

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Environmental and Social Safeguards

1. The current and future wind and solar power projects of Welspun Renewables Energy Limited (WREL) are classified category B on environment and category C for involuntary resettlement and indigenous peoples. WREL ensures that none of its projects are located within 10 kilometers of a wildlife sanctuary, national park, or migratory route of avifauna or wetland which provides roosting, wintering, or breeding ground. Potential impacts of wind and solar power projects during construction (noise, soil erosion, air and water pollution) can be readily mitigated, and are short term and temporary. Potential residual impacts during operation (water use conflict, pollution of land and water from hazardous wastes, occupational and community health and safety) can also be mitigated using tested mitigation measures. With respect to involuntary resettlement, WREL will make every effort to ensure that vacant, barren, and unproductive land is leased from the government or procured through negotiated settlements with private landowners. WREL will avoid land requiring physical displacement and/or use of tribal lands.

2. This transaction is considered general corporate finance in terms of the Safeguard Policy Statement (2009) of the Asian Development Bank (ADB). A corporate audit of WREL's environmental and social management system (ESMS) was conducted to review its past and current performance against the objectives, principles, and requirements of the Safeguard Policy Statement.

3. The project team's due diligence and external expert's corporate audit confirmed that (i) WREL's existing objectives, environmental and social principles, policies, and systems are not fully aligned with ADB safeguards and social requirements; and (ii) while there are existing systems and procedures to screen, assess, and address environmental and social risks arising out of its portfolio of solar and wind subprojects, there are still improvements required to ensure compliance and effective implementation. However, WREL is committed to adopting best practices and norms for achieving its commitment to environmental and social sustainability through the ESMS as per international standards and best practices available, including the International Finance Corporation Performance Standard and ADB's Safeguard Policy Statement. Prior to ADB's equity subscription, WREL will be required to establish an ESMS addressing the gaps identified in the audit. Specific improvements required are as follows:

4. **Policy coverage.** WREL will be required to commit to restructuring its various policies, handbooks, and manuals into a single ESMS covering policy objectives, mission, scope, and guidance structure. This ESMS should be supported and approved by its highest decision-making body and communicated to all employees, contractors, and stakeholders.

5. **Screening, categorization, planning, due diligence, and review procedures.** WREL will be required to (i) adopt a categorization system aligned with the ADB definition of significance of environmental and social impacts, and (ii) ensure that the screening system excludes land entailing physical or economic displacement from procurement or acquisition and those activities in the ADB Prohibited Investment Activity List.

6. **Organizational structure and staffing.** WREL will be required to maintain the current management structure at the corporate level and supplement its project staff to improve the monitoring and implementation of project ESMPs. WREL has also engaged external experts to

conduct a capacity building program to enhance the capability of its corporate and project environmental and social staff to oversee implementation of the ESMS.

7. **Monitoring and reporting.** WREL's compliance monitoring and reporting will be aligned with the ADB Safeguard Policy Statement requirements. WREL will be required to prepare and submit an annual environmental and social performance report detailing how recommended corrective actions in the audit report have been implemented at the corporate and project levels. Apart from monitoring and reporting on safeguard implementation, the ESMS will include arrangements for (i) monitoring and reporting other social dimensions through incorporation of indicators and measures covering compliance with labor laws, and (ii) employment generation for local communities during construction and plant operations.

8. **Public consultation, information disclosure, and grievance mechanism.** WREL will be required to put in place a stakeholder identification or analysis framework to clearly identify stakeholders at the project level and the need to prepare a stakeholder engagement plan. WREL will improve the current grievance redress mechanism to clearly delineate the registration mechanism for grievances as per the identified stakeholder, flow of grievance for redressal, acknowledgement complaint recording, consultation, issue investigation, feedback mechanism, mitigation action, follow-up, general time frame for resolution, and delegation of responsibilities. In line with the audit recommendations, the procedures for consultation and disclosure requirements will be incorporated in the ESMS.

B. Other Social Dimensions

9. **Gender and development.** WREL will be encouraged to target an increase in the percentage of female staff from 10% in 2013 to 15% and requested to adopt a practicable time frame to achieve such target, e.g., in the next 5 years or by 2018. Human resources and general administration will be requested to include such target in its human resources hiring policy. At the community level, consistent with WREL's corporate social responsibility (CSR) policy's objective of empowering women, its ESMS will include arrangements to ensure meaningful consultation with women during the conduct of environmental and social assessments, the design and implementation of community programs, achievable targets for employment of women during construction and subsequent operation of the facilities, and monitoring and reporting on benefits and assistance provided to women. WREL's CSR department, which is currently headed by a woman, will be encouraged to hire female staff as well as ensure that entities, consultants, or organizations engaged to implement CSR activities on the ground include women staff. Based on WREL's community development and engagement plan for 2013–2015, possible community programs may include health, animal husbandry, education, community-based environmental activities, and livelihood activities for women. Women are also expected to benefit from initially identified activities such as training on dairy farming, goat raising, and poultry farming; formation of self-help groups; and exposure to job fairs.

10. **Labor and social protection.** As part of its contractor management process, WREL will be required to establish contractor or vendor management guidelines or evaluation systems for managing labor-related risks at the contractor level. A reporting mechanism on WREL and its contractors' compliance with the national labor requirements and internationally recognized core labor standards will be put in place as part of the ESMS.