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Independent Limited Assurance Statement to Hindustan Zinc Limited on the Greenhouse Gas (GHG) Inventory for Financial Year 2017-18

To the Management of Hindustan Zinc Limited,
Yashad Bhawan, Udaipur,
Rajasthan, India – 313 004

Introduction

KPMG in India ("KPMG" or "We") has been engaged for the purpose of providing limited assurance on Green House Gas (GHG) emissions of Hindustan Zinc Limited ("HZL" or "the Company") for FY 2017-18. The GHG emissions have been quantified and reported by HZL according to the requirements of World Resources Institute (WRI) / World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard – Revised edition).

HZL is responsible for calculating the GHG inventory. Our responsibility was to provide limited assurance on GHG emissions reported as described in the scope of assurance.

Scope, Boundary and Limitations for Assurance

The scope of assurance covers direct GHG emissions (Scope 1), indirect GHG emissions (Scope 2), and select other indirect GHG emissions (Scope 3) of HZL for the period 01 April 2017 to 31 March 2018. The review of information and data on a sample basis was carried out at the following sites:

- Chanderiya Lead and Zinc Smelters, Rajasthan
- Debari Zinc Smelter, Rajasthan
- Pantnagar Metal Plant, Uttarakhand
- Rampura Agucha Mines, Rajasthan
- Zawar Mines, Rajasthan
- Dariba Smelting Complex, Rajasthan
- Kayad Mines, Rajasthan
- Rajpura Dariba Mines, Rajasthan
- Sindesar Khurd Mines, Rajasthan
- Udaipur Corporate Office, Rajasthan

Scope 3 emissions have been verified, as per the below mentioned categories, defined by the WBCSD GHG Protocol:

- Category 1: Purchased Goods and Services (limited to cement, lime, and soda ash)
- Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel (limited to air travel)
- Category 7: Employee Commuting
- Category 8: Upstream Leased Assets
- Category 9: Downstream Transportation and Distribution
- Category 10: Processing of Sold Products
- Category 12: End-of-Life Treatment of Sold Products



The assurance scope excludes data and information outside the defined reporting period and boundary.

Assurance Procedures

We have conducted our work in accordance with requirements of 'Limited Assurance' procedures as per International Federation of Accountants' (IFAC) International Standard for Assurance Engagements (ISAE 3410- Assurance Engagements on Greenhouse Gas Statements).

A limited assurance engagement in accordance with ISAE 3410 involves assessing the risks of material misstatement of the elements of the Information that are within scope, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances of the engagement and evaluating the overall presentation of those elements. The nature, timing and extent of procedures selected depend on our understanding of the Information and other engagement circumstances, and our consideration of areas where material misstatements of the elements of the Information that are in scope are likely to arise. In developing our understanding of the Information, we have developed an understanding of internal control over the preparation and presentation of the Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of HZL's internal control over the preparation and presentation of the Information.

The assurance procedures also included a range of evidence-gathering procedures including:

- Assessment of HZL's reporting procedures for GHG emissions with regard to their consistency with the WRI/WBCSD Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard)
- Reliability of greenhouse gas emissions from electricity use, stationary combustion (LPG, Coal, Propane, Diesel, etc.), mobile combustion (Diesel etc.).
- Evaluating the appropriateness of the quantification methods used in the preparation of GHG Statement
- Discussions with individuals responsible for evaluation of the GHG emissions.
- Verification of systems and procedures used for emission quantification, collation and analysis.
- Testing on a sample basis, the evidence supporting the data and information.
- Understanding the reasonableness of the various assumptions, estimations, and materiality thresholds used by HZL for data analysis.
- Assessment of data reliability and accuracy.

Conclusions

Based on our review and procedures performed as described above, nothing has come to our attention that causes us not to believe that the:

- Accounting of GHG emissions is in accordance with World Resources Institute (WRI) / World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard).
- The reported GHG emissions (01 April 2017- 31 March 2018) are equal to:
 - Scope 1: 4,829,878 metric tonnes of CO₂ equivalent
 - Scope 2: 154,564 metric tonnes of CO₂ equivalent
 - Scope 3: 4,443,747 metric tonnes of CO₂ equivalent



Independence

Assurance procedures were conducted with a multidisciplinary team including specialists in ISAE 3410 and GHG assurance engagements. Our work was performed in compliance with the requirements of IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

HZL is responsible for evaluating the GHG inventory, establishing and maintaining appropriate internal control systems and derivation of performance data reported. This report is made solely to the Management of HZL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to HZL those matters for which we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HZL for our work, for this report, or for the conclusions expressed in this independent assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

A handwritten signature in black ink, appearing to read 'Santhosh Jayaram', with a long, sweeping underline.

Santhosh Jayaram

Partner

KPMG India

23rd August 2018