

MATERIALITY

DOUBLE MATERIALITY

Guided by our ESG framework, we have embedded responsible practices into the way we operate, innovate and grow, while staying true to our purpose of 'Bringing joy to people's lives.'

We continuously evaluate how sustainability-related factors influence our business, stakeholders and the ecosystems in which we operate. In a rapidly evolving regulatory, environmental and social landscape, understanding the interdependence of our operations on our stakeholders and the environment as well as the externalities that impact our financial performance is critical to strengthening resilience, informing strategic decision-making and sustaining stakeholder trust.

As part of this journey, in FY 2020-21, we conducted our first materiality

assessment and formulated our ESG framework with targets for 2025 and 2030.

Building on this foundation, in 2026 we undertook a Double Materiality Assessment (DMA) on a standalone basis. The DMA referred to the methodology recommended by European Sustainability Reporting Standards (ESRS 1) and is in alignment with the guidance provided by European Financial Reporting Advisory Group (EFRAG). Further, the materiality assessment under the Global Reporting Initiative ('GRI'), aligns to the ESRS 1

methodology insofar as it pertains to the assessment of impacts. This enabled us to systematically identify sustainability topics that are material from an impact perspective on the environment and society, and from a financial perspective, including their potential influence on our financial performance, risk profile, and long-term value creation.

Our Double Materiality Assessment approach and process have undergone third-party assurance. The assurance report is available on **Page 571** [→](#).

It incorporated both internal and external perspectives on the key risks and opportunities relevant to our business. Our assessment considered the following dimensions:



Impact materiality (Inside-out)

Asian Paints' material impacts (actual or potential, positive or negative) on people or the environment



Financial materiality (Outside-in)

Asian Paints' material risks or opportunities that affect (or could reasonably be expected to affect) financial position, performance, cash flows, access to finance or cost of capital.

Stakeholder groups

- **Board of Directors and Senior Management**
- **Employees**
- **Investors**
- **Vendors**
- **Customers**
- **Communities**
- **Government/Regulatory Bodies**



Materiality assessment approach

We mapped our business activities across key stages of the value chain, encompassing upstream sourcing, manufacturing operations, and downstream distribution. Potential Impacts, Risks, and Opportunities (IROs) were identified based on internal insights derived from focused discussions, prior assessments, peer benchmarking, media and industry analysis and stakeholder inputs.

We mapped key affected stakeholders and actively engaged with them through questionnaires, interviews, and focused discussions to understand the issues most material to them. Each IRO was assessed for both impact and financial materiality, including its relevance across our operations and value chain (upstream and downstream).

A structured approach was adopted to determine material sustainability matters:

- Impact materiality was assessed based on the parameters of scope, scale, and irremediability, which together determine the severity of an impact. This was further evaluated in conjunction with likelihood to derive the overall impact materiality score. A score of 2.3 and above (on a scale of 3) is considered material, ensuring that high-severity or high-likelihood impacts are prioritised.
- Financial materiality was assessed based on the magnitude and likelihood of potential risks and opportunities. A score above 2 (on a scale of 3) is considered material, capturing both high-likelihood moderate impacts and moderate-likelihood high impacts.

The final determination of material topics incorporated a governance overlay through cross-functional review and alignment with enterprise risk assessments, ensuring that the outcome reflects both analytical rigour and business context.

We assessed material topics relevant to our business and value chain and cross-referenced all identified sustainability risks with our Enterprise Risk Management (ERM) framework.

The outcomes of the impact and financial assessments were subsequently discussed with the Board, and the material matters were reflected in the Double Materiality Matrix. These insights are being actively integrated into strategic planning, operational excellence, ESG focus areas, and risk management processes.

Materiality Matrix*



Positive Impact + Negative Impact - Risk - Opportunity +

*Topics are not presented in order of priority.

Compared to our previous materiality assessment, the current evaluation reaffirms the continued relevance of our core ESG priorities. Certain topics have gained importance reflecting alignment with evolving stakeholder expectations, while others such as Biodiversity and Influencer Management are not considered material at this stage but continue to be monitored.



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The table below includes the material impacts, risks and opportunities, as well as a reference to where the related disclosures are included in the Integrated Annual Report.

Material Topics	Description	ESG focus areas and mitigation
Climate Change Mitigation	Impact: Greenhouse gas emissions from manufacturing, energy use, logistics, and value chain activities contribute to climate change and its environmental impacts.	Refer to the Climate Change Mitigation chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 114 →
Occupational Health, Safety and Wellbeing	Impact: Manufacturing operations could expose employees and contract workers to occupational health and safety risks arising from use of machinery, exposure to chemical substances and logistics activities.	Refer to the Safe Workplace chapter forming part of the Synergising Relationships section of the Integrated Annual Report. Read more at Page 176 →
Product Chemistry	Impact: Use of pigments, solvents, additives and other chemical substances in paint formulations could pose a risk to human health, safety or the environment during manufacturing, product applications and end-of-life disposal, if not properly handled or managed.	Refer to the Product Stewardship chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 120 →
Air Emission Pollution	Impact: Manufacturing processes generate compounds and pollutants, like VOCs, SO _x , NO _x which could adversely affect human health, surrounding communities, and the environment.	Refer to the Product Stewardship and Nature Positive chapters forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 120 and 128 →
Water Management	Impact: Industrial water consumption could create pressure on freshwater resources especially in water stressed regions.	Refer to the Water Neutrality chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 124 →
Consumer Health and Safety	Impact: Use of chemical-based products such as paints and coatings could influence indoor air quality and affect consumer health due to product compositions and emissions during applications.	Refer to the Product Stewardship chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 120 →

Material Topics	Description	ESG focus areas and mitigation
Human Rights-Value Chain	Impact: Business activities and value chain relationships could affect human rights outcomes across upstream and downstream operations, including labour practices, working conditions, occupational health and safety, worker welfare, and adherence to responsible business conduct.	Refer to the Sustainable supply chain management under Climate Change chapter forming part of Sustainable Operations and Energising, Equitable and Inclusive Workplace chapter forming part of the Synergising Relationships section of the Integrated Annual Report. Read more at Page 118 and 162 →
Community Engagement	Impact: Community initiatives and other engagements with the community could influence the socio-economic wellbeing of local communities, community resilience while strengthening connections with customers and other stakeholders.	Refer to the Community Ownership and Water Stewardship chapters forming part of the Synergising Relationships section of the Integrated Annual Report. Read more at Page 152 and 158 →
Employee Engagement and Wellbeing	Impact: Proactive employee engagement programmes, wellbeing, and inclusion initiatives enhance workforce satisfaction, productivity, retention, and organisational resilience.	Refer to the Energising, Equitable and Inclusive Workplace chapter forming part of the Synergising Relationships section of the Integrated Annual Report. Read more at Page 162 →
Supplier Sustainability	Impact: Responsible supplier engagement approaches and sustainability performance can contribute positively to environmental and social outcomes across the value chain.	Refer to the Climate Change chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 114 →
End-of-Life Management of Product and Packaging	Impact: Inadequate end of life management could generate waste contributing to environmental pollution, extending compliance risks. Impact + Opportunity: Recovery, recycling and circularity considerations could reduce material costs, regulatory obligations and waste management-related costs, strengthening appeal to sustainability-focused consumers and channel partners.	Refer to the Nature Positive chapter forming part of the Sustainable Operations section of the Integrated Annual Report. Read more at Page 128 →

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Material Topics	Description	ESG focus areas and mitigation
Sustainable Product and Service Offerings	<p>Impact: Investments in cleaner technologies, sustainable products, and product innovations can reduce air emissions and other environmental impacts across the product lifecycle and improve usage experience.</p> <p>Opportunity: Product innovations and efforts towards sustainable offerings could create new revenue opportunities and influence market positioning by providing a competitive advantage.</p>	<p>Refer to the the Innovation and Manufacturing Excellence section and Product Stewardship chapter forming part of Sustainable Operations section of the Integrated Annual Report.</p> <p>Read more at Page 98 and 120 →</p>
Waste Management	<p>Impact: Hazardous and non-hazardous waste generated from manufacturing activities could impact the environment, if not effectively managed.</p> <p>Risk: Ineffective handling and disposal of waste could influence environmental impacts, regulatory obligations, operational costs, or result in temporary disruptions or reputational damage.</p>	<p>Refer to the Nature Positive chapter forming part of the Sustainable Operations section of the Integrated Annual Report.</p> <p>Read more at Page 128 →</p>
Customer Delight	<p>Impact + opportunity: The growing demand for sustainable products, along with integrated offerings, niche solutions, and digitally enabled innovations supported by differentiated customer services, presents opportunities to strengthen brand differentiation, foster customer loyalty, and drive sustainable growth through enhanced customer engagement and market positioning.</p>	<p>Refer to the Management Discussion and Analysis, Customer Celebrations chapter forming part of the synergising relationships section and Innovation and Manufacturing Excellence section of the Integrated Annual Report.</p> <p>Read more at Page 40, 136 and 98 →</p>
Counterfeit Products	<p>Risk: Counterfeit products could impact market share, customer trust and reputation.</p>	<p>Refer to the Management Discussion and Analysis section of the Integrated Annual Report.</p> <p>Read more at Page 40 →</p>

Material Topics	Description	ESG focus areas and mitigation
Business Ethics and Corporate Governance	<p>Risk: Ethical conduct, transparency and effective governance practices influence stakeholder confidence, regulatory compliance and corporate reputation.</p>	<p>Refer to the Management Discussion and Analysis and Governance section of the Integrated Annual Report.</p> <p>Read more at Page 40 and 182 →</p>
Supply Chain Disruptions	<p>Risk: Supply chain disruptions, raw material shortages driven by geopolitical tensions, trade or logistical constraints could influence operational continuity and procurement costs.</p>	<p>Refer to the Management Discussion and Analysis section of the Integrated Annual Report.</p> <p>Read more at Page 40 →</p>
Competitive Landscape and Market Position	<p>Risk: Changes in market dynamics and competitive conditions could influence market positioning and future growth opportunities.</p>	<p>Refer to the Management Discussion and Analysis section of the Integrated Annual Report.</p> <p>Read more at Page 40 →</p>
Talent Management	<p>Risk: Challenges related to talent attraction, retention and succession planning could influence business continuity and operational performance.</p>	<p>Refer to the Management Discussion and Analysis and Energising, Equitable and Inclusive Workplace chapter forming part of the Synergising Relationships section of the Integrated Annual Report.</p> <p>Read more at Page 40 and 162 →</p>