

<b>Title: Due Diligence System</b>
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## 1. INTRODUCTION

To establish an effective internal management for due diligence to identify, assess, and where appropriate manage potential risks associated with our mineral supply chains, in line with Vedanta’s the 5-step framework of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance).

## 2. SCOPE

Hindustan Zinc Limited (HZL)

## 3. DEFINITIONS

Definitions of key terms used in this document are shown in the following table.

Term	Definition
Annex II risks	<p>Risks covered by Annex II of the OECD Due Diligence Guidance. These include:</p> <ul style="list-style-type: none"> <li>- Serious human rights abuses:               <ul style="list-style-type: none"> <li>o Any forms of torture, cruel, inhuman and degrading treatment;</li> <li>o Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;</li> <li>o The worst forms of child labour;</li> <li>o Other gross human rights violations and abuses such as widespread sexual violence;</li> <li>o War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.</li> </ul> </li> <li>- Direct or indirect support to non-state armed groups;</li> <li>- Risk associated with the contracting of public or private security forces;</li> <li>- Bribery and fraudulent misrepresentation of the origin of the materials;</li> <li>- Money laundering;</li> <li>- Non-payment of taxes, fees, and royalties due to governments.</li> </ul>
Area	For the purpose of this procedure, an area can include national or sub-nation level designation
Armed Conflict	<p>Refers to the definitions as outlined by the Geneva Contentions, namely:</p> <ul style="list-style-type: none"> <li>- International armed conflict: all cases of declared war or of any armed conflict that may arise between two or more high contracting parties, even if the state of war is not recognized, the convention shall also apply to all cases of partial or total occupation of the territory of a high contracting party even if the said occupation meets</li> </ul>

	<p>with no armed resistance (Geneva Convention, 1949, common art.2).</p> <ul style="list-style-type: none"> <li>- Non-international armed conflict: armed conflicts that are non-international in nature occurring in one of the High contracting parties' (Geneva Convention, common article 3, 1949). In simple terms, this means armed conflict between an internationally recognized government and a non-state armed group, or among non-state armed groups.</li> </ul>
Conflict-Affected and High-Risk Area (CAHRA)	Area identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law. (OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. <a href="http://dx.doi.org/10.1787/9789264252479-en">http://dx.doi.org/10.1787/9789264252479-en</a> )
CAHRA determination	The process whereby a country is assessed against the methodology defined in this document, to evaluate whether the country may fall under the definition of CAHRA and, as a consequence, determined as high-risk.
Country of Origin	The country where the ore was mined.
Good governance	Refers to the definition of the UN Office of the High Commissioner for Human Rights (OHCHR) to mean the process whereby public institutions conduct public affairs, manage public resources and guarantee the realization of human rights in a manner essentially free of abuse and corruption, and with due regard for the rule of law.
Human Rights	Human rights as defined by the following core international conventions and instruments: <ul style="list-style-type: none"> <li>•Universal Declaration of Human Rights (1948)</li> <li>•International Covenant on Civil and Political Rights (1966)</li> <li>•International Covenant on Economic, Social, and Cultural Rights (1966)</li> </ul> Universal Human Rights Instruments
High-Risk	Supply chains or Business Partners where material is mined or transported through a CAHRA; and / or where a red flag is identified.
Low-risk	Supply chains and Business Partners for which no red flags have been identified.
Red flag	An alert that potential risks of adverse impacts or adverse impacts may occur along the mineral supply chains.
Red flags identification	The process whereby the information provided by a Business Partner is reviewed to identify the presence of red flags along the mineral supply chain.
Risk (of adverse impacts)	For the purpose of this procedure, risks are defined in relation to the potentially adverse impacts of the company's operations, which result from the company's own activities or its relationships with third parties, including Business Partners and other entities in the supply chain. Such risks cover, at a minimum, Annex II risks. Adverse impacts which may be associated with extracting, trading, handling and exporting minerals from CAHRA.

Transit	Shipping of goods between origin and final destination, including through countries and across international borders, without discharging the cargo.
Transport	Movement of goods from one location to another.
Upstream assurance mechanism	Upstream assurance mechanisms can be industry led, government, private, or non-profit led. Some upstream mechanisms may also be referred to as upstream joint initiative or institutionalized mechanism.

## 4. PROGRAMME REQUIREMENTS

HZL follows the requirements listed below with regards to the due diligence system.

### 4.1. Internal Management

#### 4.1.1 Responsible Supply Chain Policy

To ensure the responsible sourcing of minerals, including when sourcing from CAHRA, HZL complies with the following:

- a) HZL adopts a Sustainable Sourcing Policy which includes:
  - A reference to the OECD Due Diligence Guidance and a commitment to implement its 5-step due diligence framework;
  - A reference to, and/or a list of, the risks associated with sourcing from CAHRAs, as described in the OECD Due Diligence Guidance, Annex II;
- b) HZL communicates the policy to Business Partners, and includes it into contracts and/or agreements;
- c) HZL communicate the policy publicly.

#### 4.1.2 Resourcing

HZL ensures the following resources are in place:

- Internal organisational support and accountability for the due diligence system, emphasising that potential supply chain risks should be taken seriously and appropriate risk management or mitigation strategies sought promptly;
- Trained competent employees or failing that, external resources who are experienced in supply chain due diligence and in dealing with CAHRA-related risks;
- An auditable system for recording and storing all information and documentation related to the due diligence system (see 4.1.4 Reporting and Recording) for a minimum of 3 years;
- A written procedure for due diligence with responsibilities assigned for each step as well as management oversight, and;
- A budget allocation to implement due diligence.

#### 4.1.3 Training

HZL provides training for managers and relevant employees (including, but not limited to, the purchasing department, the legal department, the sustainability department, etc) on the

company's policy and practices for supply chain due diligence, relevant to their responsibilities, which include as a minimum:

- expectations for Business Partners;
- routes available to report potential red flags or risks the relevant department or management;
- routes available to respond to identified risks;
- roles and responsibilities for overseeing and executing due diligence, and;
- recording and tracking procedures.

#### **4.1.4 Internal Reporting and Recording**

All information and documentation collected for due diligence purposes is registered, documented and tracked with controlled access.

As a minimum the following information is recorded:

- Information on KYC (4.1.5)
- Information collected through the system of control and transparency (4.1.5)
- Outcome of the red flags identification process and risk assessment process (4.2)
- Actions implemented, monitoring information and outcome of the risk management process (4.3)

HZL has defined a process to report red flags and the outcome of the risk assessment (4.2) to senior management.

#### **4.1.5 System of control and transparency**

HZL collects the following set of information from Business Partners, together with supporting evidence:

- Information on the ownership structure and beneficial ownership through a Vendor Onboarding Form
- Information on the type of material (whether mined or recycled);
- Quantities, expressed in volume or weight of materials received;
- Information on the country of origin of the material sourced;
- Information on the transport/transit countries relevant to the material sourced;
- Information on the sourcing and due diligence practices of the Business Partners.

HZL adopts procedures for material control and can reconcile material inputs and outputs through mass balance.

HZL seeks to establish a chain of custody or traceability system for all mineral supply chains, with a focus on red-flagged supply chains (4.2.1).

#### 4.1.6 Business Partners engagement

HZL adopts the following measures:

- Communicate HZL Sustainable Sourcing Policy to all direct Business Partners of mineral supply chains;
- Incorporate HZL Sustainable Sourcing Policy into contracts or written agreements with Business Partners;
- Monitor Business Partners' conformance with HZL Sustainable Sourcing Policy, including, where appropriate, through audits;
- Seek to support and build capacity with Business Partners to improve performance and conformance with HZL Sustainable Sourcing Policy.

#### 4.1.7 Grievance mechanism

HZL follows the requirements described in the *Technical Standard – Grievance Mechanism* with regards to the mechanisms for handling and resolving both employee and other external stakeholder grievances. A group-level online portal is also available at: <https://secure.ethicspoint.eu/domain/media/en/gui/102029/index.html>

#### 4.1.8 Monitoring and Evaluation

a) The due diligence system is subject to internal monitoring and evaluation every two years to ensure its effectiveness or sooner if its efficacy comes into question.

### **4.2. Red flags Identification and Risk Assessment**

#### **4.2.1 Red Flags Identification**

HZL identifies potential red flags triggering enhanced due diligence in its mineral supply chains. Red flags include, at a minimum:

- Red flag locations of mineral origin and transit:
  - o The minerals originate from or have been transported via a CAHRA;
  - o The minerals are claimed to originate from a country that has limited known reserves, likely resources or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels);
  - o The minerals are claimed to originate from a country in which minerals from CAHRAs are known to transit.
- Supplier red flags:
  - o The company's suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.
  - o The company's suppliers' or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months.

To do so, HZL adopts the CAHRA determination methodology described in Annex I of this Standard.

#### **4.2.2 Risk Assessment**

Where red flags are identified, HZL undertakes enhanced due diligence to map the factual circumstances of the presence of Annex II risks, starting with a desk-top assessment of red flags and Annex II risks and evaluation of all the sites and transport routes based in a CAHRA.

Where appropriate, HZL conducts on-the-ground assessments, prioritizing initial assessments of high-risk sites within a CAHRA in the first year, and including a timeline of completing all initial site assessments in a CAHRA over the period of two years (maximum) from the time that the CAHRA was identified by the company; HZL also establishes a cadence of future on-site reassessments.

If on-site assessments in CAHRAs will not be possible for longer than a year despite company's best efforts (due to government travel ban, or other restrictions linked to a pandemic or another extraordinary circumstance), HZL will seek to conduct a remote assessment in the interim. While this approach is not equivalent to an onsite assessment, this can still yield information material to risk identification, assessment and mitigation and demonstrate that the company is still seeking to meet enhanced due diligence obligations. HZL will still conduct on-site assessments as soon as possible within the outlined two-year timeline or consider pausing sourcing until access to the site for assessment purposes is restored.

When sourcing materials from a CAHRA, HZL may choose to utilize upstream assurance mechanisms to support part of its due diligence activities.

#### **4.3. Risk Management**

Where risks are confirmed under 4.2.2, HZL will design a risk management strategy. The strategy will be consistent with the following standards:

- Continuing trade or temporarily suspending trade while pursuing ongoing mitigation of the risk.
- Immediately suspending trade or disengagement with the Business Partner where the
- company identifies a reasonable risk of adverse impacts or actual adverse impacts that are deemed too severe (these include serious human rights abuses and support to non-state armed groups) or after failed attempts at mitigation within reasonable timescales (6 months).

Where risks are confirmed under 4.2.2, HZL implements and monitors a risk management plan. The plan is consistent with the following standards:

- It is complete with mitigation actions including clear performance objectives and qualitative and/or quantitative indicators to measure and promote significant improvements within reasonable timescales;
- It is developed in consultation with Business Partners and stakeholders, where applicable;
- Retained as documented information.

#### **4.4. Third-Party Auditing**

HZL seeks to promote third-party auditing at Business Partners, where these are smelters/refiners.

HZL may seek third-party auditing of its own due diligence system and practices, in line with the requirements of this standard, or an external Voluntary Sustainability Standard, as applicable.

#### **4.5. Public Reporting**

HZL reports annually to the public on the actions taken and outcome of the due diligence system. The report includes, at a minimum, the following information:

- The company’s policy for supply chain due diligence;
- The company’s management systems;
- The methodology and results of the risk assessment;
- Where applicable, the steps taken to manage risks.

HZL report annually to the LME, as appropriate, to ensure compliance with the LME reporting requirements.

## **5. ROLES AND RESPONSIBILITIES**

HZL ensures that roles and responsibilities for implementing and complying with this Standard are allocated.

Detailed responsibilities, authorities and accountabilities are as follows -

<b>S. No.</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>AUTHORITY</b>
4.1.1	Development and review of the Sustainable Sourcing Policy	[Lead – Sustainable Procurement, HZL] – input from ESG team	CCO, Commercial, HZL
	Internal communication of the policy to relevant departments	Head SP and VDD, Commercial	
	Communication of the policy to Business Partners	Respective Procurement category lead	
4.1.2	Implementation, oversight and review of the due diligence procedure	Lead SP and VDD, Commercial, HZL	Head SP and VDD, Commercial
	Budget allocation for due diligence		
4.1.3	Internal training for due diligence	Head SP and VDD	
4.1.4	Storing and recording of due diligence information	Lead SP and VDD	



4.1.5	Development and implementation of a KYC process	Third party	Head SP and VDD and Procurement Category lead
	Development and implementation of material control procedures/mass balance	Lead SP and VDD	Head SP and VDD
	Establishment of a chain of custody or traceability system; Collection of due diligence information from Business Partners on due diligence, mineral origin, etc.	Procurement Category Lead	
4.1.6	Incorporation of the policy into contracts and agreements; Engagement of the Business Partner to set up a risk management plan;	Procurement Category Lead	Head SP and VDD
	Development of a Business Partner capacity building programme	Lead SP and VDD	
4.1.7	Collection and investigation of grievances	Procurement Category Lead	Procurement Vertical Head, Head SP and VDD
4.1.8	Internal monitoring and evaluation of the due diligence system	Head SP and VDD	CCO, Commercial
4.2.1	Red flags identification and CAHRA determination	Lead SP and VDD	CCO, Commercial
4.2.2	Enhanced due diligence / risk assessment over red-flagged supply chains	Lead SP and VDD	CCO, Commercial
4.3	Development and implementation of risk management plans	Procurement category lead	
4.4	Assessment of Business Partners' due diligence performance and auditing	Third Party	Head SP and VDD
4.5	Compilation of the due diligence report and reporting to the LME	Head SP and VDD, HZL Marketing team	



## 6. COMPLIANCE AND PERFORMANCE

HZL ensures compliance with the requirements of this standard:

- HZL has a Sustainable Sourcing Policy, which is publicly available;
- The due diligence system resource requirements are included as line items in annual plans, capital and operational expenditure forecasts and committee meeting agendas;
- Roles, responsibilities and accountabilities have been clearly defined and documented for due diligence;
- HZL has a grievance mechanism for both employees as well as other external stakeholders appropriate to the local context;
- HZL identifies red flags and assesses potential risks in the supply chain;
- HZL reports annually on supply chain due diligence.

## 7. REVIEW

This Technical Standard is periodically audited and reviewed every 2 years to determine its accuracy and relevance with regard to legislation, education, training and technological changes..

## 9. CROSS REFERENCE

- Vedanta Technical Standard – Due Diligence
- Vedanta Technical Standard – TS04 – Grievance Mechanism
- HZL Sustainable Sourcing Policy

# ANNEX I: RED FLAGS IDENTIFICATION AND CAHRA DETERMINATION METHODOLOGY

## Introduction:

This methodology has been designed to support HZL in the implementation of its due diligence system, in line with the recommendations of the OECD Due Diligence Guidance, and in conformance with the responsible sourcing requirements of the LME.

Specifically, 'CAHRA' determination is an important component of Step 2 of due diligence "Identify and assess risks in the supply chains" of the OECD Due Diligence Guidance, and to conform with requirement 4.2.1 of this standard.

Where the mineral supply chain is determined to be originating from/associated with CAHRA, a red flag is raised, and the company must carry out enhanced due diligence to better understand the factual circumstances of the red-flagged operations / supply chains and confirm the potential presence of 'Annex II risks' and, if appropriate, design risk management strategies to address such risks (4.2.2 and 4.3 of this standard).

Where the mineral supply chain is determined not to be originating from/associated with CAHRA, the implementing company can move on to 4.4 of this standard.

## Methodology and thresholds:

HZL's CAHRA determination process is based on credible sources of data covering 3 criteria: conflict, human rights, and governance, as described in the next sections. A red flag is triggered as follows:

**Step 1: Initial Country-level CAHRA determination:** a red flag is temporarily triggered if any of the following conditions are met:

- a) The Country is identified as high risk (i.e., colour red) in TDi CAHRA Index;
- b) The Country is the Democratic Republic of the Congo (DRC) or one of its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act (DFA 1502), namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia (the 'Covered Countries');
- c) The Country is identified as high risk in the EU indicative and non-exhaustive list of CAHRAs, provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821 available here: <https://www.cahraslist.net/cahras>.

**Step 2: In-depth Regional-level CAHRA determination:** where a red flag is raised due to one of the conditions described under Step 1, further research is conducted to determine whether the conditions triggering a high risk may be limited to specific regions or districts of the Country of interest. The following sources are used to confirm the presence (or absence) of Annex II risks at the regional level:

- The [Heidelberg index](#), which offers a dataset that disaggregates some conflicts by region;
- The [Armed Conflict Location & Event Data Project \(ACLED\)](#), which collects real-time data on the locations, dates, actors, fatalities, and types of all reported political violence

and protest events across Africa, the Middle East, Latin America & the Caribbean, East Asia, South Asia, Southeast Asia, Central Asia & the Caucasus, Europe, and the United States of America;

- The [South Asia Terrorism Portal](#), which provides information on terrorism and low intensity warfare in South Asia, and creates the database and analytic context for research and analysis of all extremist movements in the region.
- Where necessary, additional credible, internationally-recognized resources may be used, such as: government data; independent media reports; NGO /civil society reports; industry and trade data; independent research institution data.

**Step 3: Confirmation:** Based on the localisation of the risks triggering a red flag, a red flag is confirmed or de-triggered.

For a red flag to be de-triggered, compelling evidence must be collected, demonstrating that risks vary significantly within different areas of the same country (i.e. situations of localized conflict that are well documented). In this case, HZL will provide a map of the supply chain and other relevant supporting documentation to demonstrate it does not operate in that area of the country (i.e. the minerals sourced are not mined, processed, stored or transported through this area).

If a red flag is triggered due to a broader issue that cannot be discretely localized (e.g. if there is evidence of broader conflict, governance and/or human rights abuses in the country where minerals are mined, stored, processed and/or transported through), HZL must not label a sub-national area as low-risk.

### **Sources:**

a) **TDi CAHRA Index:** grades the likeliness that a country could meet the OECD definition of a CAHRA, as either high, moderate or low. It is based on the consolidation of eleven indices published by international institutions and civil society bodies, which measure the prevalence of conflict, corruption and governance weaknesses, and shortcomings in human rights and labour rights. The eleven indices are:

- Control of Corruption (WGI) (Category: Governance): Published annually by the World Bank, the Control of Corruption Index reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.
- Corruption Perceptions Index (CPI) (Category: Governance): Transparency International's Corruption Perceptions Index (CPI), published annually, ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople.
- Fragile States Index (Category: Conflict): The Fragile States Index is an annual ranking of countries based on their levels of stability and the destabilising pressures they face. The Index is based on the Fund for Peace's proprietary Conflict Assessment System Tool (CAST) analytical platform. The index assesses states' vulnerability to conflict or collapse according to 12 social, economic and political indicators.
- Global Peace Index (Category: Conflict): The Global Peace Index measures 163 countries' peacefulness using a broad range of 23 indicators that show the extent to which a country is involved in domestic and international conflict, as well as the level of harmony or discord within a nation.

- Government Effectiveness Index (WGI) (Category: Governance): Published annually by the World Bank, the Government Effectiveness index reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
- Heidelberg Conflict Barometer (Category: Conflict): The Heidelberg Institute for International Conflict Research's (HIIK) annually published Conflict Barometer grades countries based on the intensity of sub-national, national or international conflict they are currently experiencing, according to publicly available data.
- ITUC Global Rights Index (Category: Human Rights): The ITUC Global Rights Index is published annually and documents violations of internationally recognised collective labour rights by governments and employers. A country that scores poorly for labour rights violations is more likely to have issues with forced labour or child labour, and to exhibit human rights abuses, more broadly, within workplaces.
- Political Stability and Absence of Violence/Terrorism (WGI) (Category: Conflict): Published annually by the World Bank, the Political Stability and Absence of Violence/Terrorism index measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.
- Rule of Law (WGI) (Category: Governance): Published annually by the World Bank, the Rule of Law index reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
- The Human Freedom Index (Category: Human Rights): The Human Freedom Index is co-published annually by the Cato Institute, the Fraser Institute, and the Liberales Institut at the Friedrich Naumann Foundation for Freedom, and measures the degree of human freedom in the world's nations. It seeks to gauge the extent to which a country respects civil rights, and the extent to which its citizens have the ability to hold authorities accountable for their conduct.
- Voice and Accountability (WGI) (Category: Human Rights): Published annually by the World Bank, the Voice and Accountability index reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. This methodology is used to determine if a country's citizens have the ability to hold authorities accountable for their conduct.

The TDi CAHRA Index combines its underlying indices using the geometric mean, rather than the arithmetic mean. Using the geometric mean causes countries with significant governance weakness in every area to be rated worse than countries with a mix of governance strengths and isolated (but more severe) governance weakness. Averaging in this way reflects the reality of responsible sourcing, in which the greatest risk is presented by systemic weakness across all aspects of governance. High risk countries are typically those in which governance failings compound each other.

Scores for the underlying indices use varying ranges, and some use higher numbers to indicate worse performance, while others use higher numbers to indicate better performance. Scores are therefore normalised to a 0-100 scale in which higher numbers all indicate worse performance. The TDi CAHRA Index employs two numerical thresholds: a threshold for "red" countries (score > 67.5), which are indicated as CAHRAs, and a lower threshold for "orange" countries (51 < score < 67.5). These latter countries need not be treated as CAHRAs but have the potential to become CAHRAs in future if their governance situation worsens.

**b) Dodd Frank Act:** The Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was passed by the US Congress in July 2010. It includes Section 1502, a disclosure requirement that calls on companies to determine whether their products contain conflict minerals (tin, tantalum, tungsten, and gold) – by carrying out supply chain due diligence – and to report this to the Securities and Exchange Commission (SEC).

The Dodd-Frank Act covers a specific set of countries, which are the Democratic Republic of the Congo (DRC) and its nine adjoining countries, namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

In line with the best practice (see, for example, the RMI RMAP Standard), HZL adopts a conservative approach, through including in its CAHRA determination process the countries identified as high-risk by Dodd-Frank by default. This means that countries covered by Dodd-Frank trigger a CAHRA determination in HZL's methodology, by default.

**c) EU CAHRA map:** On 1 January 2021 the EU Conflict Minerals Regulation (Regulation (EU) 2017/821) entered into force in the EU, introducing due diligence obligations for union importers of tin, tantalum, tungsten and gold. On December 17, 2020 pursuant to Article 14.2 of Regulation (EU) 2017/821, the European Commission Directorate General for Trade (DG TRADE) published an indicative, non-exhaustive list of CAHRAs.

Again, in line with the best practice (see, for example, the RMI RMAP Standard), HZL adopts a conservative approach, through including in its CAHRA determination process the countries identified as high-risk by the EU by default.


### **Recording, monitoring and review:**

HZL reviews each resource for updates once a year, and more frequent than that, where deemed necessary based on relevant changes in circumstances (e.g., at beginning of a new sourcing relationship, or in occasion of the outbreak of a new conflict).

HZL records the countries and / or areas identified as CAHRA.

### **CAHRA Determination Tool:**

The CAHRA determination procedure described in this Annex is supported by the CAHRA Determination Tool, see screenshot below.

	<b>Conflict-Affected and High-Risk Area (CAHRA) Determination Tool</b>	<b>TDI</b> Sustainability
<b>VERSION CONTROL</b>		
Last updated on: (dd/mm/yyyy)		
Last updated by: (name, last name)		
<b>PURPOSE AND OUTCOMES</b>		
<p>This tool has been designed to support Vedanta in the implementation of its due diligence system, in line with the recommendations of the OECD Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance), and in conformance with the responsible sourcing requirements of the London Metals Exchange (LME).</p> <p>Specifically, 'CAHRA' determination is an important component of Step 2 of due diligence "Identify and assess risks in the supply chains".</p> <p>Where the mineral supply chain is determined to be originating from/associated with CAHRA, a red flag is raised, and Vedanta will carry out enhanced due diligence to better understand the factual circumstances of the red-flagged operations / supply chains and confirm the potential presence of 'Annex II risks' and, if appropriate, design risk management strategies to address such risks (step 3).</p> <p>Where the mineral supply chain is determined <u>not</u> to be originating from/associated with CAHRA, Vedanta will move on to steps 4 and 5 of due diligence.</p>		
<b>INSTRUCTIONS</b>		
<p>To carry out the CAHRA determination process, please:</p> <ul style="list-style-type: none"> <li>- Update the data in the tab "Data and Sources" (columns D, F, and G, rows 6-218) by checking whether the TDI CAHRA Index and EU CAHRA map may have been updated (at least, once a year)</li> <li>- Fill out the blue cells in the tab "CAHRA determination"</li> </ul>		
<b>METHODOLOGY</b>		
<p>Vedanta's CAHRA determination process is based on a review of three main sources of data:</p> <ol style="list-style-type: none"> <li>1) TDI CAHRA Index</li> <li>2) The Dodd-Frank Act</li> <li>3) The EU indicative and non-exhaustive list of CAHRA</li> </ol> <p>These are described below:</p>		



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