



Environment and Social Compliance Audit Report

Project Number: 56155-001
Final
October 2022

India: Wabag Working Capital Project

Prepared by VA Tech Wabag Limited as a requirement of the Asian Development Bank.

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VA Tech Wabag Limited

Corporate ESMS Review

Final Report

10-4-2022

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Executive Summary

1. Introduction

VA Tech Wabag Limited (hereinafter referred to as “WABAG” or “the Company”) is an Indian Multinational Company founded in 1924 and headquartered in Chennai in the state of Tamil Nadu, India. The Company is engaged in providing water treatment and technology services with a global presence in four (04) continents and in 25 countries. The company’s key competencies lie in the turnkey execution and operation of water and wastewater treatment plants for both municipal and industrial users. Wabag is seeking a corporate loan from the Asian Development Bank (ADB) to support the Company's operations in India as an Engineering, Procurement, and Construction (EPC) contractor in the wastewater treatment and/or desalination service line. The loan will be used as working capital for providing EPC contract services for several water treatment projects, including sewage treatment plants (STPs) under the Integrated Ganga Conservation Mission called “*Namami Gange*” which was introduced in 2015 and being implemented by National Mission for Clean Ganga (NMCG) constituted under Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India.

Wabag has engaged a qualified and experienced external expert/ consulting firm to undertake corporate audit of its environmental and social management system (ESMS) and verify its implementation at sample sites in compliance to the objectives, principles and requirements of ADB’s Safeguard Policy Statement (SPS) and other applicable environmental and social requirements of ADB (hereinafter referred to as “ESMS Audit” or “Project”).

2. Project Overview

The Project included review of Wabag’s corporate Environmental and Social Management System (ESMS) and/or E&S policies and procedures with focus on EPC activities developed by the company. It also involved verification of implementation of Wabag’s ESMS and/or HSE&S policies at three sites i.e., two (2) sample sites where Wabag has been engaged as an EPC and as suggested one (1) site where WABAG is appointed as an O&M contractor was also visited to get an overview of the operations of the Company.

3. Project Categorization

The Project has been categorized as Category “B” for environment, “C” for Indigenous People and Involuntary Resettlement as per ADB safeguard policy. The rationale for the project categorization is based on assessment of WABAG’s procedures on E&S screening, contractor labour management system, legal compliance, human resource, indigenous people and land procurement/leasing procedures.

4. Key Findings and Corrective Actions

A summary of the key finding and associated corrective actions have been defined below. (These actions are required to be complied with in projects, where the proceeds of ADB facility is utilised)

S.no.	Requirement	Gaps Identified	Corrective Actions
1.	<p>Assessment of Corporate ESMS and E&S Policies</p> <p>CONFIDENTIAL INFORMATION DELETED</p>	<ul style="list-style-type: none"> • No Retrenchment policy to manage potential scenarios concerning collective dismissal¹ • [CONFIDENTIAL INFORMATION DELETED] • No Freedom of Association to encourage WABAG to recognize workers' organisation if the workers have chosen to form or join such organisation and engaged in collective bargaining 	<p>WABAG to:</p> <ul style="list-style-type: none"> • Prepare a Retrenchment Policy • [CONFIDENTIAL INFORMATION DELETED] • Develop a policy on Freedom of Association • ADB's prohibited activities list to be incorporated in the IMS document.
2.	<p>Project Screening, Categorization and Review Procedure</p>	<p>WABAG has not outlined procedure and guideline for E&S Screening and Categorization of the projects.</p>	<p>It is recommended that E&S, IR & IP screening to be undertaken during bidding stage, prior to submitting proposal for any future project. The proposed projects should be categorized as per the ADB's safeguard policies.</p> <p>WABAG should develop a dedicated checklists as part of their IMS on the following</p> <ul style="list-style-type: none"> • E&S screening: The social screening procedure should specifically screen out any contracts that have outstanding involuntary resettlement (IR) or indigenous peoples (IP) issues or potential IR and IP impacts. • Risk categorization • Subject to Wabag's scope, checklist to record list of items to be provided by the Project Owner (EIA/ ESIA/ LRP/ SEP/ RAP/ IPP/ other E&S study)

¹ WABAG has established an exit policy, which detailed out the process of receiving feedback from the employee who have put his/her resignation letter. Also, it also lay down exit procedures for separation of the employee so as to ensure quick exit process.

S.no.	Requirement	Gaps Identified	Corrective Actions
			HSE team at the corporate level to be trained on E&S screening of projects as per ADB safeguards. An independent third party should be engaged to undertake E&S screening of the Projects.
3.	Identification of Risks and Impacts	EPC sites where ESIA study has not been undertaken and critical E&S risks has not been identified & mitigated may pose reputational risks on WABAG as well as client/investor in case any major E&S incident.	<p>WABAG is recommended to develop site specific E&S management plans for EPC sites where ESIA study has not been undertaken. The site-specific E&S management plans should be developed based on sensitivities identified as part of preliminary E&S screening.</p> <p>IMS to also include procedure for managing unanticipated E&S risks that were not considered in the E&S screening. Wabag should promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan.</p>
4.	Organizational Structure and Staffing including Skills and Competencies	Dedicated social personnel has not been appointed at corporate level as well as site level.	Hire social expert at corporate level who has the required qualification to meet the ADB requirements.
5.	Training & Capacity Building	Based on review of corporate training calendar developed and training records, it was observed that trainings on ADB Safeguards have not been imparted to the employees.	WABAG should update their training calendar at corporate level to include trainings on ADB safeguards applicable throughout the Project lifecycle. This will support WABAG's team in understanding and implementation of requirements of ADB safeguards at all its Projects.
6.	Monitoring, Review and Reporting (including Environmental Management Performance)	The daily observation checklist used at the sites covered only health and safety aspects and did not include environmental aspects such as onsite waste management, dust emission, water consumption, noise level, traffic management, visible signs of ground and soil contamination etc.	WABAG should update the daily observation checklist to include environmental parameters such as waste management, water consumption, noise levels, visible signs of soil and ground contamination, dust emission, traffic management etc.

S.no.	Requirement	Gaps Identified	Corrective Actions
7.	Review of Land Acquisition and Resettlement Safeguards	WABAG, as part of IMS, has not established procedures on renting any additional facilities for any future project (if any).	WABAG shall establish site rental procedure at corporate level to ensure complete avoidance of any impacts on involuntary resettlement or indigenous peoples, including non-titleholders or informal users, and involve only willing lessee-willing lessor arrangements <i>Note: The procedure will only be applicable for projects where WABAG (as an EPC contractor) will rent for a short-term any additional existing facility and/or developed land beyond what is provided by the project sponsor</i>
8.	Review of Indigenous Peoples Safeguards	WABAG has not established any screening procedure to confirm presences and any impact on indigenous people due to the proposed project	WABAG shall ensure to develop a screening procedure to confirm presence of IPs and potential impacts on them.

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1 Project Background

1.1 Introduction

VA Tech Wabag Limited (hereinafter referred to as “WABAG” or “the Company”) is an Indian Multinational Company founded in 1924 and headquartered in Chennai in the state of Tamil Nadu, India. The Company is engaged in providing water treatment and technology services with a global presence in four (04) continents and in 25 countries. The company’s key competencies lie in the turnkey execution and operation of water and wastewater treatment plants for both municipal and industrial users.

WABAG has also obtained ISO certificates, which include a) Quality Management System of ISO 9001:2015, b) Environmental Management System of ISO 14001:2015, and c) Occupational Health and Safety Management System of ISO 45001:2018.

Wabag is seeking a corporate loan from the Asian Development Bank (ADB) to support the Company's operations in India as an Engineering, Procurement, and Construction (EPC) contractor in the wastewater treatment and/or desalination service line. The loan will be used as working capital for providing EPC contract services for several water treatment projects, including sewage treatment plants (STPs) under the Integrated Ganga Conservation Mission called “Namami Gange” which was introduced in 2015 and being implemented by National Mission for Clean Ganga (NMCG) constituted under Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India.

In this context, Wabag has engaged a qualified and experienced external expert/ consulting firm to undertake corporate audit of its environmental and social management system (ESMS) and verify its implementation at sample sites in compliance to the objectives, principles and requirements of ADB’s Safeguard Policy Statement (SPS) and other applicable environmental and social requirements of ADB (hereinafter referred to as “ESMS Audit” or “Project”).

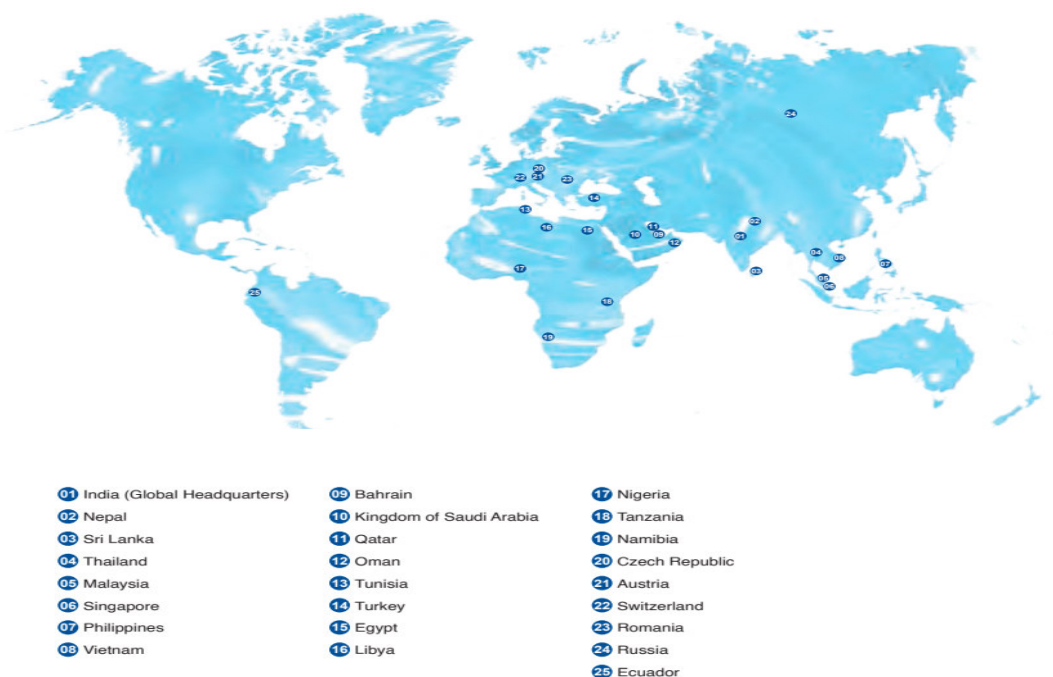
This ESMS audit report details out the potential environmental and social impacts of Wabag’s activities as an EPC contactor, as well as a review of the systems and measures to manage environmental and social performance associated with its third-party suppliers and contractors. The ESMS audit also included verification of ESMS implementation at three sample sites i.e. two under construction sewage treatment plants and its associated networks in West Bengal and Bihar respectively and one desalination plant at Tamil Nadu.

The details of the sample sites have been provided in **Section 1.3**.

1.2 Company Overview

VA Tech Wabag Limited has an established international presence in India, Southeast Asia, Middle East Africa, Europe and Latin America with offices and projects in over 25 countries. The Company has over ninety-eight (98) years of experience in execution and operation of water and wastewater treatment plants for both municipal and industrial sectors. It has executed over 6000 municipal and industrial projects globally².

Figure 1-1 WABAG’s Presence in the Globe



Source: WABAG’s Annual Report (2020-21)

² Per the WABAG’s annual report, 2020-21, the key technology adopted or innovated by WABAG for its worldwide projects, includes a) NEREDA® Technology, b) CYCLOPUR® - SBR Technology, c) Micropur® Technology, d) Fluopur® Technology, and e) Removal of Micropollutants

1.2.1 Types of Services

The types of services provided by the company included the following:

- Engineering, Procurement, and Construction (EPC)
- Operation and Maintenance (O&M)
- Design Build and Operate (DBO)
- Build, Own, Operate and Transfer (BOOT)

1.2.2 Types of Projects

The types of Projects undertaken by the Company for municipal and industrial sectors includes:

- Drinking water treatment
- Industrial water treatment
- Desalination of sea and Brackish water
- Water reclamation—up to direct potable water
- Municipal wastewater treatment
- Industrial wastewater treatment
- Sludge treatment and resources recovery
- Industrial water reuse and recycling
- Effluent water treatment

1.3 Project Overview

The Project included review of Wabag’s corporate Environmental and Social Management System (ESMS) and/or E&S policies and procedures with focus on EPC activities developed by the company. It also involved verification of implementation of Wabag’s ESMS and/or HSE&S policies at three sites i.e., two (2) sample sites where Wabag has been engaged as an EPC and as suggested one (1) site where WABAG is appointed as an O&M contractor was also visited to get an overview of the operations of the Company. The details of the sample sites selected for the Project have been summarised *Table 1-1*.

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Table 1-1: Details of Sample Sites selected for the Project

S. No	Site Name	Site Location	Concessionaire	Type of Work by Wabag	STP/Desalination Project Implementation Authority
1.	Bally Baranagar, Baranagar STP HAM order, West Bengal along with pipeline network (<i>hereinafter referred as Baranagar site</i>)	South Dum Dum Municipality, Baranagar Municipality and Kamarhati Municipality in the North 24 Parganas District of West Bengal	M/s Ganga STP Project Private Limited (GSPPL)	EPC contractor for Sewage Treatment Plant (STP) along with associated network	National Mission for Clean Ganga (NMCG) along with Kolkata Metropolitan Development Authority (KMDA)

	Bally STP along with pipeline network (<i>hereinafter referred as Bally site</i>)	Chamrail Gram panchayat, Howrah Municipal Corporation (HMC) area in Howrah district of West Bengal	M/s Ganga STP Project Private Limited (GSPPL)	EPC contractor for STP NMCG along with associated network	Kolkata Metropolitan Development Authority (KMDA)	
2.	Digha & Kankarbagh, Direct Order, Bihar	Digha STP along with pipeline network (<i>hereinafter referred as Digha site</i>)	Patna Sadar sub district in Patna district of Bihar	M/s Digha Kankarbagh Sewage Project Private Limited (DKSPPL)	EPC contractor for STP NMCG along with associated network	Bihar Urban Infrastructure Development Company (BUIDCo)
		Kankarbagh STP along with pipeline network (<i>hereinafter referred as Kankarbagh site</i>)	Pahari Village, Kankarbagh in Patna District of Bihar	M/s Digha Kankarbagh Sewage Project Private Limited (DKSPPL)	EPC contractor for STP NMCG along with associated network	Bihar Urban Infrastructure Development Company (BUIDCo)
3.	Nemmeli Desalination Plant (<i>hereinafter referred as Nemmeli site</i>)	Nemmeli and Krishnankarani Villages Chengalpattu district in Tamil Nadu	M/s CMWSSB Desalination Plant	O&M Contractor for Desalination plant	Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB)	

2. Environmental and Social Categorization and Rational

2.1 Overall Portfolio categorisation

The categorisation as defined by ADB's Safeguard based on the magnitude of associated risks and impacts is defined below:

Table 2-1: Categorization by ADB's Safeguards

ADB	a) Environment – A, B, C, FI		
	Category A.	Category B.	Category C.
	A proposed project is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An environmental impact assessment (EIA), including an environmental management plan (EMP), is required.	The proposed project's potential adverse environmental impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects. An initial environmental examination (IEE), including an EMP, is required.	A proposed project is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications need to be reviewed.

b) Indigenous People (IP) – A, B, C, FI

Category A.	Category B.	Category C.
A proposed project is likely to have significant impacts on indigenous peoples. An indigenous people’s plan (IPP), including assessment of social impacts, is required.	A proposed project is likely to have limited impacts on indigenous peoples. An IPP, including assessment of social impacts, is required	A proposed project is not expected to have impacts on indigenous peoples. No further action is required

c) Involuntary Resettlement (IR) – A, B, C, FI

Category A.	Category B.	Category C.
A proposed project is likely to have significant involuntary resettlement impacts. A resettlement plan, which includes assessment of social impacts, is required.	A proposed project includes involuntary resettlement impacts that are not deemed significant. A resettlement plan, which includes assessment of social impacts, is required.	A proposed project has no involuntary resettlement impacts. No further action is required.

In accordance with ADB’s safeguard policies, the corporate entity³ have been classified as:

Aspects	Categorization
a) Environment – A, B, C, FI	<p>Category B.</p> <p>Construction activities on site may have medium scale impacts which includes air emissions, wastewater generation, solid waste including hazardous waste generated, noise and traffic related impacts. Construction activities will also have impacts on community health & safety. The impacts will be limited, site specific, largely reversible and can be readily addressed through the proposed mitigation measures.</p>
b) Indigenous People (IP) – A, B, C, FI	<p>Category C</p> <p>As contractor firm WABAG has limited scope in terms of land based direct impact on indigenous people (IPs). However, in the project scenario there might be cases where project activity might have potential impacts on IPs.</p> <p>Further in cases where projects have potential impact on IPs, the impact assessment will be carried out by their respective client or the project owner / proponent/concessionaire. And implementation of required management plans (RP & LRP etc.) will be either carried out by the project owners or they might hire the third-party agency and hand over encumbrance free site (Land) to WABAG for the construction. It is unlikely that implementation of IP related plans gets included in the scope of the contractor; however, the possibility of including the same in the contractor’s scope might not be completely neglected.</p> <p>Construction activity might have indirect potential impact on IPs (such as using their lands /community roads for transporting /ponds for water etc. or trespassing their scared places, in such scenarios WABAG must carry out broad community support process (BCS process) to meet the ADB requirement.</p> <p>Therefore, based on the above it may be concluded that as contracting firm WABAG does not have potential impacts on IPs, however specific project activity might have fair likelihood of potential</p>

³ Along the corporate site visit, the third-party consultant has also visited, sample sites to verify the implementation of available management system and polices. The sample sites include: 1. Nemmeli 110 MLD Desalination Plant, Chennai; 2. Bally 62 MLD STP, Kolkata; 3. Baranagar 60 MLS STP, Kolkata; 4. Digha 100 MLD STP, Bihar; and 5. Kankarbagh 50 MLD STP, Bihar.

Aspects	Categorization
	direct and indirect impact on IPs. The Overall rating is C, however project specific rating will be impact based.
c) Involuntary Resettlement (IR) – A, B, C, FI	<p>Category C</p> <p>As contractor firm they have limited scope in terms of involuntary resettlement (IR) However, in the project scenario there might be cases where project might have potential involuntary resettlement.</p> <p>Further in cases where a project has IR the impact assessment will be carried out by their respective client or the project owner / proponent/concessionaire. Implementation of required management plans (RP & LRP etc.) will be either carried out by the project owners or they might hire the third-party agency and hand over encumbrance free site (Land) to WABAG for the construction. It is unlikely that implementation of IR related plans gets included in the scope of the contractor. However, the possibility of including the same in the contractor's scope might not be completely neglected.</p> <p>The Construction activity might have been indirect /temporary potential impact due to using lands for labor camps /community roads for transporting /ponds/ diversion/ in such cases WABAG have to carry out our screening and prepare and implement Resettlement Plan (RP) to meet the ADB requirement.</p> <p>Therefore, based on the above it may be concluded that as contracting firm WABAG does not have IR related impacts, however project activity might have fair likelihood of potential direct and indirect impact. The Overall the rating is C, however project specific rating will be impact based</p>

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3 Scope of Report and Methodology

3.1 ADB Requirements

In July 2009, ADB's Board of Directors approved the new Safety Policy statement (SPS) governing the environmental and social safeguards of ADB's operations (13). The SPS builds upon ADB's previous safeguard policies on the Environment, Involuntary Resettlement, and Indigenous Peoples, and brings them into one consolidated policy framework with enhanced consistency and coherence, and more comprehensively addresses environmental and social impacts and risks. The SPS also provides a platform for participation by affected people and other stakeholders in the Project design and implementation.

ADB adopts a set of specific safeguard requirements that are required to address environmental and social impacts and risks:

- **Safeguard Requirements 1: Environment** - The Environmental safeguards are triggered if a project is likely to have potential environmental risks and impacts. The projects are initially screened to determine the level of assessment that is required. ADB categorises the projects into three project categories based on the severity, sensitivity, and the magnitude of its potential environmental impacts: Category A (if the project likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. An environmental impact assessment (EIA), including an environmental management plan (EMP), is required); Category B (if the project likely to have potential impacts are less adverse than category A and minor impacts expected can be mitigated. An initial environmental examination (IEE), including an EMP, is required); and Category C (if the projects likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required).

- **Requirements for Existing Facilities:** For projects involving facilities and/or business activities that already exist or are under construction, the projects will undertake an environment and/or social compliance audit, including on-site assessment, to identify past or present concerns related to impacts on the environment, involuntary resettlement, and Indigenous Peoples. The objective of the compliance audit is to determine whether actions were in accordance with ADB's safeguard principles and requirements for projects and to identify and plan appropriate measures to address outstanding compliance issues. Where noncompliance is identified, a corrective action plan agreed on by ADB and the borrower will be prepared. The plan will define necessary remedial actions, the budget for such actions and the time frame for resolution of noncompliance. The audit report (including corrective action plan, if any) will be made available to the public in accordance with the information disclosure requirements of the Safeguard Requirements 1–3. If a project involves an upgrade or expansion of existing facilities that has potential impacts on the environment, involuntary resettlement, and/or Indigenous Peoples, the requirements for environmental and social impact assessments and planning specified in Safeguard Requirements 1-3 will apply in addition to compliance audit.
- **Safeguard Requirements 2: Involuntary Resettlement** - The policy is designed to avoid the risk of impoverishment among those displaced as a direct result of ADB investment. The policy recognizes that restoring the incomes and living standards of the affected people is complex, and requires a development strategy that encompasses compensation, resettlement and rehabilitation packages to improve, or at least restore, their social and economic base. The ADB's Policy on Involuntary Resettlement stipulates three important elements in involuntary resettlement: (i) compensation for lost assets and loss of livelihood and income, (ii) assistance in relocation including provision of relocation sites with appropriate facilities and services, and (iii) assistance with rehabilitation to achieve at least the same level of well-being with the project as before.
- **Safeguard Requirements 3: Indigenous Peoples** - The Policy on Indigenous Peoples is triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of indigenous peoples or affects the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset. The policy on states that the borrower/ client will ensure (i) that affected indigenous peoples receive culturally appropriate social and economic benefits; and (ii) that when potential adverse impacts on indigenous peoples are identified, these will be avoided to the maximum extent possible. Where this avoidance is not feasible, based on meaningful consultation with indigenous communities, the Indigenous Peoples Plan (IPP) will be prepared which outlines measures to minimize, mitigate, and compensate for the adverse impacts.

3.2 Reference framework

The applicable reference framework for the assignment is as following:

- ADB's Safeguard Policy Statement (ADB SPS, 2009) – Safeguard Requirement (SR) 1 on Environment, SR2 on Involuntary Resettlement (IR), and SR 3 on Indigenous Peoples (IP)
- ADB's Social Protection Strategy (2001)
- ADB's Gender and Development Policy (1998)
- ADB's Access to Information Policy (AIP) (2018)
- WB's General Environmental, Health and Safety (HSE) Guidelines and relevant Industry Sector Guidelines (i.e., water and sanitation, 2007)

- The International Labour Organization (ILO) conventions covering core labour standards and the basic terms and conditions of employment
- Other applicable laws and regulations pertaining to environment, health, safety, social, land acquisition and resettlement, and labour in India, including country obligations under relevant international treaties such as the UN Declaration on the Rights of Indigenous Peoples, International Covenant on Economic, Cultural and Social Rights, and relevant ILO Core Labour Standards Conventions.

3.3 Scope or work

The Assessment specifically covers the following:

- Undertake corporate audit of WABAG's environmental and social management system, and/ or E&S policies and procedures and capacity to manage and address all social and environmental risks and impacts associated with the relevant business activities.
- Undertake site visit to WABAG's corporate office and three under construction projects where WABAG is the EPC contractor and holds share in the SPV/O&M, document review, and interviews with staff and other external stakeholders at both corporate and site level and identify past or present concerns related to impacts on the environment, involuntary resettlement, Indigenous Peoples, and labour.
- Categorize the activities associated with WABAG's business in accordance with ADB SPS requirements on environment (SR1), involuntary resettlement (SR2), and Indigenous People (SR3) and confirm if there are activities under ADB's Prohibited Investment Activities List (PIAL).
- Develop Corrective Action Plan (CAP) based on gaps identified in ESMS audit including the requirements for screening activities to be funded by ADB.

3.4 Approach and Methodology

A risk-based approach was adopted by external third-party consultant, focusing on identifying gaps and areas of non-conformance that may represent a material E&S issue, legal non-compliance, an adverse EHS or social impact or may pose business continuity and reputational risk. The key activities undertaken are described subsequently:

3.4.1 Kick-off and Information Review

Third-party consultant organised a kick-off discussion with ADB and WABAG to obtain an overview about the status of the WABAG's E&S system and its facilities and ADB's expectations, request for documents and finalize timelines for the site assessment and the deliverables.

The kick-off was followed by a desk-based review of information on corporate-level systems, policies and procedures for environmental and social management and for the identified sample sites.

3.4.2 Site Assessment

Team comprising of an EHS expert, and a social expert conducted site visit to WABAG's corporate office and sample sites. The details of site visits and key activities undertaken during site assessment has been presented in below table:

Table 3-1 Details of Site Assessment

Date	Name of Site	Key Activities
8 th June 2022	WABAG's Kolkata Site office and Bally Site	<ul style="list-style-type: none"> • Meeting with the site representatives to understand the status of the project and key permits obtained • Verification of available E&S documents in accordance with the Applicable Reference Framework for Bally and Baranagar site, and licenses and permits applicable to each site • Site reconnaissance at Bally STP along with its lifting stations, main pumping stations, gravity sewer lines and labour accommodations • Consultation with physically displaced fish-farm workers and fishermen to assess the implementation of provisions of LRP and their current economic conditions <p style="text-align: center; color: red; margin: 5px 0;">[CONFIDENTIAL INFORMATION DELETED]</p> <ul style="list-style-type: none"> • Consultation with workers at site and labour accommodation facilities to assess the labour working conditions and issues related to health and safety
9 th June 2022	Baranagar Site	<ul style="list-style-type: none"> • Site reconnaissance at Baranagar STP along with its lifting stations, main pumping stations, gravity sewer lines and labour accommodations • Consultation with workers at site and labour accommodation facility to assess the labour working conditions and issues related to health and safety
27 th June 2022	WABAG's Corporate Office	<ul style="list-style-type: none"> • Team meeting with WABAG's HSE team to understand corporate level HSE & S policies and procedures and its implementation at site level. It also involved review of all the relevant documents – corporate as well as site level. • Meeting with HR representative to understand the overall Human resource development procedures and employees' rights and their terms of employment • Meeting with Industrial Relation development team to understand the key aspects covered under the HR audit, timeframe of undertaking audit, closure of open issues and further monitoring • Meeting with procurement team to understand the process of selection of any supply chain vendor and their monitoring.
28 th June 2022	Nemmeli Plant	<ul style="list-style-type: none"> • Site reconnaissance and verification of available E&S documents including applicable E&S licenses and permits to get an overview of WABAG's performance as a company • To understand construction related E&S pending issues if any • Limited Consultation with nearby local community to understand their open issues related to the plant and to get

Date	Name of Site	Key Activities
		<p>sense of overall prospective of local community toward plant [CONFIDENTIAL INFORMATION DELETED]</p>
30 th June 2022	WABAG’s Patna Site office and Digha site	<ul style="list-style-type: none"> • Team meeting with the site representatives to understand the status of the project • Verification of available E&S documents and applicable licenses and permits for both Digha and Kankarbagh Site • Site reconnaissance at Digha STP’s sewer lines and labour accommodations • Consultation with economically displaced squatter (seasonal farmers) to understand their open issues related to the site and to get sense of overall prospective of local community toward site [CONFIDENTIAL INFORMATION DELETED] • Limited Consultation with workers at site and labour accommodation to assess the labour working conditions and issues related to health and safety
1 st July 2022	Kankarbagh Site	<ul style="list-style-type: none"> • Verification of pending E&S documents from previous day • Site reconnaissance at Digha and Kankarbagh STP’s location along with Kankarbagh STP’s sewer lines • Consultation with workers at site to assess the labour working conditions and issues related to health and safety

3.4.3 Reporting

Appointed third-party consultant has prepared this ESMS audit report based on the documents made available till 19th July 2022 by the WABAG, on consultation with WABAG’s ESH team, Industrial Relation team and HR team, and site representatives, workers and local community. Further, assessment of information available in the public domain has been made during the preparation of this report by third party consultant. The report includes overview of the project, categorisation of assignment, overview of available E&S systems, gap assessment table against the applicable reference framework and corrective action plan (CAP) that summarizes the key actions required to be completed by the WABAG, against agreed timeline.

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3.5 Limitations

While this assessment has endeavoured to provide a comprehensive review against the requirements of the applicable reference framework, there remain certain limitations to the assessment that should be considered:

- The related information available in the public domain has been considered for review without further validation and has been solely relied upon.
- Observations and gaps as identified in the report is with respect to the discussion and documents made available for review.
- Limited consultation with the local community at Nemmeli Desalination Plant, considering the project is in the operation and maintenance (O&M) phase and the availability of local community members as employees of the plant. Thus, detailed consultation by visiting the local community has not been undertaken by the third-party consultant.
- Limited document review was undertaken considering that the Nemmeli site is currently under O&M phase and this ESMS audit is focussed on assessing development and implementation of HSE policies and procedures by WABAG EPC.

4 Overview of the Corporate E&S Capacity and Environmental and Social Management System

4.1 WABAG Corporate Organisation Structure

WABAG at corporate level is headed by the Cluster Head India and CEO of the company. The Cluster Head and CEO is supported by different departmental Heads i.e., Chief Business Officer -O&M; Sales and Marketing Head; Head Proposals - DBO; Head Sales Water - Technology and Development; Quality Control; Finance Head; HR Head; Procurement Head; and **Quality, Health, Safety and Environment (QHSE)**. The departmental heads are further supported by dedicated team members comprising of Deputy Chief Engineers, Team leads and Project Managers. WABAG also have a Chief Operating Officer (COO) who is responsible for supervising the EPC Projects at the corporate level. The COO directly reports to the CEO and is supported by EPC Project Head, Engineering Head, Construction Management and Project Closure Head, Project Control Head, Civil Head, Commissioning Head, Head Piping (Proposal and Engineering, Technical Coordinators, Team Leaders and Project Managers).

In addition to the above, a Regional Head- Southeast Asia (SEA) has been appointed at corporate level who is responsible for monitoring WABAG Projects at Philippines, Sri Lanka, Singapore, Malaysia and Indonesia. The Regional Head is further supported by the country specific Business Heads.

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4.1.1 Health, Safety and Environment (HSE) Organisation Structure

WABAG's HSE organisation structure at corporate as well as site level has been presented in subsequent sections.

4.1.1.1 Corporate Level HSE Organisation Structure

The HSE division at the corporate level is headed by the Head HSE who is supported by HSE team comprising of two HSE Engineers, one HSE Coordinator, one E&S Manager and one HSE Manager. As reported, the HSE Team comprise of engineers with E&S Manager having qualification in environmental engineering. The roles and responsibilities of each HSE team member have been presented in Table 4-1.

Table 4-1: Roles and Responsibilities of HSE Team at Corporate Level

S.no	Designation	Roles and Responsibilities
1.	HSE Head	<ul style="list-style-type: none"> Lead the company wide HSE strategy Manage corporate HSE staff and succession plan Revisit and improve existing HSE policies and procedures for the organisation and contractors Supervise HSE audit and monitoring process at corporate as well as site level Ensure HSE training awareness among WABAG staff Lead and promote HSE culture and compliance within the organisation
2.	E&S Manager	<ul style="list-style-type: none"> Develop and implement Environmental and Social Management Support System for EPC and O&M Projects Develop E&S performance dashboard Ensure compliance with legal requirements Develop and release E&S performance reports Coordinate with external agency to develop and facilitate Environmental and Social Impact Assessment (ESIA) and regulatory Environmental Impact Assessment (EIA) studies Monitor HSE non-compliance and implementation of corrective actions at site level Monitor contractor's HSE performance Identification and engagement with third party agencies and/or non-governmental Organisations (NGOs) Support in Bidding and Tender Documentation Support in incident and investigation corrective action close out with site team
3.	HSE Manager	<ul style="list-style-type: none"> Develop and implement Environmental, Social, Health and Safety (ESHS) Management System for EPC and O&M Projects Develop and facilitate internal and external audit program Identify and close out HSE non-compliance at site level including non-compliance by contractors Support in Integrated Management System (IMS) certification compliance management Support in Bidding and Tender Documentation Support in incident and investigation corrective action close out with site team
4.	HSE Engineer	<ul style="list-style-type: none"> Develop site specific safety plans Develop hazard identification and risk assessment (HIRA) for major activities during construction and operation phases of WABAG projects Ensure compliance to legal requirements Develop and monitor process safety performance indicators Develop, review and update WABAG HSE operational control procedures (OCP) Identify and develop HSE training module to strengthen awareness among staffs and workers Support in tender documentation Support in incident and investigation corrective action close out with site team
5.	HSE Coordinator	<ul style="list-style-type: none"> Collect, analyse and verify daily, weekly, monthly HSE data from site Track and follow up with site team to close any HSE related corrective actions Develop and update HIRA for major WABAG activities during construction and operation phases Coordinate HSE inter and intra department meetings Track HSE training needs at corporate and site level Support in tender documentation. Support in incident and investigation corrective action close out with site team.

Source: WABAG

In addition to the above, as per the WABAG corporate HSE organisation structure, WABAG is yet to hire an HSE Engineer who will be responsible for coordinating and monitoring environmental aspects at site level and will

directly report to the E&S Manager. WABAG has also outsourced a manager for conducting trainings and audits at the corporate level.

4.1.1.2 Zone Level HSE Organisation Structure

WABAG has divided its India projects into three zones namely North zone, East zone, and West & South zone. Each of the three zones is headed by a dedicated Regional HSE Manager. The Regional HSE Managers directly reports to the Head HSE at corporate level. Reportedly, the HSE Manager at the corporate level is responsible for heading the West & South zone. Nine city wise safety councils have been developed under each zone to monitor safety aspect at each project site. The primary role of the safety council is to discuss safety related issues identified at sites. The primary safety councils are led by the zone wise Regional Heads and involve site level team members including safety champions, safety officers, safety and senior safety engineers, safety resident engineers and safety executives. Out of the nine city specific safety councils, one safety council belongs to the Hybrid Annuity Model (HAM) projects which include the Digha, Kankarbagh, Bally and Baranagar sites.

Currently WABAG does not have qualified social expert at the corporate level involved during project bidding, planning and implementation. However, after the site visit undertaken by the third-party consultant, it is informed by WABAG that they are in the process of hiring social expert at corporate level.

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Site Specific Organisation Structure

At site level, WABAG projects are headed by Regional Manager who is responsible for monitoring the HSE aspects at regional level. A dedicated Lead HSE Manager has been appointed at each WABAG site who reports to the Regional HSE Manager and is responsible for monitoring overall HSE activities at their respective sites. Furthermore, the Lead HSE Manager is supported by team of Safety Engineers and Safety Executives who are assigned dedicated STP and pipeline network locations to oversee day to day HSE activities at site level.

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Roles and Responsibilities of HSE Team at WABAG EPC sites

The roles and responsibilities of site specific HSE team at WABAG have been elaborated in **Table 4-2**.

Table 4-2: Roles and Responsibilities of HSE Team at Site Level

S.no	Designation	Roles and Responsibilities
1.	Regional HSE Manager	<ul style="list-style-type: none"> • Lead Regional Safety Council and ensure functional excellence • Conduct HSE audit at site on weekly and monthly basis • Identify and close out HSE non-compliance at site level including non-compliance by contractors • Support in HSE award and appreciation management • Conduct HSE trainings and ensure HSE awareness at site level • Monitor implementation of HSE Management Systems at site level • Support in Bidding Process • Monitor incident and investigation corrective action implementation at site level

- | | |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. HSE Engineer (EPC) | <ul style="list-style-type: none"> • Implement site specific safety plans • Ensure implementation of HSE requirement at site by employees, contractors and workers • Coordinate with third party to conduct Environmental monitoring as per CPCB norms and ISO 14001 requirement • Ensure compliance to legal requirement at site • Ensure effective monitoring and reporting at site • Facilitate Job Safety Analysis and Hazard Identification and Risk Assessment at site • Monitor implementation and compliance to Wabag’s Operating Control Procedures at site • Develop, attend and conduct site specific safety training • Conduct site safety inspection, supervision and documentation |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Project wise impacts

The portfolio of visited projects includes project where WABAG is acting as an EPC contractor. This ESMS Audit is limited to assess the role of WABAG as EPC contractor. As EPC contractor WABAG is not responsible to carry out impact assessment studies and preparation of management plans for mitigating impacts related IR/IP. The land acquisition/ land procurement for the project is the responsibility of the project owners and accordingly the implementation of IR/IP related management plans is the responsibility of the project owners or the concessioner. And encumbrance free land is handed over to WABAG for the construction. Based on the site visit the table below summarise the project impacts:

Table 4-3: Summary of IR/IP related impacts of project portfolio

Name of Project	Project categorisation – Involuntary Resettlement	Project Categorisation – Indigenous People	Details of Affected persons/DP/other impact	Responsibility of impact assessment & implementation	Status of R&R implementation	WABAG’s Responsibility as an EPC contractor - Engagement/ Role in R&R	WABAG’s Scope of Work – Categorisation (Involuntary Resettlement)
Nemmeli Site	C	C	The project is in the operation phase and at present no impact on local community due to operation of the Desalinisation plant is there	Not Applicable	Not Applicable	Not Applicable	C
Baranagar Site	C	C	No local community is impacted due to the plant development	Not Applicable	Not Applicable	Not Applicable	C
Bally Site	B	C	Temporary impacted due to laying down of sewer line Not Known Permanent Impact due to	The project has developed a Livelihood Restoration Plan (LRP) (based on IFC-PS, 2012 requirements)	Currently, the LRP is in the implementation stage, the concessionaire has appointed an external LRP	The responsibility of implementation of LRP lies on the concessionaire and WABAG	C

Name of Project	Project categorisation – Involuntary Resettlement	Project Categorisation – Indigenous People	Details of Affected persons/DP/other	Responsibility of impact assessment & R&R implementation	Status of R&R implementation	WABAG’s Responsibility as an EPC contractor - Engagement/ Role in R&R	WABAG’s Scope of Work – Categorisation (Involuntary Resettlement)
			development of STP 60 ⁴	a mitigation measure to reduce the impact of IR on the Project Affected Households. Further, the responsibility of implementation of the LRP lies on the Project’s specific concessioner named M/s Ganga STP Projects Private Limited. Note: The livelihood displacement impact has been identified prior to the Project’s construction phase. The livelihood displacement happened prior to the appointment of WABAG as an EPC contractor for the Project.	implementation partner. The Project has disbursed the financial assistance to the impacted households and have provided the training on alternative fish farming.	does not have any role in the implementation of the LRP. The scope of work of WABAG is to involve as an EPC contractor and have received the encumbrance free land for development of the Project without any IR related issues	
Digha Site	B	C	Permanent Impact 13 ⁵	Resettlement Action Plan (RAP) has been prepared for Digha STP following World Bank requirements. At present, the RAP is in the final approval stage by World Bank and BUIDCO	RAP is still in the process of approval by World Bank and is yet to be implemented.	Per the discussion of the Project owner (BUIDCO), the implementation of the RAP will lie on the Project owner and WABAG does not have any role in the implementation of the RAP	C

⁴ 46 (fishermen) + 14 (fish farm workers) = 60 PAHs are permanently impacted by the development of Bally STP.

⁵ Digha STP has resulted in the physical displacement of 13 squatters (who were doing seasonal farming). Further, Resettlement Action Plan (RAP) has been prepared for Digha STP, at present, the RAP is in the final approval stage by World Bank and BUIDCO.

Name of Project	Project categorisation – Involuntary Resettlement	Project Categorisation – Indigenous People	Details of Affected persons/DP/other impact	Responsibility of impact assessment & R&R implementation	Status of R&R implementation	WABAG’s Responsibility as an EPC contractor - Engagement/ Role in R&R	WABAG’s Scope of Work – Categorisation (Involuntary Resettlement)
Kankarbagh Site	C	C	No local community is impacted due to the plant development	Not Applicable	Not Applicable	Not Applicable	C

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4.2 Corporate Level Environmental and Social Management System at WABAG

WABAG has established an Integrated management System (IMS) in line with requirement of Quality Management System of ISO 9001:2015, Environmental Management System of ISO 14001:2015, and Occupational Health and Safety Management System of ISO 45001:2018. The company has obtained management system certification⁶ as per ISO 9001: 2015, ISO 14001:2015, and ISO 45001:2018 dated 9th November 2020 valid till 2nd March 2023

The IMS document consists of the following:

- Policy level considerations and commitments
- Key performance indicators (vision and mission) related to Environment, Occupational Health and Safety
- Organizational competency and capacity
- Management programs/procedures
- Risk and impact identification
- Monitoring and supervision of implementation of management measures.

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4.3 E&S Policies

WABAG at the corporate level has documented a set of E&S policies applicable to its employees, workers and contactors during construction and operation phase of its projects. The coverage of the company’s E&S policies have been discussed in subsequent sections.

4.3.1 Environmental Social Health and Safety Policy

WABAG has a dedicated Environmental, Social, Health and Safety (ESHS) Policy highlighting the company’s commitment towards continual improvement in ESHS performance in the activities, products

⁶ The scope of certification includes, a) Sales and marketing, b) Project Management, c) Design, d) Engineering, e) Procurement, f) Construction, g) Erection and commissioning, and Operation and maintenance of water treatment plants, wastewater treatment plants and desalination plants.

and services by implementing and maintaining management systems. The policy reflected company's commitment towards the following broad aspects:

- Compliance to legal and other requirement and evaluation of compliance obligations
- Incidence avoidance through prevention and ESHS awareness
- Minimization of environmental pollution
- Optimize utilization of natural resources
- Promotion of physical and emotional health and wellbeing of workers
- Proactive communication, training, consultation and felicitation among employees
- Commitment towards achieving excellence in environment, Social, Sustainability a, Health and Safety
- Increase in green cover in and around operational sites

The policy was developed [CONFIDENTIAL INFORMATION DELETED], and it is duly signed by the Managing Director and Group CEO of the company. The policy is applicable to WABAG employees, workers and contractors.

4.3.2 Policy for social aspects associated with WABAG⁷

- **Human Resource Policy and Procedures associated with policy:** WABAG has established a Human Resource manual (HRM), which is applicable for all its direct employees. The HRM guides the organisation through its policies on:
 - Employment Rules and Regulations
 - Employee Compensation
 - Employee Welfare benefits and Perquisites
 - Travel Rules
 - Enabling Organisation Building
 - Employee Communication
 - Exit Policy
 - Policy on Employment of Relatives
 - Travel Policy
 - HR Grievance Redressal System
 - Policy on safety of Female Employees after office hours
 - Promotion policy
 - Talent Management Policy
 - Record Management policy
 - SOP for Deployment of employees in Overseas Project
 - Crisis Management Procedure
 - Policy against Sexual Harassment (POS) Policy
 - Whistle Blower Policy
 - Site Management Manual

⁷ Details shared with third party consultant on HR Manuals and procedures were limited to overarching topics covered under the HR manual, and contents of the same have not been shared for detailed review owing to confidentiality of information. However, copies of some govt. certificates such as PF registration, copy of insurance etc were shared.

- **Corporate Social responsibility (CSR) Policy**: WABAG has established a CSR policy in line with the Companies Act, 2013, which encompasses its philosophy and guides its sustained efforts to undertake and support socially beneficial programs for society's welfare and sustainable development. The policy commits to prioritising its CSR activities around six (6) areas of work, which include, a) education, b) environmental sustainability, c) protection of national heritage, d) contribution to fund set up central government for socio-economic development and disaster relief, e) rural development projects, and f) setting up facilities related to pandemic illness.
- **Whistle blower policy**: WABAG has established a whistle blower policy which is in line with the provisions of section 177(9) and (10) of the Companies Act, 2013 and 4(2)(B) of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy detailed the: a) roles, rights and responsibilities of whistle blowers, b) overall procedures, c) retention of records, and d) notification.
- **Prevention of Sexual Harassment (POSH) Policy**: WABAG has established a POSH policy, to safeguards its business and employees from any sexual harassment⁸. The scope of the policy applies to all persons employed for work on regular, temporary, ad hoc or daily wages, whether directly or through a contractor and includes permanent employees, probationers, contract workers, trainees or apprentices. Further, policy define the procedure starting from filing a complaint to action taken on the complaint, with a specific timeline.
- **Other governance practices and policies**: The ethics and governance practices and policies include code of conduct for Board of Directors and Senior Management has been established at the corporate level.

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⁸ Sexual Harassment define by the Policy:

- unwanted physical contact if any form, including brushing past someone, invading their personal space, and more serious forms of physical or sexual assault
- unwelcome sexual advances or suggestive behaviour (even those which the harasser may perceive as harmless), and suggestions that have a sexual undertone leading to preferential treatment; or that a refusal may hinder it or lead to detrimental treatment in their employment
- continued suggestions for social activity after it has been made clear that such suggestions are unwelcome
- sending or displaying material that is pornographic or that some people may find offensive (including e-mails, text messages, video clips and images sent by mobile phone or posted on the internet)
- offensive or intimidating comments or sexually coloured remarks or gestures, or teasing I taunting, or insensitive jokes or pranks
- racist, sexist jokes, or derogatory or stereotypical remarks about a particular ethnic or religious group or gender
- singling out an employee by assigning him/her with demeaning and belittling jobs that are not part of his/her regular duties because of the individuals' gender, race, or other characteristic
- repeated attempts to exclude or isolate a person because of the individuals' gender, race
- Treating someone less favourably because they have refused to submit to such behaviour
- Spreading rumours / passing lewd judgment / comments of a sexist nature about a colleague will also be construed as sexual harassment, as it demeans the victim and makes him / her feel humiliated

4.4 Corporate Procedures for Identification of Risks and Impacts

The corporate procedures available with WABAG for identification of risks and impacts associated with its projects have been elaborated in the subsequent sections:

4.4.1 Screening, Categorization, Planning, and Review Procedures

WABAG at the corporate level does not have any formal procedure to undertake E&S screening and/or E&S studies and categorization of the projects to evaluate:

- E&S risks associated with the proposed project
- Establish the likely environmental and social risks categories of the proposed project
- Extent, depth and type of E&S studies that will be required to be undertaken

Involvement of WABAG's HSE team during project bidding stage is limited to review of bid document on the HSE requirements and share the required HSE documents with the sales & marketing teams. Decision on Go-No-Go for the proposed project is taken by the sales & marketing team.

It is also understood that Wabag is engaged as EPC contractor by clients to construct the wastewater treatment plants. The project locations are selected by the client and EPC contractor is required to set up projects at these locations. As further understood, Wabag does not have any role in selection of the sites. As reported by WABAG's corporate team, E&S studies such as Environmental and Social Impact Assessment (ESIA) for the projects are conducted as per contractual requirement executed between WABAG and Client (owner of Project) and/or Investor.

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4.4.2 Hazard Identification and Risk Assessment (HIRA)

WABAG at the corporate level has documented HSE common management procedure (CMP) on hazard identification and risk assessment and environmental aspect/ impact as part of the IMS manual. The document has been developed with an objective to identify occupational health and safety (OHS) hazards/risks and environmental aspects/impacts from all activities, products and services rendered by the company and to mitigate such risks by adopting measures during its project lifecycle. It broadly covers the following:

- Planning: Actions to address risks and opportunities
- Evaluation of significant impacts/risks
- Guidelines on hazard considerations
- Criteria for assessing the significance of environmental aspect/impact and OHS hazards/risks
- Records

4.5 Legal Compliance Assurance

WABAG as part of its IMS manual has developed a dedicated management procedure on monitoring and measurement and legal compliance at site level. The document has been titled as CMP-15 and provides guidance and ensure that the company periodically evaluates its HSE performance and comply with the relevant HSE regulations. The document broadly covers the following aspects:

- Procedure for legal compliance

- Procedure for HSE monitoring covering aspects like energy consumption, diesel used in DG sets, water used for civil work etc.
- Legal register highlighting the required permits both for EPC and O&M projects

The sites are mandated to comply with the requirements of the CMP-15 and share legal compliance reports at the corporate level periodically. Any non-compliance with legal requirements at site is raised by the HSE team at site or corporate level in the safety committee meeting held on monthly basis.

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4.6 HSE Training

WABAG has a dedicated procedure on competence, awareness and training referred as document no. P-720 as part of the IMS manual. Purpose of the document is to ensure that the workers are imparted with adequate HSE trainings and are aware and competent to undertake work at WABAG sites. The document is applicable to all the WABAG employees and contractors whose work affects the performance of the Integrated Management System.

The document broadly covers the following aspects:

- HSE Instructions
- Employee Training
- Training of contractor and supplier
- HSE Training Calendar
- Forms and Documented Information

Reportedly, the corporate team imparts weekly virtual HSE trainings (on topics like awareness on strategic importance of QHSE management, general awareness on HSE policy, skill improvement, compliance to legal requirement, internal auditor qualification, emergency preparedness and specific HSE training needs) to its employees at site level. Training calendars are developed on quarterly basis to impart trainings at site level. The records of trainings imparted by corporate to site team was shared for review. These included topics like EHS policy, OCP procedures, behavioural based safety, Environmental monitoring and legal requirements, fire extinguisher escape, importance of PPE etc.

As reported, the HSE team at site level are required to develop site specific training calendar in line with the P-720 document and impart trainings to the workers at site and maintain records as per the forms mentioned in the document.

4.7 HSE Operating Control Procedures

WABAG has documented certain operating control procedures (OCPs) which are applicable to its EPC sites and HSE site team is expected to implement these at their respective sites. The OCPs developed at the corporate level have been listed below:

- OCP 003: Safe Working in Confined Space
- OCP 004: Electrical Maintenance Work
- OCP 005: Handling of Chemicals and Spill Control
- OCP 006: Welding and Gas cutting
- OCP 007: Material Lifting- Handling and Tackles

- OCP 008: Safe Erection and Dismantling of Scaffolds
- OCP 009: Safe Use of Ladders and Stairs
- OCP 012: On Site Stress Relief Treatment
- OCP 013: Lock Out and Tag Out (LOTO) for work on energised systems
- OCP 014: Controlled Blasting
- OCP 015 (A): Emergency Response Plan
- OCP 015 (B): Emergency Mock drill report
- OCP 016: Handling of Wastes
- OCP 017: Control of Vehicular Pollution
- OCP 018: Safe Working in or near water bodies
- OCP 019: Surface Preparation by Blasting and Painting
- OCP 020: Safe Excavation
- OCP 021: Permit to Work
- OCP 022: Incident Reporting, Investigation and Correction
- OCP 023: HSE Violation Procedure
- OCP 024: HSE Contractual Agreement
- OCP 025: HSE Site Management Procedure

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4.7.1 Environmental and Social Management Plan (ESMS/CMP/01)

WABAG at the corporate level, has a dedicated environmental and social management plan (ESMP) which is applicable to its EPC sites. The ESMP included environmental management plan (EMP) describing management procedures on ambient air quality, noise pollution, waste management, water quality, oil spill, vector and disease management and stormwater management. The ESMP also includes requirement of environmental monitoring at site level and review of environmental monitoring reports at corporate level on quarterly basis. The ESMP comprises of an environmental training matrix applicable to the EPC sites which includes training topics like environmental induction, environmental requirement for specific activities, waste management, hazardous chemical management, energy and resource conservation, environmental aspects and impact identification and environmental incidents.

According to the ESMP, WABAG will also prepare and share environmental and social report to the lenders which shall broadly highlight compliance to management plan, details of E&S monitoring, E&S performance indicators, summary of internal and external audits, status of incidents, non-conformance, summary of grievance management, stakeholder consultation and status of implementation of livelihood restoration plan.

4.7.2 Community Health, Safety and Security Management Plan

WABAG at the corporate level has a dedicated community, health, safety and security management plan applicable to all the EPC sites. The plan identifies management procedures to avoid community diseases, emergency incidents, ensure safety and security of community, develop community safety awareness program.

4.8 Labour Management and Supply Chain

4.8.1 Labour Management

Human Resource Development

As an integral part of established IMS, WABAG has established a formal procedure of Human Resource Development of its employee. The procedure include:

- Identification of suitable candidate based on the requirement of work, qualification, and experience
- Employee orientation specific to department of employed
- Employee’s performance management by defining performance/development objective, and review, appraisal and managing employee performance
- Training provided to employees, which include the following procedure:
 - Defining training needs
 - Training budget
 - Training Calendar
 - Providing training
 - Evaluating training effectiveness
 - Monitoring and improving training

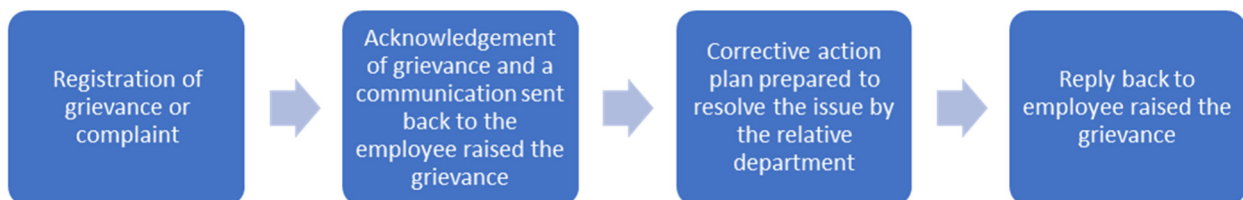
Further, the procedure also has defined the responsibility of different personnel or team for process/sub-process/activity.

Internal HR and IR (industrial Relation) Grievance Redressal Mechanism

WABAG, at the corporate level, has established an internal (similar to the external) grievance mechanism. The established GRM has been prepared based on the following principles:

- Publishing Grievance Management Procedures
- Receiving and keeping track of grievances
- Reviewing and investigating grievances
- Developing resolution options and preparing a response
- Monitoring, reporting and evaluating a grievance mechanism.

The internal stakeholder (WABAG’s staff/employees) can lodge their grievances or complaint by visiting the official website of WABAG [\[link\]](#). Reportedly, the GRM procedure includes:



Information Source: Details provided by WABAG

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Site Management Manual

WABAG has developed a site-specific manual which guides WABAG's efforts for labour management and statutory compliances. The manual's scope applies to the Engineering, Procurement and Construction (EPC) and Operation & Maintenance (O&M) phases of a site. The key requirements of the manual include:

- **Health, Safety and Environment (HSE)⁹:**
 - A medical facility shall be developed at the site level, medical assistance shall be arranged in case of an accident, and WABAG shall bear expenses on hospitalization where required
 - Medical Check-up for all employees¹⁰
 - All procedures of the HSE management procedure shall be implement at the site
 - Prevention of employees from any accident, and if any accident occurs, then the site shall immediately report it to the Head of Construction/Commercial Manager/Project Manager
- **Statutory Compliance¹¹:**
 - The contractor (including sub-contractors) shall be exclusively responsible for the stringent compliance under all applicable labour, and industrial laws/rules/acts¹²
 - Contractor shall not engage/deploy any person who has not completed the age of 18 years on the date of his deployment/engagement¹³
 - Contractor, before deploying any persons for working, shall issue an identity card with photographs (*in line with the requirement of Form no. 26 under Factories Act, 1948*)
 - Display of all applicable legal notices¹⁴ in English or local language or any other language which is commonly understood by majority of workmen
 - The contractor shall submit applicable documents¹⁵ as per applicable laws/rules/act and contractures agreement prior to commencement of work
- **Site Audit¹⁶** is undertaken by WABAG's internal auditor of Industrial Relation (IR) team at least once in six (6) months. The audit presents the observation and gap related to the implementation of labour rights aspects. Furthermore, the IR team reportedly established a

⁹ This is applicable to WABAG's on-roll employees, outsourced staff, sub-contractors as well as third parties related to WABAG's work at site

¹⁰ Employees in age group 40 and above may undergo a health check once in a year; and employees in age group below 40 will undergo health checkup once in two (2) years

¹¹ The guideline on Statutory compliance is applicable on all appointed contractors and vendor. Primary purpose of this guideline is to maintain adequate and proper compliance under applicable labor laws/rules/act

¹² The compliance with applicable laws/rules/acts also includes compliance with further modifications, amendments, and additions any provisions of laws, statutes, acts and notifications, amendments, and additions any provisions of laws, statutes, acts, and notifications issued by any government authority.

¹³ Provisions are related to abolition of child labor at the site

¹⁴ Notices includes: 1) Rate of Wages, 2) hours of work, 3) wage period, 4) date of payment of wages, 5) name and address of the labor officer having jurisdiction; and 6) Date of payment of unpaid wages

¹⁵ Applicable documents include: 1) the copy of letter of intent/work order/contract/agreement issued by WABAG; 2) copy of registration under Shops and Establishment act; 3) copy of PF code allotment letter; 4) copy of ESIC code allotment letter; 5) copy of ESIC code allotment letter; 6) copy of workmen compensation policy (*applicable in case of area not covered under ESIC*); and 6) copy of the Labor License issue by the appropriate labor Department

¹⁶ The site audit shall cover all major provisions of manual such Statutory compliance. Further, a report is prepared and discussed with Site in charge, project manager, finance head and all high priority issues will be reported to WABAG's audit committee.

monitoring and tracking system to close any non-compliances identified during the audit. However, as observed during the site visit, the procedure does not promptly close the identified non-compliances.

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4.8.2 Supply Chain Management

WABAG has established a supplier master maintenance procedure as an integral part of IMS. The procedure include:

- **Supplier Registration:** the supplier is identified based on the potential supplier list prepared by the WABAG and the supplier’s registration is a two (2) stages process, which include:
 - Step 1: the request for supplier registration is made through supplier approval request online in WABAG’s vendor portal by the project secretaries and project engineers. The project manager will recommend the request and same will be approved by Head – Contract execution
 - Step 2: the supplier details will be updated in the vendor portal by QHSE department. The supplier registration code is created once the supplier is registered in the system
- **Supplier Performance Evaluation/re-evaluation:** The performance of the supplier is evaluated by quality check and engineering team based on the evaluation questionnaire. The assessment is made by the WABAG’s internal auditor and include the following key E&S checks:
 - Condition of the plant and machinery held by the supplier
 - Management – Labour Relations and any labour problem in the past three (3) years
 - Has the supplied implemented a quality management system (QMS-ISO 9001), health & safety management system (OHSAS ISO 45001), and Environmental Management System (IMS ISO 14001)

Further, based on the assessment, WABAG provide the rating under each aspect and based on individual rating a final rating is provided to the supplier [CONFIDENTIAL INFORMATION DELETED]

Approval of Supplier and blacklisting of supplier: based on the assessment, the supplier is selected and decision on blacklisting of supplier¹⁷ by project manager/QHSE

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4.9 Community and Stakeholder Engagement and External Grievance Redressal Mechanism

4.9.1 Community and Stakeholder Engagement

Corporate Level

Stakeholder Engagement Plan (SEP)

¹⁷ Based on the supplier performance, the poor rated supplier will be presented to the top management for the decision for blacklisting

WABAG at the corporate level has established a formal SEP to guide the company in engaging with stakeholders in a culturally appropriate manner. The primary goal of the SEP is to ensure the timely provision of relevant and understandable information provided to identified stakeholders. The SEP has been prepared basis of following principles:

- Provide meaningful information in a format and language that is readily understandable and tailored to the needs of the target stakeholder group(s)
- Provide information in advance of consultation activities and decision-making
- Disseminate information in ways and locations that make it easy for all stakeholders to access it
- Respect local traditions, languages, timeframes, and decision-making processes
- Establish Two-way dialogue that gives both sides the opportunity to exchange views and information, to listen and to have their issues heard and addressed
- Seek inclusiveness in representation of views, including women, vulnerable and elderly people, and/or minority groups
- Adopt processes free of manipulation, interference, intimidation, or coercion for participation
- Develop clear mechanisms for receiving, documenting, and responding to people's concerns, suggestions, and grievances
- Incorporate feedback into Project or program design, and report back to stakeholders in a reasonable time.

Corporate Social responsibility

WABAG has an established Corporate Social Responsibility (CSR) policy in line with the Companies Act, 2013, which encompasses its philosophy and guides its sustained efforts to undertake and support socially beneficial programs for society's welfare and sustainable development.

WABAG's CSR activities are primarily focus on water augmentation, conservation, use efficiency, reuse and water sustainability¹⁸, and sanitation [CONFIDENTIAL INFORMATION DELETED].

[CONFIDENTIAL INFORMATION DELETED]

4.9.2 External Grievance Mechanism

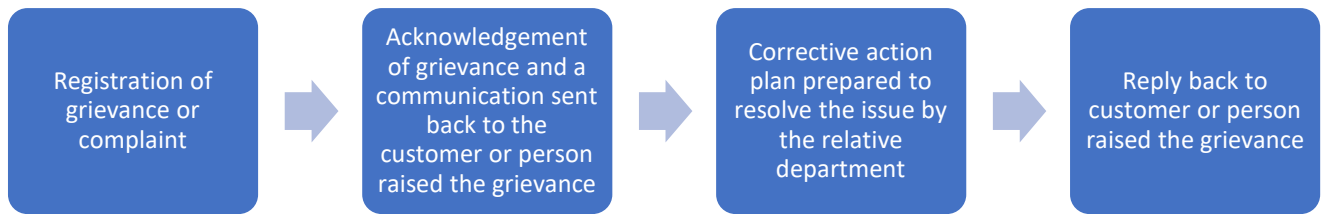
Corporate Level

WABAG, at the corporate level, has established an external grievance mechanism. The established GRM has been prepared basis of following principles:

- Publishing Grievance Management Procedures
- Receiving and keeping track of grievances
- Reviewing and investigating grievances
- Developing resolution options and preparing a response
- Monitoring, reporting and evaluating a grievance mechanism.

¹⁸ Objective of water sustainability include a) Restoration of degraded land, b) In-situ water harvesting, c) productivity enhancement, d) community asset creation

The external stakeholder can lodge their grievances or complaint by visiting the official website of WABAG¹⁹. Reportedly, the GRM procedure includes:



Information Source: Details provided by WABAG

Further, WABAG, at the corporate level, as part of the Integrated Management System (IMS), has established a standard management procedure for customer complaint handling [CONFIDENTIAL INFORMATION DELETED]²⁰. However, the process is focused on quality-related complaints raised by customers.

[CONFIDENTIAL INFORMATION DELETED]

4.10 Workers' Engagement and Grievance Redressal Mechanism

4.10.1 Workers Engagement

WABAG has established a procedure on Consultation and Participation of Worker [CONFIDENTIAL INFORMATION DELETED] in line with clause 5.4 of ISO 45001:2018. The scope of the document applies to all activities performed at EPC and O&M phases. The procedure includes a) participation of workers and their involvement in Occupational Health and Safety (OHS), and b) ensuring information concerning HSE-related issues is communicated to/from employees & workers.

As per the Consultation and Participation of Worker's document provisions, the process of engagement with workers includes:

- **Training**
 - workers and their representative will be given training on the site specific HSE plan/HSE Policy/Safety initiatives/Hazards and risks/Safe operating procedures/operational controls
 - training will be conducted through, induction training, toolbox, mass toll box, awareness sessions in local languages which is understood by workers
 - proactive and reactive performance of OHS system is also shared
 - workers shall be trained to report hazards and any defects in the construction phase
 - conduct periodic toolbox meetings with contract workmen for enabling better work practices and take their feedback for improvement

¹⁹ <https://www.wabag.com/reach-us/> (Accessed on 14th July 2022)

²⁰ The procedure stipulates the flow chart of the overall procedure, the responsibility of various departments, and definitions and identification of customer complaints.

- **Display of information**
 - Environment Social Health and Safety Policy shall be displayed at key workplaces and site main gate
 - Critical safety instruction shall be displayed at all critical work operational areas
- **Maintaining Records**
 - Record the proceedings and communicate to all site team members/worker representatives. The workers representatives will be responsible for dissemination of the same to workers
- **Informal discussion**
 - Management representative from corporate level during the site, shall have an informal discussion with workers to understand their concerns. This will be recorded in the worker feedback form (F-540-002).

[CONFIDENTIAL INFORMATION DELETED]

4.11 Monitoring and Reporting

4.11.1 P-920: Internal Audit Procedure

WABAG has documented a dedicated procedure on internal audit which describes the process for internal audit of the company's Integrated Management System (IMS). The HSE Head has the prime responsibility to ensure that internal audits are conducted at six monthly bases.

The observations made in the internal audit reports are reviewed by the CEO of the company and discussed in the management review meetings held quarterly.

In addition to the above, WABAG has developed a dedicated audit plan as part of its common management procedure (CMP). The audit plan provides guidance for conducting internal audits of the company's IMS to assess implementation of common management procedure, project management procedure, operating control procedures, health, safety, environment and social requirements and quality management procedures.

WABAG has also established a common management procedure for corrective action. The document included procedure for monitoring both quality and HSE related corrective actions and responsibilities for ensuring successful implementation of the any suggested corrective action.

In addition to the above, since the company is International Organisation for Standardisation (ISO) certified, external audits as per ISO 9001, 14001 and 45001 are conducted annually by certified auditors.

4.11.2 F-915-002: HSE Index Assessment

WABAG has documented a HSE Assessment and Index Report format for recording observation of monthly site level HSE assessments. The format covers the following:

- Workmen Induction Training and PPE Compliance
- WABAG Employee/ JV compliance to PPE
- Subcontractor safety management
- Toolbox talk
- Safety Improvement Meeting
- Work Permit System

- Signages
- Housekeeping, Labour Camp and Material Handling
- Equipment Certification and Calibration
- Communication of HSE initiatives
- HSE statistics
- Compliance with statutory and regulatory requirements
- HSE documentation

Each of the aforementioned aspects are assessed at site and a score is provided based on status of site with respect to each aspect. The target score is calculated to provide an assessment score, percentage compliance and Project HSE Index. As reported, the assessment is conducted by the Regional HSE Managers at all the sites within their respective zones on a monthly basis.

In addition to the above, daily inspections are also conducted at each site by the site HSE Manager or HSE Engineers and records for the same were observed to be maintained.

4.12 Scope and Limitations of E&S Responsibilities of WABAG as EPC Contractor

Stages of EPC project cycle comprises of identification of project opportunities, bid preparation, signing of EPC contract agreement, planning, mobilization and procurement, construction, demobilization and handover to O&M team. Contract agreement between the Project owner and Wabag clearly mention roles and responsibilities on E&S aspects. Contract agreement includes list of all the applicable EHS permits to be secured and complied by EPC contractor i.e., Wabag. It also mentions responsibility of implementation of EMP/ ESMP contained in the EIA/ ESIA by an EPC contractor.

Review of contract document and discussion with the WABAG corporate HSE team indicates that scope of E&S responsibilities of WABAG as an EPC contractor mostly includes:

- **Obtaining applicable EHS and labour permits / approvals and its compliance**
- Engagement of staff and labour and compliance to all the statutory labour requirements including but not limited to minimum wages; working hours; leaves; prohibition of child labour and forced labour; equal pay & non-discrimination; welfare; sanitation; facilities – accommodation, transportation, adequate water supply, lighting, measures against insects and pest's nuisance; health & safety – medical check-up, first aid facilities, awareness on STI and STD, etc.
- Protection of Environment - take steps to protect the environment (both on and off site) and limit damage and nuisance to people and property resulting from pollution, noise, etc. from its operations. Also ensure that emissions, surface discharge, and effluent shall not exceed the values prescribed by applicable laws.
- **Compliance with the EMP/ ESMP or other corrective action plans** as shared by the employer/ client.

As per WABAG's internal management system, site specific HSE plan is prepared and implemented on site. WABAG has developed HSE plan at corporate level which is updated to site specific conditions. It is also revised in some cases to meet client's specific requirements.

Limitation

- WABAG, as an EPC contactor has to comply with the scope and terms & conditions of the contract document and has the following limitations:
- Site section: Site for the projects is identified by client, WABAG don't have any role to play in site selection. The company submit the bid/ proposal in response to the bid documented floated by the client which is always after site selection.
- Land procurement & compensation: Land procurement for the projects is done by project owners which are mostly government bodies. Mostly land for the projects is in possession of the project owners.
- RAP and LRP implementation: Since land procurement is done by the Client, responsibility of implementation of Resettlement Action Plan (RAP) and Livelihood restoration Plan (LRP), if triggered, lies with the project SPV/ project owner.
- E&S studies: WABAG, don't have any mandate of undertaking E&S studies for the projects. E&S studies are undertaken as per the scope of the contract document by project specific SPVs or by project owners. Also, regulatory Environmental Impact Assessment (EIA) study if required, is conducted by the project owner. EIA studies don't cover social aspects in detail and are not aligned to the E&S requirements of the international standards. Scope of E&S studies (ESIA/ RAP/ LRP) is as per the applicable reference framework adopted by lenders.
- Scope of impact studies undertaken by client is not under purview of WABAG
- Decision making: Final decision taking authority lies with the project SPV or with project owners that may results in delay in decision making, in case of grievances including multiple stakeholders (local communities, other government agencies, etc)
- Implementation of Resettlement Action Plan (RAP) and Livelihood restoration Plan (LRP)

Compliance to legal permits: Project owner/ SPV, as a principal employer is responsible for securing few permits (Environment Clearance, Consent from State Pollution Control Board, Principal Labour Licence, etc.). WABAG, as an EPC contractor can follow up for obtaining permit and can extend help in complying with the terms & conditions (limited to on site implementation of EPC related activities), however, responsibility of obtaining permits and its compliance lies with the Project owner/ SPV. Permits and its compliance which are in scope of work of client/ employer.

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5 Conclusion and Recommendations

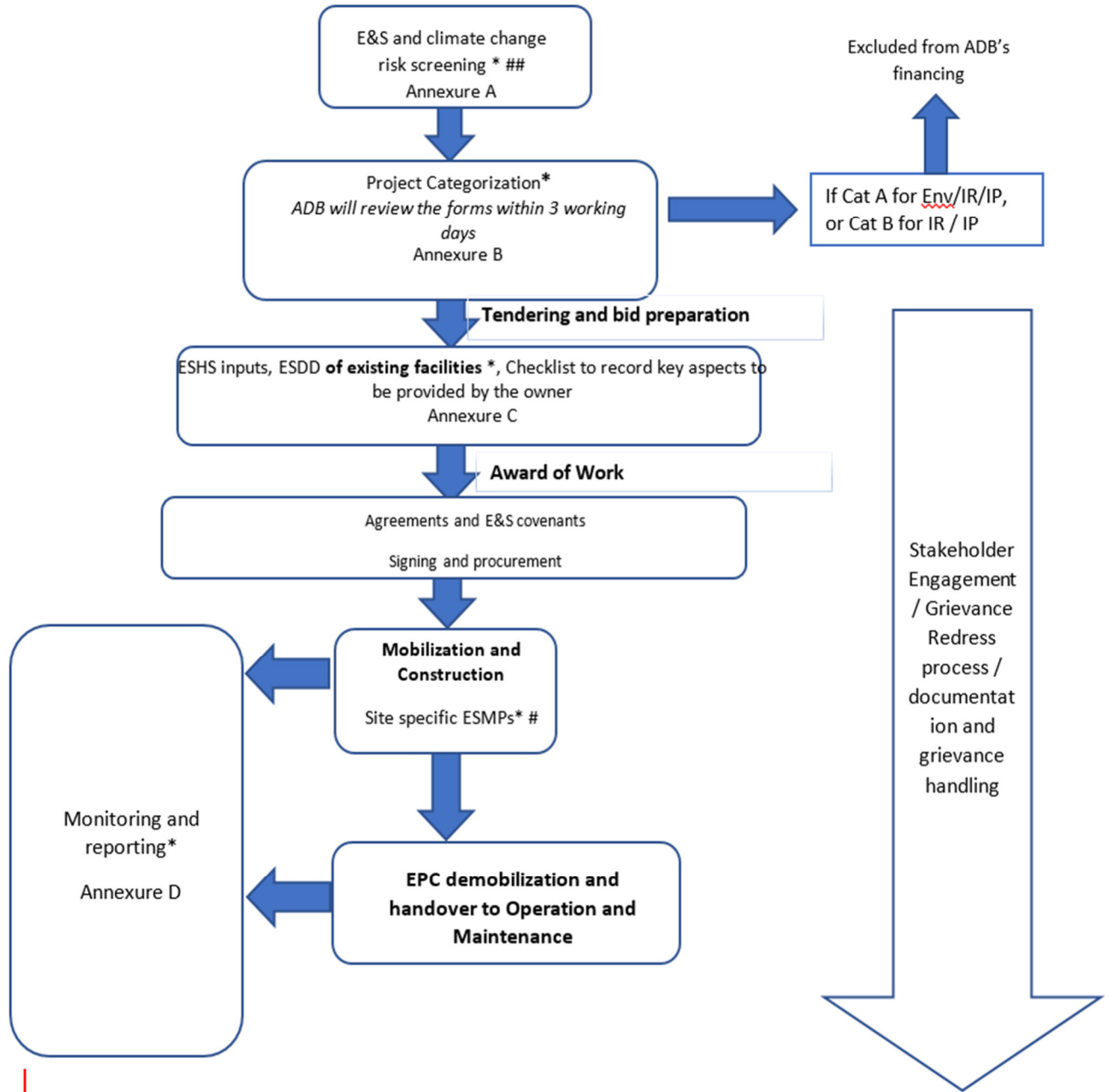
WABAG is an ISO certified company, and its management system is as per the requirements of ISO (International Organization for Standardization). Operations of WABAG are partially aligned to the national and state level regulations and ADB safeguards. Based on third party assessment, the Project has been categorised as Category "B" for environment and "C" for Indigenous People and Involuntary Resettlement in accordance with the ADB's safeguard policies. The rationale for the project categorization is based on assessment of WABAG's procedures on E&S screening, E&S management plans, contractor labour management system, legal compliance, human resource, indigenous people and land procurement/leasing procedures. With regards to assessment of WABAG's E&S management procedures at the corporate level, it is understood that the Company has developed common management

procedures, project management procedures and HSE control procedures, however implementation of the procedures at site level requires improvement.

It is recommended that WABAG should ensure that all the new EPC projects, in which monies from ADB's facility is proposed to be utilised, are screened through E&S screening checklist (including Environmental and Ecologically Sensitive Area, Indigenous People, Physical Cultural Heritage, etc.), categorised as per ADB's Categorization, develop checklist to record key aspects to be provided by the owner (including not limited to EIA/ ESIA/ LRP/ SEP/ RAP/ IPP/ other E&S study). Climate change & biodiversity risks to also be assessed. The screening procedure should specifically screen out any subproject that have outstanding involuntary resettlement (IR) or indigenous peoples (IP) issues or potential IR and IP impacts. Site-specific E&S management plans should be developed based on sensitivities identified as part of preliminary E&S screening. Also, a dedicated person to be appointed at corporate level to monitor social aspects associated with its projects to bridge the gap between the existing management system and ADB safeguards. [CONFIDENTIAL INFORMATION DELETED]

[CONFIDENTIAL INFORMATION DELETED]

ESMS implementation chart to be followed for EPC projects is as presented below:



*** For each new project using ADB’s proceeds, ADB will review associated documentation prior to proceeding to the next step**

if the climate screening is medium or high as identified in the screening and categorization, the designs and plans will need to include measures to ensure climate mitigation/adaption as required. This has to be also indicated in the ESMPs

Site specific E&S management plans based on E&s screening to be submitted to ADB for review and disclosure before start of construction

List of Annexures to be developed

- Annexure A E&S Screening Checklist (The social screening procedure should specifically screen out any contracts that have outstanding involuntary resettlement (IR) or indigenous peoples (IP) issues or potential IR and IP impacts)
- Annexure B Risk Categorization Checklist
- Annexure C Checklist to record list of items to be provided by the Project Owner (EIA/ ESIA/ LRP/ SEP/ RAP/ IPP/ other E&S study, legal permits)
- Annexure D Template for Annual Report to be submitted to ADB