

Adani Green Energy

Response received by BHRRRC from Adani Green Energy regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 8 July 2023.

(1) Assessment of exposure

“BACKGROUND:

Adani Green Energy Ltd. (AGEL) is aware of the significance of creating a sustainable supply chain for expansion and survival of business. In response to the challenge of ensuring a sustainable supply chain and resource efficiency, we have increased our focus on sustainable procurement and identifying ESG related risks in the supply chain. We focus on ethical business practices, adhere to all the regulatory requirements and urge our suppliers to follow the same.

Our vendor registration process includes supplier assessment, which entails risk profile and internal audits to ensure supplier credibility and the capacity to complete our projects. We annually evaluate the performance of our suppliers with spending of more than 1 Crore and inform in case of any improvements. We have a large supplier network across six countries including China, USA, Australia, UK, Malaysia and Spain.

We conduct supplier evaluation process when onboarding the suppliers. The parameters include all relevant ESG metrics:

1. Human Rights
2. Business ethics and Governance
3. Community
4. Environment
5. Health and Safety
6. Intellectual Property

It is conducted annually for assessment of identified critical suppliers. Post assessment, suppliers are categorised into low, medium, and high-risk categories. Appropriate precautionary measures are taken into consideration when engaging with high-risk suppliers. We have identified few risks, some of which include geopolitical risk, increase in import taxes, media issues involving human rights violations and long-term availability of raw materials and technological risks. Based on identified risk, we devise mitigation measures as required.”

(2) Steps taken in response

« In addition to all the above-mentioned initiatives, AGEL had conducted third-party audit for 100% of the PV Modules manufacturing suppliers located in China for FY23.

The audited company provided a social responsibility management manual, as well as a working time management system. It explicitly prohibits forced labor and guarantees the rest environment for employees. The audited company provided a supplier code of conduct and a supplier due diligence management code that clearly prohibits any forced labor behavior of the supplier. The auditor found no forced labor in the actual audit. Their recruitment management system contains relevant anti-discrimination provisions and documents on its recruitment management system, which clearly prohibited the employment of persons under the age of 18, and the auditor found no child labor on site. Moreover, they perform supplier self-evaluation form and check corresponding evidence to ensure no forced labor behavior in their suppliers.

The auditors conducted a series of reviews of the corporate Environmental and Social Governance Principles (ESG) through documentation and on-site audits. Auditors audit and assess businesses, focusing on health and safety, human rights, environmental pollution control, community impact, business ethics and corporate governance, and intellectual property disputes. After the audit, it was

found that the audited enterprise had a relatively complete system of social governance principles, which could guarantee the human rights of employees, clean environment and good business ethics. The audit findings reported that our Chinese suppliers had systems and procedures in place and presented relevant documents aligned as per the ESG parameters of AGEL's supplier evaluation. »