

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

FY2022 Report

Climate Risk Identification and Mitigation

WELSPUN



Dare to Commit

WELSPUN INDIA LTD.

Contents

| | |
|--|----|
| Message from CFO..... | 3 |
| About Welspun India Limited..... | 4 |
| About This Report | 5 |
| Executive Summary | 6 |
| About TCFD..... | 11 |
| Climate Change Governance at WIL..... | 12 |
| Strategy | 14 |
| Transition risk scenario analysis results..... | 15 |
| Physical risk scenario analysis results | 19 |
| Climate-Related Opportunities and Potential Financial Impacts..... | 23 |
| Climate Change Risk Management..... | 25 |
| Materiality Assessment..... | 25 |
| Methodology..... | 26 |
| Metrics and Targets | 28 |
| Metrics to assess climate-related risks and opportunities | 28 |
| GHG Emissions..... | 28 |
| Climate-related targets and progress..... | 29 |
| Annexure A..... | 30 |
| Annexure B..... | 33 |
| Annexure C..... | 35 |

Message from CFO

The 6th assessment report published by the Intergovernmental Panel on Climate Change (IPCC) has predicted irreversible impacts caused by the climate crisis and ever-increasing global temperatures. It is imperative for organizations to focus and accelerate their work towards building resilience and mitigating climate impacts. In the current scenario, we need to direct our efforts towards integrating climate related risks in the organization's overall risk management system. At WIL, we prioritize climate change as one of the key focus areas for inclusive growth.

WIL recognizes that reducing GHG emissions is the key to tackling climate-related risks. As a conscious corporate citizen, we are working on developing a decarbonisation strategy to lower GHG emissions through process improvements and investment in low-carbon technologies. WIL has aligned with the 1.5 °C NZE (Net Zero Emission) decarbonization pathway as per the Science Based Target Initiative (SBTi). In addition, we have implemented several initiatives in the areas of energy efficiency, waste management and sustainable raw materials usage, to minimize adverse environmental impacts.

WIL recognises that addressing the climate crisis and achieving the goals we set ourselves requires strong governance. The organization's leadership has been sensitised and made more accountable for climate related issues by linking change performance measures and executive remuneration. Additionally, our sustainability team oversees, and monitors progress of various initiatives implemented to mitigate climate related risks. We have also established a strong supply chain program to assist our suppliers to align with ESG parameters and to work towards a shared purpose of growing as a profitable and sustainable company.

We strive for resilience in our operations, investments, portfolio, supply chain, communities, and ecosystems by integrating climate considerations in each aspect of our value chain. We aim to factor climate related risks in our financial planning and ensure continuity of business operations in a sustainable manner. To achieve this, we have adopted a disclosure framework based on the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). This has enabled us to estimate the impacts of physical and transition risks to our business arising from extreme weather events. It has also allowed us to assess financial impacts arising from the transition towards a low carbon economy. We have been able to analyse the potential threat to the business through a range of climate related scenarios in the short, medium, and long term. The framework has contributed to enhanced governance, enabled oversight of climate related issues, has helped us to put in place a strategy for different climate scenarios and integrate climate risk into the organization's risk management system.

As we move ahead, we will continue to be sensitive to climate issues and implement sustainable business practices considering the concerns of each of our stakeholders.

About Welspun India Limited

Welspun India Ltd. (WIL), the flagship company of the \$2.7 billion Welspun Group, is a global leader in home textiles. With a distribution network in 50+ countries and world-class manufacturing facilities, the company is the largest Indian exporter of home textile products. It is a trusted partner and preferred supplier to top global retail giants and hospitality brands. Keeping consumer well-being at the core, WIL provides smart, comprehensive solutions for a healthier, sustainable world, supported by their integrated facilities and Farm to Shelf capabilities. The company's state-of-the-art manufacturing facilities in Anjar and Vapi, both in Gujarat, produce globally benchmarked products, driven by its differentiation strategy based on Branding, Innovation and Sustainability. WIL offers a wide variety of home textile brands in India and a product portfolio in three major categories: Bed, Bath and Flooring

WIL exports about 94% of home textile products, and over 65% of its production to the US, 25% to Europe. About 91% of the company's revenue is derived from global exports, with a strong presence in key markets such as the US and the UK. In the US, WIL has a dominant presence in the towel and bed linen market, and it has been ranked the No. 1 home textile supplier to the US five times in six years. In the UK, WIL has presence across every major store via its own brand and private label. The company continuously works to expand its footprint in newer geographies, including Continental Europe, Japan, Australia, the Middle East, and the Indian domestic market in particular.

WIL is always focused on value creation while retaining its competitive edge. The company is undergoing a major transformation, reducing the linearity in the system, and embedding circularity in every aspect of its business. It strives to be a global leader in implementing the ESG framework and in complying with sustainable practices. WIL is enabling a sustainable and circular approach in all its operations, be it sourcing of raw materials, manufacturing, supply chain and waste recycling.

Flooring business

WIL is entering the flooring business. Welspun Flooring Limited (WFL) is the only company to manufacture hard and soft flooring solutions under one roof with a quick turn-around time and hassle-free installation. WFL caters to the Home, Hospitality and Commercial segments. The company's greenfield fully integrated facility in Telangana, with an annual generation capacity of 27 mn sq m, is India's largest LEED certified production facility.

WFL has a vision to achieve a state of right balance between all the elements of biosphere by empowering people to reimagine life for a delightful sustainable growth. The organisations' concern for the environment and communities drives it to strive for their betterment. In order to support its vision, WFL has set a target to reduce dependency on non-fossil fuel energy by 50%.

About This Report

This report intends to provide an overview of Welspun India's climate change strategy, performance and governance as well as risk and opportunity management in alignment with the recommendations of Task Force on Climate Related Financial Disclosures (TCFD). It reflects WIL's strategic outlook to drive climate action towards decarbonization and resilience to the effects of the climate crisis.

Reporting Boundary

The reporting boundary includes the manufacturing facilities of WIL as shown in the table below:

| Sl. No. | Manufacturing Site | Address |
|---------|--|--|
| 1 | Welspun India Limited – Anjar | Welspun City, Village Versamedi, Tal. Anjar, District Kutch, Gujarat 370 110, India. |
| 2 | Welspun India Limited -Vapi | Survey No. 76, Village Morai, Vapi, District Valsad, Gujarat 396 191, India. |
| 3 | Welspun Flooring Limited -Chandanvelly | Survey No. 190, Chandanvelly, Shabad Ranga Reddy, Telangana 501 503, India. |

The report describes the use of scenario analysis to evaluate the resilience of WIL facilities to physical and transition risks. The focus of this report is on assessing the potential financial impact of climate related risks and opportunities linked to the transition to a low carbon future.

Executive Summary

WIL has adopted the Task Force on Climate-Related Financial Disclosures (TCFD) framework to identify and assess the potential risks linked to climate on its business operations. These climate risks typically refer to the physical impacts resulting due to extreme weather and climatic events and the impact associated with a shift to a low carbon economy. WIL has assessed the climate risks to the organisation based on 4 pillars as recommended by the TCFD. They are governance, strategy, risk management, and metrics and targets.



Climate Change Governance

WIL considers climate change as a material issue in the sustainable development of its business. The company has established an ESG & CSR Committee and a Risk Management Committee, which inform the Board of Directors about the various potential climate related issues that are relevant to the company. The ESG & CSR Committee is responsible for identifying, assessing, and managing climate related risks and opportunities. The Risk Management Committee is responsible for assessing and continuously reviewing the risk management framework as well as the assessment of risks, their management and mitigation procedures.

The Board conducts quarterly meetings and is responsible for the approval and implementation of climate related initiatives and policies as suggested by the Management. WIL ensures transparency of information to investors and stakeholders through disclosures of ESG practices in sustainability reports.

Strategy

WIL is equipped with an effective low carbon transition strategy to oversee the operations in a sustainable manner. The company has set a target to source 100% renewable electricity by 2030. It is also committed to SBTi net zero to be resilient to anticipatory carbon taxes in the near future.

It is currently formulating a strategy to shift towards 100% renewable energy by 2030. Energy saving strategies like installation of heat recovery system and hot water recovery has led to decreased usage of coal and benefitted financially as well. In addition, WIL has setup a 30 MLD Sewage Treatment plant at Anjar factory, which recycles sewage wastewater from the neighbouring areas, leading to zero intake of freshwater for manufacturing processes.

Aligned with TCFD recommendations, WIL has formulated its climate risk mitigation strategies by analysing different climate scenarios for different timelines.

The climate related risks and opportunities were assessed for 3 different timelines: short-term (up to 2030), medium-term (up to 2040) and long-term (up to 2050) for 3 different climate scenarios. The scenarios are:

Optimistic Scenario: In this scenario, the world is moving towards sustainable development through increased focus on environment and social issues. There is a rise in adoption of low carbon technologies and increased focus on human capital development. It represents a realistic approach to limiting the global temperatures to 1.3–2.4°C by 2100.

Business as Usual: In this set-up, policies are being developed and initiatives are being taken to tackle climate change, but the environmental systems continue to experience degradation and societal and environmental challenges remain as in the present situation. This scenario represents a situation in which economies have developed moderately to limit global temperature rise between 2.1 – 3.5°C by 2100..

Pessimistic Scenario: Represents circumstances in which economies believe in development of human civilization without considering the environment. The local environmental problems are addressed with the help of technological solutions, but the potential global environmental impacts are neglected owing to a perceived trade off with progress in economic development. This pessimistic approach results in potentially high challenges to climate mitigation. with rise in global temperature between 3.3 – 5.5 °C by 2100.

WIL has obtained 2000+ ESCerts for achieving energy reduction target for PAT cycle 3. It has also adopted a SBTi Net Zero target which makes the company resilient to any carbon pricing mechanism that can be introduced in the next 10 years. In order to mitigate technological risks arising from the climate crisis, WIL has invested 23.34 Cr. in research and development (R&D) of low carbon technologies. The company also spends 0.5% to 0.75% of its revenue on product innovation. This enables WIL to keep up with changing customer behavior and trends for sustainable products. It also has a well-established sustainable supply chain program which enables us to partner with multiple vendors, while their Supplier Code of Conduct ensures that raw materials and other inputs are procured in an environmentally and socially sustainable manner.

The company has spent INR 81 million in FY21 through Welspun Foundation for Health and Knowledge (WFHK) to cater to the needs of communities among whom it operates. WIL has also implemented various water conservation initiatives at the community level.

As a part of physical risk analysis, WIL has identified 7 risks which are applicable to across its 3 manufacturing sites. The sites at Anjar and Vapi are prone to tropical cyclones due to their close proximity to the coast which leads to a risk of infrastructural damage as well as supply chain disruption. As a first line of defence, WIL regularly monitors weather reports and events. The operating plants are also developing resilience by constructing buildings which can withstand strong winds and by establishing an effective drainage system to minimize the impact of floods. WIL has also identified critical suppliers, alternate ports of supply and other shipment methods like the railways to support resilience in the event of coastal and riverine floods.

Water stress is a key physical risk which is bound to increase in times to come. An analysis has shown a two-fold increase in water stress within the next 10 years. As a mitigation measure, WIL has setup a 30 MLD STP at the Anjar facility. This has enabled zero use of freshwater for factory processes. The company has undertaken initiatives in partnership with the State Government like the *Sujalam Sufalam Abhiyan* to conserve water bodies in Gujarat.

In an attempt to mitigate the risks of increasing temperatures and heat, WIL has implemented measures like frequent breaks, and availability of potable water and rest rooms so that the workers do not face exhaustion and productivity is maintained. Efficient cooling solutions and renewable energy integration projects are also in the pipeline to reduce energy costs.

Risk Management

WIL recognises the impact that the identified physical and transition risks can have on the business. Its strong governance architecture includes a well-structured Enterprise Risk Management (ERM) framework while the Risk Management Committee has created a risk-aware culture throughout the organization, instituted a Risk Management Committee at each location (plants and headquarters) to identify risks and track mitigation efforts. Each location has its own risk register, which is further broken down into functions.

Climate Change risk

WIL strives to adopt a proactive approach to safeguard the environment and integrate it into the business philosophy. All the facilities have robust environment management systems in place, which are ISO 14001 certified to ensure environment friendly operations. In addition, the facilities in Anjar and Vapi are OEKO-TEX® Standard 100 certified and are designed with an environmentally sensitive approach.

Among other initiatives WIL has adopted to mitigate GHG emissions through energy efficiency measures, waste recycling, preventing waste to landfill, consuming organic cotton and using PET bottles to make fibres.

Metrics and Targets

Guided by innovation and a strong consumer focus, WIL strives to be global leaders in the textile and flooring business, while growing sustainably without compromising on profitability. The company has formulated a Sustainability roadmap that articulates WIL's goals and targets till 2030.

| Aspects | FY22 (baseline) | Goal 2025 | Goal 2030 |
|---|------------------------|------------------|------------------|
| Carbon Neutral | Nil | 20% RE | 100% RE |
| 100% Sustainable RM – Cotton | 45% | 50% | 100% |
| Fresh Water Positive | 11 KL/MT | 5 KL/MT | 0 |
| Impacting 1 million lives in Corporate Social Value (CSV) | 1,95,375 | 5,00,000 | 10,00,000 |
| Farmers in sustainable farming project | 16,500 | 20,000 | 50,000 |

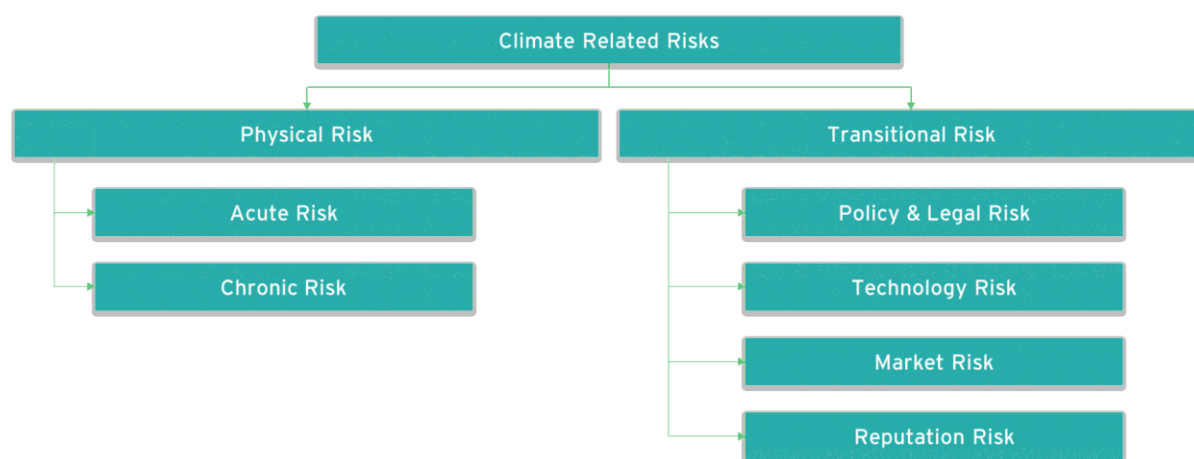
WIL has undertaken SBTi Net Zero commitment with a target of absolute emission reduction of 98% by 2050. The company has also taken a stringent target to achieve 100% renewable energy by 2030.

WFL has also set up sustainability goals and targets till 2030.

| Aspects | FY21 (baseline) | Goal 2025 | Goal 2030 |
|--|--|---|--|
| Non fossil fuel Energy | 15% | 25% | 50% |
| Recycled Raw material (yarn) | 4.7% POY ResilonX | 15.0% ResilonX | 20.0% ResilonX |
| Fresh water Positive (L/Kg Product) | 3.27 | 2.67 | 2.4 |
| Solar PV in house | Nil | +2 MW | +3 MW |
| Management of Process Waste (Soft flooring division) | 46.0% Reuse 41.5% Recycle 12.5 % Repurpose | 50% Reuse 40% Recycle 10% Repurpose | 65 % Reuse 30% Recycle 5 % Repurpose |
| Energy Intensity (MJ/KG Product) | 6.10 | 4.7 | 3.6 |
| GHG Emission Intensity (KG CO2/KG Product) | 1.2 | 1.0 | 0.8 |

Summary of Risks Identified

TCFD recommends classifying climate related risks into two categories: 1) Physical Risks 2) Transition Risks.



Physical risks occur due to the changes in weather and climatic patterns. It tends to have financial implications for organizations such as direct damage to assets, indirect impacts from supply chain disruption, transportation halt, and employee safety.

Cyclones, coastal floods, riverine floods, drought, and wildfires are the acute physical risks caused due to extreme weather events. Heatwaves, coastal floods due to sea level rise and water stress are the chronic physical risks caused due to longer-term shifts in climate patterns.

The risks associated with a transition to a low carbon economy is referred as transition risks which will require changes in policies, legal matters, technology, and market. The risk is inherent in changing strategies, policies or investments as society and industry work to reduce its reliance on carbon and impact on the climate.

WIL has conducted an analysis using various tools to identify the risks which are applicable to its manufacturing sites. Heatwaves and water stress present the highest likelihood to impact WIL's operations. Heatwaves will result in rising cooling and energy costs while worker fatigue from heat can increase loss of work hours and reduce productivity. Water stress can also influence decreased productivity owing to increased demand of water for our operations.

The sites of Anjar and Vapi are prone to tropical cyclones and from the analysis it has been revealed that such events can impact production due to damage to infrastructure and supply chain disruption leading to loss in revenue. Also, the site of Vapi is in close proximity to the Damanganga river and extreme rainfall in Vapi can cause flash floods and this physical risk can impact the revenue of the company.

On the regulatory front, the introduction of a carbon pricing mechanism in the Indian market may lead to an adverse financial implication for WIL. The evolving changes in regulatory and policy requirements can enlarge reporting obligations for businesses. Further, growing consumer demand for sustainable products can pose a financial risk due to higher procurement costs of sustainable raw materials and reduced demand of WIL's products. WIL foresees opportunities in transitioning to a low carbon economy by investing in relevant R&D, adopting low carbon technologies and launching climate friendly products.

About TCFD

The Financial Stability Board (FSB) is an international body that monitors and makes recommendations about the global financial system. FSB established the industry-led Task Force on Climate-related Financial Disclosures (TCFD) to develop climate-related disclosures that would enable stakeholders to better understand the financial impacts of climate related risks and opportunities.

In June 2017, TCFD released its final recommendations (2017 report), which provide a framework to develop more effective climate-related financial disclosures. The TCFD disclosures provide more



informed investment, credit or lending and insurance underwriting decisions. As per TCFD 2021 status report, TCFD had 2, 600+ supporters in 89 countries. Nearly 60% of the world's 100 largest public companies support the TCFD and report in line with the TCFD recommendations. In 2020, the highest percentage of disclosures made by companies in textile and consumer retailing was for climate-related metrics, namely, 42%.

TCFD recommendations are structured around 4 thematic areas that are core elements of how organizations operate—governance, strategy, risk management, and metrics and targets. The four overarching recommendations are supported by key climate-related financial disclosures that build out the framework with information that will help investors and others understand how reporting organizations assess climate-related issues.

Governance: The organization's governance around climate-related risks and opportunities

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management: The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities



Figure: Core Elements of TCFD Financial Disclosures

Climate Change Governance at WIL

Governance is one of the most vital components of WIL's climate risk framework. This covers governance framework, the roles, responsibilities, and decision-making procedures by which an organization adheres to its climate-related commitments. The company has established a ESG & CSR Policy and a Risk Management Policy that defines the overall risk management framework.

To ensure accountability and monitoring, the Board of Directors has constituted various committees. These committees comprise of members of the Board and are responsible for carrying out specific functions assigned by the Board. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken within the scope of authority vested in them. The Committees also make specific recommendations to the Board on various matters whenever required. The Board reviews its long-term strategic plan annually to assess the company's approach for climate-related concerns.

The ESG & CSR Committee is responsible for identifying, mitigating, and managing ESG risks and material issues, reviewing sustainability performance, recommending realignments, and reviewing policies governing sustainability and CSR practices.

The Risk Management Committee oversees and reviews the risk management framework as well as the assessment of risks, their management and mitigation procedures. The Committee reports its findings and recommendations to the Board.



Figure: Sustainability governance at WIL

The composition of the ESG Committee consists of 2 independent directors and 1 executive director.

Risk Management Committees at each plant and at the head office identify, assess and manage the climate related risks which can have a potential impact on WIL's business at the organizational level as well as at plant and function level. A multi-level risk prioritization is conducted by developing a climate risk map. Each location has a risk register which drills down to each function and the head of each plant and functional heads are responsible for managing risks.

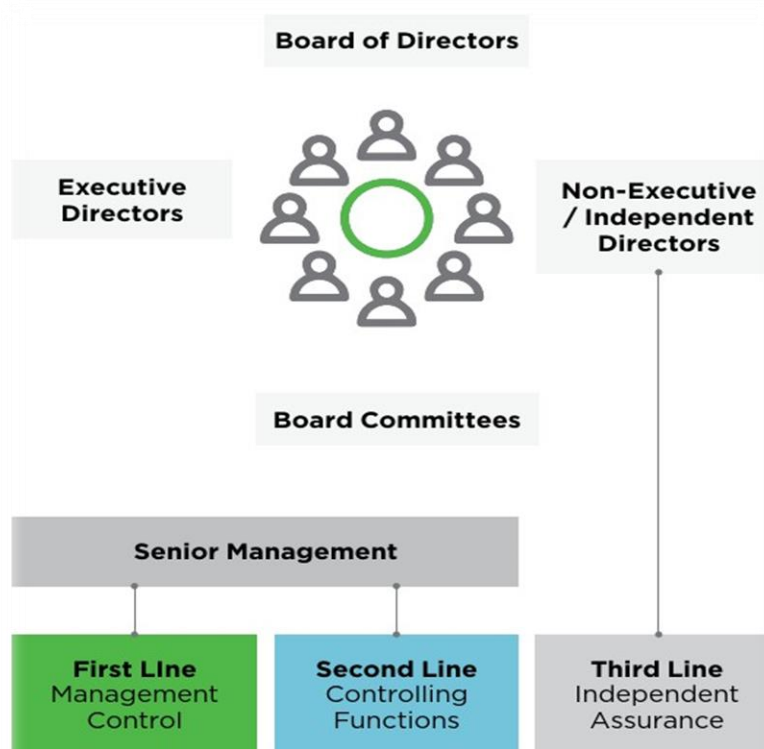


Fig: Governing Body Structure at WIL

WIL has a well-established governance structure with three lines of defence that ensure the effective functioning of the organization. Each of the three lines plays a distinct role within the organization's wider governance framework. These three lines of defence operate in a coordinated manner with the common objective to support the organization in achieving its objectives and effectively manage risks.

First Line (prevent risk): The first line of defence has the primary ownership of risks and its main task is to prevent risk. It reports to senior management.

Second Line (prevent and detect risks): This line of defence plays an important monitoring role and is responsible for prevention and detection of risks.

Third Line (detect risks): The independent assurance function serves as a third line of defence which helps to accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. It reports to the governing body.

Strategy

The Strategy pillar of the TCFD disclosure provides information on exposure to climate-related risks and opportunities for a company. It also discloses the strategy to mitigate the identified risks and implement system to harness the opportunities.

It enables to analyse the impact which climate-related issues may have on the organization's businesses, strategy, and financial planning over the short, medium, and long term. Such information is used to inform expectations about the future performance of an organization.

Using the TCFD framework, climate-related risks and opportunities across three timeframes were explored: short-term (up to 2030), medium-term (up to 2040) and long-term (up to 2050).

Climate-Related Risks

Climate related risks pose threats which have financial implications for organizations, such as direct damage to assets and indirect impacts to the supply chain.

TCFD classifies climate-related risks into two major categories:

- Transition Risks: Risks related to the transition to a lower-carbon economy
- Physical Risks: Risks related to the physical impacts of climate change

Transition risks scenario analysis was conducted in alignment with IEA World Energy Outlook 2021 (WEO-2021) and Net Zero Emissions (NZE) scenario. The NZE scenario was compared to the unmitigated pathway or business as usual (BAU) scenario. The BAU scenario for WIL till 2050 was assessed assuming that there would be an incremental increase in GHG emissions by 7% year on year. The GHG emissions for FY 2021-22 was considered as the baseline for projecting BAU future emissions. The scenario analysis was used to assess the potential impact of evolution of climate policies to test the resilience of the company, as well as to strategize the potential pathways for decarbonization for WIL to comply with expected policy mechanisms such as emission trading schemes.

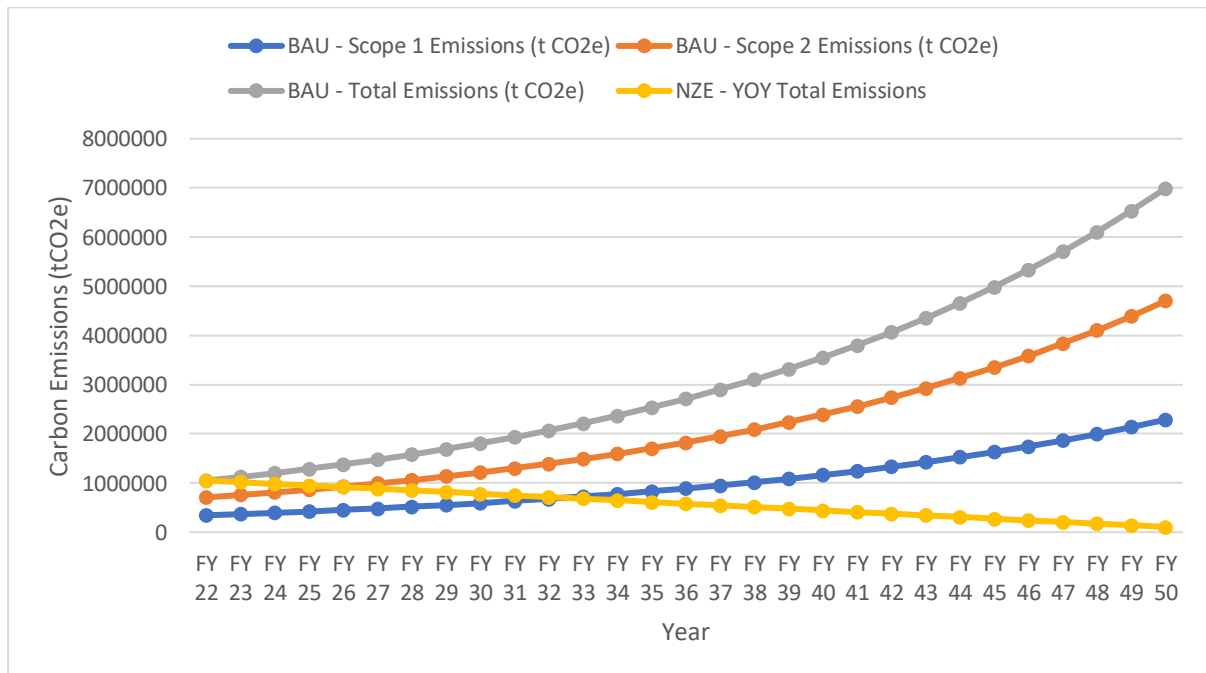


Figure: Scenario Analysis of GHG emissions with BAU & NZE scenarios

Transition risk scenario analysis results

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|----------------|--|--------------|--|---|--|
| Policy & Legal | | | | | |
| A | Increase in renewable energy targets | Short Term | At the COP26 India has committed to achieving 500 GW of installed electricity capacity from non-fossil fuel sources by the year 2030. It may have a trickledown effect on manufacturing industries while setting challenging renewable energy targets. | The cost of fossil fuels is expected to increase and the risk of not adapting to renewable energy sources of electricity may reflect in higher operating costs. | WIL has set a target to have 100% renewable energy by 2030. |
| B | PAT (Perform Achieve Trade) mechanism & other legal & regulatory obligations | Short Term | The Perform, Achieve, Trade (PAT) scheme is a regulatory instrument to reduce specific energy consumption in energy intensive industries, with an associated market-based mechanism to enhance the cost effectiveness through certification of excess energy saving which can be traded. WIL Vapi and WIL Anjar were identified as designated consumers (DC) under PAT Cycle – III | There are penalty provisions for non-complying DC as per Energy Conservation Act 2001. If any DC fails to comply with the timelines of M&V procedures, the DC shall be liable for a penalty of Rs. 1 million, in addition to Rs. 10,000 per day for the delayed period. | WIL is fully compliant with PAT regulations. In fact, WIL has seen PAT as an opportunity to be energy efficient and obtain Energy Saving Certificates (ESCs). 2000+ ESCs were obtained by WIL in 2019-20. |
| C | Enhanced stakeholder expectation on GHG emission | Short Term | Stakeholder expectations on disclosure of GHG emission is expected to increase. They also expect efficient monitoring and reduction of y-o-y GHG emissions | The financial impact may include high investment costs for process and technological interventions for emission reductions. Reduced demand for product if stakeholder expectation is not met. | WIL is transparently communicating its GHG emission reduction progress and targets through public disclosures. It has adopted several measures for reducing GHG emissions like solar panels in buildings. Increased energy efficiency in processes, etc. |
| Technology | | | | | |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|---------------|---|--------------|---|--|---|
| D | Higher investment costs in new carbon capture technologies | Medium Term | Cost of carbon capture technology being significantly higher than the existing carbon pricing mechanisms and the lack of integrated deployment of carbon capture and required supply chain ecosystems (transportation, sequestration, etc.), could prevent the company from a successful and economically viable implementation of carbon capture technologies. | Unsuccessful investments in implementation of carbon capture technologies in future may pose a potential financial impact for WIL. | WIL is taking initiatives to lower GHG emissions to align with the NZE scenario. The company is also closely monitoring the development of carbon capture technologies and is taking a wait and watch approach to ensure that the investment will be successful. |
| E | Adoption of emerging technologies in the production process | Medium Term | Changes in low-carbon technology and manufacturing may cause existing assets to decrease in value and competitiveness. | It may lead to write-offs and early retirement of existing assets. | WIL continues to develop an innovative range of products to attract new business and customers and to maintain market leadership. In FY 2020-21, Welspun India Limited and its subsidiaries had 32 unique inventions and applied for patent protection in major markets like USA and Europe. Total R&D expenditure for FY 2020-21 was INR 233 million |
| Market | | | | | |
| F | Increased costs to meet the demand for sustainable products | Short Term | There is a risk of increased costs to meet the shift in demand for sustainable raw materials like better cotton, organic cotton, regenerative organic cotton etc. Higher | Regulatory changes in the European and North American markets like levying higher taxes on specific products not meeting a certain sustainability criterion can pose a potential financial impact. Higher procurement costs | WIL is following the policy of procuring raw material as per customer orders and has graded the buying pattern based on the importance of the type of cotton. WIL has strengthened ties with supply partners so that the company is not affected by potential shortages or surges in demand for a particular type |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|------------|--------------------------------|---------------------|---|--|--|
| | | | procurement costs are likely to be incurred to avail of organic cotton as the demand is on the rise while the supply is limited. Also, historically cotton prices are found to be volatile, and the same trend may be expected in the future. | | of cotton especially for Egyptian, Supima and Organic cottons. WIL is also gearing up to meet the increasing demand for sustainable cottons such as Better Cotton Initiative (BCI) by developing ginners to procure from farmers under the BCI project supported by Welspun Foundation as well as integrating other projects in India and other countries into WIL supply chain. |
| G | Changing customer behaviour | Short Term | Purchasing decisions are increasingly influenced by customers desire to live more sustainably. | There is a financial risk of reduced demand for goods and services due to shift in consumer preferences. | WIL is constantly increasing the use of sustainable products in its portfolio. The company spends 0.5% to 0.75% of its revenue on product innovation. Increasing investments on innovation and continuous R&D has led to enhanced resource efficiency and development of sustainable products. |
| Reputation | | | | | |
| H | Brand value & customer loyalty | Medium to long Term | There is a risk of damage to brand value and customer loyalty if the company does not live up to the high expectations of stakeholders and investors in ESG matters. | The potential financial impact may include reduced revenue from decreased demand for products and reduction in capital availability. | WIL has aligned all aspects of ESG to its business strategies. The company is not only working on its ESG performance but is also implementing initiatives to drive ESG growth among suppliers. WIL has also conducted supplier assessment on ESG parameters across the supply chain. The company endeavors to raise customer satisfaction levels, provide consistent product delivery experience and provide timely redressal to customer complaints and concerns. |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|---------|-------------------------------------|---------------------|---|--|---|
| | | | | | Moreover, the company transparently communicates its ESG performance in its Annual Reports and addresses any investor concerns through frequent stakeholder analysis. |
| I | Effect on social license to operate | Medium to long Term | A social license to operate (SLO) refers to the perceptions of local stakeholders that an industry that operates in a given area or region is socially acceptable or legitimate. If community resources like water, infrastructure, power etc. are not utilized in a sustainable manner, it may lead to damage in brand image and the communities may object the operations of the company. | Reduced revenue from decreased production due to temporary shutdown of operations. | <p>WIL constantly addresses social concerns with the help of a dedicated CSR team. CSR activities are carried out through Welspun Foundation for Health and Knowledge (WFHK). The CSR expenditure in 2020-21 was INR 81 million.</p> <p>In Anjar, WIL has installed STP to meet its water needs and also symbiotically helps society by treating the wastewater.</p> <p>The company has also undertaken various initiatives like digitizing government schools, promoting women's empowerment by creating women entrepreneurs, tree plantation, improving village sanitation, deepening ponds, distributing fodder for cattle, organizing health camps etc.</p> |

Physical risk scenario analysis results

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|------------|-----------------------|-------------------|---|--|---|
| Acute Risk | | | | | |
| A | Tropical cyclone | Medium-Long Term | Tropical cyclone risk was assessed using a research paper "Cyclone hazard proneness of districts of India" published by the India Meteorological Department. The hazard proneness has been assessed based on frequency and intensity of cyclone, wind strength, probable maximum precipitation, and probable maximum storm surge. Anjar and Vapi are in high prone (P2 category) cyclone districts of India. | <p>The potential financial impacts may include increased capital costs due to damage to facilities and increased insurance premiums.</p> <p>WIL exports 94% of home textile products and in FY21, the export business contributed 50% of Welspun's flooring revenue. Thus, there is a risk of supply chain disruption due to tropical cyclones. Vapi is more prone to tropical cyclone risk as it is a coastal area.</p> | <p>The typical hazards associated with tropical cyclone includes storm surge, strong wind, and floods.</p> <p>Anjar is prone to risk due to strong winds. However, building construction is strong and resilient to strong winds.</p> <p>Vapi has good drainage system to mitigate the impact of floods and storm surge.</p> <p>Moreover, WIL team regularly monitors the weather information to mitigate the risk of supply chain disruptions.</p> |
| B | Water stress | Short-Medium Term | Water stress risk was assessed for baseline, optimistic and pessimistic scenarios. Water stress risk was found to be extremely high in Anjar and Chandanvelly and was medium-high in Vapi as per the baseline scenario. However, the water risk in Vapi is projected to increase by 2.8x times in 2030-2040 from the baseline scenario. Water risk in Anjar is projected to increase by 1.4x times in 2030 and 2x times in 2040 from baseline levels. | <p>The financial impact of water stress may include reduced revenue from decreased production capacity and increased operating costs for sourcing water. It may also lead to increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations.</p> | <p>WIL has set up a sewage treatment plant (STP) of 30 million liters per day capacity in the year 2016 in Anjar. The STP treats sewage generated from 3 municipalities (Gandhidham, Adipur and Anjar), Recycling and reusing the water has enabled zero use</p> |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|---------|-----------------------|-------------------|--|---|---|
| | | | | | of freshwater for the factory processes. |
| C | Drought | Medium-Long Term | <p>Drought risk was assessed for all the manufacturing sites. Anjar has high drought risk while Vapi and Chandanvelly have medium drought risk.</p> <p>Water scarcity and drought may lead to sanitation problems, impact agriculture and livelihood of farmers, shortage of drinking water, spread of diseases, migration of workers, civic unrest etc. Increase in water stress may further aggravate drought situation.</p> | <p>Indirect impacts may include increase in operating cost, shortage of labour and may even lead to shutdown of the plant.</p> | <p>WIL has also undertaken water conservation projects like deepening ponds in villages near the factory sites.</p> |
| D | Riverine flood | Medium-Long Term | <p>Manufacturing site Vapi is prone to riverine flood risk with projected inundation depths of greater than 20 decimeters by 2050. Since, Vapi is close to the river, riverine floods can have increased impacts.</p> | <p>The potential financial impact may include reduced revenue from decreased production capacity due to transport difficulties, supply chain interruptions etc.</p> | <p>Efficient water drainage system is provided in Vapi to mitigate the risk.</p> |
| E | Extreme rainfall | Short-Medium Term | <p>The effect of extreme rainfall on various locations in the reporting boundary was assessed using the projected values for the number of days with precipitation greater than 20mm (P>20mm) in a year in 2030, 2040 and 2060. The results were analysed for various scenarios like SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5.</p> <p>Vapi and Chandanvelly have medium risk due to extreme rainfall.</p> | <p>The potential financial impact may include reduced revenue from decreased production capacity due to transport difficulties, supply chain interruptions etc.</p> | <p>The weather conditions are constantly monitored to mitigate the risk of supply chain disruptions.</p> |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|--------------|--------------------------------------|-----------------------------|---|---|--|
| | | | (For additional information on SSP scenarios please refer annexure A) | | |
| Chronic Risk | | | | | |
| F | Heat Wave | Short, Medium and Long Term | The effect of heatwave on various locations in the reporting boundary was assessed using the projected values for the number of extremely hot days (T max > 40°C) in a year in 2030, 2040 and 2060. The results were analysed for various scenarios like SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5. All the sites under WIL operations are subject to potential heatwave conditions with 75-105 extremely hot days per year by 2060. | The cooling costs are expected to rise for all WIL sites which would increase operating costs. It may also lead to reduced revenue and higher costs from negative impacts on workers like fatigue, absenteeism, lower productivity, heat stroke etc. | <p>WIL has taken various measures like frequent breaks, availability of potable water, rest rooms etc. to eliminate negative impacts on workers.</p> <p>Plant building is constructed with insulated puff panels to reduce effects of heatwave.</p> <p>Centralised cooling system is provided with focus to integrate renewable energy like solar to decrease the cooling costs.</p> <p>There are guidelines / SOP on heat-stress and awareness creation and training is carried out periodically. Ergonomic assessment and training are also organized on a yearly basis.</p> |
| G | Coastal floods due to sea level rise | Long Term | Rising sea level may lead to frequent coastal flooding, saltwater intrusion into freshwater aquifers, inundation of land, coastal erosion etc. | <p>The potential impacts can be:</p> <ul style="list-style-type: none"> ➤ Delay in shipments along with damage to raw materials and finished goods ➤ Port Infrastructure improvement costs (dyke construction, flood drainage | WIL has identified critical suppliers and alternate shipment methods (like railways or supply through other ports etc.) to be resilient even amid high impact of coastal floods. |

| Sl. No. | Climate related risks | Time Horizon | Risk Description | Potential Financial Impacts | Mitigation & Resilient Actions |
|---------|-----------------------|--------------|--|--|--|
| | | | <p>Coastal flood risk due to sea level rise was assessed for 2030, 2050 and 2080 under optimistic and pessimistic scenarios. The inundation depth in 2050 is between 7-20 decimeters indicating a high impact on coastal regions and on the ports whereas the inundation depth in 2080 is beyond 20 decimeters.</p> <p>Anjar and Chandanvelly will not be affected directly or physically due to coastal floods but Vapi may suffer potential physical damage leading to increased capital costs.</p> <p>Welspun's supply chain operations rely significantly on the Kandla and Mundra port. It can cause a significant impact on Welspun's operations in the long term.</p> | <p>system etc.) may lead to indirect impact on procurement costs</p> | <p>Efficient water drainage system is provided in Vapi to mitigate the risk.</p> |

(please refer annexure B for physical risk analysis and physical risk impact analysis)

Climate-Related Opportunities and Potential Financial Impacts

| Sl. No. | Climate related Opportunity | Time Horizon | Strategy | Potential Financial Impact |
|---------|-----------------------------|-------------------|---|--|
| 1 | Resource efficiency | Short Term | <p>The following activities were undertaken to improve resource efficiency across locations:</p> <ul style="list-style-type: none"> • RO permeate pump replaced with optimum head pump • Optimization of blower operation at ETP • Optimization of cooling tower pump pressure • 30 MLD Sewage Treatment plant set up at Anjar factory, which recycles sewage wastewater from the neighboring areas, leading to zero intake of freshwater for manufacturing processes • Rainwater harvesting • Use of energy efficient techniques like use of optimum number of DC fans, installation of inverters, VFD installation, speed control has enabled in energy saving. • Installation of heat recovery system and hot water recovery has led to decreased usage of coal and benefitted financially as well. • Energy efficient initiatives in the production process and energy saving initiatives for electricity, water, steam and fuel resulted in efficient production process along with financial savings. <p>Moreover, Welspun flooring limited is the 1st LEED V4 BD and C Gold certified project in India with largest footprint and IGBC Platinum certified Project for Indian Green factory building.</p> | Reduced operating costs and increase in production capacity, resulting in increased revenues. |
| 2 | Energy source | Short-Medium Term | WIL targets to install inhouse solar PV of more than 3 MW capacity by 2030. WIL is also looking forward to setting up a solar power plant with opex model. | There would be an upfront cost in establishing a solar plant. A high initial investment is required. |
| 3 | Products & services | Short-Medium Term | WIL has taken initiatives for the development and/or expansion of low emission products like recycled polyester used in rug-making, using alternate fibers, Recology- an eco-elegant bed, bath and home linen brand, GoodRest-proprietary Organic sheets, Natural-made from GOTS certified organic cotton etc. | Increased revenue through demand for lower emission products and better competitive position to reflect shifting consumer preferences, resulting in increased revenues |

| Sl. No. | Climate related Opportunity | Time Horizon | Strategy | Potential Financial Impact |
|---------|-----------------------------|---------------------------|--|---|
| | | | WIL's innovation-driven approach has helped the company to set new industry benchmarks and build an industry leading portfolio of 32 innovations over the years. | |
| 4 | Markets | Short-Medium Term | <p>WIL seeks to create sustainable value on the journey to be future-ready, through deep-rooted strategic partnerships with marketplace leaders.</p> <p>WIL social mission is enshrined in the 3Es–Education, Empowerment and Environment and Health. Several projects encompassing the 3Es have been taken up by the Welspun Foundation for Health and Knowledge (WFHK). These projects are either run independently powered by Welspun or through nurtured partnerships with the local government or Non-Governmental Organizations (NGOs).</p> <p>WIL has also explored new markets through advanced textiles, flooring solutions and sustainable products.</p> | Increased revenues through access to new and emerging markets. |
| 5 | Resilience | Short, Medium & Long Term | WIL is committed to SBTi net zero to be resilient to anticipatory carbon taxes in near future. The company has also taken several energy saving and energy efficiency measures to be compliant with PAT obligation. | <p>Increased ability to operate under various conditions including changing legal and compliance laws, technological advancement, changing customer behavior etc.</p> <p>2000+ ESCerts were issued to WIL in 2019-20 as per the PAT mechanism. Moreover, the implemented energy saving projects had resulted in cost saving of INR 8 million per Annum.</p> |

Climate Change Risk Management

WIL recognizes the risks it faces across all business functions, thus regularly checking the external environment for developing threats and analyzing their influence on the company's goals. It has a well-organized risk management governance structure in place. The company is well-served by the Board of Directors' ESG & CSR Committees and Risk Management Committee. These committees make recommendations to the board based on their findings and oversee the management's enterprise-wide risk management initiatives.

The Board has also developed a well-structured Enterprise Risk Management (ERM) framework to manage risks. Financial, operational, business, regulatory, compliance, and strategic risks are efficiently managed and addressed through ERM. Environmental risks and opportunities are also identified by ERM and are incorporated into the ERM framework. WIL has a comprehensive environmental management system (ISO 14001) and occupational health and safety management system (ISO 45001:2018) in place at all its locations.

Risk Identification and Assessment

WIL has developed a strong governance architecture to identify and assess potential risks and develop a risk mitigation strategy. WIL has created a risk-aware culture throughout the organization, as well as a risk management committee at each location (plants and headquarters) to identify risks and track mitigation efforts. Each location has its own risk register, which is broken down into functions.

Risk identification is done by utilizing a variety of techniques and methods, such as value chain analysis and operational analysis, as well as interactions, such as questionnaires, interviews, and workshops.

Risk prioritization and monitoring are carried out at the corporate level, as well as at the plant and function levels. Risk management is the responsibility of the plant head and functional heads. Risk management is integrated into the company's performance evaluation, and inherent risks are discussed during business review meetings, in addition to the scheduled risk management sessions.

Risk Management and Mitigation

The identified climate related risks are prioritized, and the mitigation measures are developed considering short term and long-term consequences of the risk on the company. The mitigation measures suggested by the Management is reviewed by the Board.

Risk Monitoring and Reporting

The Group's Risk Management Framework includes climate change-related risks and opportunities. These hazards are categorized as environmental, social, and governance (ESG) concerns, and they include issues such as energy, emissions, and water.

The risk management team continuously monitors and reviews the risk management framework. The team tracks the metrics associated with the identified physical and transition risks in line with the TCFD framework.

Materiality Assessment

Materiality assessment is a process of identifying and prioritizing key ESG focus areas, relevant to the organization. WIL analyzed industry trends, global frameworks including Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), ESG metrics, National Voluntary Guidelines (NVGs); and mapped them with the company's business objectives and principles.

Stakeholder perspectives were also considered to prioritize the material issues which formed the basis for setting goals and KPIs.

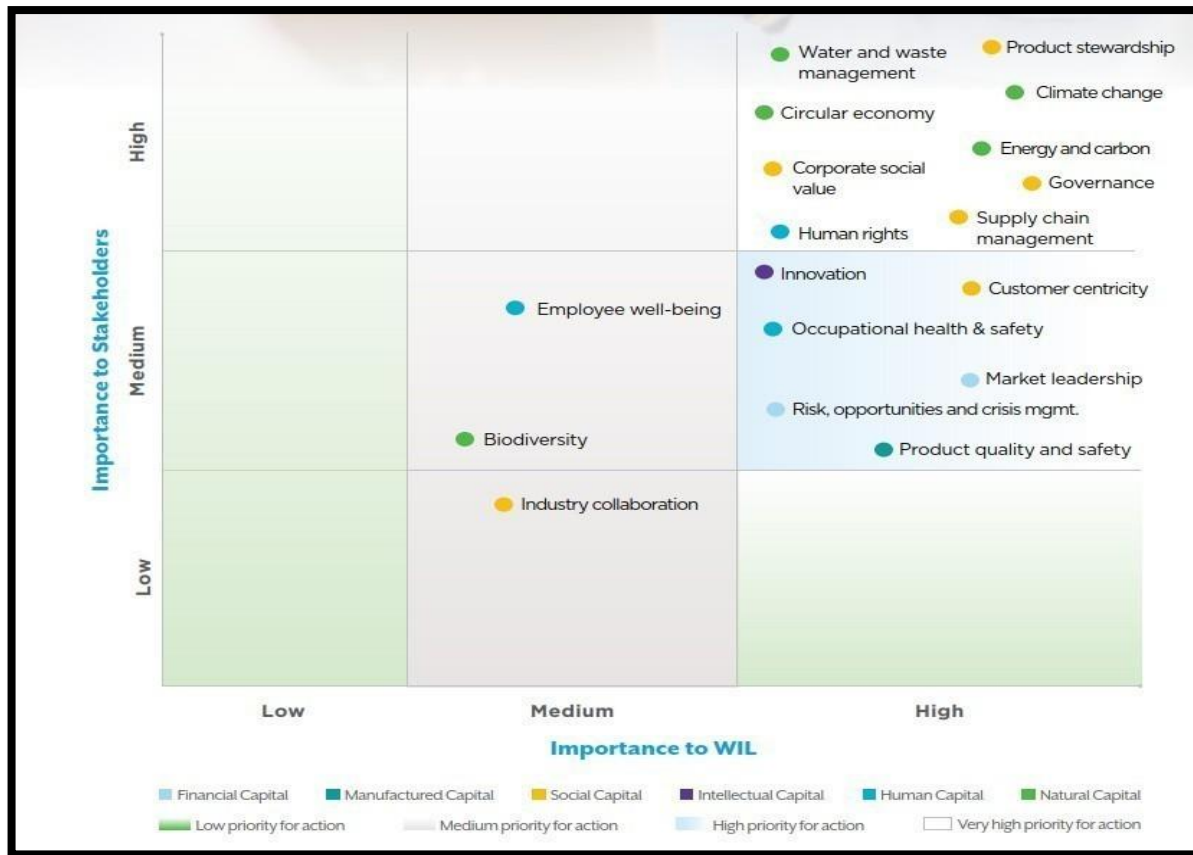


Figure: WIL materiality matrix for 2020-21

Methodology

Sectoral review and relevant stakeholder interactions are done regularly to develop a list of climate change related risks. The risks are assessed based on likelihood of occurrence and degree of consequence. Likelihood is assessed using relevant climate tools or other available resources. The degree of consequence is rated based on the projected or estimated risk impact. The parameters used to determine the degree of consequence include revenue, EBIDTA, reputation and licence to operate and injury or safety.

$$\text{Risk Score} = \text{Risk Likelihood} * \text{Degree of Consequence}$$

The inherent risk score is determined by multiplying likelihood rating (from 1-5) with consequence rating (from 1-5). The inherent risk scores are obtained for individual sites as the likelihood and degree of consequence varies based on the geographical location of the industry. The weighted average of these individual risk scores is calculated based on revenue to arrive at the overall risk score of the company.

The appropriate mitigation and control measures are then evaluated to determine with the residual risk score. The residual risk mapping enables WIL to prioritize the different climate related risks. Prioritized risks are then consolidated at the corporate level and presented to the Board level committee for review.

| | | | | | | |
|------------|----------------------------|---|---|--|--|-------------|
| Likelihood | Frequent/ Permanent (5) | 5 | 10 Heat wave Water Stress Changing Customer Behaviour | 15 Increased cost to meet demand of sustainable products brand Value and Customer Loyalty | 20 | 25 |
| | Probable (4) | 4 -Tropical cyclones | 8 Increase in renewable energy targets | 12 Enhanced stakeholder expectation on GHG emission | 16 | 20 |
| | Occasional (3) | 3 Riverine Floods PAT | 6 | 9 | 12 | 15 |
| | Remote (2) | 2 Effect on social license to operate | 4 Drought Extreme Rainfall | 6 | 8 Higher investment costs in new carbon capture technologies Adoption of emerging technologies in the production process | 10 |
| | Improbable (1) | 1 | 2 | 3 | 4 Coastal Floods due to sea level rise | 5 |
| | | Insignificant (1) | Minor (2) | Moderate (3) | Very high (4) | Extreme (5) |
| | Consequence | | | | | |

Figure: Residual risk matrix for WIL

The residual risk mapping indicates the risk to be prioritized for assessment and monitoring. The high inherent risk of heat wave and water stress have been mitigated through implementation of initiatives like installation of insulated puff panels to reduce heatwave effect, implementing energy efficient systems to reduce cooling costs, developing SOP on heat-stress and imparting awareness and training and implementation of water stewardship programs. WIL has also achieved 2000+ ESCerts and has reduced energy consumption over the years leading to a lower residual risk due to any policy changes in the PAT scheme. Welspun is also already using 45% sustainable cotton in its products, one of the highest amongst its peers and is now targeting 100% sustainable cotton usage by 2030. This has significantly reduced the risk of increased costs to meet the demand for sustainable products. The company has also considered the changing customer behaviour towards sustainable products by investing in newer product technologies like ResilonX, Welpun Ecolite which are sustainable products. The company has also taken various initiatives to help the community in terms of water availability through *Sujalam Sufalam Jal Abhiyan*, watershed management program rolled out in PPP model with National Bank for Agriculture and Rural Development, Wel-Vriksha and Wel-Netrutva.

Metrics and Targets

WIL tracks and monitors several climate-related metrics to understand physical and transition impacts on all operations. Across all sites, the company tracks and monitors energy and fuel usage and their associated emissions and water usage.

Metrics to assess climate-related risks and opportunities

GHG emissions are measured in terms of MT of CO₂e. The transition risks and physical risks are measured in amounts to which WIL's assets or business activities are vulnerable to climate-related transition and physical risks.

GHG Emissions

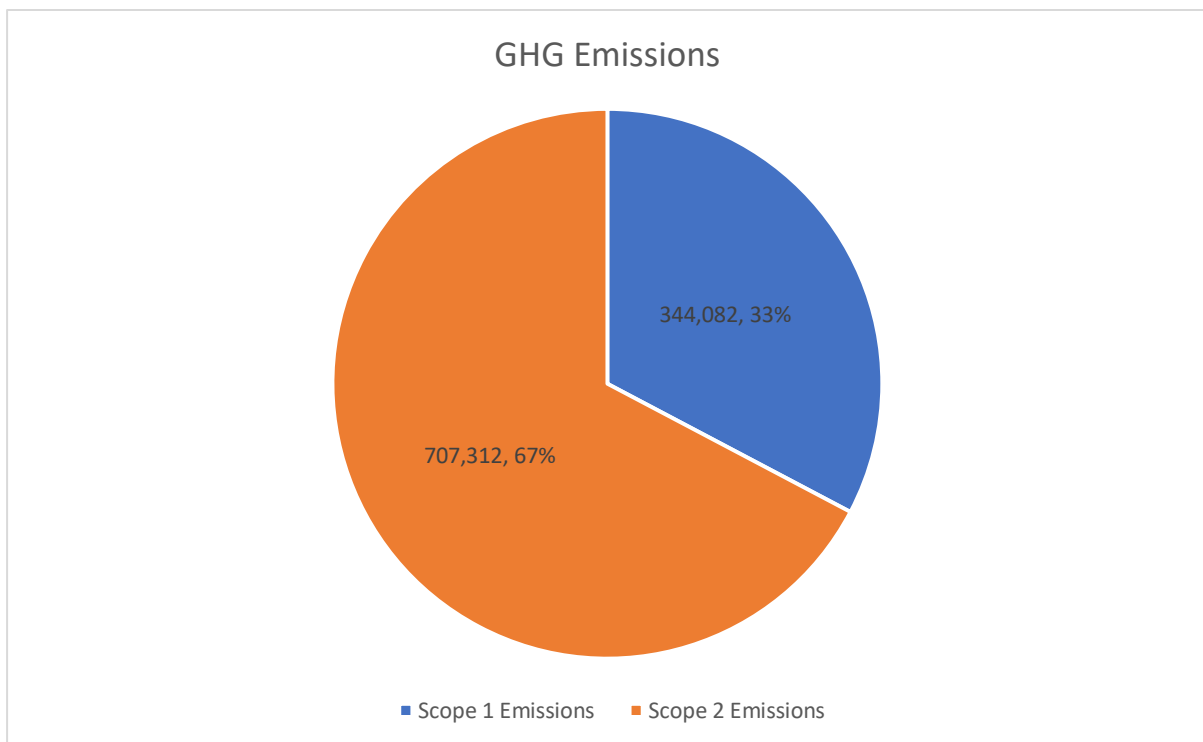


Figure: Breakup of total GHG emissions

Reducing GHG emissions at operated assets is a key component of WIL climate change strategy. The operational control approach was followed for all GHG emissions calculations as per GHG protocol standard guidelines. The relevant emissions sources across WIL operations were considered for determining both direct and indirect emissions. Scope 1 emissions are mainly due to fossil fuel consumption like coal, gas, and HSD. Scope 2 emissions are due to purchased electricity. FY 2021-22 is considered as the base year for evaluating the future performance of the company. The scope 1 and scope 2 emissions for FY 2022 was 3,44,082 tCO₂e and 7,07,312 tCO₂e respectively.

Climate-related targets and progress

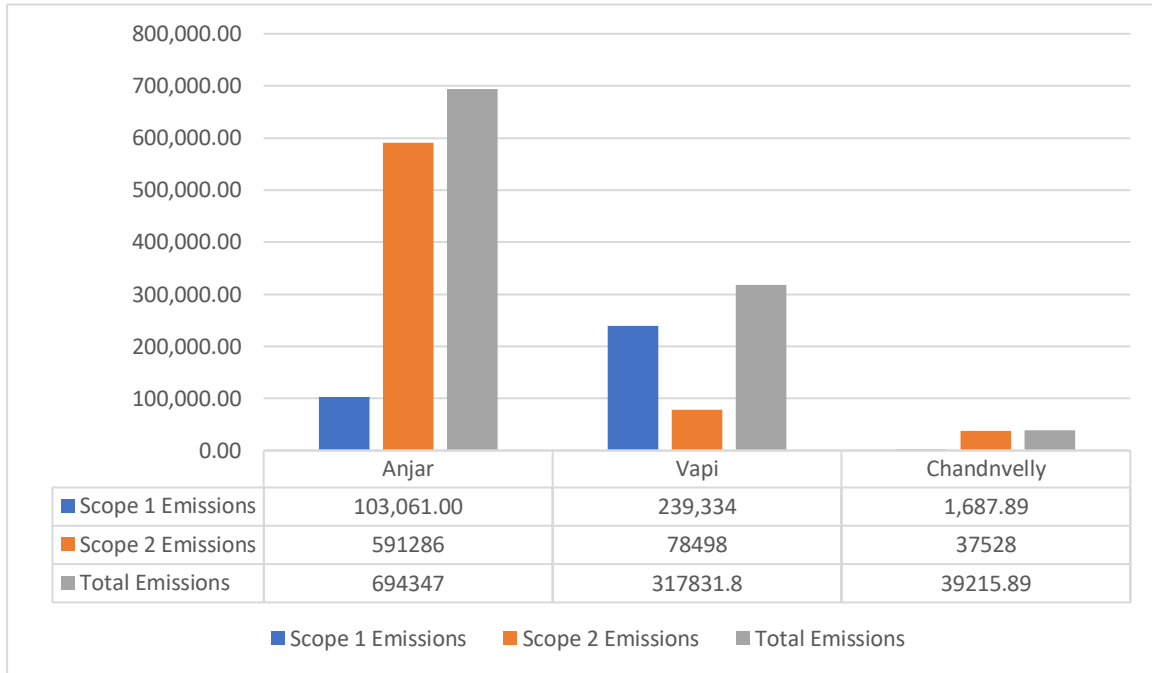


Figure: Location wise breakup of GHG emissions

| Sl. No. | KPI & Metric | Performance | Target |
|---------|---|-------------|--|
| 1 | Total GHG Emissions (MT of CO ₂ e) | 16,49,466 | WIL is committed to SBTi net zero emission target by 2050. |
| | Scope 1 emissions (MT of CO ₂ e) | 3,44,082 | |
| | Scope 2 emissions (MT of CO ₂ e) | 7,07,312 | |
| 2 | Energy Intensity (MJ/KG Product) | 6.3 | WIL has target of 5.75, 4.7 & 3.6 for FY 2022, 2025 & 2030 respectively. |
| 3 | Fresh water Positive (KI/MT Product) | 36 | WIL has target to become water positive by 2030 |



Annexure A

SSP Scenarios

Shared Socioeconomic Pathways (SSPs) are scenarios of projected socioeconomic global changes up to 2100. They are used to derive greenhouse gas emissions scenarios with different climate policies. The SSPs provide narratives describing alternative socio-economic developments. The SSPs can be combined with various Integrated Assessment Models (IAMs), to explore possible future pathways both with regards to socioeconomic and climate pathways.

The scenarios are:

- SSP1: Sustainability (Taking the Green Road)
- SSP2: Middle of the Road
- SSP3: Regional Rivalry (A Rocky Road)
- SSP4: Inequality (A Road divided)
- SSP5: Fossil-fuelled Development (Taking the Highway)



SSP1: Sustainability (Taking the Green Road)

The world shifts gradually, but pervasively, toward a more sustainable path, emphasizing more inclusive development that respects perceived environmental boundaries. Management of the global commons slowly improves, educational and health investments accelerate the demographic transition, and the emphasis on economic growth shifts toward a broader emphasis on human well-being. Driven by an increasing commitment to achieving development goals, inequality is reduced both across and within countries. Consumption is oriented toward low material growth and lower resource and energy intensity.

SSP2: Middle of the road

The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Development and income growth proceeds unevenly, with some countries making relatively good progress while others fall short of expectations. Global and national institutions work toward but make slow progress in achieving sustainable development goals. Environmental systems experience degradation, although there are some improvements and overall the intensity of resource and energy use declines. Global population growth is moderate and levels off in the second

half of the century. Income inequality persists or improves only slowly and challenges to reducing vulnerability to societal and environmental changes remain.

SSP3: Regional rivalry (A Rocky Road)

A resurgent (increasing or reviving after a period of little activity, popularity, or occurrence) nationalism, concerns about competitiveness and security, and regional conflicts push countries to increasingly focus on domestic or, at most, regional issues. Policies shift over time to become increasingly oriented toward national and regional security issues. Countries focus on achieving energy and food security goals within their own regions at the expense of broader-based development. Investments in education and technological development decline. Economic development is slow, consumption is material-intensive, and inequalities persist or worsen over time. Population growth is low in industrialized and high in developing countries. A low international priority for addressing environmental concerns leads to strong environmental degradation in some regions.

SSP4: Inequality (A Road Divided)

Highly unequal investments in human capital, combined with increasing disparities in economic opportunity and political power, lead to increasing inequalities and stratification both across and within countries. Over time, a gap widens between an internationally connected society that contributes to knowledge- and capital-intensive sectors of the global economy, and a fragmented collection of lower-income, poorly educated societies that work in a labour intensive, low-tech economy. Social cohesion degrades and conflict and unrest become increasingly common. Technology development is high in the high-tech economy and sectors. The globally connected energy sector diversifies, with investments in both carbon-intensive fuels like coal and unconventional oil, but also low-carbon energy sources. Environmental policies focus on local issues around middle- and high-income areas.

SSP5: Fossil-Fuelled Development (Taking the Highway)

This world places increasing faith in competitive markets, innovation and participatory societies to produce rapid technological progress and development of human capital as the path to sustainable development. Global markets are increasingly integrated. There are also strong investments in health, education, and institutions to enhance human and social capital. At the same time, the push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. All these factors lead to rapid growth of the global economy, while global population peaks and declines in the 21st century. Local environmental problems like air pollution are successfully managed. There is faith in the ability to effectively manage social and ecological systems, including by geo-engineering if necessary.

The IPCC Sixth Assessment Report introduced new categories ranked by carbon dioxide emissions. The shared socioeconomic pathway number x is combined with the expected radiative forcing y.z in the year 2100 to a scenario ID SSPx-y.z as listed below.

Shared Socioeconomic Pathways in the IPCC Sixth Assessment Report.

| SSP | Scenario (Likelihood) | Estimated warming (2041–2060) | Estimated warming (2081–2100) | Very likely range in °C (2081–2100) |
|------------|--|--|--|--|
| SSP1-1.9 | very low GHG emissions: CO ₂ emissions cut to net zero around 2050 | 1.6 °C | 1.4 °C | 1.0 – 1.8 |
| SSP1-2.6 | low GHG emissions: CO ₂ emissions cut to net zero around 2075 | 1.7 °C | 1.8 °C | 1.3 – 2.4 |
| SSP2-4.5 | intermediate GHG emissions (<i>likely</i>): CO ₂ emissions around current levels until 2050, then falling but not reaching net zero by 2100 | 2.0 °C | 2.7 °C | 2.1 – 3.5 |
| SSP3-7.0 | high GHG emissions (<i>unlikely</i>): CO ₂ emissions double by 2100 | 2.1 °C | 3.6 °C | 2.8 – 4.6 |
| SSP5-8.5 | very high GHG emissions (<i>highly unlikely</i>): CO ₂ emissions triple by 2075 | 2.4 °C | 4.4 °C | 3.3 – 5.7 |

Annexure B

Physical Risk Analysis

| Risk | Timeline | Anjar | Vapi | Chandanvelly | Parameter | Scale |
|--------------------------------------|----------|----------------|---------------|----------------|--|-------------|
| Heatwave | 2030 | | | | Number of days with temperature >40 °C | 45-75 |
| | 2040 | | | | | 75-105 |
| | 2060 | | | | | >105 |
| Water Stress | Baseline | Extremely High | Medium - High | Extremely High | Ratio of total water withdrawals to available renewable surface and groundwater supplies. | Near Normal |
| | 2030 | | | | Unit of measurement expressed as a change from baseline | 1.4x - 2.X |
| | 2040 | | | | | > 2X |
| Drought | 2030 | | | | Analysis of historical precipitation deficits, population and livestock densities, crop cover and water stress | Low |
| | 2040 | | | | | Medium |
| | 2060 | | | | | High |
| Coastal Floods due to Sea Level Rise | 2030 | | | | Inundation Depth (Decimetres) | 0 - 6 |
| | 2050 | | | | | 10 to 19 |
| | 2080 | | | | | >20 |
| Tropical Cyclones | 2030 | | | | Wind Speed, Frequency of cyclones, Probable Maximum Precipitation, Probable Maximum Storm Surge | Low |
| | 2040 | | | | | Medium |
| | 2060 | | | | | High |
| Riverine Floods | 2030 | | | | Inundation Depth (Decimetres) | 0 - 9 |
| | 2050 | | | | | 10 to 19 |
| | 2080 | | | | | >20 |
| Extreme Rainfall | 2030 | | | | Number of days with precipitation >20 mm | <10 |
| | 2050 | | | | | 10 to 20 |
| | 2080 | | | | | >20 |
| Wildfire | 2030 | | | | All fresh detections and continuing forest fires detected by Forest Survey of India | Low |
| | 2050 | | | | | Medium |
| | 2080 | | | | | High |

Physical Risk Impact Analysis

| Risk | Impacts | Anjar | | | Vapi | | | Chandanvelly | | |
|--------------------------------------|--|-------|------|------|------|------|------|--------------|------|------|
| | | 2030 | 2040 | 2060 | 2030 | 2040 | 2060 | 2030 | 2040 | 2060 |
| Heatwave | Worker Fatigue | | | | | | | | | |
| | Availability of Water | | | | | | | | | |
| | Increased Energy Costs | | | | | | | | | |
| | Increase in Power Demand | | | | | | | | | |
| Water Stress & Drought | Migration of Workforce | | | | | | | | | |
| | Operational Efficiency | | | | | | | | | |
| | Salinity of Soil | | | | NA | | | NA | | |
| | Water impact in the supply chain | | | | | | | | | |
| Coastal Floods due to Sea Level Rise | Delay in shipments along with damage to raw materials and finished goods | | | | NA | | | NA | | |
| | Port Infrastructure improvement will have indirect impact on procurement costs | | | | NA | | | NA | | |

*No direct impact to Welspun infrastructure or operations due to coastal floods

| Risk | Impacts | Anjar | | | Vapi | | | Chandanvelly | | |
|-------------------|-----------------------------|-------|------|------|------|------|------|--------------|------|------|
| | | 2030 | 2040 | 2060 | 2030 | 2040 | 2060 | 2030 | 2040 | 2060 |
| Tropical Cyclones | Infrastructure damage | | | | | | | NA | | |
| | Worker / Employee Safety | | | | | | | | | |
| | Loss of work hours | | | | | | | | | |
| | Flash Floods | | | | | | | | | |
| Riverine Floods | Supply Chain | NA | | | | | | NA | | |
| | Flash Floods | NA | | | | | | | | |
| Extreme Rainfall | Flash Floods | NA | | | NA | | | NA | | |
| | Worker Health & Absenteeism | NA | | | NA | | | NA | | |

| | | | | | | | |
|----|----------------------------|--|------------|--|---------------|--|-------------|
| NA | Not Applicable / No Impact | | Low Impact | | Medium Impact | | High Impact |
|----|----------------------------|--|------------|--|---------------|--|-------------|

Annexure C

Alignment with TCFD

WIL is aligned with TCFD guidelines for the climate-related disclosures. The details on TCFD disclosures can be found in the following pages:

| S.no | Disclosure | TCFD disclosure | Section | Page |
|------|---|--|----------------------------------|------------|
| 1 | Disclose the organization's governance around climate-related issues and opportunities | Governance 1: Describe the board's oversight of climate-related risks and opportunities. | Climate Change Governance at WIL | Page 12-13 |
| | | Governance 2: Describe management's role in assessing and managing climate-related risks and opportunities. | | |
| 2 | Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material. | Strategy 1: Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | Strategy | Page 14-24 |
| | | Strategy 2: Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | | |
| | | Strategy 3: Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | | |
| 3 | Disclose how the organization identifies, assesses, and manages climate-related risks. | Risk Management 1: Describe the organization's processes for identifying and assessing climate-related risks. | Climate Change Risk Management | Page 25-27 |
| | | Risk Management 2: Describe the organization's processes for managing climate-related risks. | | |
| | | Risk Management 3: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | | |

| | | | | |
|---|---|---|---------------------|------------|
| 4 | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | Metrics and targets 1: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | Metrics and Targets | Page 28-29 |
| | | Metrics and targets 2: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | | |
| | | Metrics and targets 3: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | | |