



**Welspun Corp Limited**

# **WCL Suppliers' ESG Assessment Manual**



**Focused on Creating a  
Sustainable, Inclusive and  
Responsible Future**

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## Message from the MD

### **Dear Partners,**

*For highly sustainable organisations to control, monitor, and report their environmental, social, and financial performance, a strong governance structure is required. Welspun Corp Limited (WCL) is working towards a sustainable future by addressing current demands and maintaining the highest standards of corporate ethics across its activities. WCL is known around the world for upholding the values of honesty, accountability, integrity, and inclusive diversity.*

*Manufacturing excellence, operational competence, customer centricity, and innovation are part of our fundamental principles, and we follow worldwide standards for sustainable business operations. To promote our set of fundamental principles, we encourage our partners to strictly adhere to and carry out their business activities in accordance with our Code of Conduct. This will enable us to build and strengthen a long-term supply chain, allowing us to produce industry-leading products.*

*This document comprises details for our suppliers, laying emphasis on the Supplier Code of Conduct, which must be adhered to while working with us. The adherence to this code would allow us to meet the expected Product Quality Standard and other product specifications.*

*We encourage our suppliers to follow WCL's Supplier Code of Conduct and help us achieve our goal of becoming a leading organisation known for sustainable business practises. On this journey, I look forward to continuing support from our partners.*

Sincerely,

Mr. Vipul Mathur

Managing Director

**Welspun Corp Limited**

## Introduction

Welspun Corp Limited is committed to conduct its business in a responsible and sustainable manner, upholding the highest standards of ethical and legal parameters. We associate with suppliers / contractors who maintain consistent ethical standards and share the same commitment.

It is expected from the suppliers / contractors to comply with applicable laws and regulations, mandated by the country of operation, including, but not limited to, laws concerning various licenses, unsafe working conditions, forced labour, child labour and environmental statements.

As per this Suppliers' Manual, the supplier evaluations shall be conducted on aspects such as human rights, child labour, business ethics and environment. These evaluations help suppliers to reflect on their own ESG performance, identify gaps and develop improvement action points. In particular, the assessments are applicable to WCL's category A and B category suppliers (For definition, refer to the assessment methodology for suppliers table in the subsequent section). The purpose of these assessments is to ensure that our suppliers and contractors comply with the desired operational standards as stated by the regulatory bodies and the WCL Supplier Code of Conduct.

WCL also extends support to its suppliers and contractors, in the form of training and capacity building, to assist them in overcoming barriers which may lead to non-compliance with the requirements in line with the Supplier Manual.

## Scope

This Supplier Manual is applicable to our suppliers, along with contractors, sub-contractors (through the relevant contractors), business partners, or any other entity that provides goods and services to us. This manual is effective from 23<sup>rd</sup> March 2022.

## Objectives

- To produce and deliver quality Steel products in an environment friendly manner and provide a safe and healthy working condition to personnel directly or indirectly engaged in manufacturing of our products.
- To foster inclusive growth and protection of fundamental rights of the workmen by adherence of applicable National and Local laws and regulations, principles of United Nations Global Compact (UNGC), United Nations Guiding Principles on Human Rights, and International Labour Organization (ILO) conventions.
- To empower and protect personnel within the organization's control and influence who provide products or services to the WCL.
- To incorporate sustainability agenda and corporate governance standards across the supply chain partners.
- To promote Compliance with the requirements for Social Accountability, Environmental and Occupational Health & Safety management system based on the Standards of Social Accountability such as; SA 8000:2014, ISO 14001:2015 and ISO 45001:2018, ISO 9001:2015, ISO14001, ISO 50001:2018 and EcoVadis

## Responsibility and Authority

- HOD - (Commercial & Purchase) – Overall responsible for compliance of this SOP.

## Assessment Methodology for Suppliers

Definition	Assessment Methodology/ Criteria (applicable to category A and B suppliers)
<p>Suppliers, by category</p> <ul style="list-style-type: none"> <li>• Category A: Supplier of primary raw materials, that are procured to manufacture finished goods. Example: hot rolled coils, hot rolled plates</li> <li>• Category B: Supplier of consumables that are used to either weld or coat pipes Examples: welding wire, welding flux, epoxy powder, paint and PE etc.</li> <li>• Category C: Supplier of store and spare materials that are used for maintenance / repair / adhesive of steel plates / coils or any other material procured for day-to-day activities</li> </ul>	<ol style="list-style-type: none"> <li>1. Self-assessment questionnaire to be obtained prior to on-site /online pre-assessment,</li> <li>2. On-site / online assessment prior to on-boarding</li> <li>3. Declaration i.e., Duly acknowledged copy of “Suppliers’ Code of conduct” to be obtained prior to release of PO/on-boarding</li> <li>4. Annual Supplier Assessment to be conducted (for regular suppliers, once in 2 years)</li> <li>5. Waiver / Exemption from the criteria listed under the above-mentioned points 1, 2 &amp; 4, if the supplier is audited/certified for following international standards:               <ol style="list-style-type: none"> <li>a. SA 8000</li> <li>b. ECOVADIS with Gold medal</li> <li>c. ESG plan and strategy in case of publicly available SR/IR report, disclosed prior to the financial year of audit</li> </ol> </li> </ol>

## Procedure

### New Supplier:

- a. The new suppliers are required to fill up a Supplier / Contractor Onboarding Form through which WCL will be able to assess the turnover capacity, number of manufacturing units, energy and water consumption, recent contract with major companies etc.
- b. The suppliers / contractors are also required to submit the mandatory documents as stated by the Supplier Onboarding Form. Additional documents /certifications basis ESG are also expected to be submitted during the onboarding process
- c. The suppliers / contractors shall be evaluated before the acceptance of the proposal and executing the agreement or release of P.O. and shall be selected based on their ability to comply with the requirements of Code of conduct.
- d. Supplier must submit duly signed and stamped copy of declaration i.e., “Suppliers Code of Conduct” along-with duly filled self-assessment questionnaire.

### Existing Supplier:

- a. A periodic assessment at suppliers, contractors, and sub-contractors’ facilities shall be conducted.
- b. The findings of the audit shall be communicated to the suppliers and contractors in writing and the suppliers / contractors shall promptly remediate any nonconformance identified against the requirements of the standard. Corrective Action Plan will be mutually decided and verified through desktop or follow-up audits on or before the agreed time frame.

- c. In case of “Severe” ratings in assessment, the supplier / contractor shall be given a duration of 05 days to submit a suitable corrective action plan against the observations falling under “Severe” ratings. A follow-up assessment shall be conducted within 30 days from the date of initial/periodic audit before which the supplier / contractor should submit the evidence of compliance.
- d. Failure to submit the digital evidence of compliance within the stipulated period of 30 days, will lead to termination of business and cancellation of further order.
- e. In case of “Major” ratings in assessment, the supplier / contractor shall be given a duration of 15 days to submit a suitable corrective action plan to lower the rating against the observations falling under “Major” ratings. A follow-up assessment shall be conducted within 90 days from the date of receipt of audit report. The facility can share the digital evidence of compliances.
- f. In case of “Moderate” or “Minor” ratings, the supplier / contractor shall be given a duration of 30 days to submit a suitable corrective action plan to lower the rating against the observations falling under “Moderate” or “Minor” ratings. The facility can share the digital evidence of compliances. However, the corrective actions shall be verified and closed during annual assessment.
- g. The suppliers shall disclose and inform the company of relevant business set-up and/or business relationship/s with other suppliers and sub-contractors.

### Rating of Compliance Issues

WCL supplier assessment checklist is categorised into four aspects – Labour, Human Rights, Environment and Business Ethics. Each aspect has questions on which supplier is evaluated. These questions are mapped to the defined rating criteria i.e., Severe, Major, Moderate and Minor, which is based on the criticality of the requirement (refer to the audit rating score card table for details). In addition to these questions, suppliers / contractors are expected to share information on ESG aspects as mentioned in the assessment checklist. However, ESG aspects would not be part of the scoring process.

### Audit Rating Score Card

Rating	Star	Criteria	Follow up
Severe	 (No engagement until NC complied)	1 Any critical breach of a state or national law which addresses a significant noncompliance that may have a severe impact on business continuity or reputation if left unattended.	Corrective Action Plan: 5 days Follow-up audit: 30 days
		2 Infringement of business ethics and transparency which may lead to probable fraud, coercion, and deception.	
		3 Critical breach of a state or national law, which can pose a significant threat to the environment due to contamination, spillage, uncontrolled emissions, etc or threat to social aspects such as child labour, Health, and safety violations etc.	
Major	 (Conditional Engagement)	1 Breach of any state or national law / legal requirement that have a potential major implication on business operations.	Corrective Action Plan: 15 days Follow-up audit: 90 days
		2 Breach of ESG guidelines which poses a threat to the Human rights, major Health, Safety and Environmental issues not limited to onsite operations.	
		3 Non-existence of processes to address material issues of the organisation	

Rating	Star		Criteria	Follow up
		4	Any specific aspect required/defined by the customer	
Moderate	 (Engage)	1	Any material issue, which could become a major non-compliance if left unattended	Corrective Action Plan: 30 days Follow-up audit: 1 year
		2	Breach of SOP or process violations leading to irregularities in the management approach	
Minor	 (Engage)	1	Any occasional or isolated issue which poses a low risk to onsite workers, employees, or environmental conditions.	Corrective Action Plan: 30 days Follow-up audit: 1 year
		2	Not aligned to Best Practices/Scope of improvement based on global standards (however the facility has internal process/systems in place)	
No Non-compliance	 (Engage)	1	Complying with at least one ESG certification/criteria i.e., EcoVadis with Gold Medal and/or SA8000 and/or ESG plan and strategy in place along with publicly made disclosure as part of GRI-aligned Sustainability Report / Integrated Report (IR)	Not required until the validity of the certificate or in case of publicly available SR/IR report, disclosed prior to the financial year of audit
		2	100% in line with the WCL Assessment	Not required for 2 years

## Annexure -1: Supplier Code of Conduct

Welspun Corp Limited (WCL) is committed to conduct its business in a responsible and sustainable manner, upholding the highest ethical and legal standards. The company expects a similar principled conduct from its value chain partners to manufacture a truly sustainable product which meets expectations of its stakeholders.

### Scope and Application

WCL's Supplier Code of Conduct is applicable to its value chain partners including suppliers, contractors, sub-contractors (through the relevant contractors), logistics partners, service providers, business partners, agents, representatives or any other entity entrusted that provides goods and services to it, across geographies. The term supplier used in this WCL's Supplier Code of Conduct includes all the above value chain partners.

This code of conduct is aligned with local regulatory requirements, principles of United Nations Global Compact (UNGC), United Nations Guiding Principles on Human Rights and the relevant International Labour Organization (ILO) conventions.

The document lays down WCL's expectations from its suppliers under the 3 broad categories as below:

### Environment

**Environment Management and Compliance:** We expect our suppliers to comply with existing environmental laws and have necessary licenses, permits and other required approvals for continuing its operations.

We also expect suppliers to have an environment management system in place through which they measure and monitor their environmental performance, set annual goals & targets, promote greater environmental responsibility, and use of environmental-friendly technologies.

**Energy Conservation:** We expect our suppliers to monitor their energy use and take necessary steps to improve energy efficiency.

**Water management:** We expect our suppliers to develop water management strategies to track & reduce water consumption and wastewater disposal.

**Waste Management:** Our suppliers embrace the principles of circular economy by reducing, reusing, recycling, and recovering waste materials generated in operations.

**Air Emissions:** We expect our suppliers to monitor, regulate, and treat air emissions of volatile organic compounds, aerosols, corrosives, particulates, ozone depleting chemicals, and combustion by-products generated from operations.

**Responsible Sourcing:** We expect our suppliers to integrate sustainability into their supply chain through sustainable procurement practices, use of sustainable raw materials and continuous engagement.

**Hazardous Substances:** We require our suppliers to handle, store, and dispose of chemicals and hazardous materials in an environmentally responsible manner and train workers on these procedures.

**Biodiversity:** We expect our suppliers to avoid deforestation in their operations & supply chains. They shall focus on biodiversity conservation in and around the project sites with emphasis on places of concern and protected areas, where applicable.

**Climate Change:** As climate change becomes a major global concern, we expect our suppliers to undertake result-oriented climate actions including risk assessment and mitigation, GHG reduction and climate adaptation.

## Social

**Freedom of Association and Collective Bargaining:** We expect our suppliers to respect the right of workers to freedom of association and collective bargaining. Workers shall be free to join an organisation of their choice and that their doing so will not result in any negative consequences or penalty. The company shall not in any way interfere with the establishment, its functioning, or administration of such organizations.

**Prohibition of Forced or Compulsory Labour:** We expect our suppliers to refrain from using or supporting forced, bonded or indentured labour or involuntary prison labour. In addition, they should not keep original identification papers/documents and demand employees to pay deposits when they start working. No part of any employee's salary, benefits, property or documents shall be withheld by the supplier or any entity supplying labour to them. Furthermore, the employees must have the right to leave the workplace after usual workday is over, as well have the option to leave their job.

**Prohibition of Child Labour:** Suppliers must not, under any circumstances, use child labour as defined by national and local laws and / or ILO Convention, whichever is more stringent. In this regard, we, at WCL, ensure that no child labour is employed at our suppliers' end that supports us with procuring goods or rendering services. Child Labour remediation procedure has to be developed by suppliers to provide adequate financial and/or other support to enable the children to attend and remain in school until no longer a child, in case any child found to be working in the business supply chain.

**Non-Discrimination:** We expect our suppliers to adhere to applicable laws and regulations and prohibit workplace discrimination or discrimination in hiring, termination, or retirement based on religion, age, nationality, colour, gender, sexual orientation, physical ability, health condition, political opinion, creed or any other condition that could give rise to discrimination.

**Health and Safety:** We expect our suppliers to provide a safe and healthy workplace to its employees which is in compliance with applicable laws, regulations and industry standards. They shall adopt a risk based approach to identify work place hazards and implement suitable mitigation strategies. The suppliers should maintain necessary documentation and records of their Health & Safety performance and develop improvement goals and targets. In addition, we expect our suppliers to provide the necessary PPE's to its employees and protect themselves from work place hazards.

**Working Hours, Wages and Leave Benefits:** We expect our suppliers to comply with applicable laws and regulations on working hours, weekly rest day and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. Personnel shall be provided with at least one day off following every six consecutive days of working. In addition, we expect our suppliers to comply with applicable laws and regulations concerning wages and benefits. Wages and benefits paid to the employees shall meet the local legal requirements. Deductions from wages as a disciplinary measure shall not be permitted unless authorized by applicable law.

**Fair Treatment:** We expect our suppliers to treat its employees with dignity and respect. The company does not engage in or tolerate the use of corporal punishment, mental or physical coercion, or verbal abuse of personnel. In addition, no harsh or inhumane treatment is allowed.

**Community Engagement:** We encourage our suppliers to actively engage with local communities and contribute towards the enhancement of their quality of life and making them self-reliant.

**Product Stewardship:** We encourage our suppliers to take necessary precautions to avoid ingredients, designs, faults that may have an adverse effect or harm human life or health during product manufacturing, use, or disposal.

## Governance

**Stakeholder Engagement:** We expect our suppliers to practice transparent and effective communication with their stakeholders on a periodic basis.

**Regulatory Compliance:** We expect our suppliers to follow the applicable laws of the land in which it operates. Suppliers shall identify the risks connected with their operations including but not limited to environmental, health and safety, labour practises and ethics. Furthermore, suppliers are expected to put in place adequate procedures and controls to manage such risks.

**Transparency and anti-corruption:** We expect our suppliers to comply with the relevant anti-bribery and anti-corruption laws applicable in countries where they do business. The suppliers for obtaining contract/favourable treatment shall ensure adherence to the following:

- Supplier and or its employees shall not directly or indirectly offer or give any bribe, kickbacks or any other improper payments in order to obtain or retain a business.
- Supplier shall not offer any cash, gift, meals, entertainment, or other hospitality for the purpose of obtaining any improper benefit or advantage.
- Supplier shall not take any advantage (social/ political connections) to obtain favourable treatment from WCL.
- Suppliers shall not take any advantage (social/ political connections) to obtain favourable treatment from WCL. Any dealings or transactions with WCL shall be solely based on the merit, honesty and integrity.
- Suppliers must take aggressive actions to remove the forms of corruption, including bribery, fraud, maintaining falsified documents, cheating, and any other illicit behaviour.

**Conflict of Interest:** We expect our suppliers to disclose any actual or potential conflicts of interest arising from personal or professional ties with anybody, including but not limited to WCL's suppliers, business associates, rivals, or employees before entering into any contractual or other relationship with such persons. Suppliers should not indulge in any business, monetary or any other transaction either directly with WCL employee or relatives that creates any conflict of interest for WCL. Suppliers should report forthwith to WCL of any situation where an employee of WCL may have an interest, either directly or indirectly, in the Supplier's business or economic ties with the Supplier.

**Data Privacy and Information Security:** We expect our suppliers to protect and appropriately use the personal data of their workers and other stakeholders, in line with existing laws and regulations. Furthermore, our suppliers must implement systems to secure information related to WCL against unauthorised access, use, or disclosure.

**Grievance Mechanism:** We expect our suppliers to enable their employees voice their concerns freely through robust grievance redressal mechanisms. Employee hotlines and open-door policies shall be encouraged.

**Accountability:** We expect our suppliers to have a governance framework with designated personnel / team to oversee and ensure adherence of WCL’s Supplier Code of Conduct at their end.

**Implementation of WCL’s Supplier Code of Conduct**

This Code of Conduct is effective from 23<sup>rd</sup> March 2022. Suppliers shall conduct regular/periodic internal assessments to assure their compliance with the aforesaid Code of Conduct. WCL or any third party appointed by WCL reserves the right to conduct announced or unannounced inspections of suppliers and their facilities to verify compliance with the said Code of Conduct.

By accepting any purchase order or entering into a contract with WCL, the supplier thereby acknowledges and certifies its compliance with the above-mentioned principles under this Code.

**Compliance declaration**

We, the undersigned hereby confirm:

1. That we have received and taken due note of WCL’s Supplier Code of Conduct and therefore, we commit ourselves to fully comply with its principles and requirements.
2. That we agree that WCL or a third party appointed by WCL may carry out periodic, announced or unannounced inspection/audit at our facilities to verify our compliance with the aforesaid Code of conduct.
3. That we effectively communicate the contents of this Code of conduct to our employees, agents, sub-contractors and suppliers and ensure measures required are implemented accordingly.
4. That the compliance with WCL’s Supplier Code of Conduct is a material obligation and any non-compliance of it shall constitute a material breach of the contract, agreement, purchase order (as may be applicable).

Name (Authorized Signatory): .....

Position / Designation: .....

Supplier / Company Name: .....

Address: .....

Date: ..... Seal: .....

(Note: The Compliance Declaration must be signed by a duly authorized representative of the company and returned to the assigned WCL contact within 5 working days of receipt

## Annexure- 2: Sustainable Procurement Policy

Welspun Corp Limited (WCL) is committed to adopt an inclusive approach towards sustainability that encompasses the activities of its supply chain partners (“Supplier”) such as Vendors, Contractors, Sub Contractors, Service Providers, etc.

### **WCL shall endeavour to:**

- Facilitate training and capacity building programmes that propagate awareness of sustainability
- Consider regulatory compliance to critical environmental and social requirements as the key criteria in evaluation and onboarding of supply chain partners
- Encourage supply chain partners to implement management systems that focus on guiding principles outlined in this policy
- Institutionalise sustainability considerations in all sourcing or procurement decisions
- Give preference to suppliers with better track records on sustainability performance

### **Guiding principles for Sustainable Procurement**

#### **1. Business Integrity**

##### **Honesty, integrity and fairness**

The Supplier shall recognise the importance of honesty, integrity and fairness in conducting its business.

##### **Compliance with laws and regulations**

The Supplier must comply with the applicable laws and regulations of the countries in which it operates.

##### **Anti-bribery**

The Supplier must not offer, give, request or accept payments, payments in kind, bribes, ‘kick-backs’, secret commissions, gifts or favours of any kind regardless of their value.

##### **Privacy and Information**

The Supplier must respect the privacy of individuals and laws relating thereto, with respect to the collection, processing and management of personal data.

#### **2. Labour Standards**

##### **Non-discrimination**

The supplier shall not discriminate in hiring and employment practices on the grounds of criteria such as race, creed, disability, gender, marital or maternity status and religion.

### **Forced Labour**

The Supplier must under no circumstances use or in any other way benefit from forced labour and shall not utilize factories or production facilities that force work to be performed by unpaid or indentured labourers.

### **Child Labour**

The use of child labour is strictly prohibited. The Supplier acknowledges the right of every child to be protected from economic exploitation and will respect the laws of each country in which it operates regarding minimum hiring age.

### **Working Hours**

The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to the number of hours and days worked.

### **Compensation**

The Supplier's employees must receive compensation and benefits that comply with applicable laws and, where relevant, with binding collective agreements, including those pertaining to overtime work.

### **Human Rights**

The Supplier shall promote equal opportunities and fundamental human rights for all employees.

## **3. Health & Safety**

The Supplier shall provide a safe and healthy work environment for its employees, contractors and visitors and ensure that this is supported by adequate safety programs in accordance with applicable laws and regulations.

## **4. Environment**

The Supplier must manage its operations in an environmentally responsible manner and ensure compliance with related laws and regulations applicable in the country where products or services are manufactured or delivered.

### **Coverage**

This policy covers all WCL Vendors, Contractors, Sub Contractors, Service Providers, etc. along the value chain.

### **Assessments**

WCL has the right to assess suppliers' alignment to the guiding principles mentioned in the policy and their performance with respect to these principles. Audits may be carried out directly by WCL or through an independent third party to ensure continuous improvement in suppliers' sustainability initiatives.

### **Corrective actions**

WCL expects its suppliers to engage and improve their sustainability performance to achieve the larger goal of creating a sustainable value-chain. Audit reports, corrective action plans and follow up audits in case of non-compliance with any of the guiding principles mentioned may also take place.

### **Governance and oversight**

Sustainable Procurement at WCL is the responsibility of the Procurement team. The results of the supply chain audits are analysed, aggregated and reported to senior management and Board of Directors. WCL aspires to set targets on supply chain sustainability and report it publicly.

### **Reporting**

Suppliers are encouraged to report to WCL any breaches in their compliance to the principles of this policy, as the focus is on continuous improvement. Suppliers are also expected to report on their progress regarding the recommendations of the corrective action plan.

Adopted by the Board on 28th June, 2021

### **Annexure – 3: Supplier Onboarding Form**

The New Supplier Onboarding Form is attached below:



WCL\_Onboarding\_form\_22.12.2021.xlsx

### **Annexure – 4: Supplier Checklist**

The document containing supplier checklist is attached below:



WCL\_Supplier Checklist reference\_2021