HINDUSTAN ZINC
Zinc & Silver of India

Hindustan Zinc Limited
Climate Action Report 2025-26

SAFE SMART SUSTAINABLE

CONTENTS

EXECUTIVE SUMMARY	1
ABOUT THIS REPORT	2
MESSAGE FROM THE CHAIRPERSON	4
MESSAGE FROM THE CEO	6
KEY HIGHLIGHTS FY2025-26	8
GOVERNANCE	10
CLIMATE GOVERNANCE AND ACCOUNTABILITY	12
CLIMATE SCENARIO ANALYSIS AND STRATEGIC RESILIENCE	14
PHYSICAL CLIMATE RISKS ACROSS OUR SITES	15
TRANSITION CLIMATE RISKS AND OPPORTUNITIES	18
FINANCIAL QUANTIFICATION	22
TRANSITION PLAN AND DECARBONISATION PATHWAY	23
VALUE CHAIN RISK ASSESSMENT	24
SUPPLIER RISK ASSESSMENT	25
SUSTAINABILITY THROUGH SUPPLIER COLLABORATION	26
CUSTOMER RISK ASSESSMENT	27
ECOZEN: LOW-CARBON ZINC	28
AVOIDED EMISSIONS AND CUSTOMER DECARBONISATION	28
RISK MANAGEMENT	30
CLIMATE RISK REGISTER	32
INTERNAL CARBON PRICING	34
METRICS AND TARGETS	36
WATER, WASTE AND CIRCULARITY PERFORMANCE	40
NATURE, BIODIVERSITY AND CLIMATE INTERLINKAGES	40
CLIMATE POLICY ENGAGEMENT AND INDUSTRY PARTICIPATION	41
CLIMATE-RELATED EFFECTS ON STRATEGY AND FINANCIAL PLANNING	44
WAY FORWARD	47
FORWARD LOOKING STATEMENT	48
IFRS S2 ALIGNMENT INDEX	49
APPENDIX A - PHYSICAL CLIMATE RISK ASSESSMENT METHODOLOGY	50
ASSURANCE STATEMENT	52

EXECUTIVE SUMMARY

Hindustan Zinc continued to strengthen its position as a global sustainability leader, retaining its Global No. 1 Ranking in the S&P Global Corporate Sustainability Assessment (CSA) 2025 for the third consecutive year by advancing decarbonisation, water stewardship, circular economy, climate governance, and climate-related disclosure maturity. As one of the world's leading integrated zinc producers and a key supplier of metals critical to the low-carbon transition, the Company recognises that climate change is both a material business risk and a strategic opportunity. Its approach therefore combines risk mitigation, operational resilience, capital deployment, low-carbon product innovation, and long-term business transformation.

The Company's climate ambition remains anchored in its Science-based Targets initiative-aligned pathway: to reduce Scope 1 and Scope 2 emissions by 50% and Scope 3 emissions by 25% by 2030, from the FY2020 baseline, and to achieve Net Zero by 2050 or sooner.

Considering HZL's planned expansion to reach 2 million tonnes of metal capacity by 2030, achieving the SBTi near-term target may be challenging from a Scope 1 and Scope 2 perspective due to the associated increase in absolute energy demand and emissions accounting complexity. However, HZL remains firmly committed to achieving its SBTi-approved targets and is actively addressing these transition challenges through a robust decarbonisation roadmap. Key interventions include shifting from the State Transmission Utility model to the Central Transmission Utility model to improve power procurement efficiency and reduce transmission losses, along with adding 990 MW of battery energy storage capacity to support green power demand for both existing and expanded capacity. With these measures, HZL is well placed to manage growth-related emissions while continuing to progress toward its climate commitments.

In FY2025-26, HZL reported combined Scope 1 and Scope 2 emissions of 5.02 million tCO2e and Scope 3 emissions of 1.47 million tCO2e. The year also saw a meaningful increase in renewable power utilisation, with 892 MU of renewable power consumed, contributing to an estimated 0.83 million tCO2e reduction. The Pantnagar Metal Plant continued to operate on 100% renewable power.

Beyond operational decarbonisation, HZL further strengthened its market positioning through low-carbon and sustainability-linked value creation. EcoZen, Asia's first low-carbon zinc product, continued to demonstrate how climate action can create product differentiation and support customers' downstream Scope 3 reduction goals. On water stewardship, HZL remained 3.32x water positive, reduced freshwater use by 13% against the FY2020 baseline, and continued scaling treated sewage water use and recycling. On circularity, the Company generated significant value through reuse and beneficial utilisation of waste streams, contributing both to environmental outcomes and business performance.

Governance oversight of climate-related matters continued through Board and management structures, including the Sustainability & ESG Committee and enterprise-level risk oversight processes. Climate-related issues are considered in strategic planning, investment decisions, risk assessment, and remuneration-linked sustainability performance. The Company continues to improve the quality and consistency of its climate disclosures. This report provides a clearer and more comprehensive overview of its climate-related approach, aligned with IFRS S2 and informed by leading CDP disclosure practices.

ABOUT THIS REPORT

This Climate Action Report presents Hindustan Zinc Limited's climate-related governance, strategy, risk management, metrics, targets, and progress for FY2025-26. The report is intended to provide investors, customers, lenders, employees, regulators, communities, and other stakeholders with decision-useful information on how climate-related risks and opportunities affect the Company's business model, strategy, value chain, financial planning, and long-term resilience.

This report is structured to align with the four pillars of IFRS S2 Climate-related Disclosures—Governance, Strategy, Risk Management, and Metrics & Targets—and is designed to embed the climate change-related disclosure requirements beyond governance oversight, transition planning, scenario analysis, climate-related financial impacts, value chain engagement, emissions performance, targets, internal carbon pricing, and assurance, this report includes disclosures on organisational boundaries, time horizons, substantive effect assessments, and the processes used to identify and manage climate-related dependencies, impacts, risks, and opportunities. It also presents metrics that support an understanding of the Company's climate-related exposure and resilience.

Reporting Period:

Reporting period: April 01, 2025 to March 31, 2026, aligned with Hindustan Zinc Limited's (HZL) financial reporting year.

Reporting Boundary:

The reporting boundary for this Climate Action Report is aligned with Hindustan Zinc Limited's financial statement boundary and remains unchanged from the boundary applied in the previous reporting year. Accordingly, the report covers Hindustan Zinc Limited's consolidated operations and, where relevant, upstream and downstream value-chain interfaces considered for climate risk, opportunity and Scope 3 assessment.

Consolidation Approach for Climate Data:

Greenhouse gas emissions and operational performance indicators are reported using the operational control approach, consistent with the previous reporting year. It has been retained for FY2025-26, and accordingly the approach to Scope 1 and Scope 2 accounting, as well as Scope 3 reporting and value-chain coverage, remains unchanged. The operational control approach is applied to ensure that the organisation accountable for emissions can effectively manage and reduce them, with clear assignment of responsibility for emissions management and mitigation efforts.

Time Horizons used in this Report:

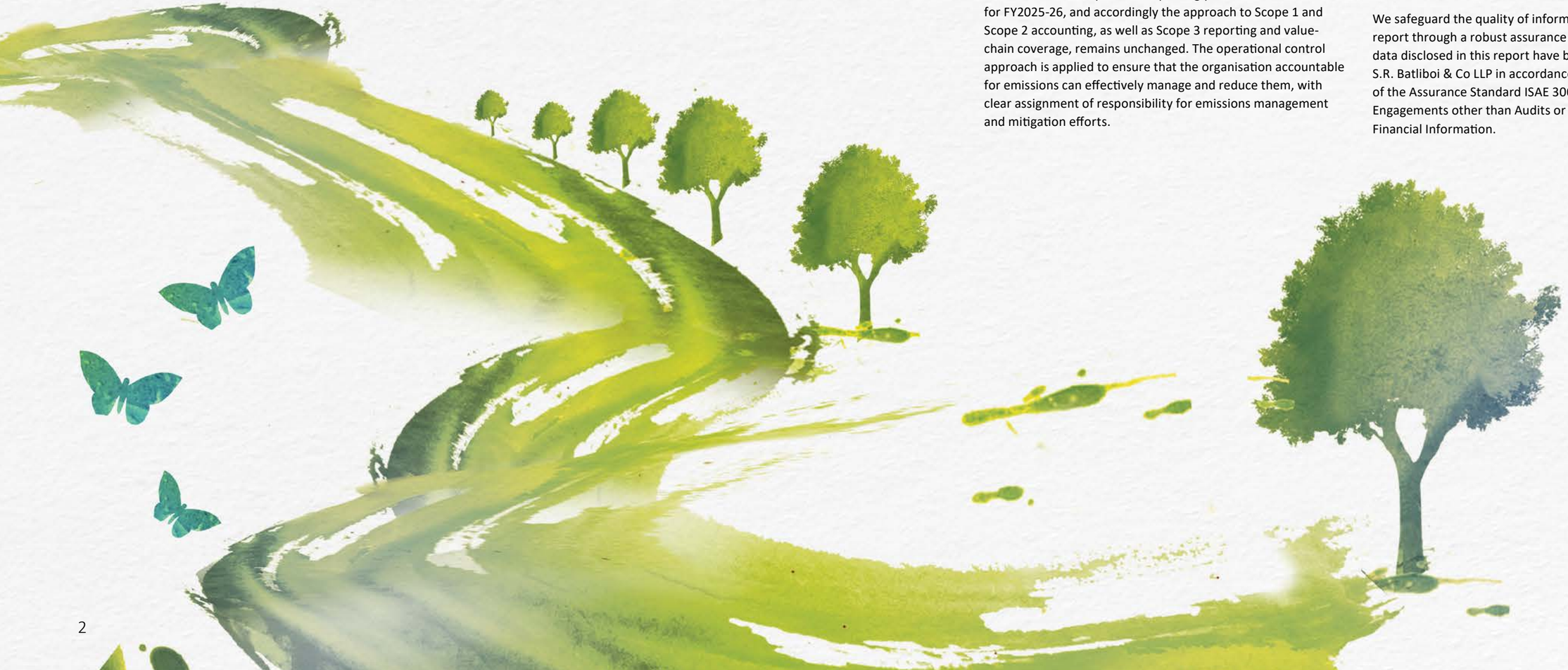
HZL defines short term, medium term and long term horizons for use across governance, risk management, strategy and metrics sections. Short term is defined as up to 2 years, Medium term as 3–5 years, and Long term is 6-20 years. Accordingly, 2030 is considered within the medium-term planning horizon, while longer-dated strategic ambitions such as 2050 are considered long-term.

Frameworks Referenced:

IFRS S2, GHG Protocol, Science-based Targets initiative, Integrated Reporting principles, relevant GRI disclosures, and CDP-aligned disclosure expectations, IFRS S2 incorporated TCFD recommendations across governance, strategy, risk management and metrics & targets, hence this report also addresses TCFD recommendations.

Assurance Status:

We safeguard the quality of information contained in this report through a robust assurance process. The content and data disclosed in this report have been externally assured by S.R. Batliboi & Co LLP in accordance with the requirement of the Assurance Standard ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information.



MESSAGE FROM THE CHAIRPERSON

> At Hindustan Zinc, we believe climate strategy must extend beyond emissions management. It must shape how we allocate capital, manage risk, engage our value chain, design products and strengthen the resilience of our operations and surrounding ecosystems.

Dear Stakeholders,

Climate resilience is becoming one of the defining measures of industrial leadership. At Hindustan Zinc, climate action is not a separate sustainability agenda. It is integral to how we strengthen operational resilience, improve competitiveness, and create long-term value.

As global demand accelerates for the critical metals that enable electrification, renewable energy, corrosion protection, and industrial decarbonisation, we recognise both the responsibility and the opportunity that come with our leadership. Our focus is not only on supplying the materials that power the energy transition, but on producing them through transparent, resilient, and future-ready operations.

FY2025-26 marked another year of meaningful progress on our journey towards Net Zero by 2050. Climate considerations continued to shape strategic decision-making as we advanced renewable energy integration, strengthened climate governance, enhanced water stewardship, expanded circularity initiatives, and accelerated the transition to lower-carbon mobility. Our continued recognition by leading global sustainability benchmarks reflects the steady progress we are making.

Our commitment to responsible mining was further strengthened with Hindustan Zinc becoming the first Indian company to join the International Council on Mining and Metals (ICMM). During the year, two of our operating sites also achieved Zinc Mark certification, reinforcing our commitment to internationally recognised standards of responsible production. These milestones strengthen our long-term competitiveness in a world where resilience, resource efficiency, and embedded carbon are becoming increasingly important.

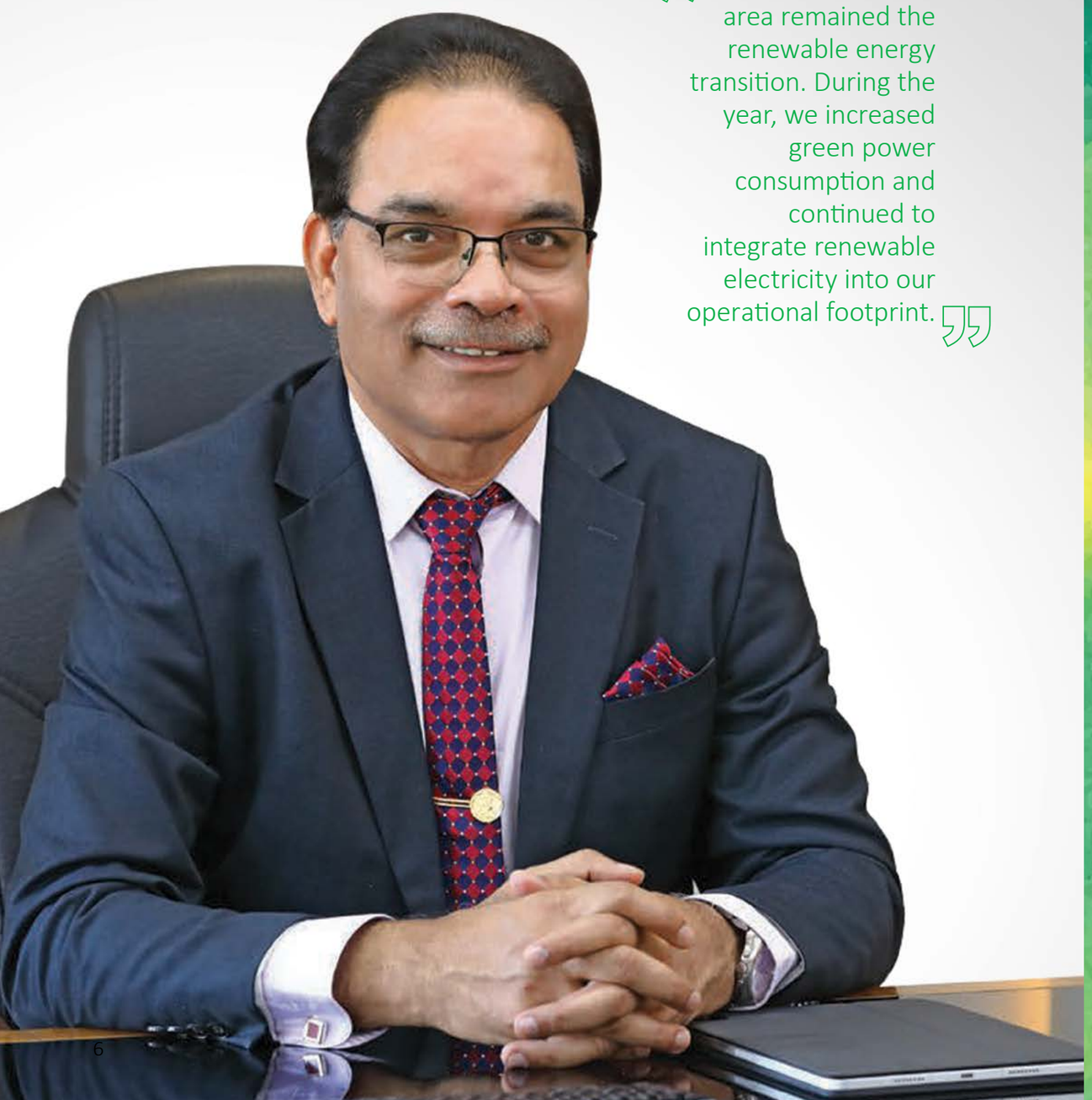
At Hindustan Zinc, an effective climate strategy extends beyond reducing emissions. It influences how we allocate capital, manage risk, engage our value chain, develop products, and strengthen the resilience of our operations. That is why our climate roadmap is closely linked with progress in renewable power, water positivity, waste valorisation, biodiversity restoration, and innovation through lower-carbon products such as EcoZen.

This report reflects our commitment to transparent climate disclosure, aligned with the four pillars of IFRS S2 and informed by global leading practices. It provides stakeholders with a clear understanding of how climate-related risks and opportunities shape our strategy, operations, financial planning, and long-term ambitions.

The transition to a low-carbon economy presents one of the defining opportunities of our time. Hindustan Zinc remains committed to contributing to that transition by producing the critical metals the world needs while continuously reducing the footprint with which we produce them. Through disciplined execution, innovation, and responsible stewardship, we will continue strengthening resilience and creating sustainable value for our stakeholders and for the society.

Warm regards,
Priya Agarwal Hebbar
Chairperson
Hindustan Zinc Limited

MESSAGE FROM THE CEO



> A major focus area remained the renewable energy transition. During the year, we increased green power consumption and continued to integrate renewable electricity into our operational footprint.

Dear Stakeholders,

At Hindustan Zinc, we believe climate action is fundamental to building a resilient, future-ready business. As the world accelerates toward a low-carbon economy, sustainability continues to shape how we operate, invest and create value. Guided by our ambition to become a climate-resilient, low-carbon metals company, we continue to embed sustainability into our strategy, operations and investment decisions, creating value for our stakeholders while contributing to a more sustainable future.

FY2025-26 marked another year of meaningful progress as we advanced our decarbonisation and resilience journey through renewable energy adoption, operational efficiency, low-carbon logistics, water stewardship, circularity and the development of low-carbon products. Together, these initiatives form a focused transition plan to reduce climate-related risks, improve efficiency and strengthen long-term business resilience.

A key milestone in our transition journey has been the continued acceleration of renewable energy adoption. During the year, we increased green power consumption and continued to integrate renewable electricity into our operational footprint, while maintaining 100% renewable power sourcing at Pantnagar Metal Plant. This progress reinforces our commitment to source 70% of our electricity requirements from renewable sources by 2028 and plays a critical role in reducing our Scope 1 and Scope 2 emissions.

Beyond our operations, we continued to advance decarbonisation across the value chain. The expanded deployment of LNG and electric vehicles within our logistics network demonstrates how targeted operational interventions can contribute meaningfully to Scope 3 emissions reduction while enhancing efficiency across our supply chain.

We also continued to strengthen the business case for climate action through innovation and resource efficiency. EcoZen, our low-carbon zinc product, and Zinc Mark certification demonstrate our commitment to delivering responsibly produced, lower-carbon zinc solutions that support customers in advancing their sustainability objectives and reducing value chain emissions. These initiatives position Hindustan Zinc to strengthen its competitive advantage and capture emerging opportunities in evolving low-carbon markets.

Our commitment extends beyond emissions reduction. Progress in water positivity, increased use of treated water, resource recovery and circular economy initiatives demonstrates how environmental stewardship can go hand in hand with operational excellence. Beyond mitigation, we are strengthening climate adaptation and resilience by enhancing water security, preparing for physical climate risks, and building the long-term resilience of our operations and host communities, ensuring sustained value creation in a changing climate.

Looking ahead, we will continue integrating climate considerations into strategy, capital allocation, risk management and governance while strengthening our transition plan and climate-related disclosures. As the first Indian company to join the International Council on Mining and Metals (ICMM), we remain committed to aligning with the highest global standards of responsible mining and climate accountability.

The transition to a low-carbon economy is one of the defining opportunities of our time. At Hindustan Zinc, we remain committed to leading this transition responsibly, creating enduring value for our stakeholders while contributing to a more resilient and sustainable future.

Best Wishes,
Arun Misra
CEO & Whole Time Director
Hindustan Zinc Limited

KEY HIGHLIGHTS FY2025-26

FY2025-26 marked another year of strong progress in Hindustan Zinc's climate journey, with continued advancement on renewable energy adoption, low-carbon product positioning, water stewardship, circularity, and climate governance. The Company maintained its leadership in sustainability performance while further operationalising its transition pathway toward Net Zero by 2050 or sooner.

Climate targets remain unchanged and ambitious:

50% reduction in Scope 1 and Scope 2 emissions, and 25% reduction in Scope 3 emissions by 2030 from the FY2020 baseline, with Net Zero by 2050 or sooner.

Absolute GHG emissions for FY2025-26:

Scope 1 emissions of 4.78 mn. tCO2e, Scope 2 emissions of 0.24 mn. tCO2e, and combined Scope 1+2 emissions of 5.02 mn. tCO2e; Scope 3 emissions of 1.47 mn. tCO2e.

Renewable energy transition accelerated:

519 MU of renewable power was received from the power purchase agreement with Serentica and total green power consumed reached 892 MU, contributing to an estimated 0.83 million tCO2e reduction.

Pantnagar Metal Plant continued at 100% renewable power sourcing:

supporting annual emissions reduction of more than 30,000 tCO2e.

EcoZen:

Asia's first low-carbon zinc product, continued to strengthen HZL's low-carbon product proposition with a carbon footprint of less than 1 tCO2e per tonne of zinc.

Water leadership continued:

HZL remained 3.32x water positive, achieved a 13% reduction in freshwater use versus FY2020, used 47% municipal treated sewage water in smelting, and reached 49% water recycling.

Circular economy outcomes improved:

6.04 million tonnes of material were recycled, reused, or recovered; 863 kt of smelting waste was gainfully utilised; 654 kt of jarosite/ jarofix was repurposed; and waste circularity contributed an estimated INR 320 crore revenue.

Global sustainability leadership was reinforced:

HZL remained ranked #1 globally in the metals and mining sector in the S&P Global Corporate Sustainability Assessment for the third consecutive year and became the first Indian company to join ICMM.

Low-carbon logistics scaled further:

The fleet reached 180 LNG vehicles and 52 EVs, with additional deployment commitments for EV and LNG trucks.Furthering its sustainable mobility initiatives, HZL deployed EV buses for employee transportation and signed a contract to induct 41 buses.

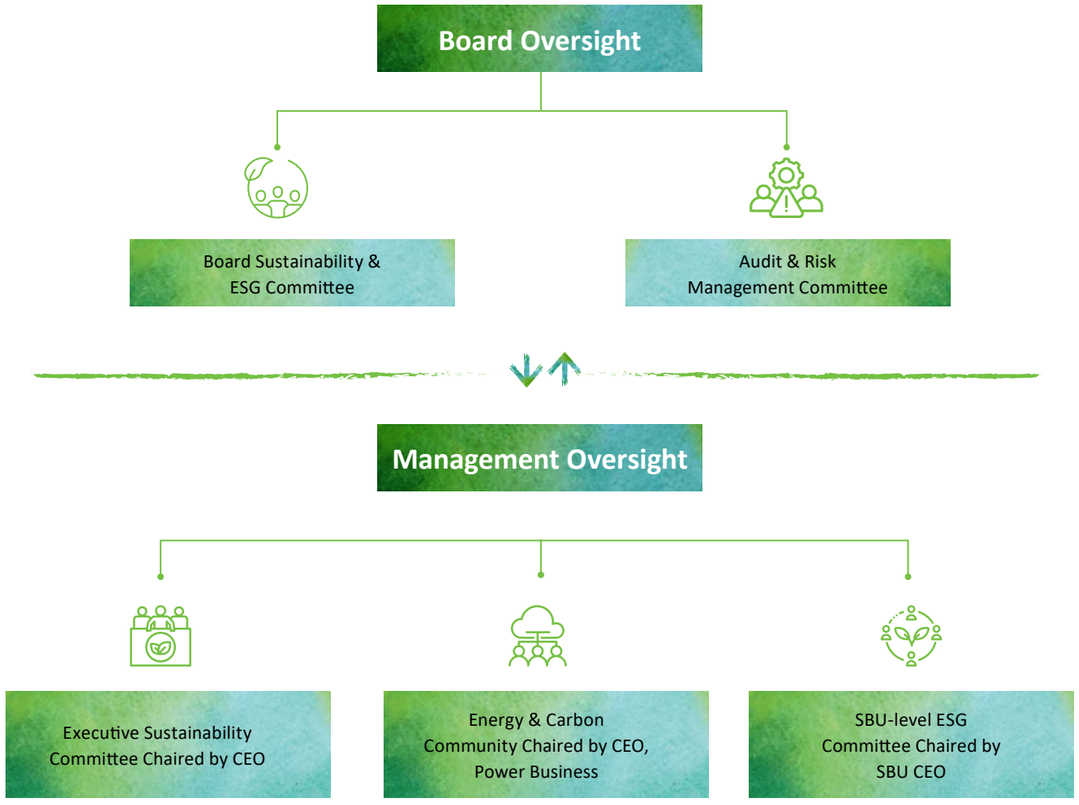
Limited assurance and disclosure maturity

We safeguard the quality of information contained in this report through a robust assurance process. The content and data disclosed in this report have been externally assured by S.R. Batliboi & Co LLP in accordance with the requirement of the Assurance Standard ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.

GOVERNANCE

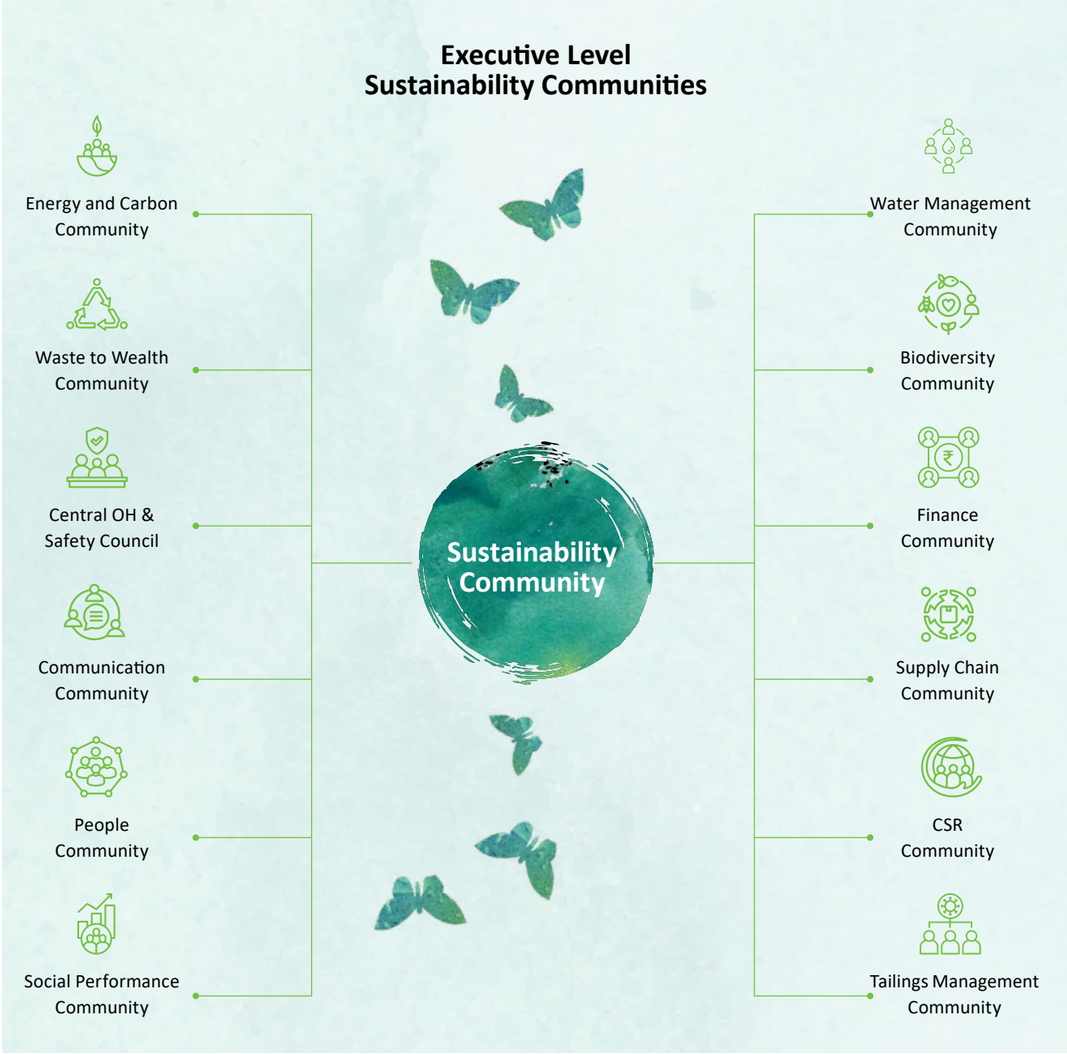
Climate change governance is embedded within Hindustan Zinc's broader sustainability and enterprise risk governance architecture. The Board of Directors retains oversight of climate-related risks and opportunities, recognising climate change as a strategic issue that can affect business continuity, operational resilience, capital allocation, long-term competitiveness, and stakeholder confidence. Board oversight is supported by formal committees and management structures responsible for translating climate ambition into action.

The Sustainability & ESG Committee of the Board provides dedicated oversight of ESG and climate matters. For FY2025-26, the Committee was chaired by Ms. Priya Agarwal Hebbar, with Mr. Arun Misra and Mr. Anoop Kumar Mittal as members. The Committee met during the year with full attendance and continued to provide strategic direction on decarbonisation, environmental performance, natural resource stewardship, material ESG topics, ESG ratings, and the review of progress against the Company's 2030 sustainability goals. It also reviewed greenhouse gas performance, climate-related priorities, and broader sustainability-linked actions requiring Board visibility. The Audit and Risk Management Committee, chaired by an Independent Director, supports Board oversight through the review of enterprise risks, including climate-related physical and transition risks, and monitors the effectiveness of associated controls, mitigation measures, and risk management processes.



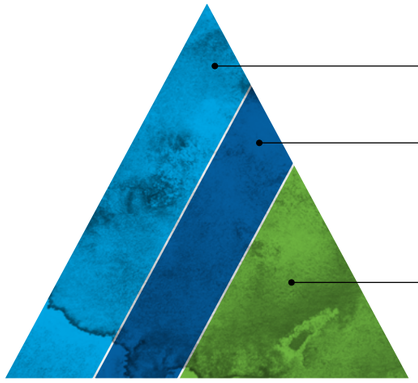
At the Management level, implementation is driven through dedicated sustainability communities that support execution, monitoring, and continual improvement. The Energy & Carbon Community, chaired by the Head of the Power Business, serves as the principal management committee for assessing and managing climate-related risks and opportunities, including renewable energy deployment, energy efficiency, electrification initiatives, emissions reduction projects, climate data management, and carbon accounting. The Community monitors progress against decarbonisation targets and reports performance to the Executive Sustainability Committee. The Executive Sustainability Committee is chaired by the CEO and meets monthly. It includes the Executive Committee of SBU CEOs, and the chairpersons of 12 sustainability communities and is responsible for setting strategy, goals and targets, allocating resources, tracking project implementation, and reviewing performance against the Company's sustainability agenda, including climate priorities. In addition, SBU ESG Committees, chaired by SBU CEOs and meeting monthly, support execution at the business and site level by identifying, analysing, mitigating and monitoring ESG and climate-related risks and actions. Climate and sustainability performance are further embedded into management accountability through periodic review mechanisms, enterprise risk oversight, and remuneration-linked sustainability performance.

To support effective oversight, members of the Sustainability & ESG Committee and senior leadership continue to receive focused exposure to emerging sustainability topics through internal and external learning engagements. These have included themes such as climate change, risk management, responsible mining, health and safety, asset integrity, and evolving global frameworks including ICMM-related expectations. This continuous capability-building supports informed decision-making on climate strategy, performance, and risk oversight.



CLIMATE GOVERNANCE AND ACCOUNTABILITY

Hindustan Zinc's climate governance is anchored in a three-tier structure that links Board oversight, executive accountability and business-level implementation. At the Board level, the Sustainability & ESG Committee provides focused oversight of climate strategy, decarbonisation performance, resource stewardship and wider sustainability priorities, while the Audit and Risk Management Committee oversees the integration of climate-related matters within the enterprise risk framework. At the executive level, the CEO-chaired Sustainability Committee serves as the primary management forum for translating Board direction into action, including approval and monitoring of climate initiatives, resource allocation and progress review. At the business level, SBU ESG Committees and cross-functional sustainability communities support implementation across operations and functions. The 12 sustainability communities currently cover Energy & Carbon, Waste to Wealth, Biodiversity, Water Management, Central Occupational Health & Safety Council, People, CSR, Supply Chain, Communication, Finance, Social Performance Management Committee, and Tailings Community, helping to embed climate and sustainability considerations into day-to-day decision-making.



TIER 1

Sustainability and ESG Committee of the Board

TIER 2

Sustainability Committee at Executive Level

TIER 3

SBU ESG Committee

At the management level, execution is driven through the Executive Sustainability Committee and business-level ESG mechanisms that meet regularly to monitor implementation across energy and carbon, water, waste to wealth, tailings, supply chain, finance and operations. This structure supports clear ownership of climate-related actions, from renewable power integration and operational decarbonisation to climate data management and assurance readiness. Accountability is reinforced through sustainability-linked KPIs embedded into the performance evaluation of leadership, including CXOs and relevant business heads.

Climate-related accountability is embedded within Hindustan Zinc's remuneration framework. For FY2025-26, annual performance incentives, including those of the CEO, incorporated sustainability parameters through a balanced scorecard covering financial, operational, sustainability and strategic metrics, with appropriate weightage assigned to organisational, people and individual performance. In addition, long-term incentive structures continued to consider broader ESG and carbon footprint objectives, supporting alignment with the Company's climate commitments and wider sustainability goals.

Every employee, including the CEO and relevant business heads such as the Chief HSE&S, Power business head & SBU CEO's is eligible for incentive plans and is held accountable for the Company's success in health, safety and sustainability through the Sustainability Assurance Programme (SAP) scores under HZL's performance-based compensation structure. Further, the CEO's ESG-related KPIs are cascaded to the Executive Committee and ultimately across the organisation, while the individual performance criteria of business heads also include KPIs linked to HZL's Net Zero commitments and wider sustainability goals.

Hindustan Zinc's Climate Governance

Component	Scope / Applicability	Mechanism	Climate / ESG-linked Parameters	Weighting / Structure	Key Notes
Annual Performance Bonus	Employees including CEO, Executive Committee, senior management, and relevant business heads (e.g., Chief HSE&S, Power Business Head)	Balanced scorecard-based annual variable pay	Financial, operational, sustainability and strategic metrics; climate-linked parameters include absolute emissions reduction, energy consumption, water consumption, waste generation, sustainability-related training, delivery of sustainability goals, low-carbon products, and climate-related index performance	Illustrative performance split: Organisational parameters 60%, HSE parameters 15%, People metrics 5%, Individual performance 20%; Sustainability performance (as a part of HSE parameters) 10% of annual bonus outcomes	Accountability linked to SAP scores; CEO ESG KPIs are cascaded through the Executive Committee and organisation; business heads' KPIs include Net Zero-linked performance parameters
HSE / Sustainability-linked annual bonus focus	Relevant leaders and business heads	Annual bonus / performance management	Health, safety and sustainability outcomes	Embedded within Short-Term Incentive Plan framework (STIP)	The employees and leaders are held accountable for the Company's success in health, safety and sustainability through SAP-linked performance measures
LTIP / ESOS	Employees covered under long-term incentive structure	Employee Stock Option Scheme (ESOS) with 36-month vesting	Sustainability and climate goals; ESG / carbon footprint; energy efficiency; water efficiency; emission reduction targets; supply chain engagement; GHG transition; water positivity	Climate change considerations (ESG / carbon footprint) 15% of ESG performance parameters	Long-term incentives reward performance against pre-determined criteria plus continued employment during vesting period
Carbon-footprint performance within LTIP	Long-Term Incentive Plan (LTIP) participants	ESOS performance criteria	Absolute emissions reduction; innovative technologies to reduce dependence on non-renewable energy; improved energy efficiency	Included within 15% ESG / carbon footprint component	Intended to align long-term remuneration with net-zero pathway delivery and broader sustainability outcomes
Additional recognition / non-core incentives	Employees / Teams	Recognition awards and internal incentives	Innovative projects that reduce emissions and energy consumption; sustainability initiatives; EV uptake	In addition to the formal remuneration weighting	Includes examples such as Kaizen / FIP, Star of the Month, Chairman Award, and EV incentives

Hindustan Zinc's climate governance supports the identification and management of climate-related dependencies, impacts, risks and opportunities across direct operations and relevant parts of the value chain. Through Board committees, executive forums, sustainability communities and enterprise risk processes, HZL reviews how climate-related matters may affect operations, communities, natural resources, supply chains, customers and financial performance. Governance oversight therefore extends beyond emissions management alone to include scenario analysis, water and waste performance, transition planning, compliance obligations, external disclosure expectations, and progress against climate-related goals.

Within this governance framework, management and oversight forums consider both climate-related dependencies and climate-related impacts as inputs to risk and opportunity assessment. This includes how the Company depends on reliable energy access, water availability, ecosystem services, logistics continuity, workforce health and safety, and supply-chain stability, as well as how HZL's operations and value chain may contribute to or influence emissions, natural resource use, waste generation, community outcomes and other environmental or social effects linked to climate change. These considerations are reviewed alongside scenario analysis, operational data, stakeholder inputs and enterprise risk processes to inform the identification, assessment and prioritisation of climate-related risks and opportunities.

CLIMATE SCENARIO ANALYSIS AND STRATEGIC RESILIENCE

Hindustan Zinc's climate strategy is designed to respond to the material risks and opportunities identified through the process detailed below while supporting long-term resilience and value creation. As a producer of zinc, lead and silver, metals with relevance to renewable energy systems, corrosion protection, energy storage and industrial transformation, the Company's strategic approach rests on two complementary propositions: first, that climate-related risks must be actively managed across operations, infrastructure, supply chains and markets; and second, that sustainability leadership, low-carbon product innovation and resource-efficient operations can strengthen commercial resilience and long-term competitiveness in the transition to a lower-carbon economy.

Climate scenario analysis remains an important input to HZL's strategic planning and resilience assessment. The Company assesses climate-related risks across both transition and physical pathways over short-, medium- and long-term horizons, where short term is up to 2 years, medium term is 3–5 years, and long term 6-20 years. In this context, 2030 is considered a medium-term reference point, while 2050 is treated as a long-term reference point. Management's approach combines scenario analysis, sensitivity testing and stress-testing methods to understand how policy changes, energy transition dynamics, carbon constraints, water stress, extreme heat and weather-related disruption could affect operations, value creation and capital deployment.

PHYSICAL CLIMATE RISKS ACROSS OUR SITES

A site-level physical climate risk assessment was undertaken for all of HZL's operating locations using baseline hazard screening and future climate projections. The assessment covered water stress, drought, urban flooding / extreme rainfall, landslide, earthquake, extreme heat, and cyclone and wind hazards, and considered baseline conditions together with future projections for 2030 and 2050 under SSP1-2.6, SSP2-4.5 and SSP5-8.5.

Shared Socioeconomic Pathways (SSPs) are commonly used climate scenarios that combine assumptions about future socioeconomic development with associated greenhouse gas concentration pathways to test how climate-related risks may evolve over time.

For this assessment, HZL considered SSP1-2.6, which is a Paris Aligned below 2 degrees scenario, SSP2-4.5, which represents an intermediate business-as-usual pathway with moderate mitigation and warming outcomes, and SSP5-8.5, which represents a higher-emissions pathway associated with more severe warming and physical climate impacts. Under the SSP1-2.6, the physical impact is much lower than the other two scenarios and hence, we have prepared our adaptation strategy using the other two scenarios which helped the Company in assessing physical risk exposure under both a more moderate and a more severe climate future.

The data sources for each hazard category are shown in the table below.

Hazard	Data Source
Freshwater Scarcity	WRI Aqueduct 4.0 Water Risk Atlas
Drought	WRI Aqueduct 4.0 Water Risk Atlas
Urban Flooding	Think Hazard
Landslide	The World Bank Data Catalogue
Extreme Heat	IPCC WGI Interactive Atlas
Cyclone and Wind	Building Materials and Technology Promotion Council (BMTPC)
Earthquake	Building Materials and Technology Promotion Council (BMTPC)

The baseline table shows the current hazard profile by site and hazard type, while the future table summarises the overall outlook by site across future scenarios and timeframes. In these tables, green indicates low or no material hazard increase, amber indicates moderate concern or moderate increase, red indicates high hazard or significant increase, and grey indicates not applicable or projection not available.

Baseline

Site	Water Stress	Wildfire	Urban / Extreme Rainfall Flooding	Landslide	Extreme Heat	Cyclone and Wind
Zinc Smelter Debari (ZSD)	High	High	Low	Low	High	Low
Zawar Mine (ZM)	High	High	Low	Low	High	Low
Dariba Smelting Complex (DSC)	High	High	Low	Low	High	Low
Sindesar Khurd Mine (SKM)	High	High	Low	Low	High	Low
Rajpura Dariba Mine (RDM)	High	High	Low	Low	High	Low
Chanderia Lead Zinc Smelter (CLZS)	High	High	Low	Low	High	Low
Rampura Agucha Mine (RAM)	High	High	Low	Low	High	Low
Kayad Mine (KYD)	High	High	Low	Low	High	Low
Pantnagar Metal Plant (PMP)	High	High	Low	Low	High	High

No Hazard - no material baseline hazard identified;

Low - low baseline hazard / lower concern;

Medium / Moderate - moderate concern or moderate increase;

High - high hazard or significant increase;

Future

Site	SSP1-2.6 2030	SSP1-2.6 2050	SSP2-4.5 2030	SSP2-4.5 2050	SSP5-8.5 2030	SSP5-8.5 2050
Zinc Smelter Debari (ZSD)	Medium	Medium	Medium	High	Medium	High
Zawar Mines (ZM)	Medium	Medium	Medium	High	Medium	High
Dariba Smelting Complex (DSC)	Medium	Medium	Medium	High	Medium	High
Sindesar Khurd Mine (SKM)	Medium	Medium	Medium	High	Medium	High
Rajpura Dariba Mine (RDM)	Medium	Medium	Medium	High	Medium	High
Chanderia Lead Zinc Smelter (CLZS)	Medium	High	High	High	Medium	High
Rampura Agucha Mine (RAM)	Medium	Medium	Medium	High	Medium	High
Kayad Mine (KYD)	Low	Medium	Low	High	Medium	High
Pantnagar Metal Plant (PMP)	Low	Low	Low	Medium	Medium	High

No Hazard - no material baseline hazard identified;

Low - low baseline hazard / lower concern;

Medium / Moderate - moderate concern or moderate increase;

High - high hazard or significant increase;

- not applicable or no data available;

Note: In the future table, the traffic-signal summary reflects the highest overall level of physical climate concern at each site for the stated timeframe and scenario, based on projected change in hazard intensity and the site's baseline risk context. Across most Rajasthan sites, water stress and extreme heat are already high under baseline conditions, while future concern increases are driven primarily by projected increases in extreme rainfall and heat, especially by 2050.

Risk Area	Principal Climate Drivers	Possible Implications Across Scenarios and Time Horizons	Financial Metrics Potentially Affected
Material supply	Chronic water stress, rising temperatures / heat stress, extreme rainfall events and related logistics disruption. These drivers are relevant across most Rajasthan sites, where baseline water stress and extreme heat are already high, with future concern increasing further by 2050 under both SSP2-4.5 and SSP5-8.5.	In the short to medium term, supply pressures may arise from tighter water availability, heat-related operating constraints and weather-related interruption to inbound movement of critical inputs, fuel and consumables. In the medium to long term, especially under higher-warming and higher-rainfall variability scenarios, there may be increased risk of supply disruption, reduced reliability of upstream material flows, higher cooling and water-management requirements, and greater infrastructure vulnerability affecting continuity of mining and smelting inputs.	Revenue, production volumes, operating costs, input and logistics costs, working capital, EBITDA and cash flow.
Operational disruption	Water stress, extreme heat, extreme rainfall / urban flooding	In the short term, operational disruption may arise from heat-related slowdowns, water shortages, power and equipment stress, and temporary weather-related interruptions which may cause damages and outages of critical electrical (motors, generators, cooling systems) and power (substations, transformers, transmission lines) infrastructure leading to operational downtime and damage to equipment In the medium term, the need for adaptation capex and resilience measures is expected to increase, including cooling systems, water infrastructure, drainage and site resilience. In the long term, particularly under SSP5-8.5 and 2050 conditions, higher temperatures and more severe rainfall variability could increase downtime, maintenance burdens, damage to site infrastructure, and constraints on production continuity across mining and smelting operations.	Production, operating expenditure, maintenance cost, capital expenditure, asset integrity / asset value, EBITDA and insurance-related cost exposure.
Market disruption	Indirect effects of physical climate events on customers, logistics networks, downstream demand patterns and regional economic activity, combined with weather-related interruption to transport corridors and distribution channels.	In the short term, extreme weather events may temporarily affect customer demand, product movement, dispatch schedules and demand forecasting. Additionally it could also lead to disruption to transport routes (maritime, rail, air and road access) and supply chain (supplies and critical spares and access to direct customers). In the medium to long term, under more severe physical-risk scenarios, greater disruption to transport infrastructure, regional industrial demand and downstream operations could affect sales timing, customer offtake patterns and market reliability. These effects may be more pronounced where physical events affect broader industrial ecosystems or export logistics.	Revenue, sales volumes, realised margins, demand forecasting accuracy, receivables and cash flow timing.
Workforce impacts	Direct exposure to rising temperatures, heat waves and associated electricity demand for cooling. Extreme heat is already a high baseline hazard across all principal sites, with future concern worsening further by 2050.	In the short term, high temperatures can reduce labour productivity, increase fatigue, dehydration and heat-stress risk, and raise electricity use for cooling. In the medium term, prolonged heat exposure may require additional safety protocols, shift redesign, cooling investment and productivity management. In the long term, especially under higher-warming scenarios, rising temperatures in Rajasthan and other operating regions could contribute to higher attrition, reduced availability of skilled labour, increased workforce-related costs and pressure on operational continuity.	Labour productivity, personnel costs, energy costs, health and safety-related expenditure, operating costs, production efficiency and EBITDA.
Tailings Storage Facility (TSF)	Extreme rainfall and flooding could impact the operations.	Containment breach/failure due to extreme rainfall or flooding may cause erosion or geotechnical instability, potentially resulting in containment failure or breach.	There may be negative financial consequences (operating expenditure, maintenance cost) catastrophic liability, loss of life, fines, legal damages in case of breach of tailings dam.

TRANSITION CLIMATE RISKS AND OPPORTUNITIES

In addition to physical climate hazards, HZL faces a distinct set of transition-related risks and opportunities arising from policy change, technology evolution, energy-system decarbonisation, market expectations and stakeholder scrutiny. For a metals and mining business, these transition dynamics can affect cost competitiveness, capital requirements, product demand, customer relationships and long-term strategic positioning in different ways under different pathways. The assessment below therefore considers how major transition issues may evolve for HZL across relevant sites and operations under the IEA STEPS and NZE scenarios over medium- and longer-term horizons, while also highlighting where the same transition trend may create both risk and opportunity depending on the speed of response and the strength of HZL's low-carbon positioning.

1. Stated Policies Scenario (STEPS)

The Stated Policies Scenario (STEPS) is an exploratory roadmap that models where the global energy system is actually heading based on currently enacted laws, industrial targets, and firm government plans rather than vague, aspirational promises. Under this realistic outlook, global demand for coal, oil, and natural gas all peak before or around 2030, driven by a rapid acceleration of clean energy tech like electric vehicles and solar power. However, because current global policies lack the aggressive enforcement needed for a deep climate transition, greenhouse gas emissions decline far too slowly after their peak, setting the world on a trajectory toward an estimated global temperature rise of roughly 2.5°C by 2100.

2. Net Zero Emissions by 2050 Scenario (NZE)

The Net Zero Emissions by 2050 Scenario (NZE) is a strict, goal-oriented roadmap that works backward from a specific target to outline a narrow but technically feasible pathway for limiting long-term global warming to 1.5°C. To achieve net-zero CO2 emissions across the global energy sector by mid-century, this pathway demands an immediate, unprecedented structural shift where global fossil fuel demand plummets by 80% by 2050 and no new unabated coal plants or oil and gas fields are approved. It requires a massive surge in clean energy investment to triple global renewable capacity by 2030, double energy efficiency improvements, and rapidly deploy carbon-removal technologies to correct a minor mid-century temperature overshoot.

Transition Risk / Opportunity Area	Operational Relevance / Principal Sites	IEA STEPS 2030	IEA STEPS 2050	IEA NZE 2030	IEA NZE 2050
Carbon pricing, CBAM and policy compliance risk : Policy and legal transition risk linked to EU / UK CBAM, possible domestic carbon pricing and tighter disclosure expectations.	Indirectly relevant across all operations supplying export-linked or globally exposed value chains, including zinc and silver production and marketing activities.	🟩	🟧	🟧	🟥
Renewable procurement and energy transition compliance : Risk and opportunity linked to Renewable Purchase Obligations, clean electricity sourcing and electricity-system decarbonisation.	Relevant across all sites, with greatest operational importance for smelters and power-intensive facilities such as CLZS, DSC, ZSD and PMP.	🟧	🟧	🟩	🟩
Low-carbon technology adoption : Technology transition risk linked to future adoption of CCUS, hydrogen, biofuels, storage and process redesign options for residual emissions abatement.	Relevant across all mining and smelting operations, with medium- to long-term implications for power, process heat and hard-to-abate emissions sources.	🟩	🟧	🟧	🟥
Coal availability and fossil-fuel cost exposure : Market transition risk linked to coal-market tightening, fuel price volatility and higher-cost fossil dependence under a changing energy system.	Most relevant to captive power operations and energy-intensive sites with residual coal dependence.	🟧	🟥	🟥	🟥

Transition Risk / Opportunity Area	Operational Relevance / Principal Sites	IEA STEPS 2030	IEA STEPS 2050	IEA NZE 2030	IEA NZE 2050
Customer shift toward low-carbon materials : Market risk and opportunity linked to rising customer preference for low-carbon products and embedded-carbon transparency.	Relevant across all zinc and silver operations, especially product lines and customer segments exposed to low-carbon procurement requirements.	🟩	🟩	🟩	🟩
Climate action expectations and reputation : Reputational risk linked to stakeholder expectations for climate action, target delivery, transparency and responsible mining performance.	Relevant across all operations and corporate functions, including investor, customer, lender and community-facing interfaces.	🟧	🟧	🟥	🟥
Low-carbon zinc and differentiated product opportunity : Product and service opportunity linked to EcoZen and broader demand for lower-carbon metals in customer value chains.	Most relevant to zinc production and downstream customer-facing product strategy.	🟩	🟩	🟩	🟩
Water and resource-efficiency opportunity : Operational opportunity linked to ZLD, dry tailings, recycling, rainwater harvesting and water positivity performance.	Relevant across all sites, with particular resilience value in Rajasthan operations facing chronic water stress.	🟩	🟩	🟩	🟩
Renewable energy transition opportunity : Energy-source opportunity linked to the 530 MW RE-RTC arrangement, lower emissions intensity and reduced long-term energy-cost exposure.	Relevant across all sites, with especially strong implications for power-intensive smelting and refining operations.	🟩	🟩	🟩	🟩
Metal demand growth from clean energy markets : Market opportunity linked to rising demand for zinc and silver in solar, wind, storage, electrification and corrosion-protection applications.	Relevant to all zinc and silver production, with upside for commercial positioning and long-term demand growth.	🟩	🟩	🟩	🟩

🟩 For opportunity rows, green means stronger opportunity; for risk rows, green means lower risk.

🟧 moderate, mixed or emerging exposure;

🟥 higher risk exposure, stronger urgency or more material transition pressure

Note: The transition traffic-light assessment is directional and is intended to show how the relative importance of major transition risks and opportunities may evolve for HZL under the IEA's Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 Scenario (NZE), as described in the World Energy Outlook (https://www.iea.org/reports/world-energy-outlook-2025) Under STEPS, current policy settings continue to tighten gradually and support ongoing electrification, renewable growth and moderate fossil-fuel decline, while under NZE, faster policy action, stronger carbon constraints, lower fossil-fuel demand and faster clean-energy deployment create both higher transition pressure and stronger low-carbon market opportunity for HZL. In this table, red indicates relatively higher transition risk exposure or urgency, amber indicates moderate or mixed exposure, and green indicates lower risk or stronger opportunity positioning depending on the item assessed. The IEA's scenarios are scenario pathways rather than forecasts, but they provide a useful basis for testing strategic resilience, energy-cost exposure and market positioning over time.

Risk and Implications

Risk area	Principal climate drivers	Possible implications across scenarios and time horizons	Financial metrics potentially affected
Carbon policy, CBAM and disclosure compliance	Carbon pricing, border adjustment mechanisms, tighter regulatory requirements, clean-energy mandates and rising expectations for emissions transparency and product-level carbon data.	In the short to medium term, HZL may face higher compliance, disclosure and data-management requirements, particularly in export-linked or globally exposed value chains. Under IEA STEPS, these effects are expected to build progressively over time, while under IEA NZE they could accelerate more quickly and create stronger cost pressure, competitive differentiation and customer scrutiny by 2030 and beyond. In the long term, exposure may extend to carbon-cost pass-through, product competitiveness and the ability to maintain market access where embedded-carbon transparency becomes a baseline expectation. For India, IEA recommended Carbon Price by 2035 under NZE is $125[1] hence decarbonisation will become increasingly important to gain a social license to operate new greenfield projects and for existing operations to remain profitable.	Operating costs, compliance costs, realised margins, export competitiveness, revenue, EBITDA and working capital.
Energy transition and coal / power cost exposure	Renewable Purchase Obligations, power-system decarbonisation, changing fossil-fuel economics, coal availability and price volatility, and shifting cost competitiveness between conventional and renewable energy sources.	In the short term, HZL may face compliance and procurement costs associated with renewable power sourcing as well as cost volatility from residual coal dependence in power-intensive operations. In the medium term, renewable procurement and system integration can become a source of cost resilience, especially as the 530 MW RE-RTC arrangement scales. Under IEA NZE, the pace of energy-system transition increases, which may intensify the cost disadvantage of fossil-based power while strengthening the long-term financial case for renewable integration. In the long-term, sites that remain more exposed to carbon-intensive power or fossil-fuel volatility could face higher operating-cost pressure than sites benefitting from lower-cost clean electricity.	Energy costs, fuel costs, operating expenditure, capital expenditure, margin resilience, EBITDA and cash flow.
Technology transition and abatement investment	Need for emerging technologies such as CCUS, hydrogen, biofuels, storage, process redesign and other hard-to-abate emissions solutions as the transition deepens.	Near-term implications are likely to be limited to evaluation, pilots and strategic readiness, but medium- and long-term implications could become more material as residual emissions reduction becomes harder and customer or policy expectations increase. Under STEPS, the need for deployment may emerge gradually over the longer term; under NZE, faster decarbonisation pressure could accelerate the timing of investment decisions, technology partnerships and process upgrades. The transition may therefore create both risk, through higher capital requirements, and opportunity, through innovation-led competitiveness and lower future compliance exposure.	Capital expenditure, R&D expenditure, asset life assumptions, operating costs, emissions abatement cost and long-term margin profile.
Market positioning, customer preference and reputation	Growing demand for low-carbon materials, customer preference shifts, embedded-carbon scrutiny, investor and stakeholder expectations, and pressure to demonstrate credible climate action and responsible mining performance.	In the short term, these drivers may affect brand perception, customer engagement and disclosure expectations. In the medium term, HZL's ability to demonstrate credible progress through EcoZen, low-carbon logistics, renewable energy integration and ICMM-aligned responsible mining positioning may influence customer retention and market differentiation. Under IEA NZE, low-carbon product demand and embedded-emissions expectations are expected to strengthen more rapidly, which may create higher upside for differentiated products but also greater downside for producers unable to show progress. In the long term, market share, pricing power and strategic relevance in cleaner industrial value chains may increasingly depend on the strength of HZL's transition narrative and product offering.	Revenue, realised price / premium potential, market share, customer retention, brand value and EBITDA.
Transition opportunities in low-carbon products, resource efficiency and clean-energy markets	Growing clean-energy demand for zinc and silver, low-carbon product differentiation through EcoZen, renewable power integration, water recycling and conservation, circularity, and rising demand for resource-efficient, lower-carbon materials.	In the short to medium term, opportunities arise from premium or preferred positioning for EcoZen, cost savings from renewable energy and water efficiency, and stronger market relevance in low-carbon procurement contexts. In the medium to long term, HZL may benefit from structural growth in demand for zinc and silver used in solar, wind, storage, electrification and corrosion protection applications. Under STEPS, opportunity growth may be progressive but moderate; under NZE, faster clean-energy deployment and stronger decarbonisation commitments could amplify demand, expand addressable markets and strengthen the value of HZL's low-carbon and resource-efficient operating model. These opportunity pathways may become increasingly strategic by 2030 and beyond, particularly if combined with continued improvement in emissions intensity and product transparency.	Revenue growth, premium realisation, operating-cost savings, margin expansion, EBITDA, return on capital and long-term enterprise value.

[1] Global Energy and Climate Model

The scenario analysis described in this report is used not only to understand climate resilience, but also to inform strategic decision-making, capital planning and risk prioritisation. Under transition-aligned scenarios, HZL focuses on renewable power integration, low-carbon product positioning, cleaner logistics, energy efficiency and future technology readiness. Under higher physical-risk scenarios, HZL prioritises water resilience, infrastructure robustness, workforce protection and adaptation-related investment. These scenario outputs are intended to help management evaluate the extent to which the Company's strategy and business model remain resilient under climate-related uncertainty and to guide the sequencing of mitigation and adaptation actions.

HZL's climate strategy is also opportunity-led. The Company sees a structural increase in demand for metals that support electrification, renewable energy infrastructure, corrosion protection, and energy storage. This strengthens the strategic relevance of zinc and silver in particular. HZL is therefore positioning climate action not merely as risk management, but as a source of competitive advantage through lower-carbon products, stronger sustainability credentials, resource efficiency, and differentiated customer partnerships.

EcoZen remains a flagship example of this positioning. As Asia's first low-carbon zinc product, with a carbon footprint of less than 1 tCO2e per tonne of zinc and approximately 75% lower than the global average, EcoZen helps customers decarbonise downstream value chains and prepare for increasing market scrutiny around embedded emissions. The reported commercial adoption through companies in India illustrates how climate-linked product innovation can support growth, customer relevance, and pricing or positioning advantages. HZL also continues to grow its broader value-added portfolio and pursue opportunities linked to zinc-based energy storage technologies and low-carbon industrial applications.

FINANCIAL QUANTIFICATION

HZL undertook a quantitative assessment of one transition opportunity, and one physical risk to understand their potential financial implications under different climate scenarios. The transition opportunity assessed was the growing market demand for HZL's low-carbon zinc product, **EcoZen,** while the physical risk evaluated was **water stress across operating facilities.**

The analysis was conducted using two International Energy Agency (IEA) climate scenarios: the **Stated Policies Scenario (STEPS),** representing a business-as-usual pathway, and the **Net Zero Emissions by 2050 Scenario (NZE),** representing a low-carbon transition pathway. Impacts were assessed across short-, medium-, and long-term time horizons.

Under the **STEPS scenario,** where limited global decarbonisation occurs, HZL's production is projected to grow steadily over the forecast period, reaching its planned long-term production capacity, after which output is expected to remain relatively stable through the end of the assessment horizon.

Under the **NZE scenario,** if HZL does not implement its planned carbon reduction initiatives, the average impact on EBITDA across the assessed time horizons corresponds to a **Low Risk** rating under the Enterprise Risk Management (ERM) framework. However, when carbon reduction initiatives are considered, the impact on EBITDA becomes negligible, demonstrating the effectiveness of HZL's decarbonisation strategy in mitigating transition-related financial risks.

Physical Risk Assessment – Water Stress

Water stress was assessed using SSP2-4.5 and SSP5-8.5 physical-climate projections for 2030 and 2050. SSP2-4.5 represents a moderate pathway, while SSP5-8.5 reflects a severe physical-risk scenario. Based on projected water-stress conditions and site-level exposure, based on the assessment, the potential impact on EBITDA before adaptation measures is classified as Low Risk in accordance with the ERM framework. Following implementation of measures such as treated water use, water recycling, Zero Liquid Discharge, filtered tailings, rainwater harvesting, and water infrastructure improvements, the residual EBITDA impact is expected to be negligible.

Transition Opportunity – EcoZen

HZL continues to strengthen its commitment to the production and promotion of **EcoZen,** its low-carbon zinc product. As global economies transition towards a low-carbon future, demand for low-carbon metals is expected to increase significantly. Under the NZE scenario, EcoZen is projected to experience substantial market growth, as more and more customer demand for low carbon products, as compared to BAU STEPS scenario. This positions EcoZen as a strategic growth opportunity for HZL, enabling the Company to capitalise on evolving customer preferences and growing demand for sustainable materials in a decarbonising economy.

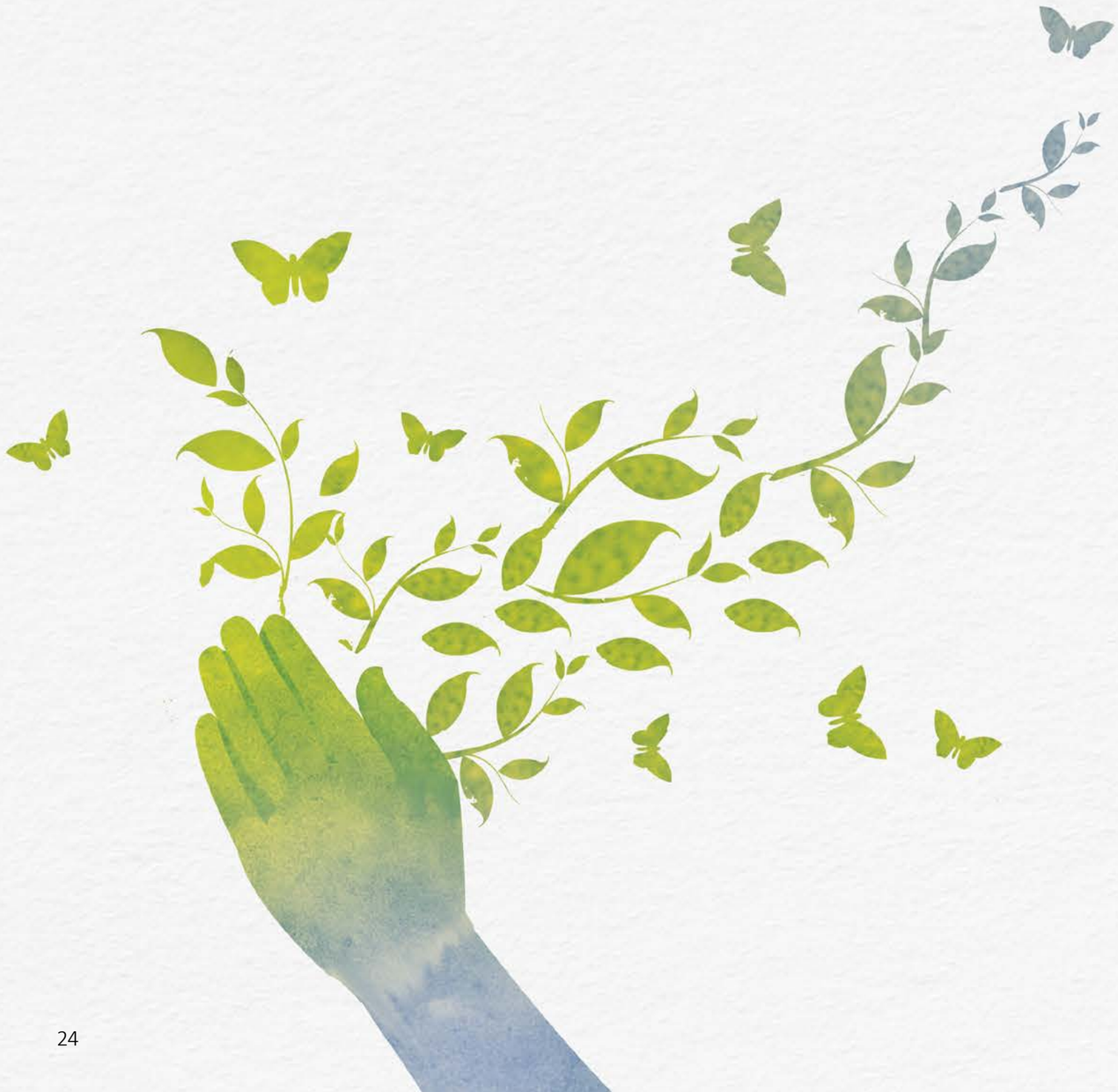
TRANSITION PLAN AND DECARBONISATION PATHWAY

The Company's transition plan is anchored in a mix of renewable energy procurement, operational efficiency, fuel switching, electrification, process optimisation, circularity, low-carbon logistics, product innovation, and future enabling technologies. The 530 MW renewable energy arrangement remains central to this pathway and is intended to materially reduce dependence on carbon-intensive power sources. During FY2025-26, 892 MU of renewable power was consumed, contributing to an estimated emissions reduction of 0.83 million tCO2e. The Company continues to target 70% renewable power by FY2028.

2030	2050
Scope 1 & 2: 50% reduction **Scope 3: 25% reduction** • Integrate low-carbon zinc products into the portfolio by capitalising on growth in renewable energy markets. • Source 70% of electricity from renewable sources by FY2028, reducing power-related GHG, SO_x and NO_x emissions. • Implement energy-efficiency measures to reduce energy consumption. • Drive product innovation to enhance recyclability and reduce emissions during product use. • Establish India's first zinc tailings reprocessing plant at Rampura Agucha to recover zinc and silver from historical tailings. • Engage suppliers to reduce emissions from purchased goods. • Deploy electric and alternate-fuel vehicles, including LNG, for logistics and finished goods transportation. • Increase renewable energy reliance to reduce Scope 3 Category 3 emissions. • Engage value-chain partners committed to achieving Net Zero. – Growth in value-added and low-carbon products such as EcoZen and solutions that support customers' own decarbonisation pathways	**Net Zero GHG emissions** • Achieve 100% firm, round-the-clock renewable electricity across all sites. • Transition completely to electric or hydrogen-powered vehicles. • Use green hydrogen as a substitute for coke as a reducing agent. • Increase the use of secondary materials in production. • Offset residual GHG emissions. • Deploy Direct Air Capture and CCUS technologies to capture residual emissions. • Collaborate with battery manufacturers to advance zinc-based batteries.

VALUE CHAIN RISK ASSESSMENT

This value chain assessment builds on the scenario-based analysis by considering how climate-related physical and transition pressures may affect suppliers, logistics partners and customers beyond HZL's owned operations. It also complements the climate risk register by highlighting where upstream and downstream exposures, dependencies and opportunities may require management attention, collaboration or targeted response across the broader value chain.

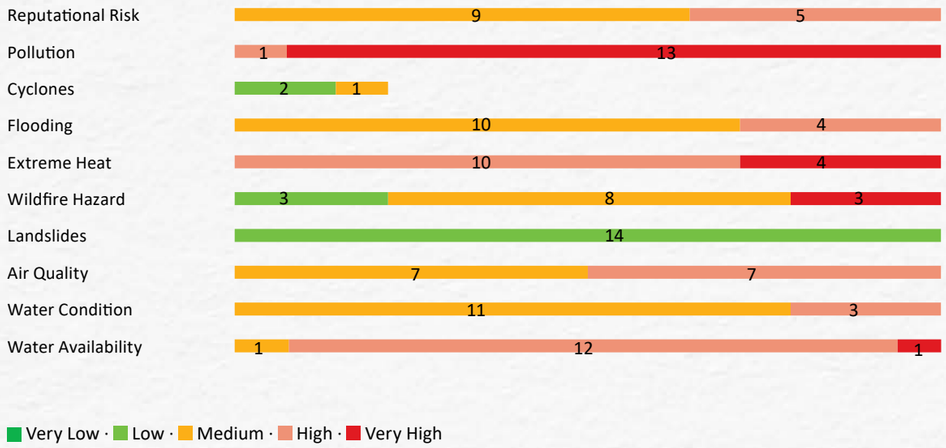


SUPPLIER RISK ASSESSMENT

As part of its broader climate-related value chain assessment, HZL considers the resilience and climate performance of key upstream categories relevant to operations, emissions and procurement continuity. The upstream value chain is particularly important because purchased goods and services, fuel- and energy-related activities, transportation and distribution, and critical operational inputs can all influence Scope 3 emissions, cost exposure and business resilience. Consistent with the logic applied in the previous Climate Action Report, HZL integrates climate-related considerations into its supplier assessment and due diligence processes to identify suppliers exposed to climate-related risks. Through sustainability assessments, supplier engagement, and environmental performance disclosures, HZL evaluates climate resilience across its supply chain. These assessments help strengthen supply chain resilience in support of HZL's climate ambitions. The assessment covers 14 critical upstream suppliers and their sites, each contributing 2% or more to total spend.

HZL methodology to assess supplier risks: HZL used the WWF's Biodiversity risk filter to identify climate-related impact and dependencies of our suppliers. Using the said filter, we were able to sort the suppliers based in terms of different risk factors on overall very high-risk, high-risk, medium-risk, low-risk and very low-risk

Number of Supplier Sites Under Different Risk Level



Note: The total may not equal 14 across all risks, as certain risks may not be applicable to every site. Accordingly, the number of risks identified and assessed may vary by site.

We are currently in the process of evaluating the impact of the identified climate-related risk and opportunities of our supply chain. Having a diverse set of operations, we are working towards creating a synergy with our value chain partners on decarbonisation.

Suppliers identified under the High and Very High risk categories are prioritised for enhanced engagement and due diligence. HZL works closely with these suppliers to understand the underlying risk drivers, communicate sustainability and responsible sourcing expectations, and develop time-bound corrective action plans.

Persistent non-compliance or failure to demonstrate improvement may result in escalation measures in line with HZL's Supplier Code of Conduct and procurement governance framework.

SUSTAINABILITY THROUGH SUPPLIER COLLABORATION

HZL's response to upstream value chain risk is not limited to screening and monitoring alone; it also depends on collaboration with suppliers on sustainability performance, lower-carbon practices and circular economy opportunities. In line with the prior-year approach, the Company's value chain strategy recognises that supplier engagement can support both emissions reduction and resilience by improving awareness of climate, water and biodiversity-related issues, strengthening sustainable sourcing practices, and identifying practical areas of collaboration. This includes engagement on lower-carbon procurement and supplier decarbonisation over time, as well as circular partnerships that create shared environmental and commercial benefits across the value chain.

Suppliers with Targets in Public Domain

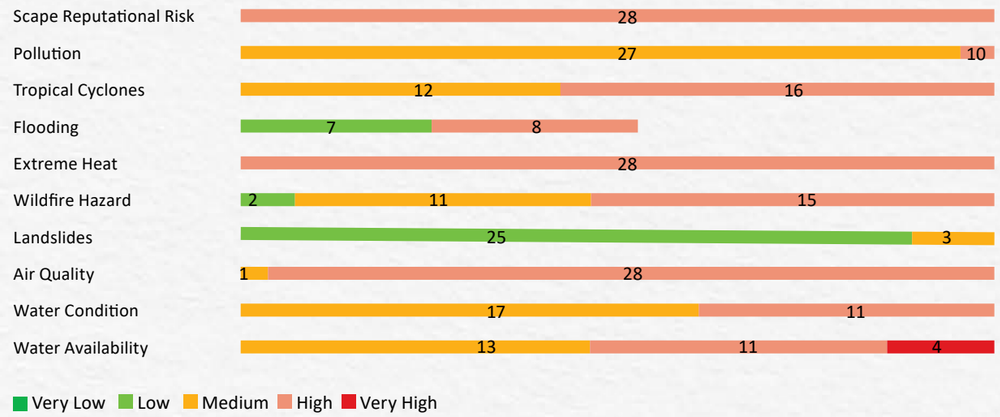
During FY2025-26, HZL continued to conduct risk-based ESG assessments of critical suppliers covering environmental, social and governance criteria, supported by due diligence, supplier maturity evaluations, corrective action plans and capacity-building programmes to strengthen a resilient and responsible supply chain. Suppliers are assessed through a three-tier process comprising self-assessments, HZL-led evaluations, and independent third-party due diligence. HZL continued to derive value from circularity-linked relationships, including beneficial utilisation of waste streams and by-products that reduce raw material demand, avoid landfill and create shared emissions and resource-efficiency benefits across partner interfaces. Over time, this approach is expected to strengthen supplier resilience, improve emissions visibility and support alignment with customer and investor expectations around sustainable sourcing.

HZL supplies slag, fly ash, and jarosite to the cement industry as alternative raw materials, reducing the consumption of virgin resources such as limestone and lowering clinker requirements. This helps cement manufacturers reduce energy consumption and associated GHG emissions while advancing circular economy practices. We are focussing on making upstream supply chain sustainable by: Creating awareness and assessing ESG-related performance of suppliers (Climate/ Water/Biodiversity) Assessing whether Sustainable Supply Chain initiatives are in line with HZL's Sustainability goal of Sustainable Sourcing Identifying areas of collaboration like circular economy. We connected with our suppliers by a special programme "Wednesdays for Transition", which was a series of online ESG awareness sessions with our suppliers in which we discussed topics such as Climate change, Biodiversity & Human rights etc. This programme helped us cover majority of our total suppliers. We strive to work with all our suppliers for them to set climate-related targets in the public domain.

CUSTOMER RISK ASSESSMENT

On the downstream side, HZL considers how climate-related risks and opportunities may arise through customer expectations, market preferences, embedded-carbon scrutiny, logistics continuity and changing demand patterns for lower-carbon materials. The downstream value chain is strategically important because HZL's products sit within industrial and infrastructure applications that are increasingly exposed to climate commitments, product-level carbon expectations and supply-chain decarbonisation requirements. Hence, the customer-facing assessment is intended to understand where climate-related dependencies and impacts in customer sectors could affect demand, product positioning and commercial resilience, while also identifying opportunities for HZL to enable downstream emissions reduction through lower-carbon products and stronger sustainability-linked customer engagement. The assessment covers 30 sites belonging to 18 critical downstream customers, each accounting for 2% or more of sales.

Number of Customers Sites Under Different Risk Level



Note: The total may not equal 30 across all risks, as certain risks may not be applicable to every site. Accordingly, the number of risks identified and assessed may vary by site.

ECOZEN: LOW-CARBON ZINC

EcoZen remains HZL's clearest example of how downstream climate-related market risk can also become a strategic opportunity. As Asia's first low-carbon zinc product, EcoZen is designed to help customers reduce embedded emissions in their own products and value chains while responding to growing market demand for lower-carbon materials. Its reported carbon footprint of less than 1 tCO2e per tonne of zinc and approximately 75% below the global average strengthens HZL's ability to support customers facing increasing carbon-related disclosure, procurement and reputational expectations. In this sense, EcoZen is not only a product innovation; it is also a value chain response to changing customer preferences, downstream decarbonisation needs and the broader transition toward lower-carbon industrial systems.

AVOIDED EMISSIONS AND CUSTOMER DECARBONISATION

HZL's products and circular economy initiatives can support customers in reducing emissions beyond HZL's operational boundary. This includes enabling customers to procure lower-carbon zinc through EcoZen, use recovered or by-product-based material streams such as Jarosite in cement applications, improve downstream process efficiency through alloy and product formulation, and reduce reliance on virgin raw materials through closed-loop recovery and recycling models. These outcomes are best described as potential avoided or enabled emissions because they depend on how customers use HZL's products, the reference material or process displaced, and the emissions factors applied in the customer's own value chain.

Lever	How it can help customers avoid or reduce emissions	How HZL is supporting its customers	Measured Impact of HZL's Initiatives
EcoZen low-carbon zinc	Provides customers with zinc carrying a substantially lower product carbon footprint than conventional zinc benchmarks, helping reduce embedded emissions in galvanisation, industrial products and other downstream applications.	EcoZen is positioned at less than 1 tCO2e per tonne of zinc and approximately 75% below the global average, supporting customer Scope 3 and procurement-related decarbonisation narratives.	In FY26, HZL sold 2,935 tonnes of EcoZen, helping downstream customers avoid approximately 14,505 tonnes of CO_2e emissions. With a product carbon footprint of 939.95 kg CO_2e per tonne, EcoZen supports value chain decarbonisation by providing a lower-carbon alternative, enabling customers to reduce their emissions footprint while advancing climate goals.
Jarosite, slag and fly-ash and by-product utilisation in cement	Enables cement customers to use a recovered material stream in place of conventional inputs, supporting resource efficiency, reduced waste disposal and potentially lower embedded emissions in cement applications.	Jarosite, slag and fly-ash co-processed in cement manufacturing strengthening HZL's downstream circularity and customer decarbonisation proposition.	HZL enabled the beneficial utilisation of over 806 kt of industrial by-products in the cement sector, including 178 kt of jarosite, 113 kt of slag, and 515 kt of fly ash. By replacing virgin raw materials and reducing clinker requirements, these initiatives supported resource efficiency, circularity, and value-chain decarbonisation, with jarosite utilisation increasing 9% y-o-y.
Closed-loop recovery and recycling	Reduces dependence on virgin inputs and supports waste valorisation by recovering useful materials from waste and scrap streams and returning them to productive use.	Waste and scrap streams are supplied to Runaya for further processing and recycling, after which recovered material is supplied back to Hindustan Zinc. Recycled input materials accounted for 5% of total input materials used.	Minor metal complex generating additional revenue through extracting critical metals from smelting waste, including cadmium. This has also resulted in 5% of our input material to be recycled/ reused. Additionally HZL is developing India's first 10 Mtpa tailings processing plant at Rampura Agucha to extract additional zinc, lead, and silver from legacy tailings, promoting circularity through closed-loop recovery and recycling of mineral resources while extending the value derived from existing mine waste.
Alloy and product formulation benefits	Can improve processability, durability, corrosion performance and application efficiency, enabling lower energy use, longer product life or reduced material losses in downstream processes.	HZL's product innovation supports downstream customer efficiency and can strengthen the role of zinc products in lower-carbon industrial value chains where benefits are quantified.	FY26 VAP production stood at 184 kT, with our alloy portfolio helping customers reduce GHG emissions through improved material efficiency, lower resource and energy consumption.
Battery Energy storage system	Scope 2 emissions to reduce significantly with an ambition to achieve FDRE (Firm and Dispatchable Renewable Energy), resulting in emissions savings on the products.	990 MW battery energy storage system is being established, while transmission losses are expected to decrease as HZL transitions from the State Transmission Utility (STU) model to the Central Transmission Utility (CTU) model.	Reduction in transmission losses will help reduce upstream emissions related to power production in India resulting in lower grid GHG footprint.

HZL's avoided emissions and customer decarbonisation shows how it takes wider responsibility, alongside its transition plan. The Company's pathway connects renewable power scale-up, energy efficiency, cleaner logistics, circularity, low-carbon products, supplier and customer engagement, and emerging technology readiness.

HZL is also preparing for future abatement options in hard-to-decarbonise areas. The Company is exploring hydrogen vehicles for underground mining, which have the potential to reduce diesel dependence, lower mining fleet emissions and improve underground air quality, subject to technology maturity, infrastructure readiness, safety requirements and operational suitability. Tail gas treatment plants form part of HZL's environmental control and air-emissions management programme. They materially reduce SO_x emissions from smelting operations and strengthen compliance performance, local air-quality outcomes and community protection. This reinforces HZL's broader approach to responsible transition planning, which includes greenhouse gas reduction, air-emissions management, process efficiency and local environmental safeguards.

RISK MANAGEMENT

Hindustan Zinc integrates climate-related risk management into its enterprise risk management framework. Climate change is treated as a cross-cutting strategic risk that interacts with operations, workforce health and safety, water availability, energy security, regulatory compliance, supply chain resilience, market access, and reputation. The Company's risk processes are designed to identify, assess, prioritise, monitor, and manage both physical and transition risks using formal governance, periodic review, and management action plans.

HZL applies a structured climate risk management process involving risk identification, multi-stakeholder input, risk scoring, prioritisation, and continuous monitoring through unit- and corporate-level mechanisms. Climate issues are integrated into enterprise risk management and supported by dedicated risk governance through the Board, Audit and Risk Management Committee, management forums, and site-level risk owners.

For climate-related assessment and management, HZL applies time horizons intended to be consistent across governance, strategy and risk reporting. Climate-related issues affecting the business within up to 2 years are treated as short term, those expected to arise over 3–5 years as medium term, and those extending beyond 5 years as long term. In this context, 2030 is considered within the medium-term horizon, while 2050 is treated as a long-term strategic reference point. These time horizons are used to inform operational planning, capital deployment, risk review and transition strategy development.

Within the enterprise risk management framework, HZL assesses the significance of climate-related risks and opportunities using a combination of qualitative and quantitative criteria, including potential effects on EBITDA, operating costs, capital expenditure, production continuity, regulatory compliance, market positioning and reputation. Risks affecting more than 10% of projected EBITDA are considered very high within the risk tolerance framework. This report therefore treats a climate-related matter as substantive where it has had, or could reasonably be expected to have, a significant effect on the Company's strategy, business activities, value chain, financial position, financial performance or cash flows at the corporate level.

HZL's climate-related assessment process combines qualitative and quantitative inputs and covers direct operations and, where relevant, upstream and downstream value-chain stages. The process draws on site-level operational data, enterprise risk management inputs, stakeholder engagement, climate scenario analysis, emissions inventories, and location-specific tools such as water and climate risk screening. Assessment methods include tools such as ThinkHazard, WRI Aqueduct, IEA transition scenarios and biodiversity-related filters for value-chain analysis. These assessments are used to identify dependencies and impacts such as energy reliance, water availability, emissions intensity, waste generation, logistics exposure, and customer demand for lower-carbon products, and to translate them into climate-related risks and opportunities for management attention.

Climate Risk Register

1. Scoping
Define risk assessment boundaries, aligned to the Energy & Climate Change Standard and Climate Change Risk Assessment Procedure.

2. Risk Identification
Climate-related risks and opportunities, including nature-related risks, are identified through a multi-stakeholder approach involving employees, customers, suppliers, and business partners, supported by assessments, surveys, regulatory insights, and global risk sensing to proactively address risks relevant to HZL's assets and commodities portfolio.

3. Risk assessment & evaluation
HZL assesses climate change and other enterprise risks using a 5×5 Risk Matrix that evaluates impact, likelihood, and velocity, enabling effective prioritisation and response. Risk appetite is defined by the Board, while risk tolerance is measured through quantitative thresholds to support consistent and informed risk management.

4. Continuous Monitoring and Review
Given the dynamic nature of risks, we continuously monitor and review them through defined forums and quarterly tracking. This ensures timely responses and mitigation. We also use Key Risk Indicators (KRIs) for principal risks, serving as early warning signals to help the management closely monitor risk exposures.

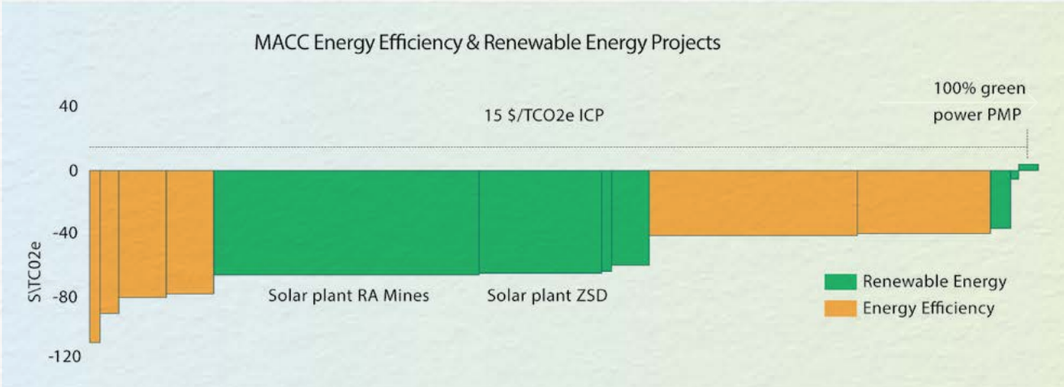
5. Risk Governance and Oversight
The Board of Directors oversees risk management and approves policies for high-risk areas. The Audit and Risk Management Committee reviews risk practices quarterly and reports to the Board.

6. Risk Infrastructure and Management
The Management Committee (MANCOM) of the Company includes risk management matters in its agenda on a quarterly basis. The Chief Risk Officer (CRO) acts as the coordinator to collate and present risk management matters to the MANCOM on a quarterly basis and presents key enterprise risks reviewed by the MANCOM to the Audit and Risk Management Committee on a semi-annual basis.

7. Risk Ownership
Each HZL unit has a Unit Risk Officer who reports risks to the Central Risk Team and leads quarterly Unit Risk Councils to review risks and responses. They also monitor risks and response plans within their unit functions.

8. Integrate Results into Financial Planning
Document and confirm budget requirements for additional risk treatment options.

Marginal Abatement Cost Curve (MACC): Hindustan Zinc uses a Marginal Abatement Cost Curve (MACC) to identify energy and carbon-saving opportunities. Projects are selected based on resource optimisation potential, with financial viability driven by savings in electricity, diesel, and fuel use—helping reduce emissions. The MACC includes energy efficiency projects identified at Hindustan Zinc providing savings throughout the year for the last 3 financial years. RE projects have been considered for their entire project life. Most of our projects have a positive NPV. For example, installing a no-load sensor in one of our mines in FY2023, saved over 32,000 tCO2e in a year with a negative cost of abatement, i.e., a positive NPV. Many positive NPV projects are zero operational cost projects such as process optimisation projects to increase the energy efficiency of systems.



- Includes Scope 1 and 2 emissions only on a CO2e basis; Scope 3 emissions excluded Assumes a US$ 0/t carbon tax for analysis purposes
- The MACC does not include cost or abatement related to 530 MW RE-RTC project. Cost data for energy efficiency projects is sourced from respective project owners & site teams. This information is conceptual and will be advanced over time.

CLIMATE RISK REGISTER

Hindustan Zinc's most material climate-related risks continue to span both transition and physical dimensions. On the transition side, the most relevant issues include carbon and energy policy change, evolving disclosure and customer requirements, technology and fuel-switching needs, and the commercial implications of a lower-carbon materials market. On the physical side, the Company remains exposed to chronic water stress, rising temperatures, labour and productivity impacts from heat, and acute weather-related disruption that could affect mining, smelting, logistics and supporting infrastructure. These risks are assessed within the enterprise risk management framework and monitored through Board and management oversight structures.

The climate risk register below consolidates the most material themes into a management-oriented view of risk type, time horizon, business effect and management response.

Risk Theme	Risk / Opportunity Type	Time Horizon	Potential Effect on HZL	Adaptation & Mitigation Measures
Carbon pricing, CBAM and disclosure compliance	Transition risk	Short to long term	Higher compliance and disclosure costs, increased customer and investor scrutiny, possible carbon-cost pass-through, and competitive pressure in export-linked and lower-carbon materials markets.	Renewable power scale-up, emissions reduction pathway implementation, IFRS S2- and CDP-aligned disclosure, product-level carbon-footprint communication, and continued strengthening of climate-related data quality and governance.
Renewable procurement and energy transition compliance	Transition risk and opportunity	Short to medium term	Compliance obligations, procurement and integration costs, and operational exposure to carbon-intensive power, alongside the opportunity to reduce emissions intensity and improve long-term cost resilience.	530 MW renewable energy arrangement, target to reach 70% renewable power by FY2028, Pantnagar's 100% renewable power sourcing, and ongoing integration of green power into power-intensive operations.
Technology transition and abatement investment	Transition risk and opportunity	Medium to long term	Need for capital deployment in cleaner power, fleet transition, process improvement and enabling technologies such as storage, hydrogen, biofuels or other hard-to-abate solutions to remain on the 2030 and Net Zero pathway.	Energy-efficiency projects, expansion of LNG and EV logistics,evaluation and deployment of emerging technologies like BESS, internal project review of abatement levers, and climate-linked investment screening through governance and capital planning processes.
Coal availability and fossil-fuel cost exposure	Transition risk	Short to medium term	Exposure to fuel price volatility, potential supply constraints and higher operating costs for captive power or residual fossil-dependent operations.	Renewable power transition, energy mix diversification, efficiency initiatives and gradual reduction of dependence on more carbon-intensive power sources where feasible.
Market positioning, customer preference and reputation	Transition risk and opportunity	Short to long term	Pressure to demonstrate credible climate action, maintain stakeholder confidence, respond to customer demand for lower-carbon materials, and protect brand, market share and social licence to operate.	EcoZen scale-up, product-level carbon-footprint disclosure, continued sustainability leadership, ICMM membership, transparent climate reporting and broader alignment of responsible mining and climate-accountability practices.
Low-carbon product and clean-energy market growth	Transition opportunity	Short to long term	Opportunity to capture premium or preferred market positioning through EcoZen and benefit from rising demand for zinc and silver in solar, wind, electrification, storage and corrosion-protection applications.	Commercialisation of EcoZen, continued strengthening of low-carbon product positioning, and alignment of climate strategy with broader value-creation and market-differentiation goals.
Water stress and water availability	Physical risk	Medium to long term	Potential operational constraints, increased water-management costs, impacts on smelting and mining continuity, and greater dependence on resilient water infrastructure across water-stressed regions in Rajasthan impacting operations like delays, increased costs, or inability to sanction or permit projects due to costs associated with securing access to water.	3.32x water positive performance, treated sewage water use, 49% recycling, filtered tailings, zero liquid discharge, rainwater harvesting and site-level water conservation and infrastructure investments.
Heat stress and workforce productivity	Physical risk	Short to long term	Potential effects on workforce safety, productivity, fatigue, cooling demand, attrition risk and broader operational continuity as extreme heat remains a high baseline hazard and worsens over time.	Operational controls, safety management, workforce protection measures, site monitoring, shift and productivity management, and integration of heat-related physical risk into enterprise risk review and adaptation planning.
Extreme rainfall, flooding and infrastructure disruption	Physical risk	Medium to long term	Weather-related disruption to mining especially in the Tailings Storage Facility (TSF), smelting, transport and supporting infrastructure, and increasing rainfall variability under future scenarios.	Resilience planning, drainage and site-infrastructure review, site monitoring, emergency preparedness, integration of future hazard assessment into enterprise risk processes, and continued attention to site-level adaptation investment needs.
Material supply and logistics disruption	Physical risk	Short to long term	Risk of disruption to inbound material flows, fuel and consumables, and broader logistics continuity due to water stress, extreme heat and acute weather events affecting operations and transport corridors.	Ongoing logistics planning, cleaner fleet deployment through LNG and EVs, operational monitoring, risk integration through enterprise processes, and resilience measures supporting continuity across supply-chain interfaces.
Market disruption from physical climate events	Physical risk	Short to long term	Potential effects on customer demand, dispatch schedules, demand forecasting and product movement where physical climate events disrupt downstream operations, logistics networks or regional industrial activity.	Customer engagement, diversification of lower-carbon product positioning, continued strengthening of market relevance through EcoZen and broader monitoring of climate-related commercial impacts within strategic planning.
Value-chain emissions, supplier engagement and lower-carbon partnerships	Transition risk and opportunity	Short to medium term	Pressure to improve Scope 3 transparency, supplier engagement and lower-carbon sourcing, alongside the opportunity to strengthen customer partnerships, logistics decarbonisation and circularity-linked value creation across the value chain.	Cleaner logistics deployment, supplier engagement and more structured Scope 3 tracking and disclosure development, EcoZen and downstream engagement, and continued circularity and by-product utilisation programmes that create shared emissions and resource-efficiency benefits.

INTERNAL CARBON PRICING

Hindustan Zinc uses an internal carbon price (ICP) of US$15/tCO2e (approximately INR 1325.36/tCO2e) to support low-carbon decision-making across its operations. This internal carbon price is applied as a shadow price within capital planning, procurement review and broader strategic decision-making to help future-proof projects against carbon-related regulation, improve the business case for renewable energy and energy-efficiency investments, and strengthen alignment with the Company's SBTi-linked decarbonisation pathway. HZL continues to use the shadow price as a forward-looking decision tool to encourage clean technology deployment, low-carbon innovation and more climate-informed capital allocation beyond the decisions already taken, including procurement of renewable electricity.

The Objectives of HZL's Internal Carbon Pricing Approach include:

- Supporting cost-benefit analysis for climate-relevant investments and procurement decisions;
- Driving energy efficiency and low-carbon investment choices;
- Incentivising consideration of climate-related issues in decision-making and risk assessment;
- Helping identify and capture lower-carbon business opportunities;
- Informing strategy and financial planning under evolving regulation and market expectations;
- Supporting reduction of upstream value-chain emissions;
- Reinforcing progress toward climate-related policies and targets.

METRICS AND TARGETS

Hindustan Zinc tracks climate performance through a core set of metrics covering greenhouse gas emissions, emissions intensity, renewable energy, water, waste and circularity, and lower-carbon logistics. These metrics support management oversight of progress against the Company's 2030 sustainability goals and net-zero ambition, and provide a quantitative basis for assessing how transition measures are translating into operational outcomes. In FY2025-26, the Company reported Scope 1 emissions of 4,782,041 tCO2e, Scope 2 emissions of 241,728 tCO2e and Scope 3 emissions of 1,469,090 tCO2e, alongside GHG intensity of 4.79 tCO2e per tonne of metal, green power consumption of 892 MU, renewable share of approximately 18%, water positivity of 3.32x, and 6.04 million tonnes of recycled, reused or recovered materials. Together, these indicators show meaningful progress in several enabling areas, while also underlining that deeper decarbonisation is still required to deliver the long-term emissions pathway.

Hindustan Zinc has SBTi approved target of 50% reduction in Scope 1 & Scope 2 GHG emissions, 25% reduction in Scope 3 GHG emissions by 2030* and achieving Net Zero by 2050** from base year 2020.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

**Hindustan Zinc Limited is a subsidiary of Vedanta. Vedanta is currently excluded from joining the SBTi due to the temporary policy surrounding fossil fuel companies; however, as Hindustan Zinc Limited meets category 2.4 of the temporary policy, science-based targets have been approved.

Target Area	FY2020 Baseline / Reference Point	FY2025-26 Status	2030 / Interim Target	Progress Commentary
Absolute Scope 1 and Scope 2 emissions	Absolute Scope 1 and Scope 2 emissions 4.73 Mn. tCO2e	5.02 million tCO2e (Scope 1: 4,782,041; Scope 2: 241,728)	50% reduction by 2030	Absolute emissions increased from baseline as operations expanded, reinforcing the importance of renewable power scale-up, process efficiency and fuel transition to return to the required trajectory.
Absolute Scope 3 emissions	1.77 Million tCO2e	1.47 million tCO2e	25% reduction by 2030	Scope 3 emissions declined from the prior year, indicating progress in value-chain management, but deeper category-level intervention and supplier engagement will be needed to deliver the 2030 ambition.
Renewable power share	Renewable power share: 225 MU of green power consumed	18% of total power requirement; 892 MU green power consumed; 519 MU received under the Serentica arrangement	35% by FY2027 and 70% by FY2028	Renewable integration accelerated materially during FY2025-26 and remains the single most important lever for emissions reduction over the next three years.
Freshwater consumption	Freshwater consumption 24.79 (Mn. m3)	13% reduction from FY2020 baseline	50% reduction by 2030	Progress remains positive but will require continued recycling, alternative water sourcing and operational optimisation to meet the 2030 goal.
Municipal treated sewage water in smelting	Municipal treated sewage water in smelting: 39%	47%	100% by 2030	The Company has established a strong base for transition to lower-quality water sources, but substantial infrastructure and sourcing scale-up is still required.
Water positivity	Water positivity: 2.41x	3.32x water positive	Maintain and strengthen positive water balance	Water positivity remains a strategic resilience indicator and supports adaptation readiness in water-stressed regions.

HZL is strengthening its approach to Scope 3 management by category, recognising that value-chain emissions require a combination of improved data quality, supplier and customer collaboration, cleaner logistics, circularity, low-carbon products and targeted abatement partnerships. The Company's Scope 3 reduction target is to reduce value-chain emissions by 25% by 2030 from the FY2020 baseline. A significant share of HZL's Scope 3 emissions is associated with fuel- and energy-related activities, reflecting the energy-intensive nature of mining, smelting and power-linked operations. As renewable electricity replaces conventional power sources, associated upstream fuel- and energy-related emissions are expected to reduce over time. In line with leading mining-sector practice, key actions already taken, cumulative progress since the baseline year, planned actions to 2030 and beyond, and the expected contribution of priority levers to the Scope 3 target.

Addressing Scope 3

Scope 3 Category	Relevance and Current Understanding	Actions Taken to Date / FY2025-26 Progress	Planned Focus to 2030 and Beyond
Purchased goods and services	Material upstream category covering operational inputs, consumables, cement and other procured materials. Embedded emissions depend on supplier production pathways, recycled content and product carbon intensity.	Supplier engagement has been strengthened for key categories, including engagement with partners that have credible climate commitments and science-based or low-carbon product pathways. Circular input use has increased, with recycled input materials accounting for 5% of total input materials used. Waste streams are supplied to Runaya for further processing and recycling, after which recovered material is supplied back to Hindustan Zinc, creating a closed-loop model that reduces dependence on virgin inputs.	Deepen supplier segmentation by emissions materiality, increase primary data collection, prioritise suppliers with SBTi-aligned targets or credible low-carbon pathways, and explore low-carbon cement, recycled inputs, alternative materials and long-term procurement criteria linked to product carbon footprint. HZL's value chain strategy extends beyond risk screening to supplier engagement, lower-carbon procurement, cleaner logistics, and circular partnerships. In FY2025-26, the Company expanded LNG and EV logistics, and strengthened circularity initiatives, enhancing supplier resilience, emissions visibility, resource efficiency, and sustainable sourcing outcomes.
Capital goods	Relevant where major equipment, infrastructure and project investments have embodied emissions associated with steel, cement, machinery and electrical systems.	Climate considerations are increasingly reflected in capital planning through renewable power integration, cleaner logistics, tailings reprocessing, water infrastructure and circularity investments.	Incorporate Product Carbon Footprint (PCF) assessment in major capital projects prioritise efficient equipment and low-carbon material options where commercially and technically feasible, and track climate-related capex separately.
Fuel- and energy-related activities not included in Scope 1 or Scope 2	One of the more significant categories because HZL's operations are energy intensive and historically linked to conventional electricity and fuel supply chains.	Renewable electricity integration accelerated during FY2025-26, with 892 MU green power consumed and 519 MU received under the Serentica arrangement. The planned 990 MW battery storage capacity is expected to improve renewable reliability, balancing and reduced short-term market procurement dependence. The shift toward a CTU-connected power model, is expected to improve power delivery efficiency and reduce transmission losses compared with earlier procurement structures.	Scale long-term renewable procurement, complete power delivery integration, operationalise storage-backed renewable supply, and reduce residual dependence on carbon-intensive power procurement. In FY2025-26, HZL significantly reduced indirect emissions through increased renewable electricity consumption. Emissions from purchased grid electricity and transmission & distribution losses (Scope 2 and Category 3) declined by 37% and 20%, respectively, compared to the previous financial year, demonstrating continued progress toward a lower-carbon energy mix.

Addressing Scope 3

Scope 3 Category	Relevance and Current Understanding	Actions Taken to Date / FY2025-26 Progress	Planned Focus to 2030 and Beyond
Upstream transportation and distribution	Material category linked to inbound, inter-unit and logistics movement of materials, inputs and products.	Cleaner logistics remains an important transition pathway. HZL has deployed LNG vehicles and electric vehicles across its logistics network, with the fleet reaching 180 LNG vehicles and 52 EVs. Deployment progress is assessed cumulatively against the baseline year to reflect scale-up over time. LNG deployment provides near-term emissions reduction relative to diesel transport, while electric mobility offers deeper abatement potential as renewable electricity availability increases.	Continue cumulative LNG and EV deployment, increase renewable-linked charging where feasible, improve route optimisation, assess modal-shift opportunities and engage logistics partners to decarbonise fleets, resulting in 1,298.73 tCO2e of avoided emissions in FY2025-26.
Waste generated in operations	Relevant category where disposal pathways and recovery options influence both direct waste outcomes and downstream material substitution benefits.	Circularity is embedded through recovery, reuse and beneficial utilisation of waste and by-product streams. HZL reported 6.04 million tonnes of materials recycled, reused or recovered, 863 kt of smelting waste gainfully utilised and 654 kt of jarosite repurposed. Waste and scrap streams are processed through Runaya and returned into the Group ecosystem where feasible.	Expand waste-to-wealth initiatives, increase beneficial utilisation partnerships, quantify emissions avoided through material substitution and strengthen traceability of recovered materials.
Business travel and employee commuting	Generally smaller in magnitude but relevant for complete inventory coverage and employee engagement.	Inventory completeness is being maintained and improved through data-quality efforts. Broader mobility transition initiatives support lower-carbon transport readiness.	Improve data granularity, encourage lower-carbon travel choices, expand employee mobility initiatives and assess EV charging and shared transport options.
Downstream transportation and distribution	Relevant to customer delivery, product movement and embedded logistics emissions associated with HZL's customer-facing value chain.	Cleaner logistics deployment through LNG and EVs supports both upstream and downstream transportation emissions reduction and builds preparedness for lower-carbon freight expectations from customers.	Extend cleaner logistics solutions to customer-linked routes where feasible, collaborate with logistics providers and customers, and quantify freight-related emissions reductions.
Processing, use and end-of-life of sold products	Important for downstream embedded-carbon transparency, especially where customers use zinc, lead, silver, alloys or by-products in industrial applications.	EcoZen, Jarosite and product innovation strengthen HZL's downstream customer decarbonisation proposition. Supplier and customer engagement increasingly focuses on partners with credible climate commitments, including customers and vendors with SBTi-aligned targets Product formulation and alloy mixing in selected products can improve processability, durability, corrosion performance and application efficiency for customers, supporting lower energy use, longer product life or reduced material losses where benefits are quantified.	Expand product carbon-footprint communication, quantify downstream benefits of low-carbon zinc,Jarosite and alloy/product performance, and work with customers on circularity partnerships and emissions-reduction opportunities.

WATER, WASTE AND CIRCULARITY PERFORMANCE

Water stewardship remains central to HZL's climate resilience and sustainability strategy. In FY2025-26, the Company remained 3.32x water positive, achieved a 13% reduction in freshwater use versus the FY2020 baseline, used 47% municipal treated sewage water in smelting operations, and reached 49% recycling. Total water withdrawal was reported at 27,772,321 kL and total water consumption at 25,363,614 kL. These results reflect continued emphasis on Zero Liquid Discharge, water recycling, treated water use, and water infrastructure investments.

Circular economy and waste valorisation also advanced in FY2025-26. HZL reported 6.04 million tonnes of materials recycled, reused, or recovered, with 29.43% of total waste reused/recycled/recovered and 104% utilisation of high-volume low-toxicity waste.

Key Highlights

1. 863 kt of smelting waste gainfully utilised
2. 654 kt of jarosite/jarofix repurposed. These initiatives contributed not only to environmental improvement, but also to value creation, with circularity-related activities contributing over ~320 crore in revenue.

NATURE, BIODIVERSITY AND CLIMATE INTERLINKAGES

Recognising that climate resilience and ecosystem resilience are interconnected, HZL continued to advance biodiversity-related actions in FY2025-26. The Company reiterated its commitment to halt and reverse biodiversity loss by 2030 from the 2020 baseline and to achieve no net loss by mine closure. All sites continued under biodiversity management planning, supported by engagement with IUCN. During the year, 1,13,500 additional plantations were undertaken and 1,105 hectares were reported as restored.

CLIMATE POLICY ENGAGEMENT AND INDUSTRY PARTICIPATION

Hindustan Zinc's climate policy engagement is guided by support for the Paris Agreement, alignment with India's broader climate and energy transition direction, and participation in industry bodies and platforms that shape mining, metals, climate, resource efficiency, biodiversity and responsible business practice. The Company engages with policy and advocacy channels at global, national and local levels to contribute technical input, support practical and market-based climate policy, and help shape standards and frameworks relevant to a lower-carbon and more resource-efficient mining and metals sector. External engagement is overseen through management structures that include the Executive Sustainability Committee and Corporate Affairs, with periodic review of whether trade association memberships and advocacy positions remain aligned with HZL's public climate commitments and strategic direction.

HZL's climate policy position remains unchanged and is summarised below:

We acknowledge the importance of adaptation and resilience for business and all our stakeholders to a changing climate

We do not advocate for policies that undermine the Paris Agreement or discount Nationally Determined Contributions (NDCs)

We encourage effective climate policy for private sector investment in low-carbon technologies while maintaining the competitiveness of the metals industry

We support the outcomes of the Paris Agreement and the long-term goal to limit global average temperature rise to well below 2°C and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels

We support the government as they raise the ambition of their Nationally Determined Contributions (NDCs)

We believe policy should be efficient, equitable, practical, market-driven, and promote free trade

We welcome increased transparency in climate related disclosures, and support for consistency across standards & metrics

We incentivize and encourage use of low emission technology and products like electric vehicles and rooftop solar

In practice, HZL's climate policy engagement spans both direct and indirect advocacy. The Company engages with consultations, policy working groups, industry associations and sustainability initiatives on issues such as green credit, mining decarbonisation, cleaner technology adoption, resource efficiency, climate disclosure alignment, water stewardship and responsible sourcing. Consistent with the prior-year report, HZL's approach to climate and energy advocacy is based on policy positions that favour practical, equitable and market-based mechanisms to support emissions reduction, innovation and industrial competitiveness. Inputs to public policy positions are typically developed by subject matter experts and reviewed through relevant internal functions before being represented externally through associations or consultation responses.

The Company also reviews whether its memberships and associations remain aligned with its climate commitments, including support for the Paris Agreement and its own public climate position. Where HZL's role in an association is significant, it seeks to collaborate with that organisation to improve alignment with climate ambition and responsible business expectations. This review considers factors such as alignment with HZL's climate stance, the relevance of the organisation to HZL's operations, the adequacy of governance structures, and whether the association's advocacy position remains compatible with the Company's own climate commitments.

Level	Organisation	Nature of Membership / Role	Relevance to Climate and Responsible Mining Engagement	Policy Positions Supporting Paris Agreement	Alignment with HZL's Position
Global	International Council on Mining and Metals (ICMM)	Member; first Indian company to join	Supports alignment with global responsible mining standards, climate accountability, environmental protection, and stakeholder engagement expectations.	Yes	Yes
Global	International Zinc Association (IZA) / IZA Climate Change Task Force	Member	Relevant to product carbon-footprint development, recycled-content guidance, circularity and global zinc-sector decarbonisation.	Yes	Yes
Global	Taskforce on Nature-related Financial Disclosures (TNFD)	Collaborative participant	Supports development of market-led disclosure approaches for nature-related risks and interlinkages with climate and biodiversity.	Yes	Yes
National	Confederation of Indian Industry (CII) water and circularity group	Member / committee participant	Engagement on climate action, water stewardship, environment and industry best practice in line with Paris Agreement-aligned initiatives.	Yes	Yes
National	Federation of Indian Mineral Industries (FIMI) / Sustainable Mining Initiative	Chairman of Sustainable Mining Initiative	Relevant to sustainable mining principles, cleaner mining operations, vehicle transition, and alignment of sector practices with ESG and climate expectations.	Yes	Yes
National / Global	UN Global Compact	Signatory member	Supports broader sustainability principles integrated into strategic business functions, including climate-relevant governance and responsibility.	Yes	Yes
Sector initiative	Zinc Mark	Aligned participant	Supports responsible sourcing, ESG assurance and transparent reporting expectations relevant to customer and stakeholder confidence.	Yes	Yes

Climate and Sustainability Advocacy

Waste Management and Circular Economy:

Through membership of the CII National Committee on Waste to Worth, HZL advocates for policies and industry practices that promote resource efficiency, waste valorisation, circular economy principles, and sustainable materials management.

Climate Resilience and Adaptation:

As a participant in the Climate Adaptation Coalition CII, HZL supports collaborative industry action to strengthen climate resilience through policy advocacy, research, capacity building, and the development of practical adaptation tools.

Water Security:

Through engagement with the CII Mission on Water, HZL advocates for sustainable water management, improved water stewardship practices, and policies that enhance long-term water security.

Climate Policy and Carbon Markets:

Through the CII Climate Change Council (2025-26), HZL contributes to industry discussions on climate policy, including carbon market development, climate finance frameworks, and national climate adaptation planning, supporting India's transition to a low-carbon and climate-resilient economy.

Report on Cleaner Vehicle Adoption in Indian Mining Sector

Hindustan Zinc Limited collaborated with HEMM OEMs and Members of Sustainable Mining Initiative and contributed to study on Adoption on Clean-fuel Vehicles in Mining Operations. The report titled "Study on Adoption of Cleaner Vehicles for Indian Mining Industry" was unveiled during Sustainable Mining Summit in Bhubaneswar in July 2025. The report outlines a strategic roadmap for transitioning to cleaner fuel-based vehicles in the mining sector. Report addresses key barriers to adopting cleaner alternatives which include high upfront costs, insufficient charging/refuelling infrastructure, and lack of supportive policies. The report has been shared with key government bodies including the Ministry of Mines, Ministry of Coal, Ministry of Steel, Ministry of Heavy Industries, Ministry of Environment, Forest and Climate Change (MoEFCC), Prime Minister's Office, and NITI Aayog. It aims to inform policy frameworks and catalyse collaborative industry efforts for sustainable mining practices.

CLIMATE-RELATED EFFECTS ON STRATEGY AND FINANCIAL PLANNING

In line with IFRS S2 and CDP expectations, climate-related effects on strategy and financial planning are considered from both a current-period and forward-looking perspective. For FY2025-26, the most visible climate-linked financial effects are associated with renewable energy deployment, lower-carbon logistics, circularity investments, water-resilience measures and the Rampura Agucha tailings reprocessing project. Looking ahead, climate-related transition and physical risks could affect capital expenditure, operating expenditure, asset resilience, production continuity, customer demand, and access to lower-carbon market opportunities. The Company's planning approach therefore increasingly incorporates climate-related assumptions into investment screening, resource allocation, and operational priorities.

Financial Impact due to Physical and Transitional Risk

Impact Area	Cost Incurred in FY2026 (₹)	Mitigation Measures	Impact
Capital Expenditure	7,399,241,217	Tail gas treatment systems, Zero Liquid Discharge (ZLD), renewable energy projects, dry tailings plant, and other environmental improvement initiatives	Reduced freshwater withdrawal, increased renewable energy adoption, improved resource efficiency, and enhanced environmental performance and resilience

Based on its FY2020 baseline, Hindustan Zinc has established a phased climate investment programme to deliver its target of reducing Scope 1 and Scope 2 emissions by 50%, and Scope 3 emissions by 25% by 2030, while achieving Net Zero by 2050 or sooner. Key committed investments include approximately US$ 1 billion dedicated to fleet electrification initiatives, supporting a target of 75% fleet electrification by 2035, including a ₹400 crore commitment for deployment of 100 battery-swappable electric trucks and 100 LNG trucks. In addition, the Company has invested approximately ₹1,114.5 crore in renewable energy and related infrastructure, including its 530 MW renewable energy programme and planned 990 MW battery energy storage capacity, supporting its target to source 70% of electricity from renewable sources by FY2027-28 and enabling delivery of its 2030 and 2050 climate commitments.

Sustainable Revenue Disclosure:

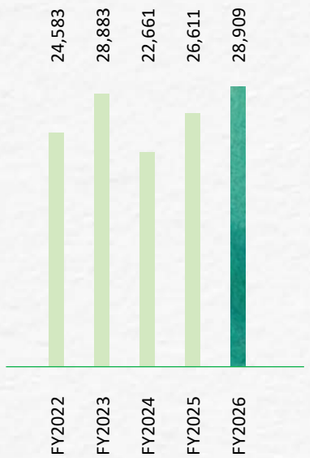
Hindustan Zinc classifies revenue as sustainable where products align with EU Taxonomy activities, contribute to environmental objectives, and meet do-no-significant-harm criteria.

Covered categories: Zinc for galvanisation and long-life through corrosion-protection, recycled/by-products including sulphuric acid, wind power generation, lead for energy storage (lead-acid batteries), and other by-products and reprocessed waste from smelting process.

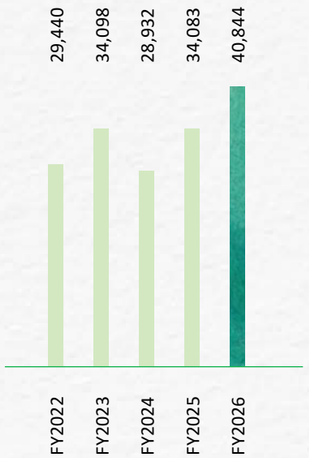
The assessment is based on internal evaluation and is externally validated.

Sustainable Revenue

Sustainable Revenue (₹ crore)



Revenue from Operations (₹ crore)



% of Sustainable Revenue

Climate-related considerations increasingly influence HZL's capital allocation, operating priorities and long-term planning assumptions. In FY2025-26, the clearest examples of this linkage were the continued scale-up of renewable energy through the Serentica renewable power arrangements, cleaner logistics deployment, and Board approval of the zinc tailings reprocessing project at Rampura Agucha. These investments illustrate how climate and circularity considerations are beginning to shape infrastructural choices, energy strategy, resilience planning and the commercial positioning of the portfolio. At the same time, management recognises that the financial implications of climate change are not limited to transition investments alone; they also extend to water security, asset resilience, operating-cost assumptions, value-chain competitiveness and the potential timing of future technology adoption.

Mitigation and Adaptation

Climate-related Financial Area	Current-year Status or Effect	Planning Horizon	Strategic Linkage
Renewable energy transition	519 MU renewable power received under the 530 MW arrangement and 892 MU green power consumed in FY2025-26; renewable integration delivered an estimated 0.83 million tCO2e abatement.	Short to medium term	Core decarbonisation lever that affects energy mix, emissions trajectory, cost resilience and progress toward the FY2028 renewable power milestone.
Cleaner logistics and fleet transition	Deployment reached 180 LNG vehicles and 52 EVs, with additional commitments through GreenLine and internal fleet transition initiatives.	Short to medium term	Reduces logistics emissions and supports Scope 3 management, while improving readiness for lower-carbon transport requirements.
Water resilience and adaptation-related infrastructure	Investment continues in treated water use, recycling, filtered tailings, zero liquid discharge and site-level water conservation as part of operational resilience.	Medium to long term	Supports business continuity under increasing water stress and strengthens physical climate resilience across key sites.
Circularity and tailings reprocessing	Board-approved Rampura Agucha zinc tailings reprocessing project with investment of INR 3,823 crore and 10 Mtpa feed capacity; circularity activities also generated over INR 320 crore revenue and over INR 100 crore EBITDA.	Medium term	Demonstrates the connection between circular economy strategy, resource efficiency, emissions avoidance and long-term portfolio value.
Product and market positioning	EcoZen adoption expanded in FY2025-26, with the product positioned at less than 1 tCO2e per tonne of zinc and approximately 75% below the global average carbon footprint.	Short to medium term	Strengthens market relevance in low-carbon value chains and can support customer retention, differentiation and downstream Scope 3 reduction narratives.

Looking ahead, Hindustan Zinc will continue to further deepen its climate action through continued renewable energy integration, emissions reduction delivery, low-carbon product expansion, water and waste performance improvement, logistics decarbonisation, supply-chain engagement, and stronger climate-related financial disclosure.

Note: The plan includes target to implement relevant adaptation measures within the following timeline for existing operations: Short term: up to 2 years; Medium term: 3–5 years; and Long term 6-20 years.

WAY FORWARD

Hindustan Zinc's transition plan is being advanced through a coordinated set of decarbonisation, circularity and value-chain initiatives that support the Company's 2030 targets and Net Zero ambition. The Company is progressively reducing dependence on captive and conventional power by scaling renewable electricity procurement through long-term arrangements, including the 530 MW RE-RTC renewable energy partnership. In FY2025-26, renewable power integration continued to strengthen, with 519 MU of renewable power received under the Serentica arrangement and 892 MU of green power consumed, supporting an estimated 0.83 million tCO2e reduction. The transition away from short-term market-based electricity procurement also improves visibility over emissions intensity and supports long-term energy cost resilience.

Priority Area	Way Forward for FY2026-2027 and Beyond
Business growth	Climate-related risks and opportunities will increasingly inform strategic business decisions, including expansion planning, major projects, technology choices, portfolio optimisation and long-term growth opportunities across geographies. As HZL continues to position itself as a supplier of transition-relevant metals, climate resilience, low-carbon competitiveness and responsible mining performance are expected to become more explicit considerations in the evaluation of future business opportunities and major investments.
Financial planning	As climate-related assessment matures, HZL expects to further strengthen how transition assumptions, physical risk exposure, internal carbon pricing, renewable energy economics and adaptation needs are reflected in financial planning, capital allocation and key estimates. Over time, changes in climate strategy, regulation, technology pathways, market conditions or physical risk exposure may influence assumptions relevant to asset values, operating costs, capital expenditure and the timing of future investments.
Supply chain	Climate-related assessment will continue to become a more integral part of supplier evaluation, sustainable sourcing and Scope 3 management. Future priorities are expected to include stronger supplier engagement on emissions and resilience, greater visibility of upstream climate exposure, and more systematic consideration of lower-carbon procurement and supplier collaboration opportunities, particularly for key categories relevant to operational continuity and embedded emissions.
Market and product	HZL intends to continue evaluating opportunities for lower-carbon products, climate-compatible product lines and differentiated market offerings that respond to changing customer expectations and global low-carbon demand trends. Building on EcoZen and related customer engagement, the Company expects to further explore how product innovation, embedded-carbon transparency and joint action with customers can help capture transition-related opportunities and strengthen long-term market relevance.
Metrics and targets	The Company will continue to track progress against its short-, medium- and long-term targets on carbon, water, waste and circularity, while working to improve the breadth and decision-usefulness of climate-related metrics. Future disclosure and management focus may increasingly include metrics linked to vulnerability and resilience—such as heat-related operational exposure, water stress, product-level carbon differentiation, supply-chain performance and climate-related financial sensitivity—alongside the continued strengthening of greenhouse gas, renewable energy and adaptation-related indicators.
Alignment with IFRS S2 and disclosure maturity	HZL has already begun aligning its climate governance, strategy, risk management and metrics with IFRS S2 principles, while also strengthening CDP-aligned disclosure practices. Going forward, the Company intends to further improve connected climate-related reporting by enhancing quantification of financial effects, refining scenario analysis and resilience conclusions, strengthening assurance readiness, and improving the quality of linked disclosures across climate, value chain, nature and capital planning. Through this process, HZL aims to continue building a more decision-useful, externally credible and business-integrated climate disclosure framework.

FORWARD LOOKING STATEMENT

This Climate Action Report has been prepared to provide decision-useful information on Hindustan Zinc Limited's climate-related governance, strategy, risk management, metrics, targets and progress for FY2025-26. The report has been structured with reference to the principles and disclosure pillars of IFRS S2 and has also incorporated elements intended to respond to investor, customer, lender and other stakeholder expectations, including those reflected in the CDP climate change questionnaire. As with all climate-related reporting of this nature, the approach taken in this report differs from that used in the Company's mandatory statutory and financial disclosures and should be read in that context.

This report contains forward-looking statements, including statements relating to Hindustan Zinc's climate ambition, transition plan, decarbonisation pathway, renewable energy integration, internal carbon pricing, water and circularity performance, low-carbon product strategy, value-chain engagement, Net Zero ambition and expected resilience under climate-related scenarios. Forward-looking statements may also be made in other public documents or oral statements by management from time to time. These statements are based on current expectations, assumptions, estimates, judgements and projections that management considers reasonable as of the date of this report, but they are not guarantees of future performance, outcomes or conditions.

Forward-looking statements are inherently subject to risks, uncertainties, assumptions and changes in circumstances, many of which are difficult to predict and are outside HZL's control. The assumptions, metrics, methodologies, thresholds and scenario pathways used in this report—including those relating to climate scenarios, transition risk, physical risk, greenhouse gas inventories, internal carbon pricing, low-carbon product claims, value-chain effects and climate-related financial implications—continue to evolve and may change as standards, market practice, regulatory requirements, scientific understanding, data quality and business conditions develop. Climate-related scenario analysis contained in this report is intended to support resilience testing and strategic planning and should not be interpreted as a prediction or forecast of future outcomes. Similarly, statements relating to 2030 and 2050 milestones, target pathways, technology options, policy developments, customer demand, market positioning or anticipated financial effects should be read as directional and contingent rather than certain.

Actual results, performance, financial condition and strategic outcomes may differ materially from those expressed in or implied by these forward-looking statements due to a range of factors. These include, among others, changes in domestic or international policy and regulation, carbon pricing or border adjustment measures, energy prices and energy-market conditions, renewable power availability, supply-chain disruption, climate-related physical events, water availability, technology performance and cost, customer demand for lower-carbon products, data limitations, assurance outcomes, broader economic and geopolitical conditions, and the Company's ability to execute its strategy and operational plans effectively. Forward-looking statements in this report should therefore be read together with these uncertainties and with the understanding that climate-related metrics and connected financial information may be refined as data quality, systems and reporting maturity continue to improve.

Any forward-looking statement made in this report speaks only as of the date of publication and reflects management's current assumptions and judgement at that time. Except as required by applicable law or regulation, Hindustan Zinc does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

IFRS S2 ALIGNMENT INDEX

IFRS S2 Pillar	Guidance Details	Section in this Report	Page Number Reference	TCFD Pillar
Governance	Governance oversight by the Board and committees for climate-related risks and opportunities	Message from the Chairperson; Message from the CEO; Governance; Climate Governance and Accountability	4-7, 10-13	Governance
Governance	Management's role in monitoring and managing climate-related risks and opportunities	Governance; Climate Governance and Accountability	10-13	Governance
Strategy	Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Executive Summary; Climate Scenario Analysis and Strategic Resilience; Value Chain Risk Assessment; Risk Management	1, 14-33	Strategy
Strategy	Current and anticipated effects on the business model and value chain	Climate Scenario Analysis and Strategic Resilience; Value Chain Risk Assessment; Climate-Related Effects on Strategy and Financial Planning	14-29, 44-46	Strategy
Strategy	Effects on strategy and decision-making, including the transition plan	Climate Scenario Analysis and Strategic Resilience; Transition Plan and Decarbonisation Pathway; Climate-Related Effects on Strategy and Financial Planning; Way Forward	14-23, 44-47	Strategy
Strategy	Climate resilience, including climate-related scenario analysis	Climate Scenario Analysis and Strategic Resilience; Physical Climate Risks Across Our Sites; Transition Climate Risks and Opportunities; Appendix A: Physical Climate Risk Assessment Methodology	14-22, 50-51	Strategy
Risk Management	Processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities	Governance; Value Chain Risk Assessment; Risk Management; Climate Risk Register	10-13, 24-33	Risk Management
Risk Management	Integration of climate-related risk and opportunity processes into overall risk management	Risk Management; Climate Risk Register	30-33	Risk Management
Metrics and Targets	Cross-industry metrics: Scope 1, Scope 2 and Scope 3 greenhouse gas emissions	Executive Summary; Key Highlights FY2025-26; Metrics and Targets	1, 8-9, 36-39	Metrics and Targets
Metrics and Targets	Climate-related targets and progress against those targets	Executive Summary; Key Highlights FY2025-26; Metrics and Targets; Way Forward	1, 8-9, 36-39, 47	Metrics and Targets
Metrics and Targets	Capital deployment, climate-related financial effects and connected information	Transition Plan and Decarbonisation Pathway; Internal Carbon Pricing; Metrics and Targets; Climate-Related Effects on Strategy and Financial Planning	22-23, 34-39, 44-46	Metrics and Targets
Metrics and Targets	Internal carbon price, remuneration and other decision-useful climate-related metrics	Climate Governance and Accountability; Internal Carbon Pricing; Metrics and Targets	12-13, 34-39	Metrics and Targets
Metrics and Targets	Industry-based metrics relevant to the metals and mining sector	Key Highlights FY2025-26; Metrics and Targets; Water, Waste and Circularity Performance; Nature, Biodiversity and Climate Interlinkages	8-9, 36-40	Metrics and Targets

APPENDIX A - PHYSICAL CLIMATE RISK ASSESSMENT METHODOLOGY

METHODOLOGY FOR BASELINE AND FUTURE PHYSICAL CLIMATE HAZARD ASSESSMENT

The physical climate risk assessment covered HZL's principal operating sites at Zinc Smelter Debari, Zawar Mines, Dariba Smelting Complex, Sindesar Khurd Mines, Rajpura Dariba Mines, Chanderia Lead Zinc Smelter, Rampura Agucha Mines, Kayad Mines and Pantnagar Metal Plant. The assessment considered both baseline hazard conditions and projected future changes in hazard intensity. Hazards assessed included fresh water scarcity, drought, urban flooding / extreme rainfall, landslide, earthquake, extreme heat, and cyclone and wind. Baseline assessment focussed on the current hazard profile at each site, while future assessment considered projected climate change relative to baseline for 2030 and 2050 under SSP1-2.6, SSP2-4.5 and SSP5-8.5.

For baseline hazard classification, hazard levels were grouped into No Hazard, Low, Medium and High using source-specific thresholds. Water stress was classified using WRI Aqueduct ranges, with values above 20% treated as high and extremely high baseline stress interpreted as high concern. Drought risk used Aqueduct drought-risk scores, with values above 0.6 treated as high. Riverine and coastal flooding were classified using inundation depth, with less than 0.15 m treated as low, 0.15 m to 0.6 m as medium, and greater than 0.6 m as high. Urban flooding used flood return-period severity from ThinkHazard, with low, medium and high categories based on increasing flood frequency. Landslide hazard used the annual frequency of rainfall-triggered landslides per square kilometre, with values above 0.00075 treated as high. Extreme heat used maximum-of-maximum temperature thresholds, with temperatures above 32°C classified as high. Cyclone and wind used the Saffir-Simpson / wind speed-based damage potential thresholds, and earthquake exposure used the BMTPC seismic zonation map. Where a site intersected multiple categories or evidence sources, the higher hazard category was prioritised to reflect a conservative worst-case interpretation.

For future assessment, the analysis considered the projected change in hazard-relevant climate parameters relative to baseline. Fresh water scarcity was assessed using projected freshwater scarcity from WRI Aqueduct. Flooding and landslide sensitivity were assessed using projected changes in one-day and five-day maximum rainfall from the IPCC Interactive Atlas. Extreme heat was assessed using projected changes in maximum-of-maximum temperature. Coastal flooding was assessed using sea-level rise, and cyclone change was assessed using projected sustained wind speed. Future change classes were categorised as near normal, minimal increase, moderate increase and significant increase. In general, rainfall changes above 10%, temperature increases above 2°C, sea-level rise above 60 cm, and wind-speed increases above 5% were interpreted as significant increases in hazard intensity, while smaller changes were treated as minimal or moderate increases depending on the threshold. Future drought projections were not available in WRI Aqueduct 4.0 and were therefore reported as not available.

The principal source datasets used in the assessment included WRI Aqueduct 4.0 for baseline and future water stress and drought, WRI Aqueduct Flood Hazard Maps for inundation depth, ThinkHazard for district-level urban and flood hazard screening, the World Bank Data Catalogue for rainfall-triggered landslide hazard, the IPCC WGI Interactive Atlas for future temperature, rainfall and sea-level projections, NOAA IBTrACS for cyclone and wind records, and BMTPC hazard zonation maps for earthquake and wind exposure. The resulting site-level outputs were then interpreted qualitatively to develop an externally readable traffic-signal summary, with aggregation based on the most material physical hazard signals at each site and timeframe.

GHG Emissions	UoM	FY2025-2026	FY2024-2025
Scope 1	tCO_2e	4,782,041	4,542,396
Scope 2 (location-based)	tCO_2e	634,325	634,012
Scope 2 (market-based)	tCO_2e	241,728	385,798
Total Scope 3	tCO_2e	1,469,090	1,539,762.43
Scope 3 category - wise breakup			
Cat 1: Purchased goods and Services	tCO_2e	497,314.0	405,165.25
Cat 2: Capital goods	tCO_2e	59,905.40	52,983.68
Cat 3: Fuel and energy related activities	tCO_2e	585,545.4	732,769.84
Cat 4: Upstream transportation and distribution	tCO_2e	34,929.00	27,605.54
Cat 5: Waste generated in operations	tCO_2e	16,597.00	16,336.49
Cat 6: Business Travel	tCO_2e	888.4	888.81
Cat 7: Employee commuting	tCO_2e	1,954.40	1,384.86
Cat 8: Upstream leased assets	tCO_2e	0	0
Cat 9: Downstream transportation and distribution	tCO_2e	47,070.00	50,455.33
Cat 10: Processing of sold products	tCO_2e	211,854.4	233,088.93
Cat 12: End-of-life treatment of sold products	tCO_2e	13,032.00	19,083.70

ASSURANCE STATEMENT

S.R. BATLIBOI & CO. LLP
Chartered Accountants

67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana, India

Tel: +91 124 681 6000

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON SELECT NON-FINANCIAL INDICATORS CONTAINED IN HINDUSTAN ZINC LIMITED'S CLIMATE ACTION REPORT

The Management and Board of Directors
Hindustan Zinc Limited
Yashad Bhavan,
Udaipur - 313004
Rajasthan, India

Scope
We have been engaged by Hindustan Zinc Limited (hereafter "Hindustan Zinc" or the "Company") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements 3000 (Revised), here after referred to as the engagement, to report on select non-financial indicators as per Annexure 1 (the "Subject Matter") contained in Hindustan Zinc's Climate Action Report **as of September 29, 2026 for the year ended March 31,2026 and for the period from April 01,2025 to March 31,2026** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Hindustan Zinc
In preparing the **Subject Matter** Hindustan Zinc has applied a basis of preparation as per Annexure 1 of this Assurance Report (the "Criteria"). As a result, the Subject Matter information may not be suitable for another purpose.

Hindustan Zinc's responsibilities
Hindustan Zinc's management is responsible for selecting the Criteria, and for presenting the **Subject Matter** in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Our responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with Hindustan Zinc on February 2, 2026.Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

S.R. BATLIBOI & CO. LLP
Chartered Accountants

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.
Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the **Subject Matter** and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Assessing the suitability of the criteria used by the entity in preparing the subject matter
- Conducting interview of select representatives of Company's management to understand the reporting process, including management's processes to identify Hindustan Zinc's material climate-related risks and opportunities;
- Obtained an understanding of the control environment, processes and information systems relevant to the preparation of the information subject to limited assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected, at selected sites, a limited number of samples as appropriate to check the accuracy of the data:
    - Chanderia Lead Zinc Smelter
    - Dariba Smelting Complex
    - Zawar Mines
    - Rampura Agucha Mine
    - Rajpura Dariba Mine
    - Sindesar Khurd Mine
    - Kayad Mine
    - Debari Zinc Smelter
    - Pantnagar Metal Plant
    - Head Office, Udaipur

S.R. BATLIBOI & CO. LLP
Chartered Accountants

- Conducted analytical procedures, as appropriate; and made inquiries of management to obtain explanations for any differences we identified
- Evaluated the overall presentation of the subject matter to determine whether it is consistent with the criteria and in line with our overall knowledge of, and experience with, the entity's operations.

We also performed such other procedures as we considered necessary in the circumstances.

Other Information

- The Company's management is responsible for the other information. The other information comprises the information included within the Climate Action Report other than Subject Matter and our independent assurance report dated September 29, 2026, thereon.
- Our conclusion on the Subject Matter does not cover the other information and we do not express any form of assurance thereon. In connection with our assurance engagement of the Subject Matter, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Exclusions

- Data and information outside the defined reporting period: April 01, 2025 – March 31, 2026;
- Data and information on economic and financial performance of the Company;
- Data, statements and claims already available in the public domain through Annual Report, or other sources;
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim or future intention;
- The Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to **the Subject Matter as of September 29, 2026 for the year ended** March 31,2026 **and for the period from** April 01,2025 to March 31,2026, in order for it to be in accordance with the Criteria.

Intended use or purpose

This report has been prepared in accordance with the terms of our engagement solely for the management and Board of Directors of the Company in connection with the Subject Matter described in this report and to enable the Company to publish the report as part of its sustainability disclosures, including on its website. The Subject Matter and this report are intended for users who have a reasonable understanding of the applicable Reporting Criteria

S.R. BATLIBOI & CO. LLP
Chartered Accountants

and recognise that the Subject Matter has been prepared and assured having regard to appropriate levels of materiality. To the fullest extent permitted by law, we do not accept or assume any responsibility for any reliance on this assurance report to any persons other than the management and the Board of Directors of the Company, or for any other purpose other than that for which it was prepared.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
Firm's Registration No.: 301003E/E300005

Amit Chugh
Digitally signed by Amit Chugh
Date: 2026.09.29 18:26:13 +05'30'

Amit Chugh
Partner
Membership No.: 505224
UDIN: 26505224NWBVTL7869
Place of Signature: Gurugram
Date: September 29, 2026

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Annexure-1

Indicator	Basis of preparation
Total scope 1 emissions	Total absolute direct greenhouse gas emissions generated within own operations during the reporting period, calculated basis Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard)
Total scope 2 emissions	Indirect greenhouse gas emissions due to purchased energy during the reporting period, calculated basis Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard)
Total scope 3 emissions	Greenhouse gas emissions in the value chain during the reporting period, calculated basis Greenhouse Gas Protocol (Corporate Value Chain Accounting and Reporting Standard).
Internal carbon price	The price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions and how the entity is applying carbon price in decision making;
Percentage of employees including executive management, ESOS recognized that is linked to climate related considerations	ESOS for employees including executive management tied to sustainability achievements, including emission reductions and resource efficiency improvements.

HINDUSTAN ZINC
Zinc & Silver of India

HINDUSTAN ZINC LIMITED

Yashad Bhawan, Udaipur - 313004, Rajasthan, India.

T: +91 294 6604000-20 | www.hzlindia.com

Hindustan Zinc Facebook Page
https://www.facebook.com/HindustanZinc/

Hindustan Zinc LinkedIn Page
https://www.linkedin.com/company/hindustanzinc/

Hindustan Zinc Twitter Handle
https://twitter.com/Hindustan_Zinc

CEO-HZL Twitter Handle
https://twitter.com/CEO_HZL