

NEROLAC



Brief Introduction to KNPL

1920
FOUNDED IN



Unveiled new corporate identity
of Nerolac
(2020- 100th Year)

74.99%

OWNERSHIP

Subsidiary of Kansai Paint Co.
Ltd., Japan



MARKET POSITION

One of India's largest Paint
company: Leader in
Industrial Paints



NET SALES (₹)
(Standalone)

7393.30 Cr
(FY23-24)



EBITDA (%)
(Standalone)

13.8%
(FY 23-24)



MARKET CAP

21,200 Cr
(31st March'24)

Leadership in Sustainable Products

Our Edge: Pioneer in developing Best in Class Sustainable Products with Superior Technology and State of the Art Manufacturing Facilities (8 Plants & 112 Depots)



Environment friendly & Safe paints

- ✓ Low VOC
- ✓ Lead free paints
- ✓ Heavy metals free
- ✓ GRIHA Certified



Key Technology Differentiators

- ✓ 3 Coat 1 Bake (3C1B)
- ✓ Low Bake 2K PU system
- ✓ RETAN WB EV
- ✓ Tin-free CED
- ✓ Crystalline Technology
- ✓ Acrylic CED



Investments in Sustainability

- ✓ Digital & Modular Plant
- ✓ Closed Loop System
- ✓ Safety Interlocks
- ✓ Zero Liquid Discharge
- ✓ Solvent Recovery Unit

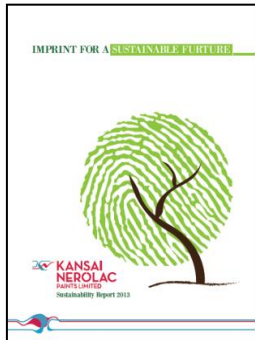
ESG Reporting Journey

Annual Report - Financial,
Environmental Social Responsibility
(1st To publish when there was no
standard)

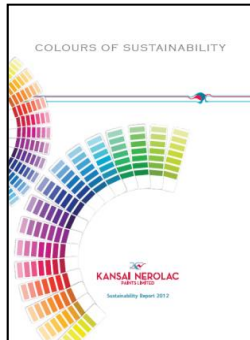


Till
2011

2012-
2013



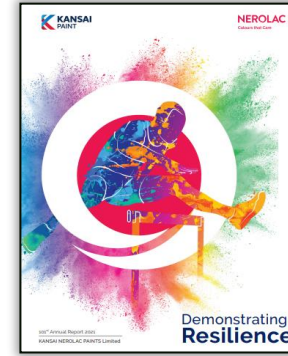
Sustainability Report GRI G3.1 Guidelines



Sustainability Report with
GRI G4 Guidelines - Core



2014-
2017

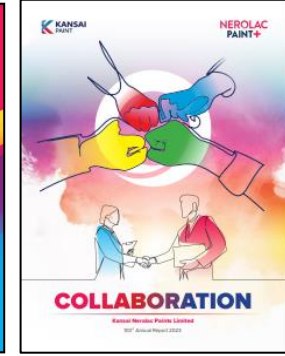


2018-
2019



Integrated Report Transitioned to GRI Standards

Integrated Report in line with IIRC Framework
(Chapter added on ESG from FY 21-22)



2021-
2024

Awards & Recognition

MANUFACTURING

- ❖ In FY 23-24 Goindwal Sahib Plant was presented with the **Gold award** in the 46th CII National Level Kaizen Competition, securing the first place in the Innovative Category
- ❖ In FY 23-24 Bawal plant also received the **Platinum Award** in the Safety Excellence category from (FAME) Foundation for Accelerated Mass Empowerment.
- ❖ In FY 23-24 Lote plant won an award in the Confederation of Indian Industry's (CII) **National Six Sigma Competition**.
- ❖ In FY 23-24 Sayakha Plant was honoured with the **Gold Award** at the Indian Manufacturing Excellence Awards (IMEA), 2023

SOCIAL

- ❖ In FY 23-24 Ms. Anandiben Patel, the Honourable Governor of Uttar Pradesh, has acknowledged our Company's Jainpur Plant for the commendable efforts made towards **promoting education**.
- ❖ Awarded for **outstanding performance** in nearby industries and contribution towards CSR.
- ❖ Award for 'Nerolac Pragati Express' campaign in the 'Excellence in CSR-Social Impact' category By ACEF Asian Leaders Forum and Awards.

CUSTOMER

- ❖ In FY 23-24 KNPL was awarded the **Best Vendor Award** from Honda Car India Limited
- ❖ In FY 23-24 KNPL **Appreciation Award** from TVS for our swift response and support.
- ❖ In FY 23-24 Hosur Plant was presented with the **Best Supplier Award** for 2022-2023 from TKML.
- ❖ In FY 23-24 Powder-Coating Unit received the **Appreciation Award** from our customer OJUS for consistent supply and support.

ESG Recognition and Participation

Recognition



KNPL has been awarded a Bronze Medal. This result places KNPL among the **top 35% of companies** assessed by EcoVadis



Ranked in the **Top Quartile** of FTSE4Good Index 2023 Review

S&P Dow Jones Indices

A Division of **S&P Global**

Rated in the **top 10%** globally within the Chemical Industry Group in the CSA S&P ESG Index in 2023

CRISIL

An **S&P Global** Company

CRISIL ESG Gauge Recognized in the **“Leadership”** Category by CRISIL in its Sustainability Yearbook 2022



a Morningstar company

Rated in the Top and ranks 16/577 in the chemical sector and received Low risk rating indicating lower ESG risk.



Our decorative water-based products, including interior and exterior emulsions and construction chemicals products, have received the **GRIHA** Certification.



NC range in wood finish segment was awarded **REACH** certification.

Participation



Responded to the CDP for Climate Change & Water Security in FY 23-24

3rd Party Assurance

Limited assurance by 3rd party undertaken in line with the requirements of the International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 on selective non-financial disclosures.

- **SUSTAINABILITY MANAGEMENT**



Our ESG Approach - Materiality

Decarbonisation



- › Energy Management
- › Emission Management
- › Climate Change

Resource Use



- › Water Management
- › Waste Management
- › Product Stewardship
- › Responsible Product
- › Sustainable Supply Chain

Quality of Life



- › Human Rights
- › Occupational Health and Safety
- › Employee Engagement and Well-being
- › Community Development
- › Customer Satisfaction

Diversity



- › Diversity (Age, Gender, Regional)
- › Inclusivity

Governance



- › Corporate Governance & Risk Management
- › IT Cyber Security
- › Innovation / IP Management
- › Compliances & Tax Strategy

Environment

- **Decarbonisation – KNP Materiality 1**



Decarbonization – Key Focus Areas

ENERGY

Where we are

- 49% Energy from Renewable sources like Biomass, Solar & wind.
- 38% Electricity from renewable sources like solar, wind at manufacturing facilities
- ISO 50001: 2018 (Energy Management System) implemented at Goindwal Sahib Plant

Future Direction

- ❖ Increase electricity from Renewable sources (Solar, Wind)
- ❖ Shift to greener and cleaner fuels
- ❖ Certifying ISO 50001 at all Major Plants

EMISSION

Where we are

- Targets approved by SBTi to reduce (Scope 1,2,3) emissions in line with 1.5°C and setting up FY 2018-19 as baseline year.
- Achieved ~13% reduction in Scope 1 & 2 emissions from baseline FY 2018-19
- Accomplished ~3% reduction in Scope 3 intensity from baseline 2018-2019

Future Direction.

- ❖ Reduce Scope 1 & 2 emissions
- ❖ Reduce Scope 3 emission intensity.
- ❖ Increase use of raw materials from renewable sources

CLIMATE CHANGE

Where we are

- Adopted TCFD framework and evaluated various climate-related risks as per the framework
- Integrated Climate risk with Enterprise Risk Management Framework.
- Developed 33% greenbelt around our plant facilities

Future Direction

- ❖ Continuing Greenbelt development using Miyawaki Technique
- ❖ Increase mitigation preparedness for risk arising due to climate change

Creating a paradigm shift for low carbon alternatives and climate change

Environment

- **Resource Use – Materiality 2**



Resource Use – Key Focus Areas

WATER	WASTE	PRODUCT STEWARDSHIP	SUSTAINABLE SUPPLY CHAIN	RESPONSIBLE PRODUCT
<p><u>Where we are</u></p> <ul style="list-style-type: none"> ➤ KNPL became water positive organization in FY 23-24 ➤ > 25% reduction in Our Specific Water Consumption (Manufacturing Facilities) since FY 2018-19 ➤ 26% water requirement is fulfilled by use of recycled water & rainwater 	<p><u>Where we are</u></p> <ul style="list-style-type: none"> ➤ Zero Liquid discharge (major manufacturing facilities) ➤ > 5 % reduction in Specific Hazardous Waste Generation since FY 2018-2019 ➤ > 12000 MT of post consumer plastic waste collected and recycled 	<p><u>Where we are</u></p> <ul style="list-style-type: none"> ➤ Interior/exterior emulsions and construction chemicals products received GRIHA certification ➤ LCA Conducted for mainline products from wood finish paints, solvent-based paints, water-based paints, industrial coatings and powder coatings segments ➤ Low VOC paints ➤ Heavy metals free Paints 	<p><u>Where we are</u></p> <ul style="list-style-type: none"> ➤ Conducted awareness sessions for value chain partners on ESG / BRSR Principles. ➤ Green procurement guidelines prioritize environmentally friendly materials ➤ Collaborating with industry experts for emission management of value chain partners 	<p><u>Where we are</u></p> <ul style="list-style-type: none"> ➤ Product Packaging contains: <ul style="list-style-type: none"> • Safe & Responsible usage • Relevant Environment parameters ➤ Use of recycled plastic in packaging
<p><u>Future Direction</u></p> <ul style="list-style-type: none"> ❖ Continue to maintain water positive status ❖ Continue to reduce SWC ❖ Increase use of recycled and rainwater 	<p><u>Future Direction</u></p> <ul style="list-style-type: none"> ❖ Zero waste to landfill ❖ Continue reducing Specific Hazardous waste generation ❖ Comply to Extender Producers responsibility 	<p><u>Future Direction</u></p> <ul style="list-style-type: none"> ❖ Increase use of Renewable content ❖ Reduce use of hazardous materials 	<p><u>Future Direction</u></p> <ul style="list-style-type: none"> ❖ BRSR Core for Value Chain Partners 	<p><u>Future Direction</u></p> <ul style="list-style-type: none"> ❖ Declaring Relevant social parameters

Social

- **Quality of Life – Materiality 3**



Quality of Life – Key Focus Areas

HUMAN RIGHTS & EQUALITY

Where we are

- Training conducted on Human Rights covering more than 80% of permanent employees and workers)
- Collective Bargaining ,Fair & Transparent Grievance Redressal mechanism
- Prevention of child labour or forced labour
- Commitment to Non-discrimination
- Internal complaint committee
- Fair dealing with Business Partners

Future Direction

- ❖ Risk Assessment & Assurance framework

OHSE

Where we are

- More than 90 % Safety Culture survey Score
- ISO45001 certification at all facilities
- Zero Lost Time Injury Frequency Rate
- Safety Audit conducted as per KPJ Global Safety and Quality (GSQ) Standards

Future Direction

- ❖ Strengthen safety practices by applying insights gained from the GSQ audit findings

COMMUNITY

Where we are

- 46000+ Lives touched by CSR activities.
- More than 25 % employee participation in CSR activities
- Livelihood & Skill Enhancement
- Community Development
- Promoting Education
- Environmental Sustainability
- Healthcare & sanitation
- Development of Traditional art and handicraft

Future Direction

- ❖ Continue to be a responsible corporate by partnering in the development of the communities

EMPLOYEE ENGAGEMENT & WELLBEING

Where we are

- Great Place to Work certified FY 23-24
- Build Culture of Innovation, Collaboration and Empowerment
- Digital learning platform Percipio for upskilling
- Life@Nerolac platform, designed to enhance employee engagement.
- Wellness Corner App
- Step challenge for employees

Future Direction

- ❖ Continue to prioritize people centric approach

CUSTOMER SATISFACTION

Where we are

- >85 % Customer satisfaction index
- > 3 Brand equity index
- Consumer complaint Redressal mechanism
- Engage only reputable advertising agencies that are members of ASCI (Advertising Standard Council of India)

Future Direction

- ❖ Continue to increase customer satisfaction index

Social

- **Diversity – Materiality 4**



Diversity – Key Focus Areas

GENDER

Where we are

- Women employees constitute >4% (excluding workers)
- Increasing the recruitment of female employees by consistently identifying roles suitable for women and collaborating with consultants specializing in 'Diversity Hiring'.

Future Direction

- ❖ Promote Gender Diversity at organizational, Management and functional level

INCLUSIVITY

Where we are

- Built process of identifying suitable positions, screening candidates and recruitment.
- Collaborated with experts to identify and screen candidates for suitable roles
- Modified our processes and job roles to match the candidate's areas of strength
- Accessibility audit conducted at New HO, Mumbai and recruited one differently abled candidate in our permanent workforce, bringing our total count to two.

Future Direction

- ❖ All new workplaces to be accessible for people with disability

AGE & NATIONALITY

Where we are

- Diverse Mix of employees in different age brackets.
- No discrimination due to age, Nationality

Future Direction

- ❖ Continue to be an equal opportunity employer and an organization with diverse mix of geographies

✓ Diversity & Inclusivity will be key thrust areas at our workplaces

Governance

- **Governance – Materiality 5**



Governance— Key Focus Areas

CORPORATE GOVERNANCE

Where we are

- Risk Committee at Board level for Enterprise Risk Management
- Board Oversight & Management framework on ESG
- Corporate Governance related Disclosures
- 3rd Party assurance on selected non-financial parameters
- Impact assessment for CSR activities

Future Direction

- ❖ ESG assessment of Value chain Partners

RISK MANGEMENT

Where we are

- Conducted biannually, Board-level Risk Committee review
- Robust Organization wide Risk Management Framework
- Covered 400+ employees in training on risk management
- Climate Change Risk Management Incorporated in our ERM
- Business continuity policy

Future Direction

- ❖ Promote and Build Risk culture
- ❖ To strengthen Business continuity SOP's

IT / CYBER SECURITY

Where we are

- Ariba–SAP Procurement Portal for indirect purchases
- IOT-enabled technology for smart manufacturing and barcoding
- Digitalize Stakeholder engagement through our Digital Ecosystem
- Cybersecurity Awareness and Training
- Well-Documented Cyber security Policy

Future Direction

- ❖ Continuous improvement in IT end user experience

INNOVATION / IP MANAGEMENT

Where we are

- Launched Avinya platform for Innovation and Idea Management
- Increase employee participation through Innovation Culture
- 2 Patents Filed
- World-class R&D
- Global Technical Collaborations
- Sustainable Product Development

Future Direction

- ❖ Continue to provide best-in class, sustainable and user-friendly products
- ❖ Focus on execution of Innovation Ideas

COMPLIANCE / TAX STRATEGY

Where we are

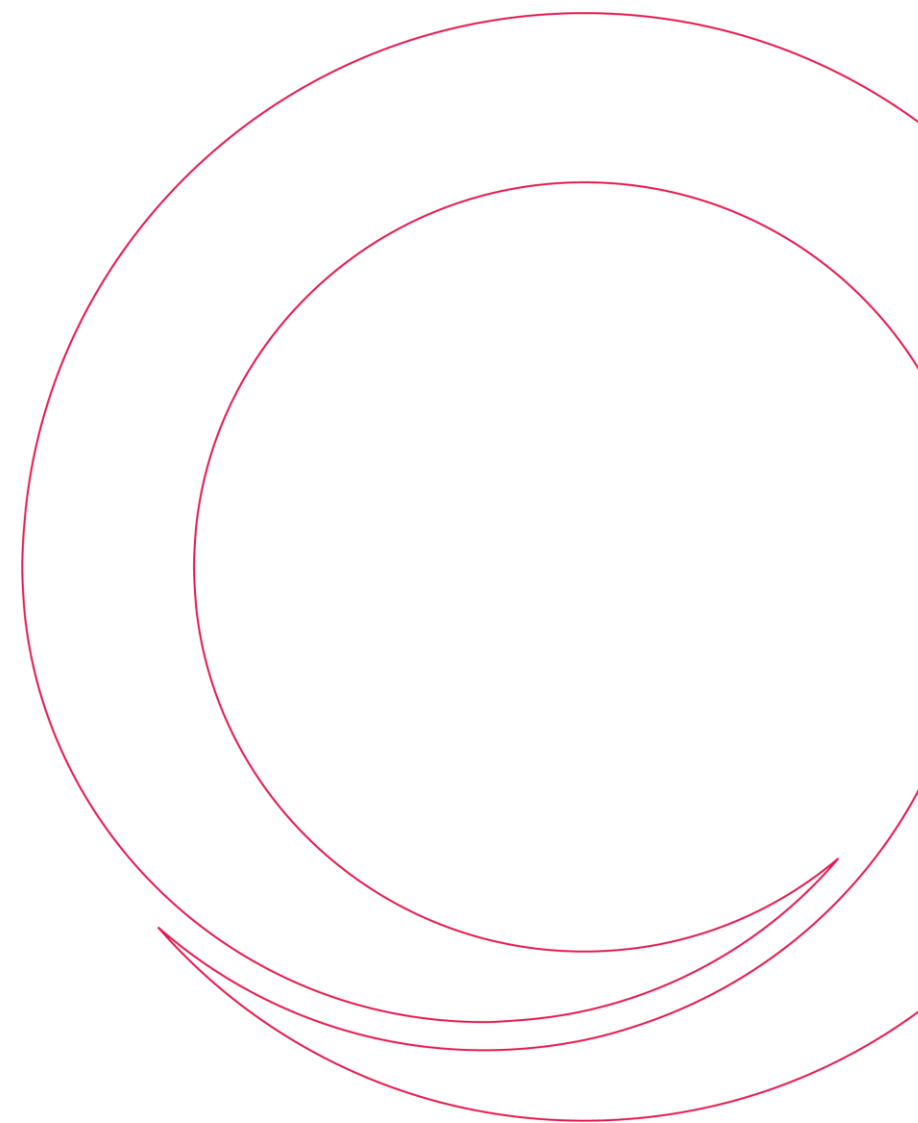
- Compliance of statutory obligations, not only in letter but in spirit, in all jurisdictions in which the company has its operations.
- Not to use secrecy jurisdiction or tax havens for tax avoidance.

Future Direction

- ❖ Continue to comply in letter and spirit

✓ Striving to achieve Excellence in Corporate Governance

- **Our ESG Performance Snapshot**





Our ESG Performance Snapshot (FY 23-24)

Decarbonization

12.5 %

Reduction in Scope 1+Scope 2 emissions since FY2018-2019



49 %

Total energy consumption by renewable energy

38 %

Renewable electricity consumption



33 %

Greenbelt around our plant facilities



ISO50001

Energy Management system implemented at Goindwal Sahib Plant

Resource Use

100 %

Freshwater withdrawal replenished to the community we operate in



>25%

Consumption of water through Recycled and Rainwater



20+

Products undergone Life cycle assessment

>6%

Reduction in specific Hazardous waste generation since FY 2018-19



>12000 MT

of post consumer plastic waste collected and recycled

Quality of Life

46,000+

Lives touched through CSR initiatives

Zero

Lost time injury frequency rate

> 80 %

of permanent employees and workers trained on Human Rights

>25%

Employee participation in CSR activities

100%

Of Plants ISO45001 Certified

Diversity

>4 %

Gender Diversity (Excluding Workers)



Inclusivity

- Accessibility Audit conducted for HO, Mumbai
- Hired 1 differently abled candidate in our permanent workforce, bringing our total count to two.

Age

Good mix of youth & experience



Governance

Compliance

Compliant with Statutory Regulation in letter and spirit

Biannual

Board-level Risk Committee review

400+

Employees covered under Risk Management training

ISAE(3000)

Assurance on selected non-financial parameters

- **THANK YOU**