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PROPRIETARY AND CONFIDENTIAL

MANAGEMENT REPORT

Hindustan Zinc Ltd, Pantnagar Metal Plant Refinery

LBMA Responsible Silver Sourcing Assurance Engagement

17-18 April 2025



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1. ASSURANCE ENGAGEMENT SUMMARY

Refiner name	Hindustan Zinc Ltd, Pantnagar Metal Plant Refinery
Refiner location	Plot No. 2, 3 Pantnagar, Uttarakhand, 263153, India
Lead assurance practitioner and assurance practitioner team members	Lead Auditor: Arifzal Adrianto
Dates and places where the assurance engagement activities were conducted	17-18 April 2025 Location: Plot No. 2, 3 Pantnagar, Uttarakhand, 263153, India

1. LBMA REFINER MANAGEMENT REPORT

Assurance criteria and objectives	
The assurance criteria consist of the requirements set out within the LBMA Responsible Silver Guidance (RSG) Version 2, supplemented by the Refiner's interpretation and application at a more detailed level through its own policies, procedures and internal controls. The objective is to assess the suitability of the assurance criteria, and hence the Refiner's supply chain policy and management systems. The assurance practitioner team only consists of approved LBMA assurance practitioners and adheres to the LBMA's independence and core competency requirements.	
Assurance scope	The limited assurance engagement includes the operations of Hindustan Zinc Ltd ("the Refiner" or "HZL"). The material in scope is Silver. Subject matter: The LBMA assurance subject matter includes the Refiner's disclosures on its conformance with the Guidance and the underlying management systems used to derive these disclosures, as presented in the Compliance Report and the Country of Origin Annex.

Refiner location(s) included in the assurance scope	Pantnagar Metal Plant Refinery at Plot No. 2, 3 Pantnagar, Uttarakhand, 263153, India
Assurance period	1 April 2024 – 31 March 2025
Assurance Methodology	The assurance methodology is comprised of three main phases as follows: a. Pre-assurance planning of the assurance strategy Request information about the Refiner and its operations related to silver; development of an assurance plan with additional instructions and information requested prior to the onsite assurance engagement; arrangement of logistics. b. Execution of the onsite assurance engagement Work with the Refiner to conduct an opening meeting; complete a facility walk-through for visual observations of the Refiner's operations; review of the due diligence program including policies, procedures, and records; prepare an assurance conclusion and conduct a closing meeting. c. Assurance conclusion and reporting
List of interviews	• Compliance Officer • Production Manager • Product Manager – Silver Marketing • Logistic • Silver Planning • CQO Smelter
Number of transactions and sample size	Total number of transactions: 569 transactions involving silver material, including refinery mud (351) and high-grade material (218). Sample size: 22 transactions and 2 suppliers (making 100% of the total number of immediate suppliers)
Sample selection process	The audit conclusions are derived from a sampling methodology meticulously selected to guarantee representativeness. The sampling

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	process encompassed random selection, considering the auditors' professional expertise and employing a risk-informed approach.
Identity of the Refiner and the local exporter if located in high-risk locations (except in cases of disengagement)	No high-risk location and(or) high risk suppliers are identified.
Optional: Number of suppliers in case of significant changes, notable quantities/countries/ supplier issues, or the Refiner wishes to provide the number of suppliers	Two smelter suppliers (internal to the company: Dariba Smelting Complex, which produces refinery mud, and Chandaria Lead Zinc Smelter, which produces high-grade material) and four in-house mines (Rajpura Dariba Mines, Sinesar Khurd Mines, Zawar Mines, and Rampura Agucha Mines) are all located in Rajasthan, India. No significant changes were made, and notable quantities, countries, or supplier issues remain.

Assurance engagement summary**INTRODUCTION**

Hindustan Zinc Limited (Pantnager Metal Refining Plant), situated in Plot No. 2, 3 Pantnagar, Uttarakhand, 263153, India, is a zinc refinery that manufactures zinc, silver, lead, and cadmium. As per March 2025, the company is predominantly owned by Vedanta Limited, which holds a 63.42% stake in the entity. The Government of India retains a 27.92% stake in HZL. The raw materials utilized for silver production originate from refinery mud and high-grade metal, which are obtained as by-products from two Vedanta Ltd smelters responsible for producing zinc, lead, and other metals. These smelters, along with four mines that supply zinc and lead concentrate to the supplier smelters, are integral to Vedanta, thereby eliminating the necessity for external material suppliers and simplifying due diligence management.

The Refiner's operations encompass the receipt of materials from two input units, namely Dariba and Chandaria, each contributing distinct raw materials in the form of refinery mud in drums (Dariba) or high-grade 70 kg ingots (Chandaria). Subsequently, the materials undergo a series of sequential processes.

The silver production process employs the Pyro process, utilizing four furnaces. Reduction and oxidation processes are conducted to generate cupel alloy and Bottom Blown Oxygen Cupel (BBOC) anodes. Subsequently, the BBOC anodes undergo electrolysis in the Hydro process, thereby enriching the silver quality and transforming it into silver powder. Finally, the silver powder is melted and cast in an induction furnace, resulting in the production of Silver finished

goods (FG) in the form of 30 kg bars. The entire process seamlessly integrates multiple units to guarantee the efficient and high-quality production of silver.

The bars are subsequently marked with the requisite data for LBMA Good Delivery. They are stored in a secure vault and subsequently dispatched to customers through accredited transport services.

ASSESSMENT OF CONFORMANCE FOR REFINER'S SYSTEM, PROCESS, PROCEDURES AND PRACTICES ACCORDING TO LBMA RESPONSIBLE SILVER AND GOLD GUIDANCE

STEP 1: Establish strong company management systems

Responsible Sourcing Policy

- HZL has established a comprehensive Sustainable Sourcing Policy, effective from 1 August 2020, which mandates all immediate suppliers to adhere to a due diligence management system aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This policy addresses risks outlined in OECD Annex II, encompassing environmental, social, and governance (ESG) considerations.

A significant component of the policy is its emphasis on business integrity. It explicitly prohibits practices such as bribery, fraudulent misrepresentation of mineral origins, money laundering, and non-payment of taxes, fees, and royalties due to governments. The policy is publicly accessible on HZL's official website.

Complementing this policy, the Due Diligence System Procedure, updated on 29 June 2022, provides a structured framework for its implementation. This procedure encompasses internal management systems, training programs, reporting mechanisms, business partner engagement, risk assessment protocols, third-party auditing, and public reporting. It applies to both internal and potential external suppliers. Currently, all material suppliers are internal entities within Vedanta Ltd.

- Documents reviewed when relevant to substantiate data points:
 - Hindustan Zinc Ltd Sustainable Sourcing Policy (v. June 2022)
(<https://www.hzlindia.com/wp-content/uploads/HZL-Sustainable-Sourcing-Policy-F.pdf>)

Organisational structure and implementation

- As of 13 March 2025, Hindustan Zinc Limited (HZL) has an established organisational structure that clearly defines the roles and responsibilities for executing its sustainability management system and responsible sourcing practices. The CEO holds ultimate accountability for these efforts. The structure includes 14 key personnel, among whom the Compliance Officer—who also serves as the Strategic Business Unit (SBU) Director—plays a central role in overseeing



the responsible sourcing programme. This position is supported by a formal job description outlining performance indicators, with a focus on responsible sourcing outcomes.

- Monthly management review meetings are held to evaluate progress and compliance, including specific reviews related to the LBMA Responsible Sourcing Programme. The most recent meeting took place on 15 March 2025. Minutes from these meetings are documented and shared with the appropriate stakeholders, covering discussions on the implementation and effectiveness of the Due Diligence Management System.
- HZL maintains a structured training program on responsible sourcing, as evidenced by training records and third-party certifications. On 16 September 2023, all relevant staff received training on LBMA requirements and responsible sourcing policies and procedures. In addition, every employee is required to complete annual web-based training modules, which include content on the company's Code of Conduct and the due diligence system.
- The company has a dedicated communications department that manages both internal and external communication regarding responsible sourcing practices. A formal communication framework is in place, with designated channels for due diligence-related communication. This system utilizes email correspondence, the company's website, and its internal intranet to ensure consistent and transparent information flow.

Transparency and material control systems

- The Due Diligence System Procedure, last updated on 29 June 2022, outlines a robust Know Your Customer (KYC) process applicable to both internal and external suppliers. For internal material suppliers, the procedure includes completing the LBMA KYC form for mined materials and maintaining valid business licenses and mining permits. For external suppliers, the KYC process involves comprehensive identification and verification steps, including information on direct suppliers and customers, company details, ownership and corporate structure, and the nature of business activities. It also entails screening suppliers and their beneficial owners against government watchlists related to money laundering, fraud, terrorism, and sanctions. Furthermore, it assesses whether suppliers have their own due diligence systems. This KYC process is validated during audits, including those involving external suppliers engaged in transporting mined materials.
- HZL uses an enterprise resource planning system, SAP, as its material control system to track and store data on silver-bearing materials received by the refiner. Key information captured includes the material's arrival date at the refinery, the completion date of the refining process, the type of material received, declared and processed weights, and settlement assays performed by the refiner's certified analytical laboratory. Each material lot is assigned a unique reference number to ensure traceability. SAP is deployed across all smelters and mine operations, supporting end-to-end traceability and reducing manual data entry errors.
- The metal content of incoming materials is determined through assays conducted by the laboratory. Analytical results are managed using the Lims system, which is integrated with SAP to enable automated, electronic data transfer between the two systems.
- SAP also facilitates material reconciliation, ensuring that materials can be tracked from mine operations to the silver refining plant within defined timeframes. This reconciliation process verifies the effectiveness of the internal material control system, the plausibility of declared



concentrations for input and output materials, and the credibility of the loss estimation methodology used during processing.

- All documentation supporting the implementation of the due diligence management system—including supplier information and transaction records—is securely stored within the SAP system and retained for a minimum of five years. This ensures that all relevant data is accessible for compliance verification and audit purposes.
- During the covered assessment period, 569 transactions were logged from two direct suppliers involving refinery muds and high-grade metal. The total silver content received was 727,755.92 tons.
- A review of 22 selected transactions, accounting for over 3.9% of total transactions, showed consistent documentation practices:
 - Each transaction is supported by a service-level agreement, packing list, transport documentation, invoice, and laboratory analysis records. Invoices contain key details including origin, material type, and weight, matching entries in the SAP system, and are associated with intra-company transactions despite internal sourcing.
 - Inputs are recorded by material type, date, weight, and origin, with materials classified as mined by-products (e.g., refinery muds and high-grade metal).
 - Payments are executed through formal banking channels to maintain transparency and regulatory compliance.
 - All materials originate from Rajasthan, a region not classified as a Conflict-Affected and High-Risk Area (CAHRA), and there is no indication of materials passing through any CAHRA zones within India.
- Output records include identifiers such as certificates of analysis, material specifications, and unique lot numbers. The refiner produces high-purity silver in multiple forms, including powder and silver bars weighing 1 kg and 30 kgs.

Supplier engagement

- Hindustan Zinc Limited (HZL) has established a structured and comprehensive process for the approval and onboarding of suppliers, as outlined in its Supplier Code of Conduct (dated 28 March 2025) and Due Diligence System Procedure (dated 29 June 2022). This framework is primarily designed for external suppliers and integrates compliance protocols with broader risk assessment mechanisms.
- HZL's supplier due diligence follows a three-step process:
 - Pre-Qualification – During the onboarding phase, potential vendors must meet pre-qualification criteria to be eligible for registration.
 - Desk Assessment – A third-party assessor evaluates the vendor across multiple risk dimensions, including financial, reputational, and human rights risks. Any identified concerns are communicated to the vendor along with a required resolution timeframe. Vendors failing to address the issues may be blacklisted or blocked.

- On-site Assessment – Selected vendors undergo on-site evaluations to identify red flags related to regulatory compliance, governance, litigation history, financial stability, sustainability practices, and reputational risk.
- For external suppliers, the process also includes initial compliance screening, data collection and validation, compliance-based risk evaluation, and final registration within the SAP system for full integration. In contrast, internal material suppliers—being part of Vedanta Group—do not undergo formal onboarding. Instead, Service Level Agreements (SLAs) are used to define and communicate production expectations related to material quality and quantity.

Grievance mechanism

- The Refiner maintains a well-defined grievance mechanism to address concerns raised by both internal and external stakeholders. The Whistleblowing Policy, last updated on 14 September 2022, is publicly accessible via the company website. It outlines procedures for reporting ethical and compliance-related issues. Stakeholders can submit concerns through multiple channels, including email, a hotline, and a dedicated web portal: <https://whistleblower.hzlmets.com/>.
- During the reporting period, no grievances specifically related to responsible sourcing or risks identified in Annex II were received through the whistleblower mechanism.
- Documents reviewed when relevant to substantiate data points:
 - HZL LBMA RSG Organogram (13 March 2025)
 - Minutes of meeting of monthly management review
 - Vedanta Sustainability Assessment Report – VSAP (2024)
 - Standard Operating Procedure
 - <https://whistleblower.hzlmets.com/>
 - HZL-Whistle-Blower-Policy-14 September 2022

STEP 2: Identify and assess supply chain risks

Collection of information

- The Refiner systematically collects and maintains detailed information on materials and suppliers from verified and reliable sources. This includes documentation from six supplier files and entries within the SAP system. Given that the entire material supply chain is managed within Vedanta Ltd., the Refiner's parent company, it benefits from direct access to accurate and traceable data. The collected information includes critical details such as the origin of mined materials, transportation routes, storage and handling protocols, involved logistics providers, and material weights. This meticulous information management promotes transparency and accountability across the supply chain.

Risks identification

- To identify potential risks within its supply chain, the Refiner utilizes three key tools:
- Excel-Based Country Risk Assessment – This tool evaluates 209 countries using the TDi CAHRA Index, the U.S. Dodd-Frank Act, and the EU CAHRA list. While parts of India are classified as CAHRAs, the specific region where HZL operates is considered medium risk, based on the mine's location and the absence of transit through CAHRA-designated areas.
- LME Red Flags Checklist (June 2022) – This self-assessment tool, mandated by the London Metal Exchange, is completed by the Refiner's two direct supplier smelters. The currently listed smelter brand names on the LME website include HZL, CEDSHG, HZLZN, VEDZN, VEDAN, and VEPB99. No red flags were identified through this checklist, indicating no current requirement for enhanced due diligence.
- Second-Party ESG Audits – ESG evaluations have been conducted for the Refiner's two smelters and four mining operations, as part of audits mandated by Vedanta Ltd. These assessments validate ESG system implementation and address areas such as regulatory compliance, leadership, performance tracking, training, contractor oversight, social and environmental sustainability, incident investigation, and project development. Reports are available for each site.
- In accordance with the Due Diligence System Procedure, supplier practices are further validated through third-party audits. In the last quarter of 2024, six audits were conducted under the Vedanta Sustainability Assurance Programme by PwC, all of which returned satisfactory results.

Risk assessment

- The Risk Assessment Procedure (dated 29 June 2022) aligns with the OECD Due Diligence Guidance and establishes criteria for identifying and managing high-risk suppliers. If red flags are detected, enhanced due diligence is initiated to examine potential Annex II risks in greater detail.
- For any supply chains linked to or originating from CAHRA-designated regions, Vedanta updated its Sustainability Assurance Programme in 2023. This update ensures integrated use of the country risk assessment, LME Red Flags Checklist, and second-party ESG audit findings to support a thorough and evidence-based supplier risk assessment, particularly for internal suppliers within the group.
- Documents reviewed when relevant to substantiate data points
 - VSAP Dariba Smelter audit report, carried out from 9 to 14 September 2024
 - VSAP Chanderia Smelter audit report, carried out from 2 to 7 December 2024
 - ESG SK Mines audit report, carried out from 14 to 19 October 2024
 - ESG RD Mines audit report, carried out from 14 to 19 October 2024
 - ESG RA audit report, carried out from 21 to 25 October 2024
 - ESG Zawar Mines audit report carried out from 11 to 16 October 2024

STEP 3: Design and implement a management strategy to respond to identified risks

- The Due Diligence System Procedure, dated 29 June 2022, outlines a comprehensive risk management framework consisting of the following key components:
 - Action Plans: Risk mitigation plans are developed with clearly defined objectives, monitoring protocols, and contingency measures in case corrective actions diverge from expected outcomes.
 - Closure of Action Items: Each action item is reviewed and formally closed by a designated management representative, with final verification conducted by an appropriately authorized individual.
 - Ongoing Communication: The Refiner ensures consistent and transparent communication regarding risk mitigation efforts with relevant stakeholders, as applicable.
 - Escalation Process: A structured escalation process is in place for instances where suppliers fail to comply with agreed risk mitigation measures. This progressive approach includes options ranging from continued engagement to suspension or termination of the business relationship, depending on the severity of the identified risk. This process is primarily designed for external suppliers.
- Based on the information gathered to date, no red flags have been identified within the supply chain. As such, no risk mitigation action plans have been deemed necessary.
- Documents reviewed when relevant to substantiate data points
 - Due Diligence System Procedure (29 June 2022)

STEP 4: Obtain independent third-party assurance on supply chain due diligence practices

- The Refiner has engaged RCS Global to carry out an independent third-party audit of its supply chain due diligence practices. This initiative is intended to demonstrate alignment with Step 4 of the OECD Due Diligence Guidance.
- Documents reviewed when relevant to substantiate data points:
 - LBMA_Management Report_Hindustan Zinc - 21 May 2024
 - LBMA_Independent Reasonable Assurance_Hindustan Zinc - 21 May 2024

STEP 5: Report annually on supply chain due diligence

- Policies related to sustainability, responsible sourcing, and business integrity—as well as previous LBMA Compliance and Management Reports, including those from 2023—are publicly available on the Refiner's website: <https://www.hzlindia.com/prodfactsheet/>.
- Documents reviewed when relevant to substantiate data points
 - Refiner's website at <https://www.hzlindia.com>

Statement of the confidential nature of the contents

All the data contained in the management report, as well as all information obtained during the performance of the certification, is private and confidential between the assurance firm and the Refiner.

Any significant or inherent limitations or areas not covered that were within the assessment scope

There were no significant or inherent limitations or areas not covered that were within the assurance scope.

Assessment criteria

The assurance practitioner takes into account all relevant objective evidence provided by the Refiner. Relevant evidence is either qualitative or quantitative as far as it is appropriate and sufficient to support the assurance practitioner's conclusions. Appropriate evidence is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the assurance practitioner to reach a conclusion.

Any actual or potential gaps in the Refiner's systems in regard to the LBMA requirements are rated in accordance with the level of risk each presents to the credibility and integrity of the LBMA Responsible Silver Programme for the responsible sourcing of silver-bearing materials.

2. DISTRIBUTION LIST

This report is issued for the benefit of the Refiner and will be shared with the Refiner's main contact. The final version of this annual Management Report, LBMA Assurance Report and Country of Origin Annex will be submitted by the assurance firm to the LBMA Chief Executive. In accordance with Step 5 of the *LBMA Responsible Silver Guidance Version 2*, the Refiner should make the LBMA Assurance Report available to the public.

3. ASSURANCE ENGAGEMENT FINDINGS

<i>Assurance practitioners use only</i>					<i>Refiner use only</i>		
Category /subcategory	Risk rating	Non-compliance/Observation:	Recommended corrective action	Timeframe for implementing corrective actions	Corrective action to be taken by the Refiner	Completion timeframe	Responsible staff
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4. OVERALL RATING

Overall Rating of Assurance Findings	Compliant	Low	Medium	High	Zero Tolerance
Based on the above detail assurance findings, the overall rating of the Refiner's performance is determined to represent:	X				

ASSURANCE FINDINGS BREAK DOWN							
				Non-Compliance – risk level			
	CATEGORY	SUBCATEGORY	Compliant	Low	Medium	High	Zero Tolerance

A.	General Information						
B.	Step 1: Establish strong company management systems	1.1	X				
		1.2	X				
		1.3	X				
		1.4	x				
		1.5	X				
C.	Step 2: Identify and assess supply chain risks	2.1	X				
		2.2	X				
		2.3	X				
D.	Step 3: Design and implement a management strategy to respond to identified risks	3.1	X				
		3.2	x				

		3.3	X				
		3.4	X				
E.	Step 4: Obtain Independent third-party assurance on supply chain due diligence practices	4.1	X				
F.	Step 5: Report annually on supply chain due diligence	5.1	x				

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5. ASSURANCE PRACTITIONER DECLARATION

The assurance practitioner confirms that:

- The information provided by the Refiner is true and accurate to the best knowledge of the assurance practitioner(s) preparing this report.
- The findings are based on verified objective evidence relevant to the period for assurance, which is traceable and unambiguous.
- The assurance practitioner(s) have acted in a manner deemed ethical, truthful, professional, independent and objective.
- The assurance practitioner(s) are properly qualified to carry out the assurance engagement at this Refiner's facility.

Assurance practitioner	Mr. Arifzal Adrianto
Signature	
Date	9 May 2025

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**Contact RCS Global Group
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