



Financial capital

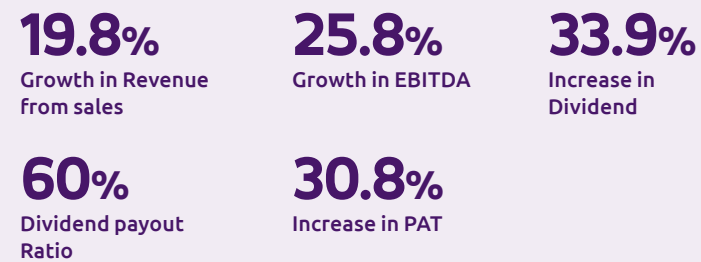
SDGs IMPACTED



Adding robust numbers to our palette

At Asian Paints, we are committed to delivering value in a sustained manner to our stakeholders while pursuing our growth objectives. Our impressive track record of persistent growth and wealth creation attests our efforts. We have strengthened our core business intertwining all our Home Décor offerings, generating strong synergies and supporting our overall strategy of targeting 'share of space' and not just 'share of surface'. Additionally, we have activated some key backward integration initiatives which would not just enhance our product differentiation and cost competitiveness but also drive forward our environmental sustainability agenda.

FY 2022-23 KEY HIGHLIGHTS



ESG STRATEGY

- Energy conservation
- World-class governance
- Ethics, transparency, quality and accountability

KEY MATERIAL ISSUES

- Financial performance
- Business Ethics and Corporate Governance
- Organisational resilience
- Anti-Corruption and Anti-Bribery
- Anti-Competitive Behaviour

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Financial performance

During the year, the global economy faced challenges by the war situation in Ukraine resulting in increased inflation due to its aftermath. The tightening of monetary policy across the globe had its impact on India as well, but the economy exhibited resilience supported by robust domestic consumption and the Government push on infrastructure.

→ Read more on the macroeconomic landscape and business outlook in Management Discussion & Analysis section in this Integrated Annual Report at page no. 126



ESG integration

We have embedded ESG into all aspects of our business strategy including our investment evaluation process.

ESG-related due diligence is now a key component of our investment process. We conduct this in conjunction with financial due diligence, carefully examining ESG-related implications, compliance issues, regulatory permissions, and social commitments before making investment decisions.

₹ 23.4 Crores

Invested in reducing the environmental impact of products

Creating long-term investor value

Over the past two decades, we have achieved a CAGR of 27.3% in market capitalisation, reaching ₹ 264,897 Crores as on 31st March 2023 from ₹ 2,119 Crores as on 31st March 2003. We are proud of the unwavering faith our shareholders and investors have placed in us, in our growth story by entrusting us with their wealth. We have remained committed to delivering sustained value to our stakeholders.

Over the last 5 years, we have consistently increased our dividend payout-ratio taking it to 60%, a testament to our commitment to sharing our success with our shareholders. We believe in providing sustainable returns to our shareholders by pursuing consistent growth and practising responsible financial management.

Economic value creation*

	(₹ in Crores)	
	FY 2022-23	FY 2021-22
Direct Economic Value Generated[#]	30,596.4	25,640.4
Revenues	30,078.4	25,188.5
Other Income	518.0	451.9
Economic Value Distributed	28,991.5	24,339.9
Operating Costs	23,515.8	20,011.6
Employee Wages and Benefits	1,513.9	1,310.1
Payments to Providers of Capital	2,460.3	1,836.9
Payments to Government [^]	1,424.3	1,110.5
Community Investments	77.2	70.8
Economic Value Retained	1,604.9	1,300.5

[^] It does not include the amount paid by the Company towards Goods and Services Tax (₹ 2,016.9 Crores for FY 2022-23 and ₹ 1,366.4 Crores for FY 2021-22)

[#] Direct Economic Value generated includes financial assistance/grants accrued from Government authorities by the Company in the form of subsidies and export duty credits amounting to ₹ 62.1 Crores for FY 2022-23 and ₹ 119.5 Crores for FY 2021-22.

*GRI 201-1 Direct economic value generated and distributed. | GRI 201-4 Financial assistance received from government

Financial capital

At Asian Paints, we consider payment of tax as an integral element of our corporate responsibility and are committed to being tax compliant. Our responsible tax strategy consists of ensuring compliance with applicable tax laws in India and the countries that it operates in, thereby avoiding tax risks and is aligned to the Company's corporate governance practice and

value system. The Company is present in multiple geographies and through its operations contributes to the community via various direct and indirect taxes and levies. Details of individual jurisdictions' tax positions are made available in the country-by-country reporting as required and communicated by the concerned tax authorities. The Company's position statement on tax governance is available <https://www.asianpaints.com/PositionStatement.html>

A year of progress

Despite challenges in the external environment, we made broad-based progress on all parameters. We have achieved strong double-digit volume growth in decorative business of 14.1% in FY 2022-23. Our product mix was led by the economy and waterproofing range. The Premium range of products witnessed downtrading on account of the unprecedented price increases we had to implement to counter the runaway inflation in raw material prices.

~10%

Revenue contribution from new products

Our newer acquisitions, White Teak, and Weatherseal, have performed exceptionally well, benefitting greatly from their integration with our Beautiful Homes Stores network. This integration has allowed them to expand their reach and provide enhanced customer engagement.

DYNAMIC AND AGILE FINANCIAL PLANNING

Considering the ever changing macro-economic scenario, since the outbreak of COVID-19 pandemic followed by the Ukraine war and other global challenges, inflationary situations remained unpredictable. To address the issues and prepare better business strategies, we have developed an enhanced digital financial planning process which allows us to build various scenarios and quickly amend the plans in line with changing market conditions.



EXPANSION OF FOOTPRINT

We continued to expand our footprint and over the past year, we added new retail points, allowing us to enhance our distribution reach in rural and urban areas alike, and to serve our customers more effectively.

170,000+

Customers serviced through Safe Painting Service (SPS) and Trusted Contractor Service (TCS)

150,000+

Retail Touchpoints catered

GROWTH FROM PROJECT BUSINESS

We have placed a strong emphasis on project sales, including those derived from factories, government investments, and infrastructure projects. As a result, we have seen excellent traction, particularly as the government increases its investment in infrastructure. Overall, we performed well in terms of project business and experienced significant growth in this segment.

'Share of Surface' to 'Share of Space'

We have experienced significant growth in both value and volume terms. By offering our customers a comprehensive range of products that cover the entire home décor space, we continue to see robust growth across all business segments.

We have boosted growth in rural areas by shifting our strategy towards increasing per capita consumption through the conversion of the distemper market into the economy emulsion sales market.

Our home décor brand, Beautiful Homes, has played a significant role in our transition from a focus on 'Share of Surface' to 'Share of Space' within homes. This year, we have expanded Beautiful Homes' offerings by adding rugs to the décor portfolio in addition to decorative lightings and uPVC windows by acquiring White Teak and Weatherseal respectively. Further, we continue to inspire millions to create their dream homes through our online platform - BeautifulHomes.com which provides insights to emerging trends.



42

Beautiful Home stores

31

Cities

Deriving cost savings and market penetration

Our efforts in optimising product formulations and manufacturing processes have enabled us to stay ahead of the curve and penetrate new markets, particularly in rural areas, and reach a broader range of consumers via multiple retail touchpoints and at the same time optimising the distribution costs that come with penetrating newer markets.

We have continued to invest in research and development and have come up with newer and innovative products that have been offering superior value propositions to the customers which is a clear differentiator.

During the year, we placed particular focus on the manufacturing of new, cost-effective emulsions with reduced monomer components, which resulted increase in margins.

Additionally, we have developed low-cost alternatives for certain categories of resins, reducing raw material costs and achieving significant savings. We maintained our focus on the efficient use of manufacturing plants to optimise operating costs.

In line with this goal, we have planned upgrades to our traditional plants, incorporating newer technologies that will help bring down operating costs.

We implemented an in-house RDP manufacturing set-up and became the first Indian Company to achieve self-reliance in this area. This initiative aligns with the Make in India campaign and grants us greater control over our formulations, paving the way for potential future innovations. We also undertook projects focused on increasing profitability of certain category of products and business segments. We were able to increase the profitability by improving the product mix and reducing the associated overheads.

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Financial capital

Effective working capital management

Effective management of working capital is critical to achieving our goal of maximising returns. We are committed to achieving our cash flow goals, maintaining targeted inventory levels, efficient debtors' management, and optimising payables. By focusing on these key areas, we successfully manage our working capital.

We ensure adequate inventory levels that allow for timely deliveries while also optimising inventory to avoid excess stock and stockouts. We continuously invest in and upgrade our forecasting models to meet customer demand and ensure on-time deliveries and at the same time optimise inventory levels in the system.

During the year, we continued our dedicated efforts to recover overdue receivables, which have yielded significant benefits helping us to minimise bad debts and ensure timely payments.

Considering the expanding dealer base and to better manage the increasing working capital, we explored new avenues to facilitate faster recoveries. We leveraged our banking relationships that helped dealers to avail credit facilities at cheaper cost, thereby managing their working capital and reducing our exposure to the receivables.

Unlocking value with effective capital allocation

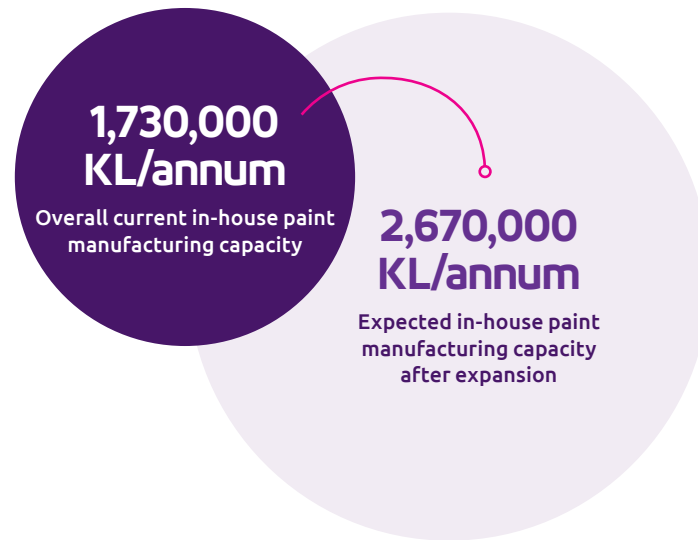
We are currently expanding capacity at our existing plant locations in Kasna, Khandala, Mysuru, and Ankleshwar. These brownfield investments will increase our in-house paint manufacturing capacity by 30%, entailing cash outflow of ₹ 3,400 Crores and support our growth needs for the upcoming years.

In addition to our current expansions, we are also planning a greenfield expansion to support our long-term capacity and growth. This new plant, at an identified location in Madhya Pradesh, will have a capacity of 4 Lakhs KL per annum at a cost outlay of about ₹ 2,000 Crores, bringing our overall manufacturing capacity to 26.7 Lakhs KL per annum.

We will be investing ₹ 2,100 Crores over the next 3 years to establish an installed capacity of 1.5 Lakhs tonne p.a. for VAE emulsion along with 1 Lakhs tonne p.a. for its key ingredient, VAM, making our Company the first in India to invest in such a technology.

The benefits of this technology are manifold, from reducing import dependency to lowering material costs to having greater control over formulations and ensuring product quality. In addition, this sustainable technology entails lower VOC content, which aligns with our Company's sustainability targets.

→ Read more on our capacity expansion plans in Fortifying our leadership on page no. 26



White cement manufacturing is another area of backward integration. For this, the Company has entered into a JV agreement to put up a 2.65 Lakhs metric tonnes p.a. manufacturing facility of white cement in the UAE, which will enable us to cater to a market that is growing at 15-20% per annum.

We have announced another significant investment in nanotechnology by partnering with Harind Chemicals and Pharmaceuticals Private Limited, which is a pioneer in nanotechnology based surface coatings and care. This move provides us with access to cutting-edge technology and use cases, which will enrich our R&D efforts and enable us to offer innovative product propositions, particularly in emulsions and waterproofing. The technology also allows us to reduce our overall raw material consumption, leading to substantial cost savings.

Corporate governance and Stakeholder engagement

Our Code of Conduct for Employees and Code of Conduct for Business Partners sets out guiding principles and expectations. The Code serves as a central policy document outlining the requirements that all individuals working for or with the Company must comply with, regardless of their location or the nature of their operations.

→ Read more about Governance on page no. 40

We are committed to ensure that we do not fall foul of competition law and engage in fair and ethical practices in the market. To this end, the Company has conducted various training sessions for its senior and middle management and for relevant employees in junior management cadre to make them aware of competition law. The training sessions enabled the employees to identify potential conflict, improve their understanding of law and regulation and inculcate a culture of compliance, which will help prevent violation. The Company has strong governance structure and a robust internal control system.

→ For more details refer to Management Discussion & Analysis on page no. 126

Investor engagement

We consider transparency and communication to be essential components of our investor relations strategy. As part of our outreach efforts, we host quarterly conferences for investors and make audio and video recordings, as well as transcripts available on our website. In addition, we actively participate in round table investor conferences, road shows, and investor meetings to engage comprehensively with our investor community. During the year, the Company had 61 such engagements with the investor community.

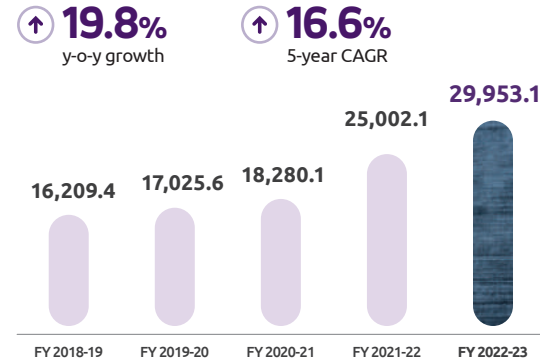


Financial capital

Numbers that make us proud

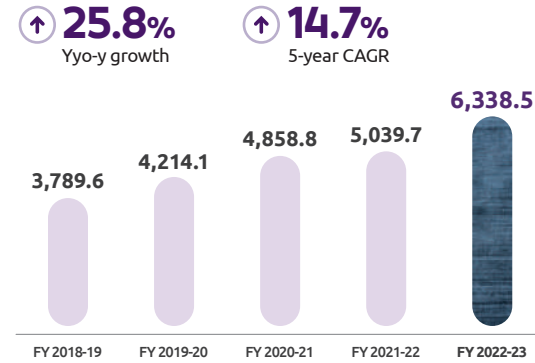
REVENUE FROM SALES OF PRODUCTS AND SERVICES

(₹ in Crores)



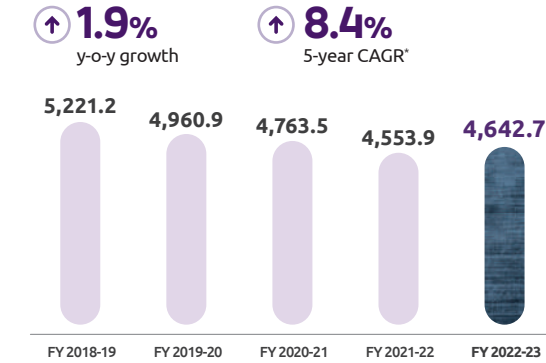
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

(₹ in Crores)



NET FIXED ASSETS

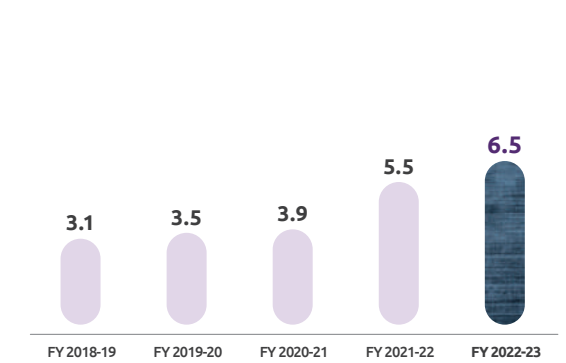
(₹ in Crores)



*FY 2017-18 (base year for CAGR calculation) does not include fixed assets of Mysuru and Visakhapatnam as the plants were commissioned in FY 2018-19 and impact of Ind AS 116 - Leases.

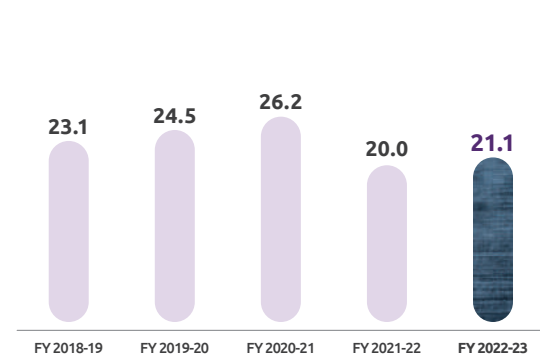
ASSET TURNOVER RATIO

(x times)



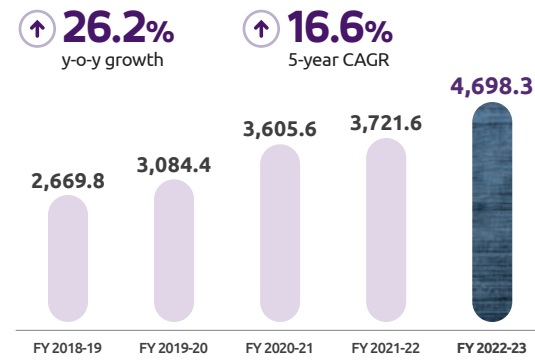
EBITDA MARGIN

(%)



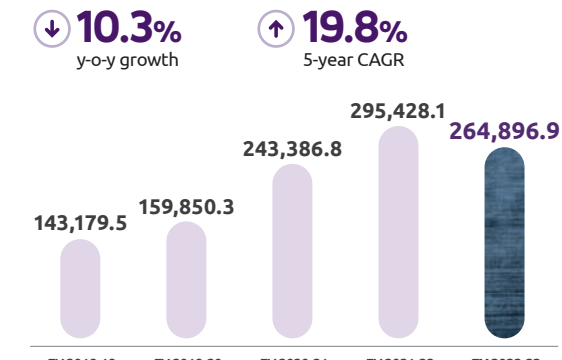
CASH PROFIT

(₹ in Crores)



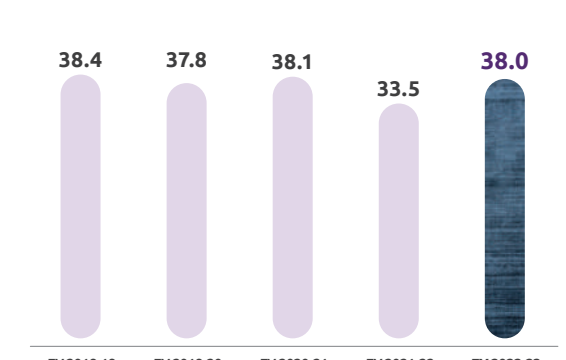
MARKET CAPITALISATION

(₹ in Crores)



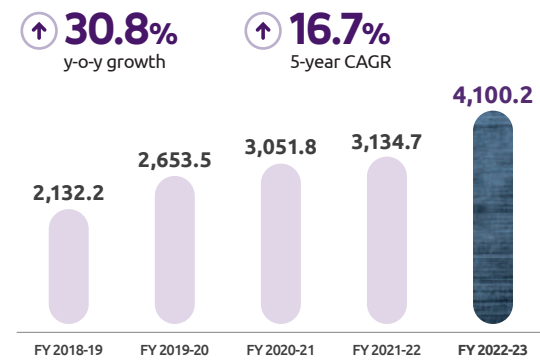
RETURN ON CAPITAL EMPLOYED (ROCE)

(%)



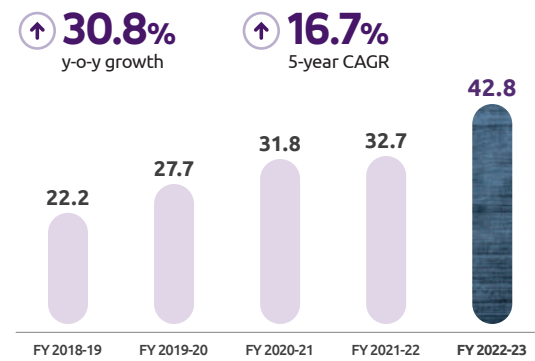
PROFIT AFTER TAX (PAT)

(₹ in Crores)



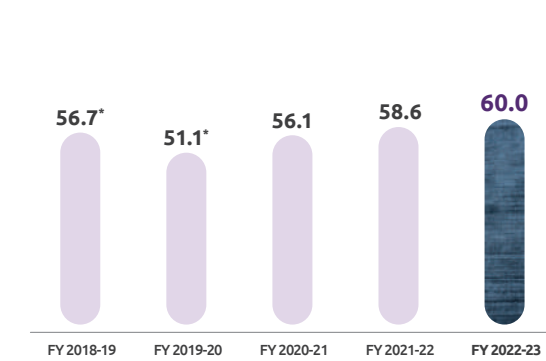
EARNINGS PER SHARE (EPS)

(₹)



DIVIDEND PAYOUT RATIO

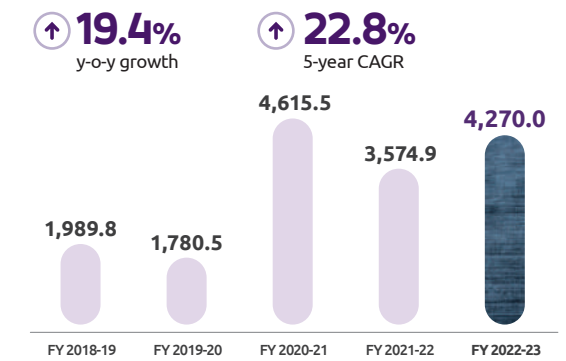
(%)



*Includes Dividend Distribution Tax

SURPLUS CASH

(₹ in Crores)



All figures here are on Standalone basis

Note: The figures for FY 2019-20 and FY 2020-21 have been restated (wherever necessary) on account of amalgamation of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited with the Company with the appointed date of 1st April, 2019.



Manufactured capital

SDGs IMPACTED



Responsible manufacturing for a resilient future

We adhere to the principle of prudent capital investment to develop a robust manufacturing infrastructure, optimise processes and resources, and scale our operations. Our responsible supply chain embeds ESG targets by conserving water and energy, ensuring resource optimisation, reducing waste, and adhering to safe and sustainable principles.

FY 2022-23 KEY HIGHLIGHTS

130+
Improvement projects across manufacturing facilities

54
Awards for manufacturing sites across various category

3
Manufacturing facilities awarded with the Sword of Honour by the British Safety Council

7,000+
Kaizens/improvement suggestions submitted by employees across all manufacturing sites

ESG STRATEGY

- Energy conservation
- Water neutrality
- Product stewardship
- Nature positive
- Safe workplace
- Sustainable supply chain management

KEY MATERIAL ISSUES

- Climate change
- Occupational health, safety and well-being
- End-of-life management of product and packaging
- Responsible supply chain
- Product stewardship

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Manufacturing excellence

Our focus on 'Manufacturing Excellence' has enabled us to successfully transform our production processes and establish world-class facilities. Our ability to lead and manage change is a strategic and foundational pillar that allows us to engage, develop, and empower autonomous work teams that are propelling our manufacturing units toward accelerated growth.

We have achieved seamless integration of all 35 decorative paints manufacturing facilities which includes in-house as well as outsourced processing centres.



Aerial view of Khandala plant

1,730,000
Installed in-house decorative paint capacity (KL/annum)

8,760
Penta production capacity (MT/annum)

MANUFACTURING EXCELLENCE HIGHLIGHTS FY 2022-23

- Our focus on empowerment of 40 multi-disciplinary and 135 shift-based teams to drive the excellence initiatives resulted in renewed focus on trainings, recognitions and skilling of workforce.
- Received over 7,000+ kaizen ideas focused on productivity, safety, product quality, delivery, cost, morale, and environmental sustainability.
- Launched a manufacturing excellence programme for our contract partners to join us on the journey toward achieving excellence.
- Completed over 130+ improvement projects across performance parameters which also resulted into direct cost saving.
- Emphasis on the Sort, Set in order, Shine, Standardise and Sustain (5S) methodology has resulted in improved safety, hygiene, asset care, and maintenance while removing multiple sources of contamination.
- Secured the commitment of our unionised workforce to be active participants in our journey towards excellence through the settlement and enrolment of unions across our plants.



CASE IN POINT

Manufacturing excellence in action

Volume Damaged Per Tonne (VDPT) levels at our plant exceeded expected levels, indicating increased damage during transit.

The dispatch team launched an initiative to minimise VDPT numbers in their home state, accounting for more than 40% of dispatches using shorter transportation routes. The team used data analysis and problem solving technologies to optimise routes and cargo security, as well as collaborated with production to improve pail durability during transportation.

The team's exceptional problem-solving skills and commitment to excellence resulted in a 50% reduction in damages and considerable cost savings for us. More notably, the project was completed by a team of junior executives with minimal intervention from management, highlighting the importance of empowering the workforce to foster motivation and competitiveness toward achieving manufacturing excellence.

Manufactured capital

Enhancing our manufacturing capabilities

During the year, we undertook initiatives that improved our manufacturing capacity, flexibility, scalability, safety, and sustainability as well as our processes and practices.

IMPROVEMENT INITIATIVE: DIGITAL

We have launched a program to elevate our manufacturing standards by utilising a digitally integrated improvement solution that implements best practices and streamlines work processes across our manufacturing units.

By doing so, we are confident that we can enhance our manufacturing excellence, improve our overall efficiency, and promote sustainable growth for the long-term benefit of our Company and the environment.

Focus areas

- Reduce material and operational costs
- Implement state-of-the-art manufacturing technologies
- Leverage data analytics



Breaking the mould with cutting-edge technologies

At Asian Paints, our technology and innovation capabilities are significant value propositions that benefit our customers.

Cutting-edge technologies drive efficiencies and cost savings throughout our supply chain. Scalable technology platforms accelerate automation, improve manufacturing accuracy, and reduce waste while increasing production. Our latest technology deployments deliver timely information on material additions and recipe adherence, optimising our manufacturing practices and meeting cost-reduction goals.

The impact of these technologies is tangible, including reduced cycle times, lower energy and material costs, and faster problem resolution. By constantly exploring new technologies, we gain insights into customer behaviour, design better products, and deliver exceptional customer experiences.

The power of digital transformation

We have integrated data analytics solutions across our manufacturing plants, with six plants already utilising diagnostic analytics through advanced Manufacturing Execution Systems and Analytics Cloud integration. During the year, we added data analytics to our seventh plant and have plans to activate the eighth plant next year.

By leveraging data analytics, our diagnostics and higher order predictive analytics have delivered significant savings in FY 2022-23.

ADVANCED WAREHOUSE OPERATIONS FOR OPTIMISED PERFORMANCE

Our distribution network consists of over 160+ warehouses, which allow us to ensure seamless product availability to meet our customers' demands. Our plants and warehouses for decorative products are equipped with cutting-edge technology and operate using advanced robotic warehousing solutions. These solutions are integrated with our ERP system, helping us tackle issues such as overstocking, high operational costs, and losses at the plant level.

160+

Warehouses which are part of our distribution network allow us to ensure seamless product distribution to meet our customers' demands



INVESTING FOR THE FUTURE

We are positioning ourselves in the medium term to meet the needs of a rapidly expanding paints and coatings industry.

We are in the process of expanding our existing facilities at Ankleshwar, Kasna, and Khandala, which are nearing completion. Additionally, our expansion project at Mysuru facility is underway, which is expected to double the plant's annual production capacity from 300,000 KL/annum to 600,000 KL/annum. This expansion will enable us to meet the increasing demand for water-based paint in the southern part of the country.

We regularly assess our manufacturing footprint and have planned to set up our next greenfield manufacturing facility with an annual production capacity of 400,000 KL. We are in the process of setting up the said facility in the state of Madhya Pradesh.

→ For details of the initiatives undertaken by us for environmental linked ESG strategies, please refer to the Natural Capital section of this Integrated Annual report on page no. 112

CASE IN POINT

GREEN MANUFACTURING

Hazardous waste reduction

As an environmentally responsible Company, we had set an ambitious target of reducing our waste footprint to near zero by 2025 which would be a reduction of a staggering 60% starting from FY 2019-20.

In line with our commitment, we have leveraged new technologies with a focus on reducing waste at the source, implementing process changes benchmarked against industry best practices, upgrading existing equipment with modern/latest technology and strategically building newer setups with minimal waste footprint. This was how we combined technology with the 3R principle of Reduce, Reuse, and Recycle.

As a result, we made significant progress against this target and reduced our waste footprint to 0.77 KG/KL.

Manufactured capital

Sustainable supply chain*

As Asian Paints, we have been working closely with our suppliers to identify and minimise supply chain risks in order to ensure secure and sustainable supply to our customers. Supplier management programs are in place to drive continuous improvement of existing supply chain and develop meaningful collaboration opportunities.

We have deployed a well-defined stage-gate process for evaluation and onboarding of prospective suppliers which assesses and addresses all techno-commercial aspects. As part of the evaluation, suppliers are assessed on legal compliance as well as critical social and environmental criteria such as comprehensive environmental policy, implementation of the management system as well as self-declaration on key Human Rights.

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

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

~71.1%

Procurement from local suppliers#

All purchases of materials within the geographical location of India have been considered as local.



Sustainable Supply Chain	
Areas	Process
All suppliers	Acknowledgement of Code of conduct for Business Partners ESG criteria in new supplier screening ESG disclosure
Critical suppliers	Comprehensive site assessment Capturing environment performance data

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

For the purpose of assessment under this framework, we have adopted a two-tier approach to effectively drive sustainability and address risks:

- All suppliers:** This represents all business partners with whom we have a business relationship.
 - We expect all our suppliers to acknowledge our Code of Conduct for Business Partners. By 30th April 2023, 1,279 existing vendors have acknowledged the policy which includes more than 65% of raw material suppliers by value.
 - Environmental & social criteria are part of suppliers screening process.
 - Suppliers' disclosure of ESG criteria and performance or leveraging intelligence tools to assess suppliers on social and environmental standards based on information available in public domain.

- Critical Supplier:** This represents the business partners which fall in the top quartile (75%) of value by spend or suppliers having significant ESG footprint
 - Critical suppliers are expected to undergo comprehensive ESG assessment which may include comprehensive site visits. We intend to assess 20% of the total critical suppliers in FY 2023-24.

Our Sustainable Supply Chain framework will help us assess maturity of our strategic and critical suppliers as well as progression of all our suppliers on the sustainability journey, and shall pave way for collaboration with suppliers.

100%

of our new suppliers are screened using Company's Environmental and Social criteria**

From road to rail to sea: Sustainable logistics

To ensure a sustainable transportation system and optimise costs, we have adopted an innovative approach. As the national logistics policies gained traction, we swiftly adopted multimodal transportation and worked toward a greener supply chain.

We collaborate with leading FMCG/FMCD industries for load pooling and reverse logistics synergies. To increase supply chain agility and responsiveness, we track our finished goods trucks and have modified our planning engine to predict market changes more accurately and supply materials more efficiently.

These efforts have led to significant results including freight cost savings, while reducing Scope 3 GHG emissions. These initiatives saw us bagging awards in the categories of 'Innovator in Supply Chain' and 'Excellence in Transport Optimisation' in the "Future of Logistics and Supply Chain Excellence Awards, 2022".

Outsourced Processing Centres (OPCs)

To meet the ever-increasing demand, we use facilities of 27 OPCs for flexible production support. We also have tie-ups with 33 OPCs for procurement of certain products to meet this growing demand.

Quality, timely delivery, and reasonable prices are our top priorities, and we implemented a rigorous quality assurance process to ensure standards are being met.

It was ensured that such products were delivered to us on a timely basis and at reasonable prices. Strict adherence to quality standards was ensured through quality assurance by our personnel.

Supplier's training and development

We are dedicated to empowering our value chain partners to build capacity and grow alongside us as we expand our footprint and business.

Through training and upskilling courses, supplier meets, forums, and seminars, we collaborate closely with our vendors. By investing in our partners' development, we strengthen relationships and create a mutually beneficial ecosystem that fosters trust, transparency, and collaboration throughout our value chain.

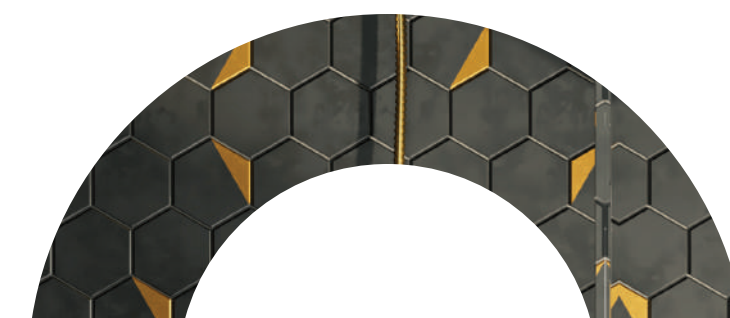
Quality control throughout the supply chain

Our R&T and Corporate Quality and Safety teams rigorously assess social, legal, and environmental compliance throughout our supply chain. We regularly evaluate and rank our suppliers based on their performance in quality, delivery, price competitiveness, and collaboration on initiatives ranging from material innovations to logistics.

We are dedicated to empowering our value chain partners to build capacity and grow alongside us as we expand our footprint and business. Through training and upskilling courses, supplier meets, forums, and seminars, we collaborate closely with our vendors.

*GRI 2-6 Activities, value chain and other business relationships
#GRI 204-1 Proportion of spending on local suppliers

**GRI 308-1 New suppliers that were screened using environmental criteria
GRI 414-1 New suppliers that were screened using social criteria



Manufactured capital

Supplier evaluation

At Asian Paints, selecting the right partners is crucial to achieving our business objectives, fulfilling our social and environmental commitments, and ensuring the sustainability of our Company.

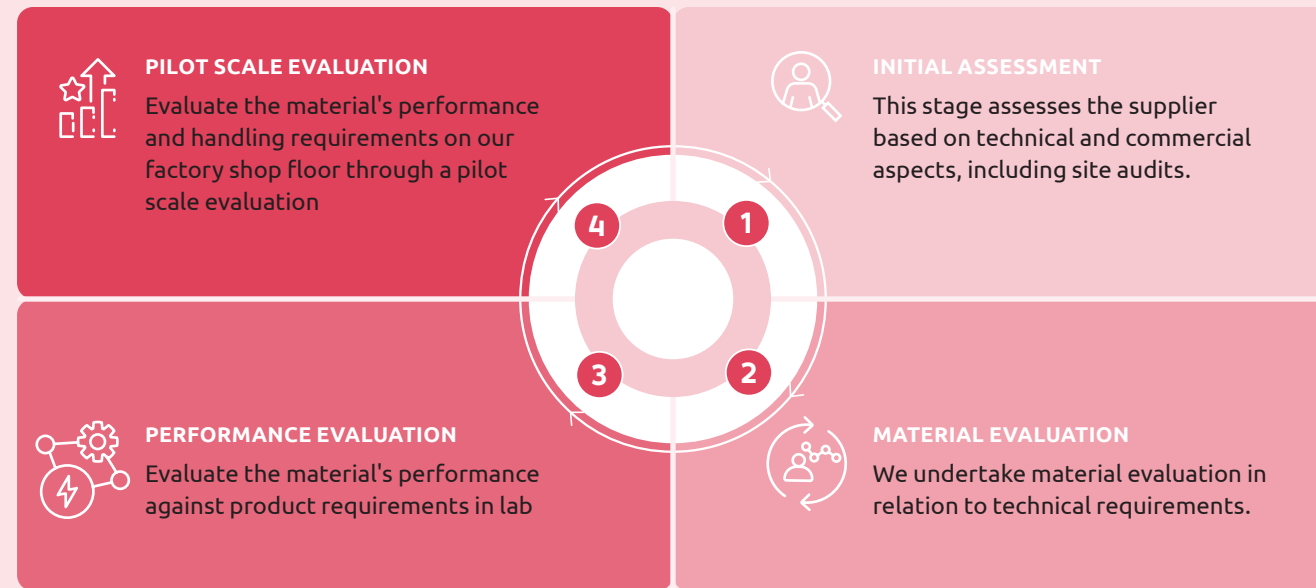
Asian Paints has a Code of Conduct for Business Partners. This requires Business Partners to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations.

All Business Partners are expected to meet the requirements of this Code.

In addition, the Company's business associates (vendors and dealers) affirm their commitment to comply with applicable regulatory requirements, including but not limited to, prohibition of child labour and prevention of sexual harassment of women at workplace, by submitting declarations during their onboarding process.*

During the year, 98 suppliers were onboarded based on the evaluation. Once onboarded, the suppliers are routinely assessed and ranked. Business to these suppliers is awarded the basis of their performance with respect to quality, delivery, price competitiveness and collaborative working on various initiatives ranging from new material innovations and logistics.

To ensure that we choose the best possible material and business partners, we use a well-defined process as below:



Supplier engagement and recognition

We prioritise maintaining open communication with our suppliers to address any potential roadblocks that may hinder our ability to create long-term, sustainable value. We recognise and acknowledge exceptional supplier performance through various means such as certificates of recognition, a higher sourcing preference, and opportunities for further collaboration.

MEETS ORGANISED IN FY 2022-23

With the challenges posed by the pandemic in the past two years, we made a concerted effort in FY 2022-23 to engage in collaborative partnerships with our vendors.



PACE
Partners Affiliating for Collaboration & Excellence

27
Outsourced processing centres

Celebrating shared success and discussion on best manufacturing practices.



SAHYOG
Transporters' meet

75
Transport partners and associated Company personnel

Emerging transportation trends, the impact of the National Logistics Policy, and the importance of collaboration.



PACON'22
Packing material partners meet

93
Packing material business partners

Asian Paints' past journey and the vision of packing materials domain for the future.

Occupational health and safety at our warehouses and depots**

At Asian Paints, the safety of our employees is our top priority. We have implemented strict measures across all our warehouses and depots to ensure compliance with statutory requirements, electrical safety, fire safety, man-machine interface, material handling equipment, racking, and visual management. We continuously strive to adopt world-class practices at our plants to improve safety levels, enhance quality and deliver superior products in a timely manner.

To improve warehouse safety standards, we have made significant engineering innovations, including the installation of fork cameras. We celebrated the road safety awareness week to educate employees about the importance of road safety.

Additionally, we have tied up with hospitals around all our warehouse locations through external agencies to ensure that our employees and workers receive immediate medical attention in case of emergencies.

We understand the importance of safety and are committed to creating a safe work environment for all our employees. Our efforts towards occupational health and safety at our warehouses and depots are ongoing, and we will continue to strive towards achieving the highest safety standards possible.

WAY FORWARD – HOLISTIC IMPROVEMENT

We are committed to embracing new technologies and institutionalising data analytics in all aspects right from product development to manufacturing and supply chain. We will continue to lay focus on process improvement and implementing the latest technologies while ensuring to deliver quality to our customers.

*GRI 408-1 Operations and suppliers at significant risk for incidents of child labor
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

**GRI 403-1 Occupational health and safety management system



Intellectual capital

SDGs IMPACTED



Innovation for good

At Asian Paints, we leverage our technological edge and make strategic investments to drive operational efficiencies and deliver superior, sustainable, and safer products. Intellectual capital is critical in improving customer satisfaction and creating greater value for stakeholders.

FY 2022-23 KEY HIGHLIGHTS

22

New products launched

25

Patents filed

₹ 108.0 Crores

Spend on Research and Development

₹ 83.2 Crores

Spend on Information Technology

ESG STRATEGY

- Product stewardship
- Sustainable supply chain management
- Nature positive

KEY MATERIAL ISSUES

- Technology, innovation and digitalisation

INTERLINKAGES TO CAPITALS



Financial



Manufactured



Human



Natural



Social

STAKEHOLDERS IMPACTED



Customers



Vendors



Employees

Research & Development (R&D)

At Asian Paints, culture of innovation runs deep. Our R&T group is a highly innovative team working on developing technical capabilities, technology platforms and products that cater to the aspirations of all the stakeholders.

This year the team has taken significant initiative in developing innovative products and providing environmentally sustainable solutions to customer's needs. The team has also geared up quickly to give impetus to the Company's forays in backward integration.

We have a dedicated Research and Technology (R&T) team with 240+ world-class scientists who are experts in polymer technology, formulation development, and characterisation. Our agile and responsive experts are changing the game for paint development and testing, with the aim of pioneering solutions for architectural, industrial, and other applications.

240+

Scientists

9

Breakthrough products

The commitments taken under ESG form an integral part of our thinking which enables us to reduce the environmental impact arising out of our products. Active work is happening in the space of product stewardship which includes higher share of biodegradable raw materials and reduction of hazardous substances from raw materials through various initiatives in consonance with the supply chain teams. The organisation is committed to progressively move towards circular economy and has taken objective to increase renewable content in the product offerings. This is a challenging goal considering the fact that coating industry largely depends on fossil fuels and minerals.

→ Our specific initiatives are reflected in Manufactured and Natural capital on page no. 70 and 112 respectively

Technology Council

The Technology Council, comprising four eminent external experts with diverse backgrounds and experience in coatings research for all category of paints, nanotechnology, organic chemistry, preparation of hyper-branched polymers, such as polyurethanes, polyesters, etc. amongst others, guides our R&T team on its endeavours and future roadmaps. This council aligns our strategy with our long-term goals and sustainability targets, ensuring we stay on track to create a better future.

Sikshalaya – Asian Paints Training Academy

Sikshalaya organises workshops on specific technical areas relating to paints and coatings technology benefitting multiple researchers. Additionally, we also introduced a foundation course on the Fundamentals of Paints and Coatings this year, which has enhanced the knowledge of paint technology amongst our researchers.

Using Life cycle analysis (LCA) to craft sustainable products

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

Going forward, every new Asian Paints product will undergo LCA assessment to identify potential environmental impacts and address any gaps prior to its market release.

Intellectual capital

BRINGING IDEAS TO LIFE WITH PRODUCT DEVELOPMENT

Our R&T team follows breakthrough project methodologies to lead innovative product development. Our process begins with envisioning products that exceed customer expectations, identification of optimal raw materials and additive through robust gate management process and scientific techniques which enable to manufacture world-class quality products. All new products undergo stringent impact assessment processes to ensure minimal impact on human health and the environment.

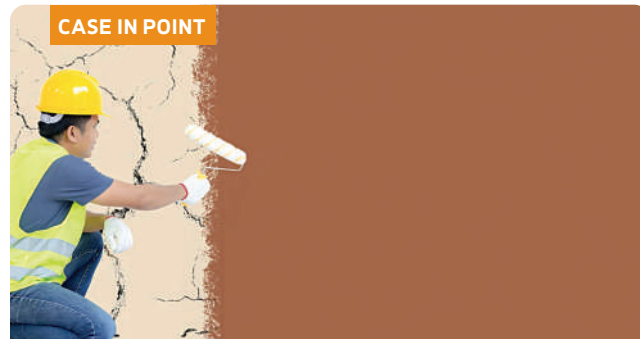
22 new products were launched in the architectural paints, building chemicals, and adhesives segments.

Moving forward, our innovation strategy will prioritise:

- Developing new coatings and finishes with unique properties like anti-graffiti, anti-fungal, and anti-corrosion capabilities
- Exploring new application methods, such as spray or roller-free applications, to streamline the painting process
- Transitioning to a circular economy by increasing the proportion of renewable raw materials in our products

Strengthening our innovation leadership

During the year, we completed 10 innovation projects that were initiated as part of Project Nexpedition to expand our product portfolio and features, as well as improve the aesthetics and durability of substrates. The new capabilities developed through these projects will foster innovation in waterproofing, construction chemicals, decorative paints, and industrial coatings.



Srijan Innovation Programme: Developing new products for the future

The Srijan innovation programme yielded six new challenging projects, resulting in the development of variants of

- premium exterior topcoats,
- interior and exterior waterproofing solutions,
- cement putty,
- glossy water-based wood finish,
- premium all-weather wood adhesive, and
- speciality additives.

Building on the legacy of successful products developed as part of Srijan, the organisation has decided to take up development of another set of innovative products in the area of exterior topcoat, waterproofing, interior topcoat, wood finish and functional interior product.

INTELLECTUAL PROPERTY

Our sustained success in the business and our leadership in the industry are the direct results of our unwavering commitment to deepening our research and innovation in product and process development.

We have a dedicated team that identifies, protects, and commercially leverages these assets, which include patents, trademarks, and copyrights. We have an active programme to monitor and enforce our intellectual property rights and initiate legal action against infringements, if necessary.

49

Patents granted till date
10 added in FY 2022-23

Recognised by the FICCI with the

Product innovator of the year award

For our unique product – SmartCare Hydroloc



PRODUCT SAFETY

One of our focus areas is reducing or eliminating harmful chemicals from our products. We ensure that our products meet or exceed industry standards for Volatile Organic Compounds (VOC) emissions, which can harm human health. We also invest in training and awareness programmes for all employees so that they are aware of potential safety hazards and how to mitigate them.



BUILDING A SAFE & LOW-VOC PAINTS PORTFOLIO

In keeping with our ESG commitments, we are adopting circular economy principles by integrating renewable materials, phasing out fossil fuels, and producing sustainable, low-VOC paints to create a safer environment.

Currently, we are evaluating paints made of natural ingredients or recycled materials like plant-based resins or recycled plastic. Our plans also include the development of smart paints that have unique properties and are anti-bacterial, anti-viral, and anti-microbial paints.

Staying ahead of the curve

The R&T and Corporate Quality & Safety teams engage with regulatory organisations to stay informed about upcoming chemical regulations, usage restrictions, and classification changes.

Intellectual capital

Information Technology (IT)

We are committed to investing in new and upgraded technology solutions to facilitate effective collaboration, generate valuable insights, improve efficiencies, and deliver immersive customer experiences. To achieve these goals, we are exploring ways to incorporate advanced automation and robotic technologies into our manufacturing processes to boost efficiency and minimise waste.

IT FOCUS AREAS

- Creating data lake**
 IT-enabled platforms empower our employees to utilise data lake which helps leverage on common data points.
- Enhancing customer experience**
 Through data analytics, we gain valuable insights into evolving customer preferences and behaviours, allowing us to customise our products and services to their needs.
- Improving supply chain effectiveness**
 With a robust technology framework, we efficiently manage our supply chain, guaranteeing that products are available in the appropriate quantities and timeframes.

Optimising resource allocation through automation

Continuing our journey of automation, we have implemented automation in areas like paint mixing, packaging, and labelling, to optimise resource allocation and improve efficiency and productivity.

As a result, we have been able to increase our output while reducing our environmental impact. By optimising resource allocation, we have freed up resources to focus on critical areas like product development, innovation, and marketing.

IMPROVISING RESILIENCE

As we accelerate technology adoption across our operations, we are taking proactive measures to enhance the resilience and security of our IT systems.

Upgrading IT infrastructure

IT Infrastructure majorly includes data center, cloud and network services. Our focus has always been around ensuring agile provisioning of requests and consistent availability of services. Multiple upgrades were carried out this year which included hardware set-up for replacing support servers and migrating around 400+ virtual machines to new servers without any downtime.

Security

A security-first approach to IT management guides our endeavours to adopt advanced security solutions. Security audits and penetration testing are carried out regularly to identify vulnerabilities and mitigate risks.

Hybrid cloud solutions

We have adopted a hybrid cloud approach, wherein decisions regarding deployment of technology solutions are evaluated on case to case basis with the key focus being on achieving scalability, flexibility and cost-effectiveness.

ISO 27001 certification

Information security management system

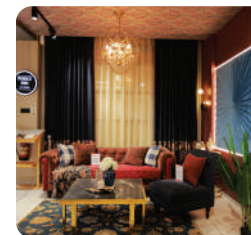
We have adopted an Information Security Management System (ISMS) framework based on the ISO 27001 framework. Our IT Operations, and the Applications developed for the Asian Paints Group, are certified for the ISO 27001:2013 Standard. This provides an assurance that we have implemented reasonable security practices for our IT Operations used to provide services to our internal and external stakeholders.

DIGITALISATION FOR BUSINESS EFFECTIVENESS

Since the last few years, there has been a huge focus on crafting immersive and cutting-edge customer experiences across all customer points, with the intent of creating seamless, consistent and personalised experiences for our customers all across through the usage of smart business insights developed through implementation of analytical tools.

At Asian Paints, we prioritise comprehensive digitalisation to align with global trends, catering to customers in a connected world, and expanding our market reach. Using design thinking, we better understand our customers' emerging needs, challenge the status quo, and test solutions before deploying them at scale.

DIGITAL SOLUTIONS AT ASIAN PAINTS



Beautiful Home Stores and Beautiful Homes Service

A phygital end-to-end décor service



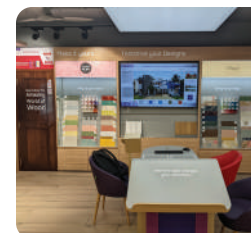
E-commerce platform

Online platform for customers to buy paints and related products



Colour with Asian Paints

A mobile application that allows customers to select paint colours using their smartphones



Digital Supply Chain Management

Helps us manage inventory, track shipments, and optimise logistics

BUSINESS INTELLIGENCE AND ANALYTICS

We have been on the path of transforming the organisation into an Insight Driven Organisation (IDO) wherein employees take superior decisions by leveraging the new age Artificial Intelligence (AI) / Machine Learning (ML) techniques in Analytics.

The work themes for the year have been around leveraging advanced analytics, launching certain key AI / ML based scenarios and improving the productivity through automated reporting.

ADVANCED ANALYTICAL TOOLS IN VARIED FUNCTIONS

Manufacturing

Our initiatives include usage of advanced analytics in manufacturing plants for predictive / prescriptive analytics in getting formulations RFT (Right First Time) and tinting of solvents.

Record to report

Applications have been launched for automating and streamlining certain aspects of the record to report process within financial reporting process. Extraction of data points from Enterprise Resource Planning has been automated and transformed into formats required for statutory reporting.

CORE BUSINESS TRANSACTION SYSTEMS

At Asian Paints, the "digital core" domain includes all core transaction systems running on multiple ERP systems (SAP S/4 HANA, SAP B1), along with the associated extensions and human-to-system workflows. It also includes modules for Order-to-Cash, Procure-to-Pay, Core Financial & Master Data processes.

During the year, they were upgraded to SAP S/4HANA system to the latest version, which helped us increase the footprint of digital processes.

Intellectual capital

STRENGTHENING SUPPLY CHAIN TECHNOLOGY INFRASTRUCTURE

Our Company has taken a concerted approach to utilising data, which has improved the standard of decision-making. As part of this process, control tower introduced in FY 2021-22 continues to make the supply chain more flexible and agile for various manufacturing, planning and distribution teams.

During the year, the Next Gen supply chain initiatives focused on optimising deliveries, improving supply planning, and reducing non-value-added (NVA) activities for planners.

CASE IN POINT

Driving efficiency in deliveries

The Truck Load Builder solution powered by SAP Transportation Manager was released to select plants which optimized deliveries to improve critical volume dispatch. Demand driven prioritisation of stock transfers based on daily sales helped in reducing stock-outs and eliminating daily dispatch runs.

CASE IN POINT

Streamlined bath business: A cutting edge supply chain solution

New supply chain planning solution was developed for the bath business which helps decide the production plans between multiple plants basis availability of inputs and other resources eventually leading to optimisation in stock levels. The model used heuristics production planning which handles complexities of cross flow, production split, sourcing and tax benefit basis pegging methodology.

FRONT LINE SALES TEAM

At Asian Paints, we are focused on automating our front-line sales processes to make them more efficient and drive better customer interactions.

The initiatives for front line sales are largely around automation, thereby enabling frontline teams (B2B and B2C) to work efficiently, collaborate seamlessly and drive better customer interactions, through easy-to-use interfaces, well integrated systems, scalable and intelligent technology solutions - Core Business Transaction Systems.

CASE IN POINT

TATPAR application empowers customer support

TATPAR, an application launched last year, modernised customer support, optimised field service, and offered seamless customer experiences. This was extended to other service lines viz. Safe Painting Services, Beautiful Home Stores, Bath, etc. Additional initiatives included scaling up of B2B CRM platform for Indian group companies and introduction of Customer Relationship Management for International subsidiaries.

PARTNER ECOSYSTEM

We have introduced digital platforms for our partner ecosystem which includes dealers, contractors, carpenters, and vendors, to provide seamless experiences to end customers.

During the year, we focused on enabling capabilities in Décor business. This included:

- Recommendation engines for dealers
- Loyalty management programs for contractors
- Seamless flow of leads to partners
- System integration with partners for supply tracking and payables automation
- Portal and application for the fabric network

EMPLOYEE EXPERIENCE

Our strategy around employee experience continues to be centred around providing intuitive solutions which impact the different stages of the employee life cycle right from onboarding till offboarding. Platforms for employee experience measurement were also launched in the current year which included engagement surveys and lifecycle surveys.

In continuation to our initiatives around digitalisation of employee reimbursement, we have now automated controls to enable touch-less settlements and expanded the footprint of Optical Character Recognition (OCR) enabled claims processes. Self-service booking for employees has been extended to hotels as well, which was already existing for flights and local conveyance bookings.

→ For more details, turn to Human Capital on page no. 86

CASE IN POINT

Strengthening the recruitment process

During the year we invested in new recruitment platform which had integrated Application Tracking System (ATS) which created opportunities to automate manual processes, increase visibility into the hiring cycle for the entire recruiting team, and improved communication throughout the candidate journey. Machine Learning techniques were also utilised for resume parsing to improve efficiency of sourcing.





Human capital

SDGs IMPACTED



Driven by care and empathy

Our evolution into India's leading paints company over 80 years is attributed to the creativity, dedication and perseverance of our people. Strengthening our human capital is vital to our growth strategy which is achieved by offering a free, fair, and safe workplace that fosters inclusivity, encourages innovation, and empowers employees through learning and development initiatives. Our principles of care and empathy guide us in every action we take, prioritising employee well-being and growth at every stage of their journey with us.

FY 2022-23 KEY HIGHLIGHTS

32,036

Employee strength inclusive of permanent and temporary employees

110,000+

Training hours on skill-upgradation and health & safety

100%

Employees paid above notified minimum wage rate

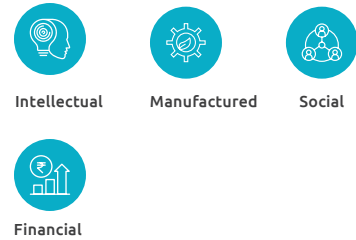
ESG STRATEGY

- Energising, equitable and inclusive environment
- Safe workplace
- Ethics, transparency, quality and accountability
- World-class governance

KEY MATERIAL ISSUES

- Diversity & inclusion
- Occupational health, safety and well-being
- Talent management and Employee engagement
- Human rights
- Industrial workforce management

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Energising, equitable and inclusive work environment



BUILDING A STRONGER WORKFORCE THROUGH LEARNING AND DEVELOPMENT

For Asian Paints, it is a strategic imperative to build a pool of leaders and ensure seamless succession planning across the Company. Our philosophy is to create 'Leaders for Life' by facilitating all-round, holistic development that enables personal and organisational effectiveness. Our robust framework of leadership development programmes allows us to groom our employees to enhance capabilities, enable readiness to lead high-performance teams and steer the organisation into our next phase of evolution.

Strategic People Agenda

- Strengthen leadership and succession through precision talent management.
- Strengthening new organisation structure and support new acquisition.
- Movement of talent across verticals through institutionalisation of a democratic process.
- People collaboration and engagement.

Strategic leadership programmes

We have rolled out several learning programmes for leadership development of senior and middle management:

Senior management

Our Company is dedicated to enhancing the skills and perspectives of our top management and functional heads by offering three leadership development programmes:

- An immersive learning experience tailored for our **top management**, which includes exposure to diverse industries and coaching from globally renowned coaches.
- **Programme for CXO-level leaders** which provides best-in-class functional programmes from globally recognised institutions.
- **Explorer series programme** which helps business leaders build their external perspective on business strategy, inclusive culture building, innovation, and finance.

Middle management

Our Company has put in place specially designed development programmes for our middle management to enhance their managerial and leadership potential. The following programmes have been implemented for our middle management employees:

- Launched an **inclusive conversation programme** based on collaboration index survey aimed at encouraging the acceptance of diversity in thought and listening with empathy.
- **Additional coaching** to Associate General Managers (AGM) and Senior Managers by certified coaches and is available on both personal and professional levels.
- **Transition programme** for AGMs and Senior Managers focusing on strategic thinking, visioning for the team and function. Personality assessment of each participant is done by following a scientific and largely accepted methodology to give insights to each individual on their behavioural patterns and assess strengths and weaknesses against the role need for further development. Personal and group coaching can be availed basis this outcome.

140+

AGMs and Senior Managers participated in the inclusive conversation programme



Human capital

Emerging leaders*

We have developed comprehensive programmes for our first-time managers aimed to enhance knowledge and behavioural skills. These programmes focus on improving their understanding of the organisation, functional skills, and team management. During the year, 79 managers underwent the emerging leader programme training.

PROGRAMMES/TRAININGS FOR IMPROVING EMPLOYEES SKILLS

Values-based behavioural programmes

We prioritise our values as the cornerstone of employee development at all levels. In FY 2022-23, we launched three values-based programmes for Assistant Managers and Managers, engaging several employees. These programmes focused on our charter values and addressed value gaps identified through the People Review Process. Utilising internal and external leaders and gamification, these programmes received feedback scores of over 8 out of 10, highlighting their effectiveness in reinforcing desired values.

Functional development programme

Our focus is on empowering employees with skills in critical development areas identified as per training needs analysis, feedbacks, discussions, etc.

Designed excellence learning journey across functions for entry and mid-level managers.

External programmes

Offering IIM designed management programmes to managers without a MBA to give them exposure on areas like business management, strategy, finance, people and stakeholder management.

We promote transition programmes for emerging and enabling leaders across levels helping them move into new roles smoothly.

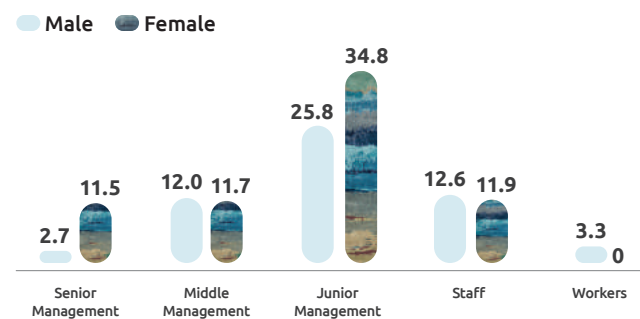


People review and development priorities

Our employees receive regular feedback on their performance and improvement areas through a structured review process. A people review process is designed to evaluate and identify development opportunities specifically for our employees in managerial cadre. This feedback is used to create individual and functional development journey that contributes to the growth of our Company. For self development our employees are provided access to various e-learning courses. 100+ managers utilised 360° tool for their self-improvement.

Learning & Development Dashboard

(Average hours of training per year per employee)#



EMPLOYEE WELL-BEING

Employee well-being is paramount to our commitment for sustainable operations and our promise of 'care'. We actively engage in various initiatives aimed at promoting positivity, wellness, and good health among our employees and their families.

Engagement events and wellness weeks are hosted across all our locations. We conduct regular workshops and engagement sessions on health and wellness to encourage positive living and healthy habits among employees and their families. These were organised for different groups of employees on different aspects of well-being – physical, mental and financial.

Initiatives on Yoga were run on the weekends for a part of the year so that employees could learn and practice the same at their own pace from the comfort of their homes along with their families.

The sessions conducted focused on overall development of the workforce with specific focus on their mental health and personal growth.

Health check-ups conducted for

4,250+
employees

Glimpse of employee wellness initiatives in FY 2022-23



Global Step Challenge

A month long event where individuals and teams across the entire organisation competed with each other to clock up the highest number of miles of walking, jogging, running, cycling etc.



Train your mind for peak performance

Sessions with prominent sports personalities to learn lessons on resilience, equanimity, discipline, etc.



Snapshot of Wellness Sessions dedicated to Women's Health Care

Employee incentives^

We have an ESOP plan which was implemented in the year 2021-22. This plan aims to motivate, retain, and attract key employees through a performance-based stock option program, improve shareholder value, instil a sense of ownership among employees, and offer a tool for wealth creation that aligns medium and long-term compensation with the Company's performance.

Employee well-being is paramount to our commitment for sustainable operations and our promise of 'care'. We actively engage in various initiatives aimed at promoting positivity, wellness, and good health among our employees and their families.

^GRI 401-2 Benefits provided to Full-time employees that are not provided to temporary or part-time employees

*GRI 404-2 Programs for upgrading employee skills and transition assistance programs
#GRI 404-1 Average hours of training per year per employee



Human capital

Creating employee delight

Using technology in employee reimbursements

We introduced Intelligent Data Processing (IDP) technology which reads the invoice and extracts relevant data points for employees to raise claims faster with minimal manual efforts.

DigiBurse (Application for employee reimbursement)

A mobile application to enable employees raise the reimbursement claims on the go. It allows employees to click picture and save copies of the invoice to avoid the hassle of losing it. With the Optical Character Recognition (OCR) feature in the application, all the necessary fields are filled automatically.

Trexit (Application for air ticket and hotel booking)

An application that simplifies air ticket booking experience by enabling the employees not only to book tickets for official travels but also for the personal travels. Taking a leap forward, feature for hotel booking was also introduced during the year. Employee can book hotel with bill to Company model which eliminates hassle of paying hotel bills, claiming reimbursement and ensuring GST compliance.

Cabdesk (Self - booking Tool for cab booking)

A mobile application to book vehicle for official visits. The application helps employees track booking till actual travel and billing process making the travel experience hassle-free.

Empowering voices: listening, engaging, evolving together

Through our unwavering commitment to employee feedback, we have established a powerful framework for listening, engaging, and evolving together. Our organisation conducts regular engagement surveys, held every six months, to ensure that every employee feels included, valued, and deeply engaged in our shared journey. The engagement survey also includes measuring the Psychological Safety Score and Wellness Initiative Score.

Additionally, we launched an Onboarding Experience survey for employees towards strengthening their induction experience. This measures their experience at the end of 30 days and again at the end of 90 days in the organisation. Employee listening is a top priority for our organisation, and we plan to continue focusing on it in the years ahead.

Together, we are building a culture where every voice matters, and where listening, engaging, and growing are the pillars that drive our collective success.

78%
Employee Engagement Score

8.5/10
Wellness Initiative Score

6/10
Psychological Safety Score

DIVERSITY & INCLUSION

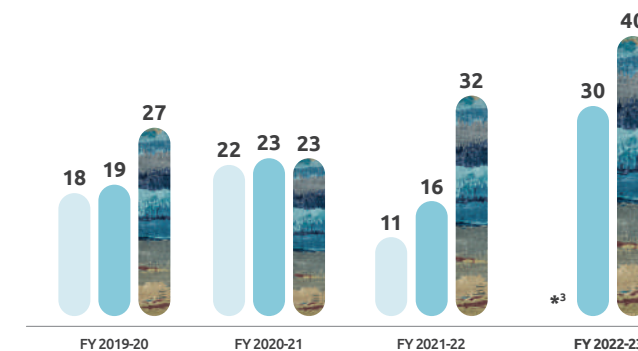
Asian Paints IED Vision

Being a progressive world-class organisation, we have created a psychologically safe and inclusive environment which champions diversity in capability and thought leadership.

At Asian Paints, we embrace Inclusion, Equity, and Diversity (IED). By fostering an inclusive and safe culture, we empower our employees to freely express themselves, bringing forth innovative ideas and unique perspectives that better serves our diverse customer base.

In line with our commitment to IED, the focus is to enhance inclusion, engagement, and employee well-being, while also setting representation targets for women, persons with disabilities, and people of the other gender.

Women employees who availed maternity leave and resumed work*



- Females who availed maternity leave
- Females who returned to work till 31st March after maternity leave ended
- Females who returned to work after maternity leave ended and who were still employed 12 months after their return

- Notes:
- All employees are entitled to avail parental leave.
 - During the year 2022-23, 40 female employees took maternity leave of which 30 returned to work till 31st March 2023 after their leave ended.
 - Of these, the number of male and female employees who would still be employed with the Company, 12 months after their return, would be assessed in the year 2023-24.
 - During the year 2022-23, 463 male employees took paternity leave out of which as on 31st March 2023, 439 male employees are still employed with the organisation.
 - The return to work rate for both male and female employees is 100% during the year 2022-23.
 - The retention rate for male employees is 95% and female employees is 73% during the year 2022-23.
 - 418 male employees returned to work in the reporting period after their leave ended.

*GRI 401-3 Parental leave
^GRI 405-2 Ratio of basic salary and remuneration of women to men

Future ready and diverse talent pool^

Our commitment to being an inclusive business is reflected in our people practices. We strive to attract, retain, and develop talented individuals from all backgrounds. Our workplaces offer an open, supportive, and inclusive environment to our people. We are an equal opportunity employer and do not discriminate in terms and conditions of employment based on gender, race, religion, caste, creed, and other such criteria. Further, the organisation believes in pay for performance. Our policy on equal opportunity and non – discrimination is available on the website of the Company at www.asianpaints.com

At Asian Paints, we have the same base pay for all employees in the same category.^

Crafting inclusive policies

After conducting thorough audits of our policies, we have taken significant steps to promote inclusivity and address the crucial needs of our diverse workforce. Based on the findings, we have added the following benefits into the policies:

- Expanding Policy Benefits**
 We have extended all policy benefits also to same-sex and live-in partners. This change ensures equality and inclusivity for all our employees.
- Enhancements to the Employee Medclaim Policy**
 Our updated policy now includes additional provisions to support our employees' well-being. This includes coverage for mental health consultations, reimbursement for IVF treatments, assistive devices for Persons with Disabilities (PWD), and coverage for gender reassignment surgeries.
- Maternity Counselling Programme**
 We have launched a comprehensive maternity counselling programme that offers end-to-end support for our employees and their partners during pregnancy and for two months after delivery. This program aims to provide essential guidance and assistance during this important phase of their lives.

Human capital

Facilities and amenities

As an equal opportunity employer, we are committed to creating an inclusive environment that values diversity and empowers every individual. In line with this commitment, we have conducted a comprehensive infrastructure accessibility audit across our locations, including plants, sales offices, and the head office, with the assistance of an externally certified accessibility auditor.

For the year 2023-24, we have outlined plans to undertake infrastructure modifications in key office locations to ensure accessibility for all. These modifications aim to provide a conducive environment where persons with disabilities and individuals of all genders can perform their roles without barriers, enabling them to thrive and excel in their respective fields.

Key initiatives for enhancing sensitisation

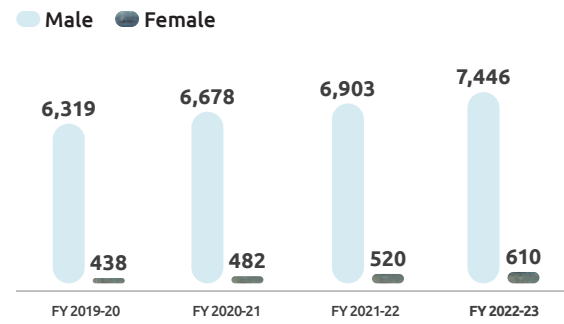
We conduct several initiatives to improve our employees awareness and understanding for respecting differences and being part of a workforce built on the principles of respect, empathy and inclusion.

We:

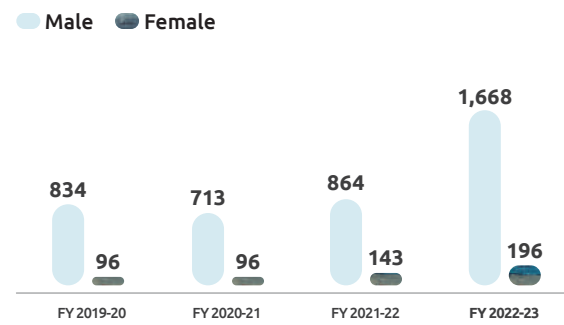
- Established an IED Council at One Link level with 2 external members.
- Enrolled One Link on Asian Paints IED imperatives and defined work areas for next 3 years.
- Conducted awareness and sensitisation sessions on IED imperatives for our leadership team and HR hierarchy.
- Conducted Trans-Inclusion sessions.
- Conducted psychological safety sessions for employees.

Employee snapshot*

TOTAL EMPLOYEES BY GENDER

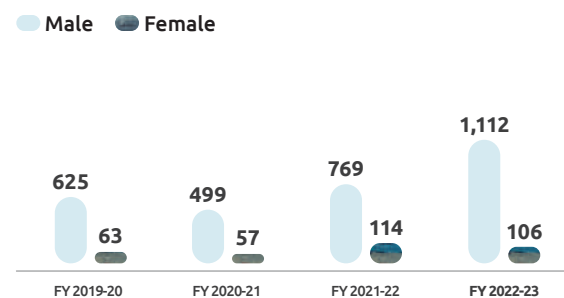


NEW HIRES BY GENDER



Hire rate by gender for FY 2022-23: Male - 23% and Female - 35%

EMPLOYEE ATTRITION BY GENDER

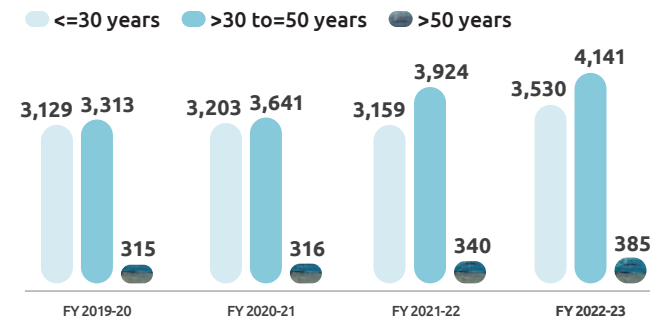


Attrition rate by gender for FY 2022-23: Male - 15% and Female - 19%

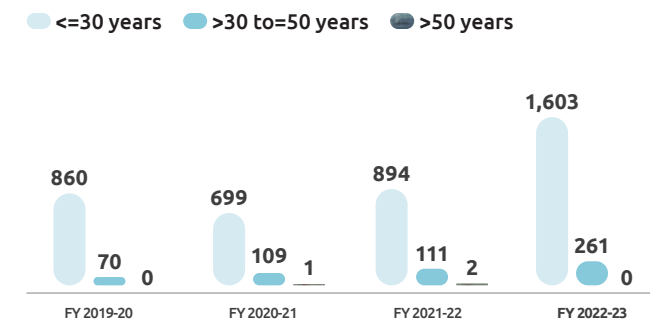
TOTAL TEMPORARY AND CONTRACTUAL EMPLOYEES

Financial year	Number
2019-20	16,224
2020-21	16,354
2021-22	18,600
2022-23	23,980

TOTAL EMPLOYEES BY AGE

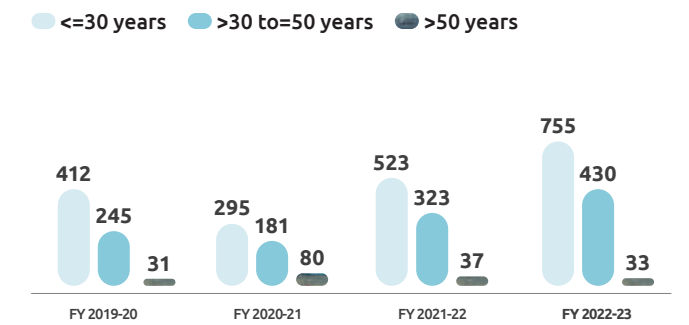


NEW HIRES BY AGE GROUP



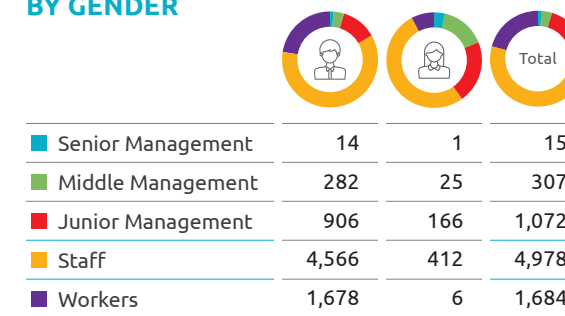
Hire rate by age group for FY 2022-23: <=30 years - 48%, >30 to=50 years - 6%, >50 years - 0%

EMPLOYEE ATTRITION BY AGE GROUP



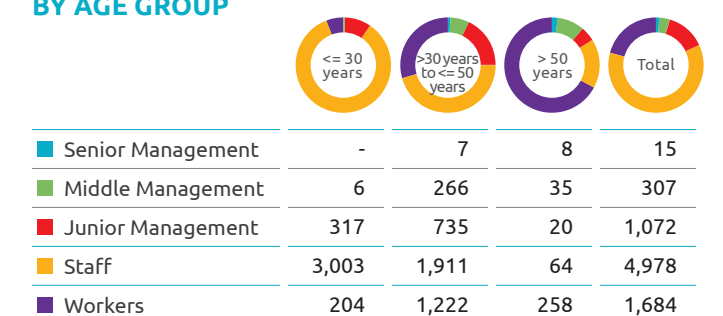
Attrition rate by age group for FY 2022-23: <=30 years - 23%, >30 to=50 years - 11%, >50 years - 9%

TOTAL EMPLOYEES PER CATEGORY BY GENDER



Including 2 transgender persons

TOTAL EMPLOYEES PER CATEGORY BY AGE GROUP



EMPLOYEES PER CATEGORY BY AGE GROUP AND GENDER (%)

	Age Group (%)		
	<= 30 years	>30 years to <= 50 years	> 50 years
Senior Management (Male: 93.3%; Female: 6.7%)	-	46.7	53.3
Middle Management (Male: 91.9%; Female: 8.1%)	2	86.6	11.4
Junior Management (Male: 84.5%; Female: 15.5%)	29.6	68.6	1.8
Staff (Male: 91.7%; Female: 8.3%)	60.3	38.4	1.3
Workers (Male: 99.6%; Female: 0.4%)	12.1	72.6	15.3

*GRI 2-7 Employees | GRI 401-1 New employee hires and employee turnover
GRI 405-1 Diversity of employees





Human capital

Safe workplace



OCCUPATIONAL HEALTH AND SAFETY*

At Asian Paints, we prioritise the safety and well-being of our employees. Our Occupational Health and Safety (OHS) approach focuses on prevention, intervention, and collaboration.

We have invested in advanced technologies and processes to minimise risks and hazards associated with manual interfaces with machinery. Safe practices and behaviours are facilitated across our manufacturing and other operational processes through well-defined frameworks, protocols, training, and awareness programmes. We share the lessons learned from incidents across units to prevent recurrence of the incident at the unit and occurrence of the same incident at the other units and improve our safety track record.



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

Asian Paints' OHS management system meets the 5-Star Integrated Audit standards of the prestigious British Safety Council.

Safety monitoring mechanism®

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

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

Emergency Response Plan (ERP)

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

Safety practices in the Warehouses

- Ensured compliance with minimum requirements across all warehouses, focusing on statutory norms, electrical and fire safety, man-machine interface, material handling equipment, racking, and visual management.
- Addressed electrical audit observations to ensure compliance.
- Developed a manual for standard amenities for warehouses.
- Implemented engineering innovations such as installing forklift cameras.
- Celebrated Road Safety awareness week across locations.
- Conducted storage rack health assessment studies.
- Established hospital tie-ups at all warehouse locations across the country through an external agency.

→ For more details, turn to Manufactured Capital on page no. 70

Promoting safe workplace^#

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

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

Building a safety culture

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

CASE IN POINT

Maintaining health and safety of employees

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

A skill development programme for all contractors with a progress card issued to track the completion of safety training as per the timeline.

Safety related training modules are available on our intranet portal for all the employees.

Further, to keep abreast with regulatory updates on safety statutes and new requirements, the Company has subscribed to external portals for regular updates.

*GRI 403-2 Hazard identification, risk assessment, and incident investigation
 #GRI 403-3 Occupational health services

CASE IN POINT

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

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

Vision

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

Values

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

Outcome

Ankleshwar plant achieved BBS Generative Stage during the year (First in the world in coatings sector)



Human capital

Safety highlights and initiatives in FY 2022-23

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

Besides these, we also implemented several elements of Process Safety Management (PSM) this year. These include setting detailed safety standards for areas like contractor management, risk assessment, work equipment, and hazardous substance control. Asian Paints also implements BBS initiatives, a contractor passport system, and PSM initiatives to enhance workforce competency and ensure process safety. Incident investigation, Corrective and Preventive Action (CAPA) implementation, and an online reporting system further strengthen safety practices.

HIGHLIGHTS

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

Safety Performance

All workplace-related injuries are tracked and monitored through iSafe portal.

Incident investigation and reporting

We have a robust incident reporting portal "iSafe" implemented across manufacturing plants. On occurrence of any incident, investigation team is formed at manufacturing plant to identify probable causes using tools like 5-Why, fish bone diagram, etc. On the basis of the investigation reports, probable causes and CAPA are identified. Investigation report, probable causes and CAPA are discussed at various levels in the Company. Findings of the investigations are shared across the plants. Incidents along with CAPA are reported to the Board of Directors of the Company on quarterly basis.

Details of safety related incidents are given below:

Parameter	FY 2020-21	FY 2021-22	FY 2022-23
Recordable Work Injury	51	43	40
Fatalities	0	0	0
LTI	14	13	14
LTIFR	0.72	0.59	0.55
Severity Rate	23.80	60.33	17.05
Frequency Severity Index	0.004	0.006	0.0031
Manhours Worked	19,454,212	21,936,418	25,509,383

LTI: Lost Time Injury

LTIFR: Lost Time Injury Frequency Rate

Recordable work related ill health is Nil for the years aforesaid. We are taking various preventive and mitigation measures to reduce occupational health and safety impacts such as quantitative risk assessment for manufacturing operations.#

Above table relates to the incidents at the manufacturing units only.



AWARDS AND RECOGNITION



Over the years, we have been receiving recognition in the form of awards and achievements related to safety of our manufacturing plants

- 1 3 plants - Kasma, Khandala and Patancheru were awarded the prestigious 'Sword of Honour' by British Safety Council in FY 2022-23 for achieving 5 star rating in the British Safety Council audit process in FY 2021-22
- 2 3 plants - Rohtak, Mysuru and Visakhapatnam achieved five star rating in British Safety Council's five star rating audit conducted in FY 2022-23
- 3 Khandala plant recognised with ICC National Occupational Health and Safety Gold Award
- 4 Global Safety Award 2023 for Visakhapatnam plant by the Energy & Environment Foundation at the 13th World Petro-Coal Congress Conference
- 5 Ankleshwar plant received Platinum award by Quality Circle Forum of India (QCFI) for Project Defensive Driving
- 6 Rohtak plant bags National Safety Award at the Global Safety summit organised by Fire & Safety Forum & United Nation Global Compact Network India
- 7 Kasma plant bags Golden Peacock Occupational Health & Safety Award

Technological Interventions to Enhance Health and Safety

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

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

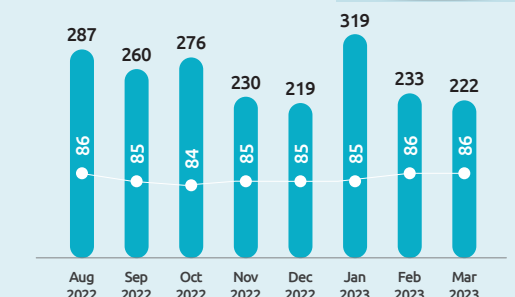
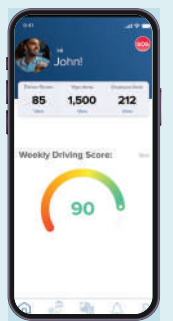
CASE IN POINT

Empowering employees to make safer choices on the road

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

To monitor the road safety incidents, a ground-breaking solution was developed during the year, leveraging cutting-edge technology to mitigate risky driving behaviours. An application was created, utilising the sensors of employees' smartphones to monitor and detect dangerous driving actions such as harsh braking, sudden cornering, over speeding, and phone usage. Basis these parameters, a safety score is assigned. This application was developed to raise awareness, trigger immediate attention, and prompt corrective actions among the employees.

Following the deployment of the application in August 2022 at the select location, the impact was remarkable. We witnessed adaptation of the application and reduction in road accidents, and substantial decrease in reckless driving.



● Active Users ● Safety Score

Human capital

World-class governance



HUMAN RIGHTS*

Our Code of Conduct for employees (CoC), inter alia, upholds human rights principles. Our CoC has been designed to align our employees with our values by incorporating human rights into it. We ensure no scope for forced labour or child labour and discrimination in employment decisions through our robust recruitment and selection process. Our position on human rights is available on the website of the Company at www.asianpaints.com.

We conduct regular training sessions to instil the key principles of our CoC across our workforce, including topics related to human rights.

We have a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace. Further, Internal Complaints Committee is in place to redress any complaints received. We conduct regular sessions for employees across the organisation to build awareness about the Policy and the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Our Environment, Health, and Safety (EHS) Policy reinforces our unwavering commitment to upholding human rights principles. Through this policy, we ensure safety, well-being, and healthy working conditions for employees.

4,000+

Training hours on CoC including Human Rights

Zero-tolerance

Policy towards harassment

Grievance redressal mechanism^

Our comprehensive system addresses employee grievances through the 'Voice of Employee' portal at our manufacturing plants. The plant Human Resources function is responsible for addressing and remediation of grievances received.

At an organisation level, "Sampark Helpdesk" is available as a platform for employees to raise grievances and seek clarifications.

Furthermore, we have a Whistleblower Policy in place which encourages our employees and stakeholders to report or make a protected disclosures for any illegal or unethical behaviour, ensuring confidentiality and protection from adverse actions for whistleblowers. The Ethics Committee is responsible for addressing and remediation of complaints received under this Policy.

COLLECTIVE BARGAINING**

We respect the right of our employees to join associations and engage in civic activities within legal boundaries. We maintain open communication channels and have constructive dialogue with our employees and their representatives to address their issues. Trade unions are present across our manufacturing plants to support collective bargaining, maintain harmony, and ensure uninterrupted operations.

Through a well-established collective bargaining system, we transparently and fairly negotiate productivity and wage settlements with employee union for a defined period agreed with employee union. We provide a minimum of 21-days' notice to all parties involved for any changes affecting unionised employees' conditions or rights protection®.

CASE IN POINT

Harmonious negotiations

Our process of collective bargaining for wage and productivity settlement, typically involves engaging with employee unions generally every three years or as per the settlement period. During the year, multiple plants entered into wage settlement negotiations with an objective to improve productivity, rationalise wage structures, creating appreciation for the concept of Cost to Company (CTC) and at the same time meeting employee union expectations with respect to wage increase and other benefits.

Process

The management engaged with the respective plant union representatives before entering actual negotiations. The purpose of these discussions was to create an understanding on the concept of CTC and linkage of wages to productivity. Through sessions including classroom sessions, the members were appraised on calculation of CTC and various components of wages and their rationale.

The management also emphasised on the importance of operational flexibility and incorporated elements of manufacturing excellence to increase worker participation.

The sessions brought in alignment on the collective bargaining process and principles to be followed during discussion. These interventions ensured that both sides entered the negotiation process with a common understanding and aligned objectives.

Outcome

The introduction and common understanding of the CTC concept in wage negotiations facilitated agreement on the amount of wage increase. The unions showed openness to flexible operations, considering the evolving business context. Implementation of manufacturing excellence initiatives enhanced worker participation and accountability. Open and transparent communication throughout the process, fostered consensus during discussions. Wage settlements were successfully concluded across the manufacturing units during the year 2022-23 without any productivity loss or industrial disputes. The agreed productivity changes and wage benefits were smoothly implemented immediately after signing of the settlement.

WAY FORWARD

Our people form the backbone of our organisation and are our pride. We will continue to lay focus on their development, health and well-being, thereby constantly delivering value to our stakeholders.



*GRI 2-23 Policy commitments | GRI 408-1 Operations and suppliers at significant risk for incidents of child labor | GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | ^GRI 2-25 Processes to remediate negative impacts | *GRI 2-30 Collective bargaining agreements| **GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | ®GRI 402-1 Minimum notice periods regarding operational changes



Social and Relationship capital

SDGs IMPACTED



Building bridges of trust

Building harmonious relationships and partnerships on trust have been our guiding principle over the years. These principles have enabled us to create unparalleled, transformational value for our stakeholders, including communities, partners, customers, and others.

FY 2022-23 KEY HIGHLIGHTS

₹ 77.2 Crores

CSR spends

~20,000

Supplier Base

240,000+

Business Influencers

365,000+

Beneficiaries of Health Initiatives

510,000+

Colour Academy trainings provided during the year

ESG STRATEGY

- Community ownership, Customer celebrations
- Water stewardship
- Ethics, transparency, quality and accountability
- Nature positive
- World-class governance
- Sustainable supply chain management

KEY MATERIAL ISSUES

- Consumer Delight
- Business Ethics and Corporate Governance
- Water Management
- Influencer Management
- Supplier Sustainability
- Responsible Supply Chain
- Local Communities
- Consumer Health and Safety
- Human Rights
- Anti-Corruption and Anti-Bribery
- Policy Advocacy
- Anti-Competitive Behaviour

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Community ownership



CSR APPROACH

Standing true to our Charter, to bring joy and happiness to people's lives, our CSR vision is based on embedded tenets of trust, fairness, and care to maximise efforts in this regard. We aim to enrich and empower marginalised communities by addressing critical social, economic and environmental challenges.

We believe in responsible growth and undertake CSR initiatives that makes a difference to the communities and the environment in which we operate.

Our CSR approach is led by the Board through the CSR committee. Our CSR committee consists of 4 members, of which 1 member is an Independent Director. The Committee is responsible for overseeing the planning, coordination and implementation of all CSR activities and compliance of the same is also reported to stakeholders through the Company's Annual Report on CSR.

As an organisation, we have formed partnerships with local NGOs and on-ground health workers to better assess the requirements of local communities. We focus mainly on four areas as a part of our Corporate Social Responsibility: health and hygiene, water conservation, skill development and disaster management.



FOCUS AREA OF CSR ACTIVITIES

CSR expenditure*

₹ 39.5 Crores

Skill development

₹ 23.4 Crores

Water conservation

₹ 9.9 Crores

Health and hygiene



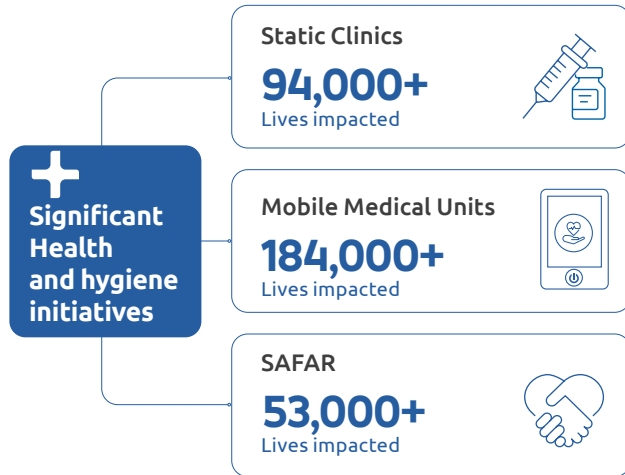
Health and hygiene#

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

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

*Excludes expenditure on CSR overheads
#GRI 203-1 Infrastructure investments and services supported

Social and Relationship capital



Static Clinics[^]

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

Mobile Medical Units[^]

Our Mobile Medical Units (MMUs) provide free healthcare services to villages across eight states in India, increasing access to basic healthcare in remote areas. Our MMUs offer free consultations, medication, basic diagnostic services, and referrals to hospitals. Our MMUs not only provide healthcare services but also raise awareness about basic health and hygiene practices among villagers and locals.



Healthcare for all

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

Among other services, mobile medical units provide medical consultation for common ailments, free of cost medicines and offer weekly treatment to the identified beneficiaries.

Narayan Chauhan*, aged 58 years, a resident of Rohtak, is a daily wage earner who was facing the issue of blood pressure since the last 5-6 years. Due to the strenuous nature of his work, he used to get severe body pain on some days and on such days, he was unable to go to work. Since the MMU started visiting his village, he has been regularly visiting it, due to which he is able to consult a doctor and get the medicines free of cost. His blood pressure is now under control because of taking regular medications.

* Name changed to protect identity

Impact assessment^{*}

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

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

Key findings^{*}

- 93.1% respondents are not spending any amount for medical consultation after intervention by our MMUs
- 89.7% of the respondents are not spending any money on purchasing medicines after our MMU intervention

*A group of 900 people (intervention and control group) were selected from 6 locations for stratified random sampling.

CASE IN POINT

Bringing Healthcare to your doorsteps: a success story

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

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

SAFAR

SAFAR healthcare initiative aimed at providing general healthcare to truckers, promotes healthy lifestyle and provides free consultation for various health issues. The initiative also organises awareness programs on health, hygiene and sexually transmitted infections.

CASE IN POINT

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

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

* Name changed to protect identity

Nutrition Projects

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

8,700+

Lives impacted through nutrition projects

The celebration of National Nutrition month

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

500+

Pregnant women benefited

470+

Instances of malnourishment detected

Yes! To Poshan!

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

Social and Relationship capital

SKILL DEVELOPMENT-COLOUR ACADEMY*

Asian Paints' Colour Academy empowers communities with specialised skills by providing vocational training in the paint application trade. We have expanded our horizons in this segment to also include carpentry, plumbing and masonry trainings for the further benefit of our local communities.

Fixed academies are located in Tier 1 and major metropolitan cities, while mobile academies are deployed in Tier 2 cities, allowing us to expand our reach to participants across the country.

In addition to the physical and the digital trainings, we have also curated a specified set of training courses which can be accessed by the users at any point through our website.

Each and every course has been developed with the intent of developing the skills of our painters, contractors and other workers. We have a wide range of courses ranging from textures, waterproofing, wood finishes, to name a few. The aim of these virtual courses is to make the participants familiar with the products and the associated application processes.



1,175+

Towns covered by our academies in FY 2022-23

510,000+

Trainings provided during the year

Coverage

Trainings through various modes

1.83+ Lakhs

Physical

1.53+ Lakhs

Virtual

1.72+ Lakhs

Digital

*GRI 413-1 Operations with local community engagement, impact assessment and development programs | GRI 203-2 Significant indirect economic impacts

Impact in FY 2022-23

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

75%

NPS score*

The survey was undertaken by an independent evaluation agency with a sample size of 170+ telephonic and 40+ in-person contractors interactions across 15 cities.

Courses Covered: 4 courses covered – Interior Textures, Exterior Textures, Waterproofing and Financial Management

* NPS 75% signifies that the trainees are satisfied with the trainings and enthusiastically recommending it to others in their professional circles.

NPS Calculation: %Promoters- % Detractors

Creating long-term impact–Outcome of impact assessment study

INTRAPERSONAL IMPACT

96%

reported increased knowledge/skills

INTERPERSONAL IMPACT

95%

reported improved confidence in client interactions

PROFESSIONAL IMPACT

97%

reported they learned an in-demand skill

ECONOMIC IMPACT

97%

reported an increase in monthly income

CASE IN POINT

Colour Academy Training

Rajendra Mitra*, aged 33 years is a resident of West Bengal. When Rajesh started his career in 2003 as helper painter at his village, his daily income was only ₹ 5/-. Post taking training from Asian Paints Mobile Colour Academy, he has learned proper paint application procedure on different surfaces, leading to an increased confidence. Rajendra has also undertaken waterproofing and interior designer finishes' training which has led to an increase in his work opportunities and earnings.

* Name changed to protect identity

EMPLOYEE VOLUNTEERING

Blood donation camps

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

During FY 2022-23, we spearheaded an initiative by hosting Blood Donation Drives at 4 offices in Mumbai including our Head Office as well as at our manufacturing plants viz. Khandala, Kasna, Patancheru, Visakhapatnam and Mysuru. All these events were meticulously planned, promoted well in advance to spread the word and briefing sessions were held to raise general awareness amongst employees. Contacting the blood banks, setting up the venue, holding medical check-ups, registrations and planning for post-donation rest and recovery were all systematically planned for smooth logistical execution.

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

610+

Units of blood donated during FY 2022-23

DISASTER RELIEF

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



Social and Relationship capital

Water conservation*



We acknowledge the significant problem of water scarcity in India, affecting an estimated 91 million people without access to safe water as of 2022. As a socially responsible company, we have placed a high priority on water conservation.

We have adopted ESG commitment relating to water stewardship, where we focus on conservation and replenishment initiatives both inside and outside our factory premises.

We understand that the intensity of water usage in our operations is limited, however, the overall consumption may still be significant in the local context. Recognising this, we have been making efforts to address the challenge of water scarcity holistically, by not only reducing our consumption but also replenishing more than what we consume through our offsite projects in water.

195%

Water harvesting potential created

The Integrated Watershed Management (IWSM) project*

The IWSM project aims to conserve soil and water by implementing various measures such as building Gully Plugs, Continuous Contour Trenches, Cement Nala Bunds, Tree Plantations, etc. The goal of these measures is to improve the underground water table and reduce soil erosion on the surface. The interventions are participatory and designed to involve the community to ensure maximum engagement and ownership. Currently, the IWSM project is being implemented in three villages: Ghadagewadi, Karnawadi, and Atit.

16.6

Capacity improved by water stream deepening (in TCM*)

1,426

Storage capacity enhanced (TCM*)

8

Cement Nala Bunds (CNB) constructed

*Thousand Cubic Metres

INITIATIVES TAKEN OUTSIDE FACTORY PREMISES



Channel lining work at Pichivakkam Village, Sriperumbudur

- 7 tanks rejuvenated in Pichivakkam village
- Increased rainwater storage potential to around 31,850 KL
- Raised awareness on water conservation for 60 farmers



Sahyadri Hills

- Made 1,833 meter channels lining the irrigation line for improving irrigation
- Reduced water waste drastically
- Impacted around 72 farmers positively



Rejuvenating water bodies

- Reused silt for reclamation of barren land
- Increased water holding capacity
- Increased water availability for groundwater recharge

INITIATIVES TAKEN INSIDE FACTORY PREMISES



Wash water reuse in manufacturing processes:

- Significant amount of water is used to clean processing vessels and liquid material transfer lines. We have made the processes more efficient by switching to high pressure jet cleaning systems and upgraded wastewater handling system



Rainwater harvesting within the factory:

- Plants use rainwater as an alternate for freshwater consumption
- Rainwater constituted 38% of the Visakhapatnam plant's total water consumption
- Mysuru plant's water consumption consisted of 34% rainwater

IMPACT STORIES FOR WATER BODIES' REJUVENATION

CASE IN POINT

Jal Sashakt: Revitalising rural landscapes*

The Jal Sashakt project has transformed the farming community in the Satara district of Khandala, where water scarcity was once a major issue. By desilting and increasing water-holding capacity, the project has rejuvenated barren land and enabled farmers to grow crops like groundnuts, soybean, and jowar.

22

Water bodies

5.3 Lakhs

Cubic meter silt excavated

273+

Farmers benefitted

12+

Villages benefitted

Acres under yield increased by

283 acres

Water storage increased to

532 TCM#

#Thousand Cubic Metres

The Story of Bagurkatte Kere's refilling after 40 years*

The Namma Jala Bhadrata Project, in Mysuru, aims to provide water security and increase farmland yield by revitalising dried-up ponds and excavating silt from them.

Bagurkatte Kere is one of the 12 water bodies selected for rejuvenation in Phase 1, and the project's on-ground implementation was carried out with the help of our NGO partners Credit-I and Navodaya.

46,662

Cubic meter of silt excavated

16

Villages benefitted

→ Read more on water conservation in Natural capital section on page no. 112

*GRI 413-1 Operations with local community engagement, impact assessment and development programs

*GRI 413-1 Operations with local community engagement, impact assessment and development programs

Social and Relationship capital

Customer celebrations



CUSTOMER CENTRICITY

Our unwavering commitment to customer satisfaction is the driving force behind our success in the market. We believe in empowering and supporting our customers, understanding their needs, and delivering high-quality products and services.

Our movement towards becoming a full home décor solutions brand is aimed at delivering solutions with unique value propositions to its customers. Our foray into different lines of service, including wallpapers, furniture, and design solutions has also been initiated to provide the customer an end-to-end home services' solution. Our team strives to maintain engagement with customers beyond the point of purchase, building trust and loyalty that lasts.

We view customer engagement as a continuous process throughout the product lifecycle to ensure their loyalty to our brand. Partnering with renowned retailers, we combine digital and physical elements to provide customers with an exceptional experience.

Continuous engagement, lasting loyalty

Our "Colour Ideas" stores, present in 450+ locations across 400 cities, offer personalised colour recommendations, innovative visualisation tools, and unmatched service, exceeding customer expectations. By embracing digital and physical channels, we aim to enhance the customer experience and foster lasting relationships.

CUSTOMER TESTIMONIALS



The Colour Consultancy at Home service by Asian Paints helped me choose the perfect colours and textures for my home using the latest trends in the market. I highly recommend this service to anyone who wants to transform their space with ease and confidence.

RAVI GUPTA, DELHI



During our home renovation, we turned to Asian Paints for a fresh coat of paint. They cared about our feedback and concerns, resulting in a flawless paint job that exceeded our expectations. We highly recommend Asian Paints for their quality and excellent customer service.

RAGHAV BHAGAT, BENGALURU

Customer complaints

We believe that excellence in customer service is the most important tool for sustained business growth. To ensure efficiency and delight in the resolution of each complaint, we believe that we need to be agile, transparent and solution-oriented in the entire complaint resolution process. Our grievance redressal mechanism is aimed at minimizing instances of customer complaints and grievances through proper provision of goods and services and ensuring prompt redressal of customer complaints and grievances. All the grievances received through various available channels are registered and tracked through the Customer Relationship Management (CRM) system. Once the complaint is registered, it is tracked through a unique number.

We ensure to keep the customer informed throughout the entire process of complaint resolution. Our complaint closure process includes calling the customer within four hours of registering the complaint, connecting with the customer within two days through site visits or video calls, and finally ending the complaint with final resolution to the customer within five working days. The promise to the customer is to close every complaint in five days or to commit to a customer timeline for closure within five days in case re-painting is required that may take more than five days. To keep the customer informed on all the actions taken on the complaint, we maintain multiple points of communication with the customer through SMS/E-mail/WhatsApp.

Upon the final resolution of the grievance, feedback is taken through call or SMS on the quality of service provided in the complaint resolution. All the data, in this regard, is stored securely on our CRM system.

Our Net Promoter Scheme (NPS) of 68% calculated through feedback obtained after the resolution of each complaint further evidences our commitment to our 'customer first' approach.

96.2%

Customer complaints closed in FY 2022-23

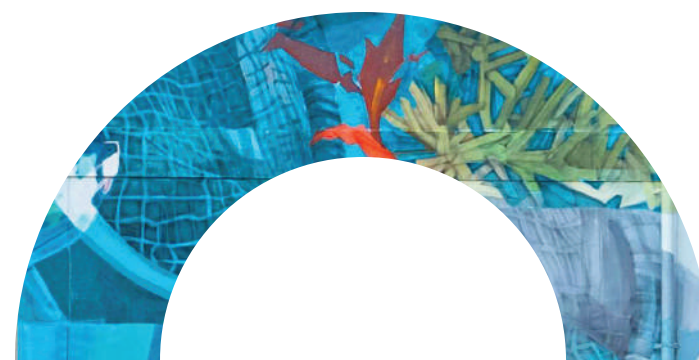
CASE IN POINT

Nilesh*, had availed Safe Painting Service (SPS) in May, 2022. The interior walls of Nilesh's house were painted, however, Nilesh faced an issue with 'White Powder' after 2-3 months of completion of painting job. Nilesh raised his concerns with the Asian Paints team.

Once the issue was raised, the same was forwarded to the Customer Centricity team for further action. Nilesh was contacted and a site visit was arranged within 3 days. After thorough investigation, the issue of 'White Powder' was confirmed and a resolution in the form of repainting of affected areas was offered. SPS team provided an experienced contractor and a dedicated executive to supervise the painting job. During the last lap of the work, there was a stock issue which was resolved within 1 day to ensure that painting work was not impacted and completed within the stipulated timelines. Nilesh appreciated how his complaint was handled with sensitivity and empathy over the course of seven months. Even on the feedback call, Nilesh recorded his delight as a "promoter".

* Name changed to protect identity

We believe that excellence in customer service is the most important tool for sustained business growth. To ensure efficiency and delight in the resolution of each complaint, we believe that we need to be agile, transparent and solution-oriented in the entire complaint resolution process.



Social and Relationship capital

BEAUTIFYING PUBLIC SPACES

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

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

Tracking our impact



Public art districts

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



Donate a wall

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



Art festivals

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

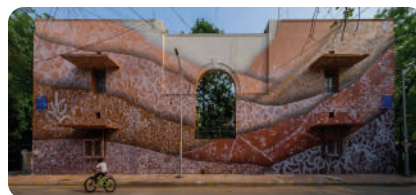
With Sassoon Docks, Colaba being the centrepiece of the festival, a total of 150+ events and workshops across 11 locations in Mumbai city were hosted.

The festival attracted 3,00,000+ visitors and had 60+ national and international artists participate and create art spread over 2,50,000 square feet of surface.



St+art Care

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



St+art residency

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

Proactive engagement and response towards stakeholders



SUPPLIERS AND PARTNERS*

We are committed to conducting our business in an ethical, fair, legally, socially and environmentally responsible manner. We believe that our Business Partners are an integral part of our ecosystem, and we encourage our Business Partners to be responsible corporate citizens. We have also developed a Code of Conduct for our Business Partners to emphasise on our commitments in the areas of business integrity, human rights, labour practices and environment stewardship.

We actively engage with our suppliers through various forums such as annual supplier meets, one-on-one interactions, digital channels, workshops, and seminars. We also provide rewards, such as certificates of recognition and collaboration opportunities, to stakeholders involved in supply chain management.

→ Read more in Manufactured capital and Natural capital sections on page no. 70 and page no. 112 respectively

Asian Paints partners with

- The Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- India Paint Association (IPA)
- The Advertising Standards Council of India (ASCI)
- Indian Society of Advertisers (ISA)

GOVERNMENT AND REGULATORY BODIES

We collaborate and align with national and international priorities and participate in multi-stakeholder engagements and when relevant, respond to public consultations.

As a leader in the paints industry, we have a robust mechanism to identify, assess and comply with any new and existing regulatory requirement. We are actively involved in discussions with various government authorities through Industry associations to bridge the gap between policy intent and implementation.

Some of the key engaging issues with the Government in FY 2022-23 included:

- Plastic waste management through Extended Producer Responsibility and structuring the EPR portal.
- Engagement with Government on 'Ease of Doing Business' initiatives on harmonising State and Central laws and compliances.
- Consensus building on the integration of state approvals in the National Single Window System

to simplify the process of applying for regulatory approvals and compliances for the investor.

- Engagement with the Department for Promotion of Industry and Internal Trade (DPIIT) on changes in the Legal Metrology Act and Packaged Commodity Rules on rationalisation of various offences.
- Representation on the proposed draft of Digital Personal Data Protection Bill, 2022.
- Providing inputs for amending Paint standards proposed by the Bureau of Indian Standards.
- Pre-Budget recommendation to DPIIT.
- Recommendations given on sustainable and inclusive growth of manufacturing sector in India.
- Providing inputs for making Manufacturing more competitive in India to FICCI.
- SEBI consultation paper on various amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Strengthening Corporate Governance, Strengthening Compliance, review of disclosure requirements for material events or information.

*GRI 2-28: Membership associations



Natural capital

SDGs IMPACTED



Committed to a greener future

Our vision of 'bringing joy to people's lives' depends on our impact on nature and the planet. We have consistently strived to minimise the negative environmental impact of our operations while maximising the positive environmental impact. We strive to offer eco-friendly products, reduce resource dependence, conserve energy and freshwater, control pollution and minimise waste. We are exploring more opportunities in the circular economy and environment stewardship across the value chain.

FY 2022-23 KEY HIGHLIGHTS

62.2%
Electricity from Renewable energy sources

382%
Water Replenishment

235 Megalitres
Rainwater used in operations

~5,200 tonnes
Recycled plastic used in packaging

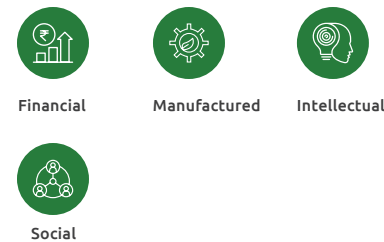
ESG STRATEGY

- Product stewardship
- Water neutrality
- Energy conservation
- Nature positive
- Water stewardship
- Sustainable Supply Chain Management

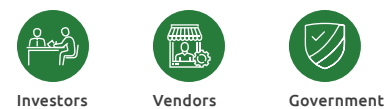
KEY MATERIAL ISSUES

- Climate Change
- Toxic emissions, waste, and effluents
- Water Management
- End of life management of product and packaging
- Product stewardship
- Biodiversity

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Governance

We recognise that natural capital is a critical component of our business model and plays a significant role in our long-term sustainability. As a result, we have established a strong governance system that ensures that we manage our natural capital in a responsible and sustainable manner.

Under our ESG umbrella, the Company's environment-related performance and systems are overseen by the Board of Directors. The Board has entrusted the responsibility of oversight of Company's performance of ESG strategies to the Stakeholder Relationship Committee. The Risk Management Committee looks after climate related risks. The Board through 'One Link' oversees the implementation of our ESG strategy across the organisation.

We have a dedicated team of experts in matters of environment and sustainability at the corporate office and at each manufacturing location which ensures the execution of environmental initiatives. We have a robust mechanism of environmental data collection, monitoring, and assurance. The processes have been standardised under Environment Management System. The initiatives on product stewardship are led by our Research and Technology team located at Turbhe with state-of-the-art research facilities.

Product stewardship

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

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

We have a comprehensive Environment, Health, and Safety (EHS) policy, which acts as an overarching guidance manual for our stakeholders. Further, all our manufacturing sites across India are certified for the Environment Management System (EMS) ISO 14001:2015.

At Asian Paints, we have always considered compliance with statutory requirements as a bare minimum performance standard while operating and are committed to going beyond.

Holistic reporting on natural capital performance

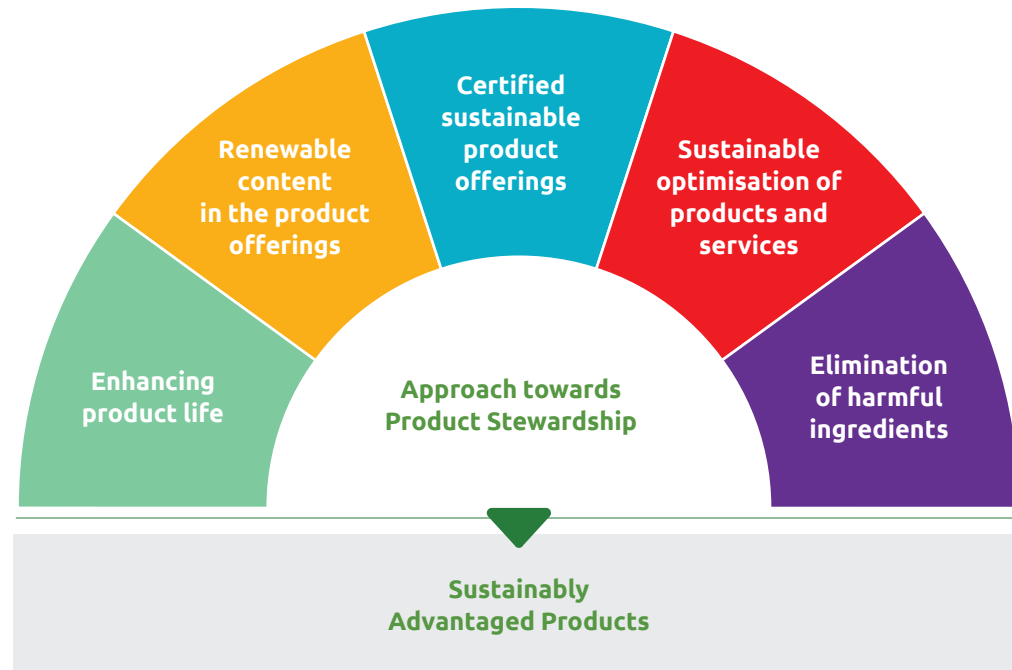
We have enhanced the scope of reporting for Natural capital this year from reporting our performance for our 8 paint manufacturing units to also including the performance of our Penta manufacturing plant at Cuddalore. Appropriate callouts have been made wherever performance inclusive of the chemicals plant is reported.



Natural capital

LIFE CYCLE APPROACH TOWARDS PRODUCT STEWARDSHIP

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



Certified sustainable products and service offerings

At Asian Paints, we consider third-party certifications as an important tool in providing assurance to our customers and other stakeholders that our products meet stringent environmental standards. We seek certifications for our products from reputable and independent certifying bodies, such as the internationally renowned 'Green Seal' certification, CII GreenPro, and our own 'Green Assure' certification.

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

Our efforts to produce low VOC paints are recognised by 'Green Assure' and 'Green Seal' certification standards wherein VOC is one of the important compliance criteria.

There are 30 products under 'Green Assure', out of which 3 products are certified by US Green Seal. Further, this

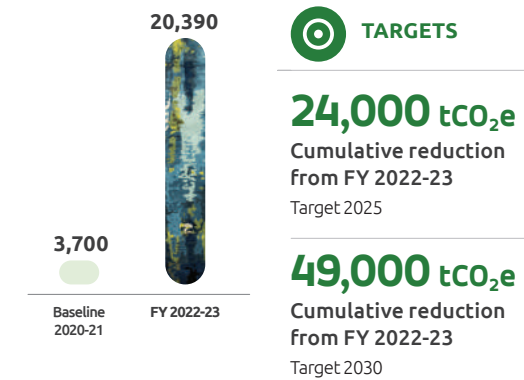
year, we have been awarded GreenPro certification by Indian Green Building Council, a part of Confederation of Indian Industries (CII-IGBC) for our 16 products making the total number of products under this certification to 203. The product categories covered are undercoats, enamel, interior and exterior water-based paint, wood finishes, and waterproofing range.

Sustainable optimisation of products and services

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

For example, the rutile grade of titanium dioxide is a key contributor to the cradle-to-gate product carbon footprint. Over the years, we have focused on improving the scattering efficiency of the rutile. Similar initiatives were undertaken for other raw materials as well. All these efforts helped us to reduce 20,390 metric tonnes of CO₂e in FY 2022-23.

GHG reduction through formulation optimisation (tCO₂e)



Elimination of harmful ingredients

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

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

Since 2008, all our architectural paints have been crafted to be free from lead and added heavy metals. Moreover, we have been proactive in eliminating the inclusion of Respirable Crystalline Silica (RCS) from our paints since 2013, even before it became a regulatory requirement.

While our formulations have never included heavy metals, our commitment extends further. We meticulously assess the heavy metal content in raw materials and are taking deliberate measures to eliminate any traces, ensuring our architectural products are completely devoid of heavy metals.

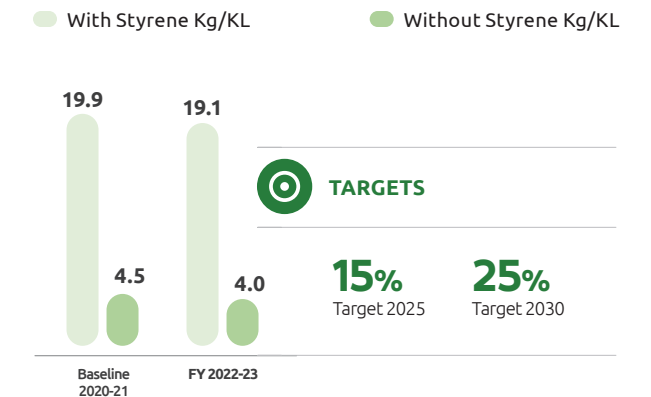
In addition to having a gate mechanism to control the addition of CMR raw materials, we are committed to reducing and eventually eliminating existing raw materials which are classified as CMR, through the development of alternates. One major initiative in this direction is our proposed investment in setting up a Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing facility.

% of Architectural products free from lead and added heavy metals (%)



*No heavy metals are added to products as part of our formulation. We intend to measure heavy metals contained in raw materials and eliminate these and make our products free from heavy metals

% Reduction in CMR substances in products¹ (Kg/KL)



¹ We have been tracking and reducing CMR raw materials in our formulations and reducing and eliminating such raw materials over the years. Styrene was classified as CMR in 2020, hence is monitored and reported separately.

At Asian Paints, our unwavering commitment lies in eradicating harmful ingredients from our products and safeguarding the well-being of our customers, employees, and the environment. Since 2008, all our architectural paints have been crafted to be free from lead and added heavy metals.

Natural capital

Enhancing product life

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

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

7	Products with durability of 3 years or more but less than 5 years
12	Products with durability of 5 years or more but less than 7 years
10	Products with durability of 7 years or more

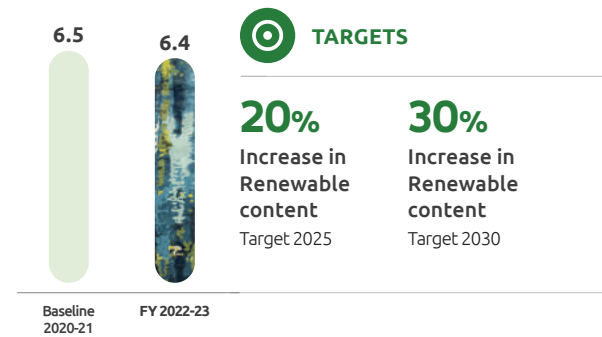
Renewable content in product offerings

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

6.4%

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

% Renewable/bio-based raw materials in product offering (%)



SUSTAINABLY ADVANCED PRODUCTS

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

30%
Revenue contribution of Sustainably Advantaged Products during the year

Reduced energy and emissions

We design products which offer resource efficiency benefit in use-phase or products which have been formulated in manner which brings down emission

Available products

SmartCare Damp Proof range of waterproofing products that provide surface temperature reduction



Longer lasting performance

We develop durable products that protect surfaces for longer, thereby helping consumers reduce costs while saving resources and reducing carbon emissions over the life of the product

Available products

22 products having durability of 5 years or higher

Health and well-being benefits

We focus on developing products that bring health advantages to customers, such as helping to improve indoor air quality and hygiene of surfaces

Available products

- 30 Green Assure certified low-VOC products, out of which 3 are Green Seal certified
- Royale Health Shield, anti-bacterial paint that also improves indoor air quality



Reuse, Reduce, Renew

We develop products which use less materials, reuse or recycle waste material, reduce waste and utilise higher bio-based or renewable content, enhancing circularity

Available products

Nilaya Naturals first-of-its-kind paint which contains more than 90% of its materials from natural origin



Natural capital



Water stewardship*



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

WATER MANAGEMENT STRATEGY

We have developed a comprehensive water management strategy that includes risk assessment, water conservation, and replenishment inside and outside the factory.

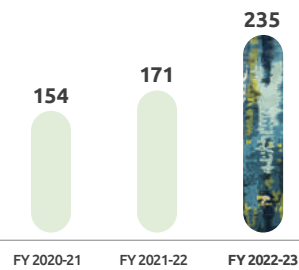
Our sites in India are assessed on water stress risk in line with guidance from Central Ground Water Board ('CGWB') groundwater block classification as recommended by SEBI under BRSR disclosure. As of 31st March 2023, none of our manufacturing plants falls under the water-stressed area.

WATER CONSERVATION AND REPLENISHMENT INSIDE FACTORY PREMISES:**

On-site projects

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

Rainwater collected and consumed within the factory (megalitres)



The reservoir at Visakhapatnam Plant

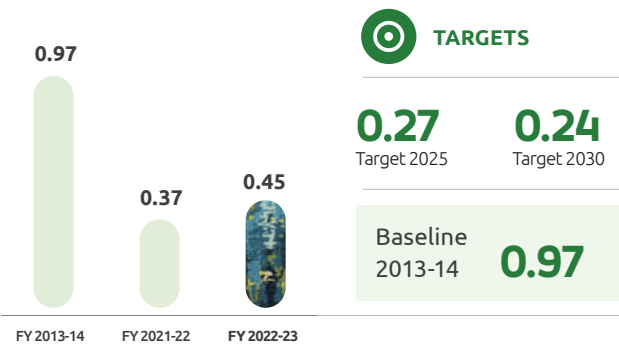
Mysuru Plant utilised almost 120,000 Kl of rainwater for process requirements, which is 64% of total water consumption and 177% of total freshwater consumption in the plant. Similarly, our Visakhapatnam Plant utilised more than 80,000 Kl of rainwater for process requirements, which represents 65% of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

Specific non-process water consumption at paint manufacturing plants

During the last decade, we have been focussing on the reduction of our non-process water consumption. These involve the adoption of water-efficient technologies and enhancing recycling and reuse.

Our focused and sustained efforts have resulted in a specific non-process water reduction of 54% since FY 2013-14.

Specific Non-Process Water Consumption (KL/KL)



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

Water withdrawal at the standalone level*

During the year we withdrew 1,033 megalitres of total water and harvested and reused 235 megalitres of rainwater. . The water withdrawal with Total Dissolved Solids >=1000 mg/L was 12.24 megalitres

Freshwater Consumption**



WATER REPLENISHMENT AND CONSERVATION OUTSIDE FACTORY PREMISES

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

We implement integrated watershed development in villages nearby to our factories to improve their water security. We undertake initiatives like pond cleaning, desilting, check-dams, irrigation canal lining, training farmers on micro-irrigation systems, and integrated pest and soil health management. Our projects begin with a need assessment to form a baseline and conclude with an impact analysis to measure the outcome.

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

In FY 2022-23, we replenished 382% of the freshwater that we use in our paint manufacturing sites.



Transforming agriculture in Nonand Village

In Nonand village near our Rohtak plant, where agriculture is the primary livelihood, water scarcity posed a significant challenge due to unreliable canal supply and high losses. Our CSR water initiative lined a 1,500-meter stretch in FY 2022-23, benefiting 40 farmer families across 25 hectares.

The results were transformative:

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



Natural capital

Energy conservation



ENERGY MANAGEMENT*

Energy management is one of the key strategic areas in our pursuit of sustainability in our operations. Energy consumption is not only the main source of emissions but also has a direct implication on the cost of operation. Our energy management strategy involves the following:

- Increasing energy efficiency**
 This primarily involves reducing the quantity of energy used in our operations by process optimisation, using energy efficient technology, and conserving/recovering energy through activities like recovering waste heat among others.
- Increasing the share of renewable energy**
 We have been making sustained efforts toward transitioning to renewable energy over the last decade through investments in solar and wind projects.

In FY 2022-23, total energy consumption on a standalone basis stood at 1,196,127 GJ, out of which 913,261 GJ contributed to direct energy consumption and 282,866 GJ contributed to indirect energy consumption 10,447 GJ of steam was procured during the year and is included in indirect energy.

Energy efficiency

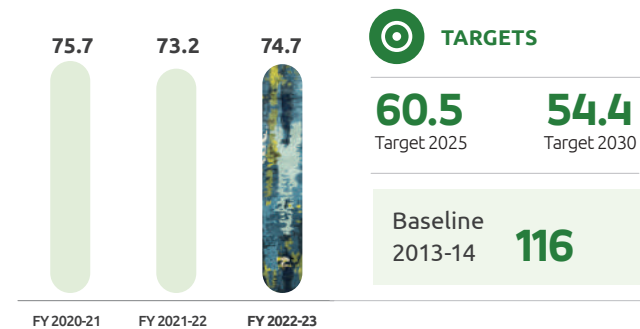
Our efforts in energy management have resulted in a gradual decline in our total energy consumption over the years, as well as increased the percentage of renewable energy consumption.

Energy management and energy intensity are key metrics for the performance measurement across teams. A periodic energy audit mechanism is in place and progress against CAPA is monitored.



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

Specific Electricity Consumption** (KWh/KL)

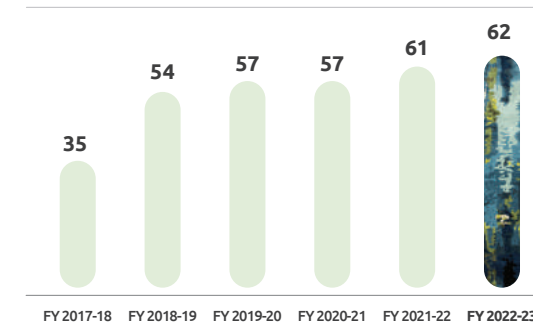


In FY 2022-23, there was an increase in electricity consumption at some of our sites due to multiple ongoing expansion projects.

RENEWABLE ENERGY

We have an installed capacity of 24.6 MW of solar energy and 24.3 MW capacity of wind energy. The overall contribution of renewables to electricity consumption stands at 62.2% compared to 61.1% last year.

Rising trend of renewable energy consumption (%)



62.2%

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

Emissions

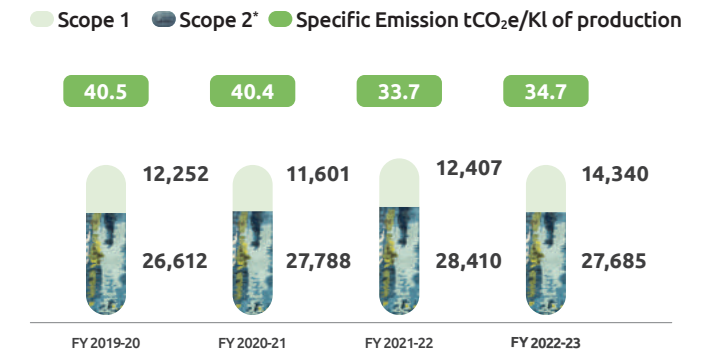
Aligning our emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks, we have streamlined our processes to move closer to this common goal. Reducing GHG emissions is not only a business imperative for us at Asian Paints, but also forms a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

GHG emissions*

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

Moreover, our emission intensity has dropped by an impressive 74% from the baseline year. These improvements are attributed to our energy efficiency initiatives and continued investments in renewable energy. Notably, we avoided emitting 1,671 tCO₂e through increased use of renewable electricity against last year's base.

GHG emissions (tCO₂e)



TARGETS

75% Reduction in emission intensity over baseline Target 2025
80% Reduction in emission intensity over baseline Target 2030

Baseline 2013-14

25,072	52,471	131.15
Scope 1 tCO ₂ e	Scope 2* tCO ₂ e	Specific Emission tCO ₂ e/KL of production

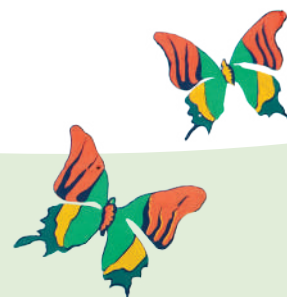
The total Scope 1 and Scope 2 emissions on a standalone basis during the year was 103,394 tCO₂e. Biogenic emission due to combustion of biofuels was 171 tCO₂e/KL.

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

Use of biogas at Khandala

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

We source this biogas from a vendor who generates it from Pune municipality food waste. Approximately 4.5 tonnes of biogas is produced from every 100 tonnes of food waste. Over the course of the year, we successfully consumed 20.18 tonnes of biogas, furthering our commitment to sustainable energy practices.



*GRI 302-1 Energy consumption within the organisation
 **GRI 302-3 Energy Intensity

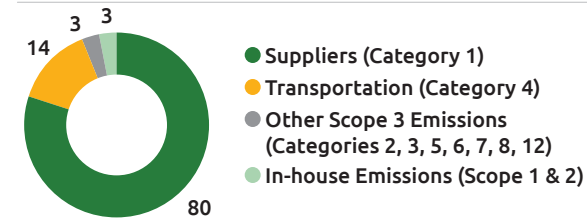
*GRI 305-1 Direct (Scope 1) GHG emissions | GRI 305-2 Energy indirect (Scope 2) GHG emissions
 GRI 305-4 GHG emissions intensity | GRI 305-5 Reduction of GHG emissions

Natural capital

Scope 3 emissions*

During the year, our total scope 3 emissions are estimated to be 33 Lakhs tCO₂e. The category-wise details have been provided below:

Category Level Total GHG Emissions (%)



Transition to low carbon

Over the last 10 years, we have been working on reducing our Scope 1 and Scope 2 emissions primarily through our initiatives around renewable energy and energy efficiency. Through this, we have been able to achieve a 43% reduction in Scope 1 and a 47% reduction in Scope 2 emissions from the baseline year of 2013-14 in absolute terms. The 62.2% of renewable electricity share is the testimony of the journey we have travelled so far. We have also been working on reducing our carbon footprint in the value chain through multiple initiatives under product stewardship, increasing recycled content in packaging and greening our logistics. This year we have completed our scope 3 baselining and going forward shall continue working for low carbon transition. Our proposed investment in setting up low-carbon-intensive Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing is a strong step towards this direction.

Multimodal outbound logistics

With national logistics policies gaining traction, we have been quick to adopt multimodal transport, while also using cleaner fuel powered vehicles. Such initiatives help us reduce the emissions in our outbound logistics. Some of the key initiatives undertaken during the year are:

Sea dispatch

Over 2000 Tons of finished goods movement from Chennai to East was piloted during the year using Sea dispatches instead of road transport mode

Multimodal dispatch

Over 29,000 Tons of finished goods movement was done using multi-modal utilising rail for long haul dispatches

These initiatives helped us reduce more than 3,000 tCO₂e of GHG emissions from our logistics footprint, while also optimising freight cost.

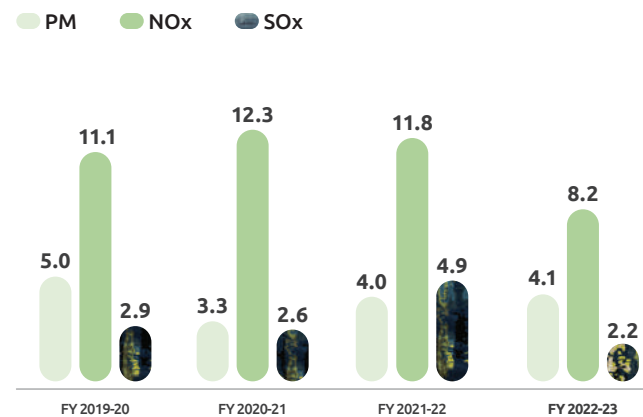
Other emissions

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

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

At our decorative paint units, the absolute Particulate matter (PM), NOx, and SOx emissions were 4.8 MT, 9.9 MT, and 2.7 MT respectively. While at the standalone level, the absolute PM, NOx and SOx emission was 10.48 MT, 40.28 MT and 10.68 MT respectively.

Other emissions at paint units (g/Kl)**



Shifting Gears to Cleaner Fuels in Rohtak and Kasna Facilities

At Rohtak, we have replaced 4,000 KW of diesel generators capacity with gas-based generators as its secondary source of captive power consumption, set up in-house infrastructure for PNG handling and executed a long-term agreement with a vendor to move towards usage of cleaner fuels and replaced heavy carbon emissive diesel with natural gas.

Similarly, in Kasna, all our equipment connected to stacks (thermopacs and boilers) are run on PNG. In FY 2022-23, we have replaced our Diesel Generator sets (6x500 kVA) with Gas-based Generator Sets (2X1765 kVA; 1x315 kVA).

Nature positive

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

Acknowledging the existing and emerging climate change risks and continuing our commitment towards minimising its impact, we support TCFD and have disclosed our readiness for low carbon economy. Please refer Climate related disclosures on page no. 52 for more details.

Waste management involves reducing waste generation, increasing recycling and proper disposal of hazardous materials, and promoting circular economy practices. Biodiversity conservation involves protecting and enhancing the natural ecosystems in and around the Company's operations, such as by preserving or restoring habitats and supporting local biodiversity conservation initiatives.

WASTE MANAGEMENT*

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

Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste and others, are inventoried periodically and are disposed of in compliance with applicable government regulations. Our manufacturing units are equipped with waste storage facilities with a well-defined procedure that ensures waste is stored in a proper manner, thereby avoiding any threats posed to the health and well-being of our employees and our surrounding environment.

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

At the standalone level, during the year, the 1,129 MT of hazardous waste and 12,671 MT of non-hazardous waste[®]

was disposed of from our units[#]. We directed 43% of hazardous waste for recycling and co-processing, 19% to a secured landfill, and the remaining 38% for incineration. Similarly, we directed more than 99% of non-hazardous waste for recycling.

[®] Non-hazardous waste doesn't include e-waste, battery waste, R&D, and Bio-medical waste. The details for the same have been provided under principle 6 of the BRSR.

[#] Reasonable assurance by Price Waterhouse Chartered Accountants LLP for waste disposal numbers.

Specific Hazardous Waste Disposal (Kg/Kl)



Teflon Baffles

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

Leakage reduction by adopting new technology

During paint transfer from one section to another in the production block, considerable amount of paint used to get leaked. A proven and cost-effective latest technology has been adopted at Kasna and Khandala plant which helped us in leakage reduction. This initiative is expected to avoid 18 MT of hazardous waste generation in a year.

*GRI 306-1 Waste generation and significant waste-related impacts | GRI 306-2 Management of significant waste-related impacts
GRI 306-3 Waste generated | GRI 306 -4 Waste diverted from disposal | GRI 306 - 5 Waste directed from disposal

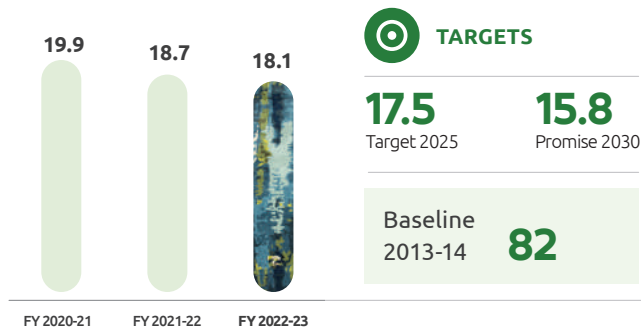
Natural capital

WASTEWATER MANAGEMENT**

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

All our manufacturing sites are zero liquid discharge facilities i.e. zero discharge of effluent outside premises.

Specific Trade Effluent Generation at decorative paint manufacturing plants (Litre/Kl)



CIRCULARITY IN OPERATION

Recycled plastic

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

Waste to value: Plastic Waste Management (PWM)**

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

Wash water

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

Waste solvent reuse

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

Economy grade paint

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

BIODIVERSITY^

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

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

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

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

*GRI 301-2 Recycled Input Material used - Recycled plastic content as a percentage of total plastic packaging procured
 ** GRI 303-2 Management of water discharge related impact | GRI 303-4 Water Discharge
 ^GRI 301-3 Reclaimed products and their packaging materials
 ^^GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
 GRI 304-2 Significant impacts of activities, products and services on biodiversity



CASE IN POINT

Community park development at the Kasma Plant

The Kasma plant has developed a park that contributes to reducing our environmental footprint, carbon sequestration, and recharge of groundwater aquifer. Spanning 1,500 sq mt, it features a micro forest using the Miyawaki method, densely packed with 422 perimeter and 911 interior trees, diverse plant species, and a bio pond. Recognised by UPSIDA, this park sets an industry benchmark, showcasing our commitment to sustainable practices and environmental stewardship.

CASE IN POINT

Sriperumbudur continuing the biodiversity agenda

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

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

CASE IN POINT

Organic kitchen garden at Khandala

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

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

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

