Welspun LIVING

Sustainable Supply Chain Management

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1. Motivation

The global transition towards a more sustainable and climate-resilient future has fundamentally changed the way organizations think about growth, responsibility and value creation. The ratification of the Paris Agreement in 2015 marked a defining moment in this journey, accelerating collective action towards limiting climate change and building a more resilient global economy.

At Welspun Living, sustainability has always been more than a compliance agenda-it is a fundamental driver of responsible and sustainable business growth. As the organization embarked on its Net-Zero ambition and developed its decarbonization roadmap, it became increasingly clear that achieving meaningful climate impact would require action beyond our own operations.

Welspun Living has set ambitious emissions-reduction commitments, including the aspiration to achieve Carbon Neutrality by 2030. Our Net-Zero ambition, validated by the Science Based Targets initiative (SBTi), further reinforces the need to address emissions across our entire value chain.

This journey brought a critical insight to the forefront: a significant proportion of our environmental footprint lies outside our own operational boundaries. Scope 3 emissions account for approximately 40% of our overall GHG emissions, with a substantial share originating upstream-within the supply chain, even before raw materials enter our manufacturing facilities.

This makes our suppliers and value-chain partners an integral part of our sustainability journey.

We recognize that we cannot achieve Net-Zero in isolation. Decarbonizing our value chain requires collective ambition, shared accountability, capability building and sustained collaboration with our suppliers. It also presents an opportunity to extend the principles of sustainability across our ecosystem and create impact well beyond our own organizational boundaries.

With this belief, Welspun Living seeks to inspire and enable its supply chain partners to embark on their own sustainability journeys. The Supplier Sustainability Program is envisioned as a platform to build foundational ESG capabilities, improve environmental performance, accelerate decarbonization, encourage responsible business practices and create greater resilience across the value chain.

Our approach is therefore not limited to measuring emissions or meeting targets. It is about building a sustainability ecosystem-one where Welspun Living and its partners learn together, improve together and create long-term value together.

Supply chain decarbonization is not a project with a defined end date. It is a long-term journey of continuous improvement, requiring progressive ambition and sustained engagement. Welspun Living has therefore chosen to begin this journey with a strong focus on the upstream value chain, while progressively expanding the scope of sustainability across our supplier ecosystem.

Through the Supplier Sustainability Program, we aim to transform our supply chain from a source of emissions and risk into a source of innovation, resilience and positive impact-strengthening our collective contribution towards a low-carbon and sustainable future.

Our ambition is simple: to grow responsibly, together.

2. Sustainable Procurement and Responsible Sourcing

Our Sustainable Procurement and Responsible Sourcing Policy integrates sustainability across its value chain by promoting responsible sourcing practices and encouraging suppliers to adopt ethical, environmental, and social standards. The policy focuses on sustainable raw materials, support for sustainable agriculture, low-carbon logistics, biodiversity protection, and improved energy and water efficiency, while setting clear expectations on business integrity, labor standards, human rights, and environmental compliance. Continuous supplier audits and assessments enable us to ensure that our supply chain operates responsibly while maintaining strong sustainability standards.

We collaborate closely with suppliers, contractors, and logistics partners to promote fair labor practices, human rights protection, safe working conditions, and environmentally responsible operations. Supplier due diligence, audits, and third-party assessments are conducted to evaluate compliance with regulatory requirements and internal standards, supported by corrective action plans and continuous improvement initiatives. The Company also emphasizes sustainable agriculture, low-carbon logistics, local sourcing, and transparency across the value chain, while strengthening supplier capabilities through engagement and training programs to advance collective progress toward sustainability goals.

Raw Materials Programs

At Welspun Living Limited, we have instituted a comprehensive Sustainable Raw Materials policy and Program to ensure traceability, responsible sourcing, and continuous reduction of environmental and social impacts across our value chain.

- **Assessment & Prioritization:** We conduct periodic assessments of all major raw materials (such as cotton, polyester, and packaging inputs), prioritizing them based on sustainability risks and scale of usage.
- **Traceability & Responsible Sourcing:** Our program ensures traceability of key raw materials to their origin through robust supplier engagement, certifications, and digital tracking mechanisms. We have Wel Track 2.0 for we have developed Wel-Trak 2.0, an advanced traceability system that tracks raw materials like cotton at every stage of the supply chain. By combining cutting-edge block chain technology with chemical fingerprinting, this system assigns a unique digital identity to each batch of cotton, enabling tracking from the farm all the way to the finished textile product. This offers consumers, retailers, and stakeholders real-time, tamper-proof information about the origin, processing, and quality of the materials used in Welspun's products.
- **Environmental & Social Impact Reduction:** We implement on-ground initiatives to minimize environmental footprints-such as minimizing water and chemical consumption through our sustainable cotton farming initiative (Wel-Krishi), promotion of recycled polyester, and responsible chemical management-while simultaneously addressing social aspects through supplier codes of conduct, fair labor practices, and community development initiatives.
- **Targets & Reporting:** We have set targets to increase the share of third-party verified sustainable raw materials (e.g., Better Cotton, GOTS, OEKO-TEX, GRS-certified recycled fibers) and recycled content in our portfolio. Progress against these targets is transparently reported in our annual sustainability disclosures. We have 100% sustainable cotton use goal by 2030, against which we already have sourced 95% of cotton through sustainable sources in FY2025-26.

- **Capacity Building & Training**: Dedicated training programs equip our procurement, operations, and sustainability teams with knowledge of responsible sourcing practices, certification standards, and day-to-day responsibilities in managing raw materials sustainably.

3. Supplier Manual

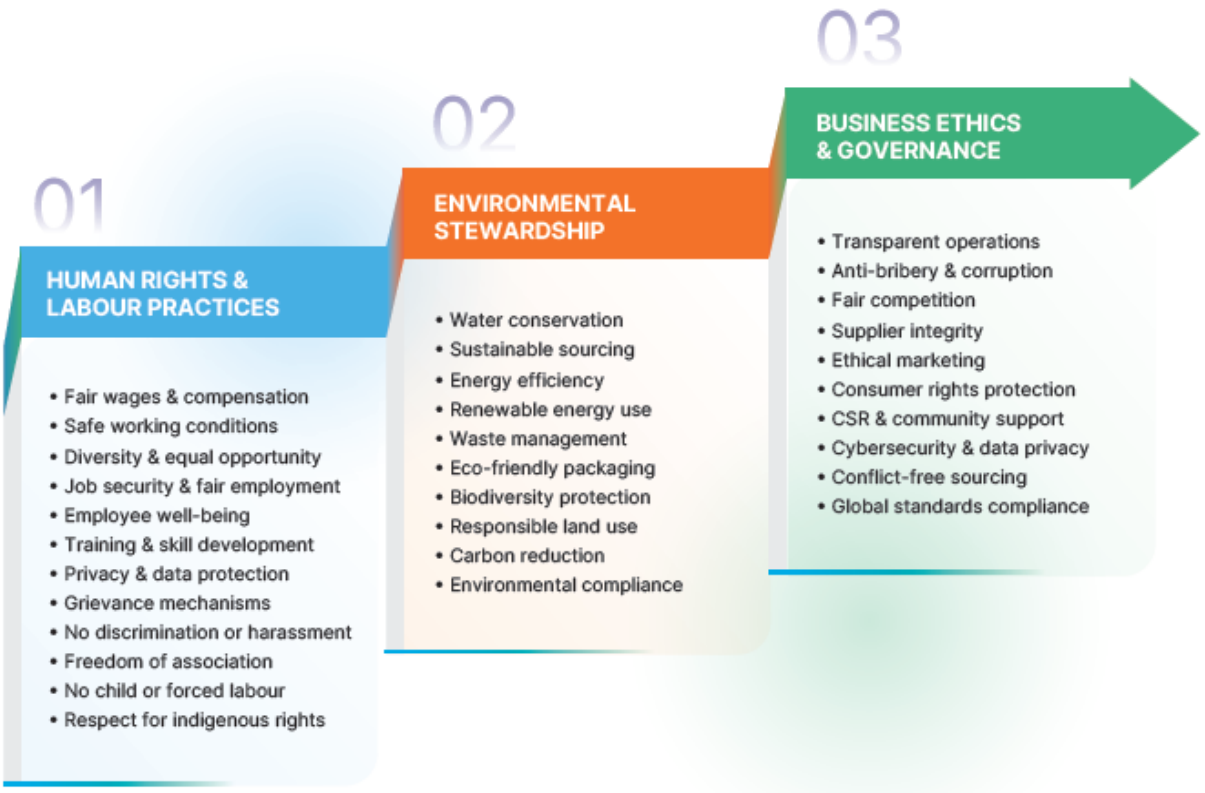
Elevating performance through accountability

Focusing on operational standards, our supplier manual mandates that each supplier undergo third- party audits or inspections. These assessments serve to uphold the operational benchmarks outlined by regulatory authorities and our supplier code of conduct. Moreover, the supplier manual facilitates the perpetual enhancement of supplier performance, ensuring the continuous alignment of practices with our sustainability goals and overarching principles.

Through our Supplier Manual, we set transparent expectations for operational excellence and ethical conduct. Every supplier is subject to regular third-party audits or inspections, ensuring adherence to both regulatory norms and our own sustainability standards. The manual acts not only as a compliance framework but also as a catalyst for continuous progress, enabling suppliers to align with our vision for quality, integrity, and sustainable growth. By embedding accountability at every stage, we reinforce our commitment to building a responsible and future-ready supply chain.

4. Supplier Code of Conduct

Welspun reinforces responsible business conduct across its supply chain through the implementation of a comprehensive Supplier Code of Conduct. The Code is aligned with applicable regulations, the United Nations Global Compact (UNGC), United Nations Guiding Principles on Business and Human Rights, and International Labor Organization (ILO) conventions, and OECD Guidelines. Suppliers are expected to uphold ethical Labor practices, including prohibition of child and forced Labor, non-discrimination, fair wages, freedom of association, and safe working conditions. Environmental responsibility is emphasized through requirements related to energy efficiency, water and waste management, emissions control, climate action, biodiversity protection, and responsible handling of hazardous materials. The Code further promotes transparency, anti-corruption practices, data privacy, stakeholder engagement, and strong grievance mechanisms. Compliance is ensured through periodic assessments and audits (e.g., ISO 14001, SA8000), reinforcing accountability, and embedding sustainability principles throughout the supply chain.



5. Accelerating Sustainability

The Supplier Sustainability journey at Welspun Living began with the development of a structured roadmap for supplier identification, prioritization and engagement, supported by clearly defined roles and responsibilities across relevant functions. A comprehensive assessment of our supplier ecosystem was undertaken to understand supplier categories, products and services, sustainability maturity, key opportunities, and areas requiring greater intervention. These insights formed the foundation of our supplier sustainability strategy.

As a first step, Welspun Living initiated structured dialogues with suppliers to understand their perspectives, existing sustainability practices and level of preparedness across Environmental, Social and Governance (ESG) dimensions. These interactions highlighted an important opportunity: while some suppliers were already undertaking sustainability initiatives, many lacked foundational ESG awareness or the capabilities to systematically measure, articulate and advance their efforts.

This reinforced our belief that sustainability cannot simply be mandated; it must be understood, embraced and embedded within an organization. Rather than expecting suppliers to independently navigate an increasingly complex sustainability landscape, Welspun Living adopted an approach centered on engagement, enablement and capability building.

The initial phase therefore focused on building ESG literacy across the supply chain. Training modules and knowledge-sharing sessions were developed to establish a strong foundation in ESG principles and their relevance to business resilience, market expectations and long-term value creation. Suppliers were introduced to the evolving expectations of investors, regulators,

customers and other stakeholders, helping them understand why sustainability is becoming an increasingly integral component of business strategy.

As supplier awareness and engagement matured, the programme progressively expanded into more technical areas, including greenhouse gas (GHG) emissions accounting, social responsibility, equality and inclusion, governance frameworks, relevant certifications and responsible business practices. Welspun Living also supported suppliers in understanding GHG calculations and strengthening their ability to translate sustainability initiatives into measurable outcomes.

Over time, this progressive capability-building approach evolved into a more structured and rigorous supplier assessment framework. Suppliers were evaluated across key ESG parameters, including emissions performance and other relevant sustainability indicators. The resulting assessments enabled Welspun Living to better understand and segment suppliers according to their sustainability maturity and associated risks.

This maturity-based approach provided the foundation for a Supplier Sustainability Risk Assessment and Gap Assessment framework. Supplier-specific gaps were identified based on their risk and maturity profiles, enabling targeted interventions and focused improvement plans. This allowed our engagement model to evolve from a broad awareness-building exercise into a more structured programme of measurement, assessment, improvement, and accountability.

Welspun Living remains committed to building a sustainable and responsible supply chain through robust supplier assessments, audits, and third-party verification mechanisms. As part of this commitment, 95% of our critical suppliers have been on-boarded onto the SEDEX platform, strengthening transparency and visibility into environmental, social and ethical practices across our value chain.

We have also established clear and progressive targets for supplier sustainability assessment, with an ambition to achieve 100% assessment coverage by 2030. We are progressing steadily towards these goals, having already evaluated 100% of our Tier 1 suppliers for environmental and social performance. Through structured assessments, rigorous audit processes, and continuous engagement, we seek to ensure that our business partners uphold high standards of sustainability, ethics, responsibility, and accountability.

6. STEP-ZERO

As the initiative matured, it evolved into Supplier Transition and Emissions Pathway to Zero (STEP-ZERO)-one of Welspun Living's flagship supply chain sustainability programs.

STEP-ZERO is designed to address capability gaps across the value chain by providing critical suppliers with targeted knowledge-sharing programs, structured training, and one-on-one engagement. The program represents the next phase of our supplier sustainability journey, moving beyond foundational ESG awareness towards measurable climate action and decarbonization.

Guided by the ambition to build a climate-resilient and future-ready supply chain, STEP-ZERO focuses on strengthening supplier capabilities in areas such as Product Carbon Footprint, GHG emissions management, science-based target setting and decarbonization roadmaps. The

program aims to equip suppliers with the knowledge and tools required to measure their environmental footprint, establish credible targets and develop actionable pathways towards emissions reduction.

Through this progressive approach, from awareness and capability building to assessment, target setting and decarbonization. Welspun Living is working towards creating a supply chain that is not only compliant with evolving expectations but is capable of actively contributing to our collective sustainability and Net-Zero ambitions.

STEP-ZERO is, ultimately, about enabling our partners to transition from understanding sustainability to embedding it, from measuring impact to managing it, and from setting ambitions to delivering measurable progress.

Parameter	No. of Suppliers	
	FY2024-25	FY2025-26
Total tier-1 critical suppliers	63	67
Total tier-1 critical suppliers trained on sustainability	63	67
Total tier-1 critical suppliers assessed on sustainability	63	67

Over the recent years, the Sustainability team has engaged with supply chain partners through capacity building sessions on Climate Resilience, Sustainability as a Business Driver, Decarbonization, and other themes. These sessions were carried out one-on-one with high-risk suppliers identified through the Risk Analysis Framework.

Supplier information and training on our Company's supplier ESG programs, process, and requirements

- Supplier access to ESG benchmarks against peers
- Supplier support, both remote and on-site, for the implementation of corrective/improvement actions
- In-depth technical support programs to build capacity and improve ESG performance in our suppliers

Critical suppliers were provided with training on decarbonization and sustainable practices that can be implemented at the site level to enhance environmental performance. The sessions covered key topics including greenhouse gas (GHG) emissions, methodologies for measurement and reduction, and the long-term benefits of investing in sustainability initiatives. Suppliers also received one-on-one guidance on projects related to GHG reduction technologies and practical implementation approaches. Through these engagement efforts, we achieved over 90% participation, reflecting strong collaboration and commitment from our supplier partners toward advancing sustainability across the value chain. In addition, suppliers are provided access to a comprehensive repository of resources, including tools, guidelines, and best practices to support their sustainability journey. Structured feedback mechanisms further enable suppliers to understand their ESG performance, fostering collaboration, transparency, and continuous improvement across the value chain.

Sr. No.	Topic	Suppliers trained via at least one programme during the year		
		FY2023-24	FY2024-25	FY2025-26
1	Responsible sourcing & Sustainability	100%	100%	100%
2	Human Rights	100%	100%	100%
3	Ethics, Privacy and compliance	100%	100%	100%
4	WLL General Code of Conduct	100%	100%	100%
5	Anti-Bullying & Anti-Harassment	100%	100%	100%
6	Anti-Bribery and Anti-Corruption	100%	100%	100%

Supplier Meets and Sustainability Forums are conducted periodically based on business requirements and supplier engagement priorities. In FY2024-25, a Supplier Meet was held in October 2024, bringing together 120 suppliers to discuss opportunities for enhancing sustainability across the value chain. Key discussions focused on reducing environmental impacts, promoting ethical sourcing, improving resource efficiency, and encouraging the adoption of sustainable practices throughout production processes. Suppliers were also encouraged to collaborate and explore innovative solutions to strengthen supply chain sustainability. Building on this engagement, a Supplier Sustainability Forum was conducted on World Environment Day, 5 June 2026, bringing together more than 20 suppliers from diverse categories and over 40 participants. The forum highlighted sustainability initiatives undertaken by Welspun and showcased ESG leaders within the supply chain. Five supply chain partners shared their sustainability journeys, providing practical examples and inspiring peers to accelerate their sustainability efforts.









7. Progress through time

As STEP-ZERO has progressed over the years, the programme has become increasingly structured, with clearly defined roles and responsibilities across the participating teams. Initially focused on a limited number of critical suppliers, the programme has steadily expanded, enabling more suppliers to participate each year and strengthening the overall sustainability ecosystem. Suppliers that have completed at least two assessment cycles have demonstrated growing awareness and interest in sustainability, with many becoming increasingly proactive in data collection, reporting, and performance improvement. In the early stages, data availability was a significant challenge, as suppliers lacked systems and processes to systematically track and monitor sustainability performance. Welspun therefore focused on building supplier capabilities through training on monitoring, measurement, evaluation, reporting, and assessment methodologies. As data availability improved, the programme's focus shifted towards enhancing data accuracy and reliability. Over subsequent years, data quality was progressively strengthened through audits, one-to-one engagements, and critical assessments, helping establish greater confidence in reported performance. The Supplier ESG Assessment has consequently become more robust, with findings increasingly validated against ground realities and audit observations. This progressive journey has resulted in a more reliable and comprehensive supplier sustainability data pool, providing a stronger foundation for identifying, assessing, and analysing sustainability risks across the supplier base.

8. Supplier Sustainability Assessment and Risk Analysis

At its core, STEP-ZERO is anchored in a formal Supplier ESG Assessment framework that evaluates suppliers across three dimensions: environmental performance, including energy, water and waste; social responsibility, covering diversity, equity, human rights, and occupational health and safety; and governance maturity, encompassing audit readiness, ESG policies, and disclosure practices. Welspun Living conducts annual Supplier Sustainability Assessment of critical Tier-1 suppliers, supported by comprehensive audits covering social practices, occupational health and safety, environmental performance, chemical management, and environmental management systems. Supplier assessments are also carried out through SEDEX SMETA. Identified gaps are addressed through corrective and improvement action plans, with follow-up assessments to verify progress. Annual training on the Supplier Code of Conduct reinforces expectations and responsible business practices.

The Supplier Manual provides a consistent and transparent framework for supplier engagement, defining expectations across product specifications, delivery, quality, ethical practices, and sustainability. The assessment framework is further informed by the UN Sustainable Development Goals, International Labour Organization conventions, the UN Global Compact's Ten Principles, and the GHG Protocol. ESG assessment data is consolidated through a Sustainability Risk Analysis Framework, enabling suppliers to be classified as low, moderate, or high risk based on their ESG maturity. A supplier performance dashboard further strengthens monitoring by linking business continuity with ESG performance.

Supplier KPIs complement ESG assessments by tracking key dimensions such as delivery reliability, quality, cost efficiency, responsiveness, and overall performance. Together, these mechanisms enable Welspun to identify improvement opportunities, strengthen supplier collaboration, and build more resilient supply chains. We track the number of suppliers supported in corrective action plan implementation, the proportion of suppliers with substantial impacts receiving such support, and participation in supplier capacity-building programmes.

Over the last three completed assessment cycles, Welspun Living has assessed more than 100 critical suppliers and delivered 48 hours of targeted training in carbon accounting, target-setting, and ESG integration. These programmes are designed to move suppliers beyond compliance and strengthen their ability to independently drive measurable sustainability improvements. The insights generated through supplier assessments are also pivotal to developing our Scope 3 emissions database and establishing a credible pathway towards our Net Zero objectives. Our trajectory is to progressively expand ESG assessments and capacity-building initiatives across suppliers and categories.

Supplier Water Risk Assessment: Water stewardship is another important component of our supplier sustainability programme. Welspun conducted a detailed Supplier Water Risk Assessment across its supplier base, evaluating water availability, water quality, regulatory conditions, and climate-related risks affecting local water resources. Among 63 suppliers assessed, two were identified as very high risk, primarily due to operations in severely water-stressed regions, including the Sutlej and Godavari river basins. These findings have enabled us to identify location-specific vulnerabilities and develop targeted mitigation strategies.

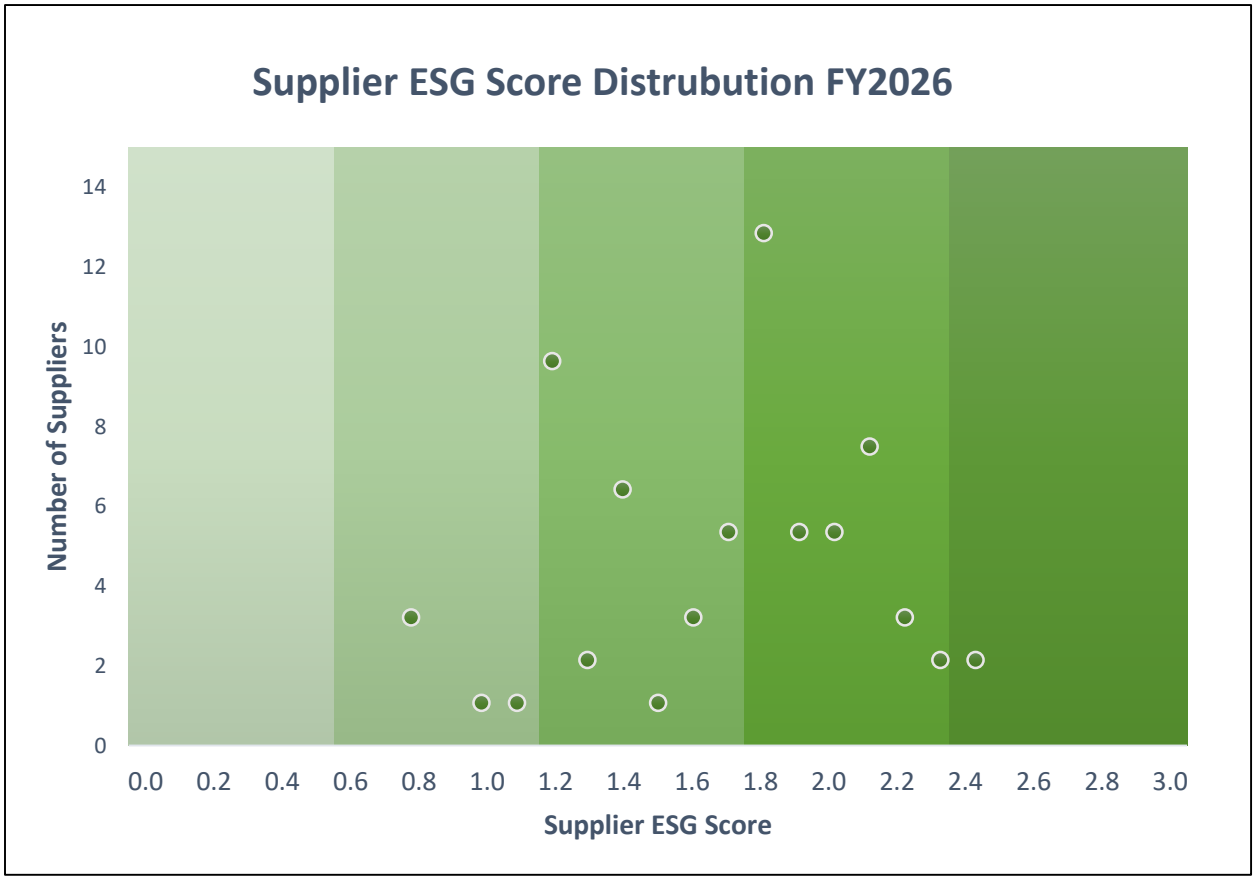
We actively engage with suppliers to promote water-efficient technologies, improve water-use efficiency, and strengthen wastewater treatment practices. Cotton, an important agricultural commodity procured by Welspun Living, was also assessed for sourcing from water-stressed regions. Mitigation measures for high- and very-high-risk suppliers are closely tracked and actively pursued. These interventions strengthen environmental performance, enhance supply chain resilience, and support responsible water stewardship across the value chain and surrounding communities. A detailed Supplier Water Risk Assessment report has also been published to provide greater transparency on these risks and our response.

Supplier Sustainability Assessment	FY2024-25	FY2025-26
Critical Suppliers	63	67
Critical suppliers in capacity building programs	63	67
Critical suppliers targeted for Supplier Sustainability Assessment	63	67
Critical suppliers assessed via desk assessments/on-site assessments	63	67
Suppliers assessed with substantial actual/potential negative impacts	3	0
Suppliers with substantial actual/potential negative impacts terminated	1	0
Suppliers supported in corrective action plan implementation	61	67
Suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	1	0

Supplier ESG Risk Mitigation is strengthened through a structured, proactive supplier engagement that combines targeted ESG training, one-to-one interactions, and consistent performance evaluations. Suppliers are provided with clear expectations, practical guidance, and tailored training to build their understanding and capability across key ESG requirements. Individual engagement sessions enable the identification of supplier-specific risks, challenges, and improvement opportunities, while periodic assessments and performance evaluations provide a consistent mechanism to monitor progress. Regular follow-

Supplier ESG Score	Supplier Risk Category
3.0 - 2.4	Very Low Risk
2.4 - 1.8	Low Risk
2.8 - 1.2	Medium Risk
1.2 - 0.6	High Risk
0.6 - 0.0	Very High Risk

ups, corrective action plans, and ongoing support ensure that identified gaps are addressed in a timely manner, driving continuous improvement, strengthening supplier accountability, and reducing ESG-related risks across the supply chain.



9. Conclusion

The journey of STEP-ZERO demonstrates that meaningful supply chain transformation is built through collaboration, capability building, and trust rather than compliance alone. Through sustained engagement, Welspun Living has equipped suppliers with the knowledge, tools, and confidence to integrate sustainability into their operations and progressively cascade these practices across their own value chains. A key outcome has been the growing ability of critical suppliers to calculate and share product carbon footprints, creating a more reliable and transparent data pool for informed decision-making, targeted action planning, and supply chain decarbonization.

The programme has also enabled suppliers to identify emission-intensive processes within their operations, revealing opportunities to reduce carbon emissions while improving operational efficiency and optimizing manufacturing costs. More importantly, STEP-ZERO has fostered a shift in mindset-from sustainability being viewed as a reporting requirement to becoming a shared responsibility and an opportunity for continuous improvement.

This evolution is reflected in suppliers proactively identifying data gaps, strengthening internal ownership, and engaging across functions to address ESG priorities. Supplier interactions have

evolved from initial assessments and onboarding discussions into collaborative forums where partners share experiences, solutions, and progress with one another. STEP-ZERO is therefore not viewed as a programme with a defined finish line, but as an evolving foundation for a more resilient, responsible, and decarbonized supply chain. Its greatest impact lies in building this future together-with suppliers as active partners in the journey, rather than recipients of expectations.