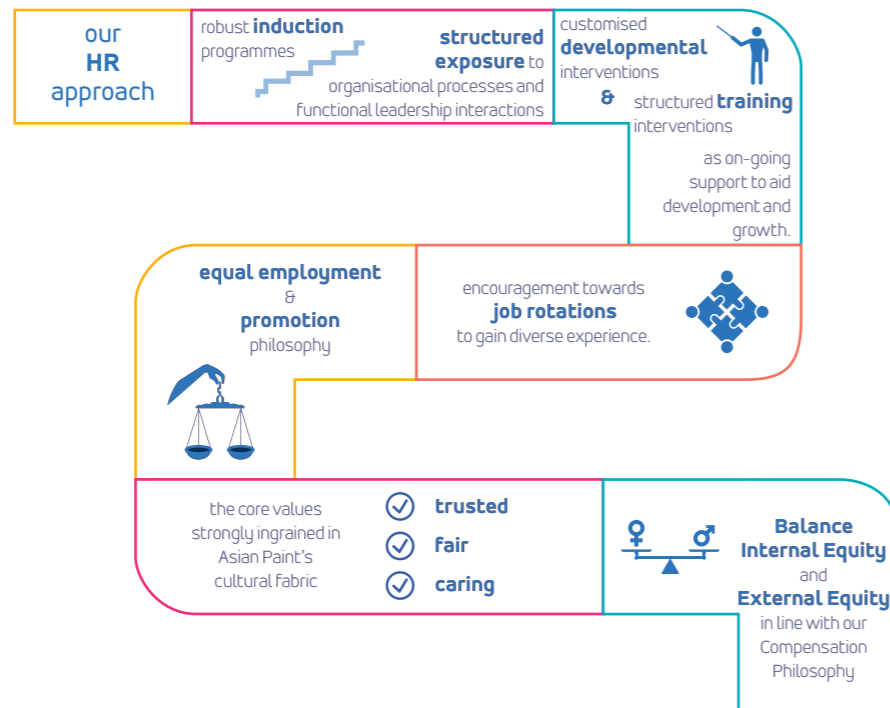
Empowering people

We believe in 'Appreciative Enquiry' core to engagement among employees, where people come together to create a positive workplace for each other

Inspired by the embedded tenets of trust, fairness and care, at Asian Paints, we strive to create shared value through inclusive growth, bringing about a measurable change in the lives of our employees and communities. We believe that a healthy working environment founded on principles of empathy and symbiosis can unleash the full potential of the employees. Over the years, we have steadily built a culture of empowerment and providing appropriate opportunities to support our employees' aspirations. HR at Asian Paints has been about partnering the business through strategic initiatives. It translates into all people processes, from inviting new hires to join or helping our existing employees to design and develop their career.

Being an employer of choice

We have implemented a modern cloud-based HR platform, with improved analytical capabilities for better decision making, to cover all aspects of people management including employee life cycle, career development and succession planning, learning and growth, operational and performance management and employee collaboration across our operations. A crucial factor that determines our approach to talent management is the ever changing needs of the customer and society, where we constantly work towards providing a framework that is best suited towards delivering shared value to all our stakeholders. Insights from the current, past and potential employees has helped in evolving our HR approach.



Training and coaching

We were among the first organisations in the country to absorb coaching across functions, where managers were trained as coaches. The transition from classroom sessions on general topics to lifecycle based programs, customised and delivered by line leaders happened early and is an established way of working, today. Over the last few years, facilitation as a method has gained wide-spread traction – in workshops, meetings, visioning and collaborating.

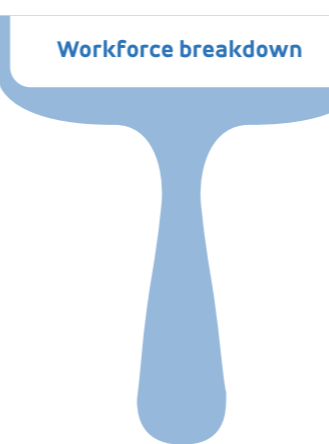


Category			
	Age (yr)		
	<30	30-50	>50
Male			
Female			

Executives & Above			
	246	638	56
	68	40	0
Male			
Female			

Staff			
	2,084	894	90
	162	52	0
Male			
Female			

Operators			
	627	952	158
	0	0	0
Male			
Female			



Sampark Policy Helpdesk

We have Sampark Policy Help Desk, a centralised helpdesk for time-bound resolution of queries related to Compliance, Payroll, Policies and Benefits. Through this mechanism, employees have a simple and robust communication platform to address their human resource policy related queries in a systematic manner. It also functions as a data bank that informs decision making during review and revision of HR policies and benefits.

Recruitment and retention

Recruitment and retention are critical to effective talent management and require strategic thought and planning. The goal of our hiring process is to attract and identify individuals with the best mix of skills and attributes for the desired positions. We recognise that the organisation stands to benefit from a work environment that facilitates the retention of all skilled, qualified workers through effective job accommodations with adequate avenues for personal and professional growth. Many employees who began their careers with Asian Paints have risen to spearhead leadership positions. We also encourage internal job postings providing existing employees with opportunities for horizontal and vertical mobility within the organisation. We continue to build on our key recruitment initiatives: **CANVAS, Asian Paints Careers, Alma-Matters** and **IMPRINTS**.

Internal Job Posting (IJP)

During the start of this year, we created a platform for our employees to gain cross-functional expertise and at the same time contribute to the development of the company. We initiated IJP, that focuses on addressing the job vacancies first through internal deployments and then from the external market.

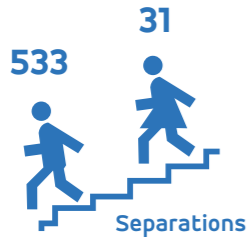
Achieved 18 conversions out of 35 job vacancies during the year

Developing talent, broadening capabilities and inspiring excellence

Learning is the basis of personal and professional growth and forms an integral part of the culture at Asian Paints. There has been a concerted effort to build a team of internal trainers, coaches and facilitators and we have partnered with multiple organisations for training and skill development of select group of employees.

OUR APPROACH TO TRAINING AND DEVELOPMENT

- **NEED ASSESSMENT:** TO HELP EMPLOYEES (EXECUTIVES AND ABOVE) BRIDGE GAPS BETWEEN THEIR EXISTING SKILL-SET, CHANGING JOB REQUIREMENTS AND ADAPTING TO NEWER TECHNOLOGIES
- **SKILL ENHANCEMENT:** FOR BUILDING CAPABILITIES THROUGH INTERNAL SKILL ENHANCEMENT PROGRAMS AND CREATING GRADE SPECIFIC LEARNING INPUTS TO ENABLE TRANSITION FROM ONE LEVEL TO THE NEXT
- **SUCCESSION PLANNING:** AN ON-GOING EFFORT OF THE LEADERSHIP TEAM SPECIFICALLY FOR MAJOR CRITICAL POSITIONS, BEING REVIEWED ANNUALLY
- **PEOPLE REVIEW PROCESS (PRP):** STRUCTURED PEOPLE DEVELOPMENT AND REVIEW PROCESS THAT MAPS EMPLOYEE'S ASPIRATIONS AND DEVELOPMENT NEEDS AGAINST SPECIFIC OPPORTUNITIES WITHIN ASIAN PAINTS
- **CULTURAL INTEGRATION:** ONE OF OUR TOPMOST PRIORITIES IN NEWLY ACQUIRED BUSINESSES TO DEFINE CULTURAL OBJECTIVES, UNDERSTANDING DIFFERENCES TO BRIDGE A DIVIDE



Hires & Separations

Executives	2,328
Staff	7,878
Operators	4,579

Training (man-days)

Transition program

The transition programme is for newly promoted/ joined Chief Managers and Senior Managers in the system and seeks to ease their transition into the new role. It follows a blended learning approach over 4-5 months through content sharing, conversations (with reporting manager, hierarchy, stakeholders etc.), e-Learning modules, classroom programme on identified important areas and on the job individual learning agenda.

Management Development Programs

For the mid-level Managers, we have tied up with premier B-Schools in the country to provide functional as well as general management inputs to help them prepare better for the current roles. This has classroom component as well as action learning projects as a part of curriculum which spans over 3-4 months.

LEAP

Leadership Excellence at Asian Paints (LEAP) is specially designed for managerial trainees to help them take independent responsibilities through exposure to different functions across the company and participating in workshops to develop their skills and capabilities.

Function specific large scale interventions

This covers specific agendas driven with functions/divisions/areas of work, that are contextual to the area of work/location, keeping in mind the business imperatives. Typically, these can either stem from the analysis of needs identified centrally through discussions with function leaders to understand key areas of focus. These interventions might be on the job, online, workshop based, or a combination of different learning platforms. Depending on the need, the impact and the context, these could be driven by internal facilitators or external. Some examples from the previous year include Negotiation Skills and Winnovation with Supply Chain, Crucial Conversations with Sales (West), Digital for Marketing, Channel Skills for IBU, Integration for Bath Division, Collaboration with PPGAP (Technology) and Stakeholder Management with R&T.

People Review Process

PRP is a process for discussions around targeted development for employees. Development is recognised as a function of individual and line hierarchy ownership of creating structured experiences. PRP dialogues results in creating a market place to match individual aspirations and developmental needs with business opportunities. One of the outcome for PRP is preparing individuals for leadership positions in alignment with future business imperatives thus aiding succession planning (both functional and organisational leadership pipelines). A shared template has been evolved, keeping in mind the desired changes, the timelines and the understood vocabulary within the organisation. PRP Panel comprising of functional leaders review their functional talent through this process for potential areas of development, possible job rotations and any structured or unstructured development actions. Feedback to employees is integral part of this process. It aptly complements the 'My Development Aim (MDA)' process of the organisation where career development conversations happens between manager and employee.

Key changes related to Diversity & Inclusion (D&I)

created a new policy for **Child Care Support & Leave**

implemented the **Sabbatical Policy**

revised the **Employee Safety Guidelines Travel Safety Policy**

new **Crèche** for R&T Turbhe

Enhancing the OHCs

Better washrooms

CCTVs to track people movement

Better changing rooms / lockers

Transportation for late drops

Role shifts in case of pregnancies

Better awareness of POSH

Key initiatives under gender readiness audit

Creating an inclusive and supportive workplace

We promote an inclusive culture where merit is rewarded, openness is fostered, diversity is valued and individuals' opinions are respected. Open, effective communication, as well as clear channels for feedback are provided to all employees to optimise the opportunities for discussion on issues related to inclusion and discrimination.

In March 2014, we began exploring 'Diversity & Inclusion' as a focus area to create an enabling work environment where there is appreciation, acknowledgement and acceptance of differences. A benchmarking study conducted across 20 industry peers on best practices that can be replicated, combined with Senior Management interventions led to a concerted focus on gender diversity. The women's network 'Swara' inaugurated in the previous year continues to provide a platform to the women to voice their opinions on gaps in the systems, structures and processes. We are proud of the fact that Asian Paints was one of the first companies in India to provide a six month maternity leave to our employees, even when it was not mandatory.

To secure individual rights and safety at the workplace, we have designed an internal module to apprise employees on the provisions of the Prevention of Sexual Harassment Act 2013 (POSH) and redressal mechanisms. All executive level employees have been sensitised through workshops. An Internal Complaints Committee has been constituted at all locations with an empaneled external expert. During the reporting period we received four complaints on sexual harassment and took necessary steps to resolve and close three of them in accordance with applicable laws and guidelines. One complaint is still under investigation.

Gender readiness audit

We conducted a gender readiness audit across our operations to understand the status of gender equality within Asian Paints, create a baseline for collective discussion and analysis and develop a participatory process for gender action planning involving amendments in infrastructure, policies and procedures and organisational culture.

D&I roundtables



To make the entire process of D&I at Asian Paints participatory and to identify the different themes of inclusion, we conducted five half-day D&I diagnostic workshops with a cross section of employees spanning across offices and plants. This year the following four themes emerged: Gender, Generations, Functional Rhythm and Working/ Personal Styles. We created forum theatre scenarios around these themes to sensitise employees. The outcome of these roundtables was also shared for review of the EC members. We will use the outcomes to create new D&I programs and further strengthen existing ones.



Diversity blueprint for manufacturing

We have an ambitious plan of enrolling more women employees at the plant level. We plan to build on this by creating a gender neutral work environment. The initial phase for this plan was to develop a diversity blueprint for the manufacturing operations with a specific focus on greenfield plants. We started by seeking more clarity on the role requirements at the plant level. We then identified roles that were more suitable to women based on pre-set parameters to determine relative suitability of the roles. The parameters included timing (general / shift), hazardous/ chemical exposure, lifting of heavy weights, standing for long hours and climbing height / ladders.



Maternity conversation guide

In order to facilitate better communication and interaction between an expecting / new mother and her reporting manager, we created a maternity conversation guide. This guide was envisaged to bridge the understanding gap between employees and bring everyone on a common platform. The idea was to empathise the supervisors on dealing with pregnant women and helping new mothers to efficiently return to work. To create these guides, we conversed with employees who had returned to work from their maternity leave, employees who were expecting mothers, reporting manager and HR representatives.



of our employees are **unionised**

10,474



Workforce Breakdown

Fostering robust industrial relations

At Asian Paints, union settlements have always been linked with productivity improvements. The robust grievance redressal system across the organisation means that 'justice is done, but also seen to be done'. There has been a focus on growth and inclusive participation for all cadres in the plant, which has seen operators take up supervisory roles and grow in their careers. This has translated into a new outcome based approach to labor settlements replacing the traditional activity based model.

We work towards ensuring fair treatment and safeguarding interests of our contract workforce. Contract labour is deployed at our manufacturing facilities and in other functions like sales & marketing. Each facility maintains suitable checks and balances to ensure that wage payments, statutory contributions, provision of safety equipment and other such obligations are met by the contractor. We provide welfare facilities like subsidised food, rest rooms, medical check-up and medical facilities to all contract employees working at plants.

A limited number of women are present in our contract workforce and there is no discrimination between men and women with regard to working conditions and payment of wages. Our terms of contract clearly stipulate statutory requirements for contractors and they undergo stringent selection criteria and screening.

We prohibit all forms of child labour or involuntary labour. There are recognised trade unions at the Company's manufacturing locations and certain sales units are affiliated to various trade union bodies. Approximately 29% of permanent employees are members of recognised employee unions.



'5S' for better employee relations

We have created 'Sambandh' - a '5S' approach to employee relations encompassing communication, welfare, growth, inclusive participation enables us to ensure sustainable industrial relations.



Samvaad
(Communication)



Sangam
(Inclusive Participation)



Samarthya
(Development)



Shikhar
(Inclusive Growth)



Samridhhi
(Welfare)

While we have initiated several activities and programmes under Sambandh, following are some of the key highlights of 2015-16:



Samvaad
(Communication)

- Code of conduct driven at an operator level covering 850+ employees across Kasna, Khandala, Taloja, Ankleshwar, Phthalic and Sarigam
- Grievances being tracked across manufacturing with pre-defined categories and MIS capability. A total of 6,000+ grievances were captured across attendance, payroll, infrastructure, policy, welfare, safety, etc.



Sangam
(Inclusive Participation)

- "Net Volume Concept" of settlement implemented for the first time at Sriperumbudur plant. Under this concept, our personnel have to work in teams to deliver volume. They have to improve the machine uptime and collaborate to deliver on plant goals.



Samarthya
(Development)

- Disha Meet conducted to ensure sharing of cross functional departmental goals, structured goal-setting, progress and review
- A structured program was conceptualised, designed and implemented for building engineering capability within supply chain
- Catalyst: A transition program was conducted successfully at a central level for newly promoted Sr. Officers
- Skill based certifications and Officer Inductions were revamped across staff cadre
- Communication skill building through Vyakta to improve articulation and language use
- Union Management capability building program for Union office bearers and Management



Shikhar
(Inclusive Growth)

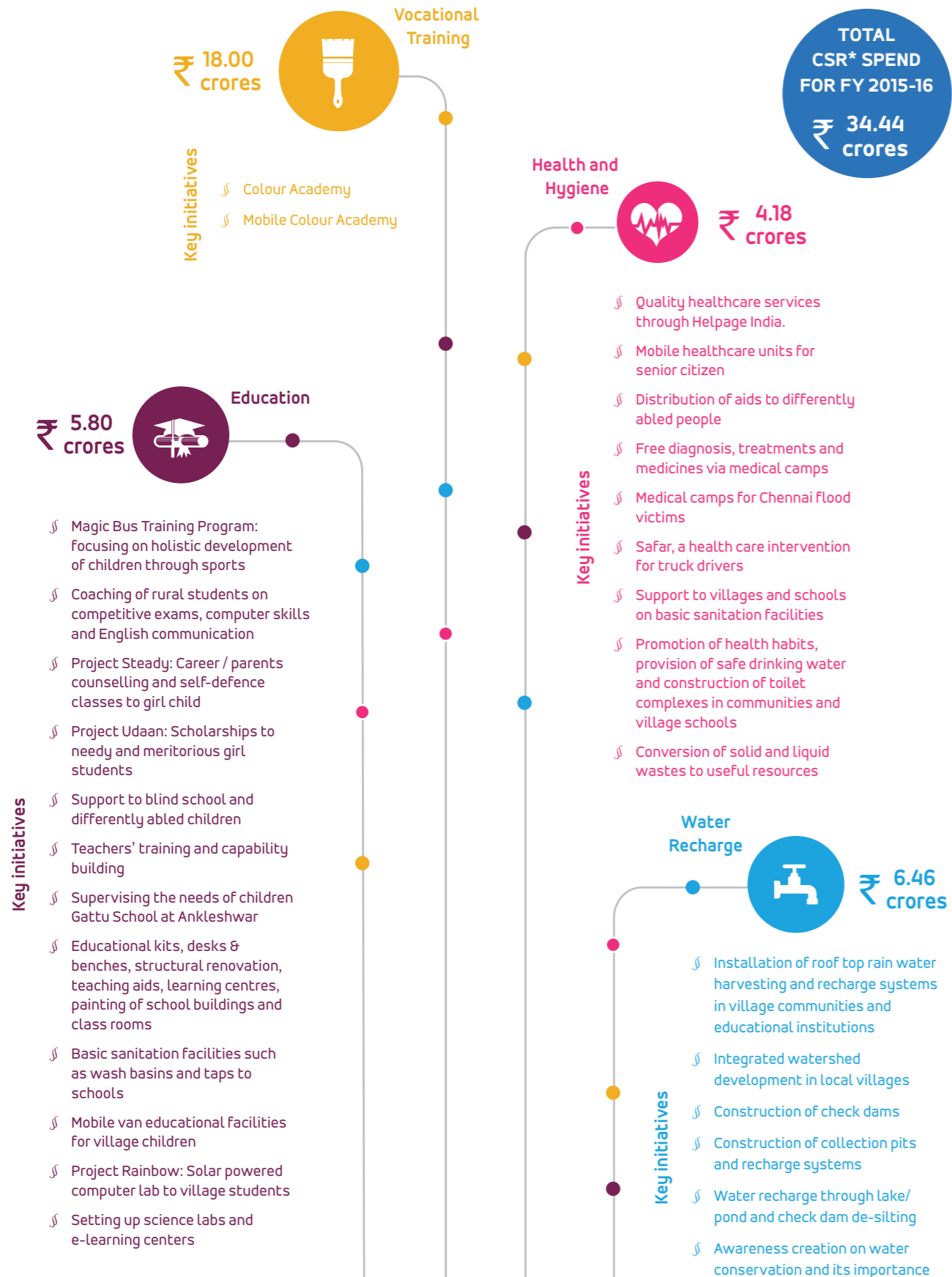
- Holistic Growth Plans:
 - This year, 16 employees were promoted to a supervisory role. An on boarding program was created to facilitate transition of newly promoted officers from operator cadre.
 - Cross-functional moves were also facilitated at the Officer level. This year, a few Officers from the Plants moved to the Sales function.
- i-Rise was introduced as a growth plan for diploma Officers. Further, a policy for ensuring transparency in officer promotions at Khandala was introduced.



Samridhhi
(Welfare)

- We continued to build on the Employee Wellness agenda in coordination with Health Spring
- The LWF schemes benefits were extended to CLs

Our CSR approach and spend



Transforming Lives

We endeavour to **develop a social capital** by supporting the standard of living, health and wellbeing, environmental conservation, security and stability in local villages, rural enterprises and schools.

We have adopted a community impact strategy that adopts a multi-sectoral inclusive approach to focus on community needs. We strive to improve the well-being of our communities by focusing on education, health and hygiene, water management and vocational training. Our CSR initiatives address the requirements of local communities near our manufacturing plants along with enhancing livelihoods of the underserved through innovative pan-India programs. These programs leverage our capabilities as a paint manufacturer and home improvement service provider. Employee engagement in social impact projects enables our people to directly contribute to meaningful development of our communities. The Corporate Social Responsibility (CSR) Committee, provides strategic direction and oversight to our community development interventions. We implement our interventions through strategic trust based partnerships with social impact organizations, we also contribute in terms of employee time.

Education

Building upon our commitment to promoting access to quality education particularly for disadvantaged rural communities located around our facilities, this year we implemented projects under the following broad areas :

- Developing infrastructure in rural schools
- Developing personnel infrastructure
- Holistic development of rural children
- Capability development of teachers
- Digital literacy and vocational training

Our dedicated efforts have helped **make a difference** in **over 100 villages** across the states of Uttar Pradesh, Haryana, Gujarat, Telangana, Maharashtra and Tamil Nadu

Coaching classes for competitive examinations



Traditionally, in Ankleshwar people have not emphasized on the need for coaching on competitive examinations, resulting in a fewer students securing admissions in good colleges post their schooling. At the Shree Gattu Vidyalaya, we initiated coaching classes for competitive examinations for XI and XII standard students. Our aim was to bridge the learning gap and provide quality coaching to the students. We saw positive results of this initiative right from the start. In the last year, five students qualified for JEE Main. In this year, six students qualified for JEE Main of which one could progress to the JEE Advance stage and gain admission at one of the IITs.



Promoting healthcare and hygiene

Lack of sanitation impairs health and wellbeing. Further, the absence of an effective public health network creates a high disease burden. By directing resources towards promoting access to healthcare, better sanitation facilities and hygiene, we hope to reduce the disease burden. We have implemented projects under the following focus areas :

-  **Diagnosis and treatment (Health)**
-  **Rural development (Hygiene)**
-  **Safe drinking water (Hygiene)**



Project Swachh Safar

In association with the Abhivyakti Foundation, we initiated a project to facilitate better and hygienic sanitation for the girls. We constructed toilet complexes in five Government aided schools each comprising four urinals and water closets and two washbasins. Further to bring about behavioural change and development of good hygienic practices in students, we conducted rallies, painting competition and awareness sessions.

Project Safar



For the welfare of truck drivers at our Rohtak plant, we initiated Project Safar in 2014. We wanted to increase the health related awareness and support among them considering that they are prone to ergonomic illnesses, HIV, skin diseases, gastritis among other diseases due to the nature of their jobs. We partnered with Safar (an NGO) to provide medical support to the truckers along with free medicines and consultation and spreading awareness on aspects of health and hygiene through nukkad natak, games, inter personal communication sessions and movies. In this year, we were able to address 4,767 users through the medical clinic and another 14,000 users through these awareness programs.

Securing the availability of water resources

Water availability is scarce and its demand is increasing due to population growth, urbanization and industrialization. An abundant and stable supply of water is the basic need for all communities and we address this in the immediate ecosystem around two of our plants through an integrated approach to watershed development. We have established a Water Education Centre in Mumbai and Kasna, currently being used by teachers from schools in the vicinity.



Climate adaptation program at Patancheru

We have partnered with ICRISAT to improve rural livelihoods in Medak District through integrated water resources management. We selected six villages covering an area of 7,143 hectares in the Medak district after consultation with the community. Using community mobilization as a trust building measure to get their buy in, we implemented the watershed activities in the target villages. Following are some of the key highlights:

- Over 180 soil samples were selected for conducting soil
- Through rainwater harvesting, total water storage capacity of 28,000 cu.m was created in these villages. These structures were filled three times during last year resulting in increased groundwater recharging of 1,03,782 cu.m.
- Selected women self-help groups (SHGs) were trained for handling spent-malt as nutrition feed for milch animals towards generating income and improving milk production.
- Farmers using spent malt as a supplement feed recorded on an average additional one litre milk production per animal per day on daily basis. This helped to increase the milk production by 470 litres per month.
- Improved management practices resulted in increased maize grain yield by 36 to 55 percent over the traditional practices

Asian Paints Colour Academy is a **NSDC approved training partner** and we have been **supporting** the **Skill India Mission** furthered by the Government of India

USP of Colour Academy

Colour academy: vocational training to improve employment opportunities

In India, often skilled in traditional techniques and tricks of the trade that are informally passed down, painters and applicators tend to be less aware of modern approaches to painting that make use of new technologies and tools. This curtails the potential to grow their livelihood. To address this gap, we envisioned setting up the Asian Paints Colour Academy in 2007, to provide vocational training to painters and applicators. Colour Academy has been instituted as a vocational training setup by Asian Paints to provide technical knowledge and skills to painters and contractors in the trade of household painting. The vision for this project is to transform lives and the trade and provide it the respectable position it deserves. Equipped with modern training facilities such as AV classrooms, professional painting workshops and painting booths, the Academy also provides vocational training to unskilled youth on basic and specialised painting techniques to enable them to earn a decent living. Painter training is structured professionally and includes a mix of theoretical, practical demonstration and hands-on learning with a regular schedule of assessment to track progress.

First women's batch at the Colour Academy

While painting has been a male dominant profession on account of the physical work involved, women have a lot of say when it comes to designing their spaces, be it home or work. When a home is getting painted, usually it's the lady of the house who has to interact with painters – who are mostly unknown to her. Naturally for her, it would be more comfortable to have women painters* do the job. The Color Academy at Bhandup launched its first batch for women. The skills imparted included everything from the basics of painting to advanced applications including wall art, texture applications and paint effects, on site exposure before they could start assignments on their own. The Colour Academy also helped to source contracts from its network for them to complete the training.

Asian Paints Colour Academy operated two formats in FY 2015-16 – the **fixed setup at Mumbai, Delhi, Bangalore, Chennai, Kolkata, Ahmedabad, Pune, Hyderabad, Cochin and Gorakhpur** and **six Mobile Colour academies**

*For more information visit the following link <https://www.youtube.com/watch?v=qN8e85JZe04>



 **13,845**
individuals trained

 **23,451**
trainings conducted

Colour Academy
Performance

Mobile Colour Academy



To expand the reach of Asian Paints Colour Academy, we have developed an innovative, first-of-its-kind, pop-up format to deliver skills development and training modules by taking them directly to beneficiaries. The academy's self-sufficient mobile vans are equipped with adequate materials and training tools to engage unskilled individuals and provide access to our learning modules. This approach helps to spread the program to far flung areas. We have launched six Mobile Colour Academy vans that will travel across a wide range of geographies to deliver varied workshops covering basic and specialised painting techniques and application of wood finishes.

Ishaque's journey from a painter to an entrepreneur



The son of a poor farmer in Beed district, Maharashtra, Ishaque started working as an apprentice under a painter at the age of 14 to support his education. After spending 12 years focusing on painting interiors, he came across Asian Paint's Colour Academy through a dealer. Inspired to learn more and develop new skills he enrolled in the program and completed the interior and exterior designer finishes courses. As a result he was able to expand his service offerings with the new skills he had honed. Today, he has team of 20-25 people, all of whom are trained at the Colour Academy. He has successfully expanded his business with an annual turnover of about INR 40 lakhs.

Training inmates at Solan Jail, Himachal Pradesh



Citizen's Alliance (a NGO) wanted to develop a NSDC certified training program for inmates, as per a request from Superintendent of Solan Jail as a means to engage people in meaningful ways to regain self-respect for successful rehabilitation. In association with the NGO, Asian Paints conducted a customised 12 day training program for the inmates. The success of this program motivated us to conducted an upskilling workshop on advanced Textures Application for inmates. The Colour Academy team that was involved in this project was inspired by the impact they had on the inmates and are exploring ways to expanding the project to other jails in Himachal Pradesh.



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Independent Assurance Statement

The Board of Directors and Management
Asian Paints Limited
Mumbai, India

Ernst & Young LLP (EY) was retained by Asian Paints Limited (the 'Company') to provide independent assurance to eight specified environmental performance indicators in its annual Sustainability Report (the 'Report') for the Financial Year 2015-16 (except the indicator pertaining to Water Replenishment, which is for FY 2013-14, 2014-15 and 2015-16).

The development of the Report is based on the Global Reporting Initiative (GRI) G4 Guidelines (2013) and; its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's performance on the following eight environmental indicators for the period 1st April 2015 to 31st March 2016:
 1. Electricity consumption;
 2. Renewable energy consumption;
 3. Hazardous waste disposal;
 4. Greenhouse gas emissions;
 5. Total water consumption;
 6. Non-process fresh water consumption;
 7. Trade effluent generation;
 8. Water replenishment (reporting period is 1st April 2013 to 31st March 2016).
- The Company's internal protocols, processes, and controls related to the collection and collation of performance data for the above mentioned indicators;
- Review of information on the above indications through audits, covering the Company's Corporate Office at Mumbai and following manufacturing plants:
 1. Ankleshwar, Gujarat;
 2. Kasna, Uttar Pradesh;
 3. Khandala, Maharashtra;
 4. Patancheru, Telangana;
 5. Rohtak, Haryana;
 6. Sriperumbudur, Tamil Nadu.

Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period as mentioned above;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company;
- Data and information for which a management declaration was provided by the Company in absence of adequate documentary evidence.

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'reasonable' level of assurance (as set out in ISAE 3000) on reporting principles and conformance of sustainability performance disclosures as per the Company's 'Corporate Guidelines for Environmental, Health & Safety Standards' and GRI G4 (2013) Guidelines, except for the "water replenishment" indicator which was a "limited level" of assurance.

What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- Interviews with the corporate sustainability team of the Company at its corporate office in Mumbai to understand the Company's approach to management and reporting of sustainability performance, including its 'Corporate Guidelines for Environmental, Health & Safety Standards';
- Physical audits of the Company's manufacturing plants and water harvesting structures constructed by the appointed Project Implementing Agencies (PIAs) as mentioned in the 'Scope of Assurance' above;
- Interactions with the relevant data owners at the manufacturing plants and sites of the PIAs to understand the current processes in place for capturing the performance data on the specified environmental indicators;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Visit to rainwater harvesting structures on a sample basis for on-site condition assessment;
- Review of data source for estimation of potential and actual water recharged due to rainwater harvesting structures by using scientific formulae and logical assumptions.

Our Observations

There is uniform understanding and well-established procedures in place for measuring performance on the reviewed environmental indicators across all its manufacturing plants. Some data pertaining to the environmental indicators under review underwent change as part of our assurance process. There is scope for improving the internal data controls, documentation management and method of calculation and/or estimation for the said environmental indicators.

The Company monitors the potential and actual water recharge from the rainwater harvesting structures. However, there is scope for improvement in the process of data collection and consistent use of scientific methods to estimate rainwater harvested across all the Project Implementing Agencies.

The Company may consider further strengthening internal data collection framework and instituting periodic internal audits in order to improve its reporting on the disclosed indicators.

Our Conclusions

On the basis of our reviews carried out as per 'Reasonable Assurance Engagement of ISAE 3000' (except the indicator of water replenishment where it was a 'Limited' assurance), we conclude that in our opinion, the Company has reported the information in a reasonably balanced, accurate, complete and transparent manner.

On the basis of our reviews carried out as per 'Limited Assurance Engagement of ISAE 3000', we conclude that in our opinion, nothing has come to our attention that causes us to believe that the information reported is materially misstated.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young LLP



Sudipta Das
Partner
25 October 2016
Kolkata

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.

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			Aspect boundary has been mentioned at the start of the each section
G4-21	Aspect Boundary of each material Aspect outside the organisation		We have not considered aspect boundary outside organisation
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		We have revised the 2014-15 emissions using the combined margin emission factor as per CEA database
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