

Company Name:	Pantnagar Metal Plant, Hindustan Zinc Limited
Location:	Pantnagar, Uttarakhand
Reporting year-end:	FY 23-24
Date of Report	Mar'24
Senior management responsible for this report	Anamika Jha, Mukul Kaushik

Refiner's Responsible Team	
Team Leader:	Team Member:
1. Himmat Hadiya 2. Murugan Mani	Shivam Shalya
	Kavya Khazanchi

[Refiner]'s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Silver Guidance to demonstrate compliance. Refiners should complete the table and provide reasons for their responses in the space provided. All boxes not shaded should be completed.

Table 2: Summary of activities undertaken to demonstrate compliance.	
Note: Please define how the requirements have been full filled and attach policies and procedures wherever relevant	
Step 1: Establish strong company management systems	
Compliance Statement with Requirement: HXL has set up the Management system with the systematic organogram with clear responsibilities. Ref Doc: - 1. HXL LBMA RSG Organogram 2. Re_ HXL LBMA RSP Organogram (Duly reviewed and approved by CEO-Smelter)	
Has the Refiner adopted a company policy regarding due diligence for supply chains of silver?	
Comments and Demonstration of Compliance: Yes, HXL fully complied with the requirement of due diligence policy. HXL has a Due Diligence policy of supply chain which is duly reviewed & approved by HXL Senior management and available in HXL's website. In these Policy docs, HXL has clearly described the detailed structure of supply chain due diligence including the Risk assessment and its mitigation, Supply chain traceability system and document retention period which is in line with the requirement of Annex II of the OECD Guidance.	

HZL has developed various policies regarding due diligence of Supply chain of Silver:

- Supply Chain Strategy

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Supply-Chain-Strategy-F.pdf>

- Supplier Code of Conduct

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/SupplierCode-of-Conduct-16-07-2018.pdf>

- HZL Procurement Philosophy

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Sustainable-Sourcing-Policy-F.pdf>

- HZL Sustainable Sourcing Policy

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Sustainable-Sourcing-Policy-F.pdf>

- HZL Due Diligence Policy

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

- Anti – Money Laundering Policy

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Sustainable-Sourcing-Policy-F.pdf>

Has the Refiner set up an internal management structure to support supply chain due diligence?

Yes, HZL fully complied with the requirement to set up an internal management structure to support supply chain due diligence.

To strengthen the supply chain due diligence, HZL has set up the Internal management system which is described / formalized in the due diligence procedure.

However, on monthly basis HZL has a management review with all the senior management team to discuss the quality, production and supplier grievance related issues as well as quarterly review will also be scheduled with all the relevant stakeholder to discuss & review the responsible sourcing objectives as per LBMA guidelines

Internal management for due diligence is structured as follows:

- HZL has appointed a compliance officer who is responsible for all matters regarding the silver supply chain. The authority to oversee the Vendor due diligence system is held by the Head of Sustainable Procurement and Vendor Due Diligence, Commercial.
- The overall due diligence system is implemented / coordinated by the Lead of Sustainable Procurement and Vendor Due Diligence.
- Due diligence findings (e.g., supply chains risks) are assessed by the Lead of Sustainable Procurement and Vendor Due Diligence and reported to the Chief Commercial Officer, Commercial.
- Where risks are identified, risk management plans are defined by the Procurement Category lead.
- Internal training on the due diligence management system will be delivered by the Head of Sustainable Procurement and Vendor Due Diligence in 2022 and will be reviewed and updated every year.
- Training has also been provided by third party as per the LBMA guidelines to all the relevant stakeholder in July'22 which will be reviewed & updated periodically.

Ref Doc :- <https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

_HZL LBMA RSG Organogram

Has the Refiner established a strong internal system of due diligence, controls and transparency over silver supply chain, including traceability and identification of other supply chain actors?

Yes, HZL is fully complied with the requirement & has established a strong system of due diligence, controls and transparency which follows:

- HZL carries out KYC for all business partners via a third party. Findings are reported to Head SP and VDD and Procurement Category lead.

- Information for red flags identification (e.g., country of origin) is collected by Procurement Category Lead and analyzed to determine potential links with Conflict-Affected and High-Risk Areas (CAHRAs) based on HZL's CAHRA determination, Site ESG assessment and LME red flags identification checklist methodology, as described in the due diligence procedure and supported by the Red Flags Identification and CAHRA Determination tool.

- Due diligence information is stored currently with the Lead SP and VDD. The plan is to store the information in a digital repository for at least 5 years.

Ref Doc :- 1. HZL_CAHRA determination tool.xlsx

2. <https://www.hzindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

3. LME red flag identification checklist

4. Site ESG assessment reports

Has the Refiner strengthened company engagement with silver supplying counterparties, and where possible, assisted silver supplying counterparties in building due diligence capabilities?

Comments and Demonstration of Compliance:

Yes, HZL is fully complied with the requirement & over the course of 2023-2024, Hindustan Zinc took further steps to strengthen its due diligence system, which is today aligned with 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).

As HZL is the integrated company having entire value chain from mines to metal, All the Silver containing raw material comes from other plants within the HZL. These Silver supplying plants also follows the Due diligence system which is align with 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). Along with this HZL uses KYC form to collect detailed information of the internal silver supplying counter parties like Licenses & Permits, Identity proofs, Policies, Bank Details and Beneficiary owner details as HZL has an integrated mines & smelters and no external parties are involved. The due diligence management system includes the following components:

1. Sustainable Sourcing Policy
2. Internal Management
3. System of Controls and Transparency
4. Grievance Mechanism

Ref Doc :- 1. <https://www.hzindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

2. <https://www.hzindia.com/wp-content/uploads/HZL-Sustainable-Sourcing-Policy-F.pdf>

Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

Comments and Demonstration of Compliance:

Yes, HZL fully complied with the requirement & HZL has a mechanism allowing any employee, supply chain actor or stakeholder to raise their voice or any concerns over the precious metals supply chain or newly identified risk.

HZL has a companywide communication mechanism, established whistle blowing policy where people can anonymously complain about any unethical act.

<https://whistleblower.hzlmets.com/>

Apart from above, HZL also has customer relationship management in place where stakeholders register themselves & raise their concerns, the id is : <https://crm.hzlmets.com/> Evolve.support@vedanta.co.in , customerserviceHZL@vedanta.co.in

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

Yes, HZL fully complied with the requirement & HZL has its due diligence procedure which covers all the risk assessment in the supply chain along with its mitigation plan.

HZL has an integrated mines & smelters & doing the risk assessment evaluation through three tools i.e., excel based country of origin risk assessment, LME based red flag checklist & third party ESG visit report.

HZL has appointed a third-party Alvarez & Marsal, to check background of all the external supply chain vendors and service providers who are associated with Vedanta Group.

A&M goes through various details of supply chain vendors like any bribery and fraudulent cases, non-compliance of any government related transaction (Taxes, royalty etc.), any kind of money laundering and Terrorist funding etc. to conduct background check along with their governance, litigation, regulatory, sustainability etc. risks.

HZL has a robust system for intra company transfer for silver bearing raw material. HZL track all the movement of these material in SAP also HZL has established a proper KYC Doc for background check which is duly verified and signed.

HZL has a 3-step due diligence before onboarding any vendor

1. Pre-Qualification during supplier onboarding – The vendor needs to qualify this to be onboarded
2. Desk Assessment – 3P assessor assesses the risks on multiple fronts like financial risks, reputational risks, Human Rights risks, etc., HZL communicates the risks identified to the business partner along with a resolution time. If not resolved, the vendor can be blacklisted/ blocked.
3. On-site Assessment – On-site assessment of the Business Partners for checking their quality systems and identifying red flags on site.(Ref Doc :- Purchase order reference No. : 5100033035 dated on 08.06.2022)

Does the Refiner have a process to identify risks in the supply chain?

Comments and Demonstration of Compliance:

Yes, HZL is fully complied with the requirement & HZL has following 3-steps tools to check the due diligence of the raw material supplier

1. CAHRA – to check & identify the high risk area
2. LME Red flag checklist
- 3.ESG Audit by third party

Does the Refiner assess risks in light of the standards of their due diligence system?

Comments and Demonstration of Compliance:

Yes, HZL has a duly approved due diligence system which also covers risk assessment and their mitigation plan.

To establish a strong supply chain due diligence and risk management system effectively, HZL has developed the risk-based approach due diligence procedure and Supplier onboarding procedure as per LBMA guidelines.

HZL has properly runs the Background check of Silver supplying raw material counterparties and Services & consumable provider counter parties through KYC docs, Licenses of the company/factory, Policies, Financial Details, UBO details etc.

For internal silver suppliers, HZL has a risk assessment system from CAHRA identification tools, Site ESG audit reports and LME red flag identification checklist. HZL will have an integrated system to capture risk from all three sources.

Ref Doc:- 1. <https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

2. Supplier Onboarding Procedure Doc Dated 30.04.2022

Does the Refiner report risk assessment to the designated manager?
Comments and Demonstration of Compliance:

Yes, HZL has a due diligence policy for the roles and responsibility matrix which has been duly reviewed and approved by senior management.

As HZL receives all the silver bearing raw material from the other plants of HZL, the risk level is nil as no external silver bearing supplier is engaged in supplying silver bearing minerals. In the case of other vendors, HZL has clearly defined the senior management structure in the Due Diligence procedure for reporting any risk. As per the current practices such cases are to be reported to CCO of HZL.

Ref Doc:- <https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

Step 3: Design and implement a management system to respond to identified risks
Compliance Statement with Requirement:

HZL fully complied with the requirement & HZL has designed and implemented a management system to respond to identified risks. Risk Management is clearly described in Section 4.3 of Due diligence procedure as per below –

- 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.

Ref Doc:- 1. Risk Assessment and Risk Management Section in Due Diligence Procedure Doc.

<https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

2. Supplier Onboarding Procedure Doc. Dated 30.04.2022

Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?
Comments and Demonstration of Compliance:

Yes, HZL has devised a proper Mitigation plan for risk management of identified risk

Risk Management plan is clearly defined and established in Section 4.3 of Due diligence procedure, which stated that Suspension and disengagement with the business partner if the impact is too severe or after failed attempt of mitigation withing timeline (6 Months) or temporarily suspension while perusing ongoing mitigation of risk.

As HZL is receiving the Raw material from its integrated mines & smelters so the above mitigation plan is not applicable, however, HZL has service level agreement (SLA) with both the smelters who are supplying the Raw material to the refinery.

Ref Doc :- 1. Risk Assessment and Risk Management Section in Due Diligence Procedure Doc.

<https://www.hzlindia.com/wp-content/uploads/HZL-Due-Diligence-Procedure-F.pdf>

Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

Comments and Demonstration of Compliance:

Yes, HZL has a risk assessment & management policy.

During the reporting period, HZL has sourced all Silver from our own integrated operations and no risk has been identified in supply chain

Step 4: Arrange for an independent third-party audit of the supply chain due diligence

Compliance Statement with Requirement:

HZL is complied with the LBMA requirement to arrange an independent third-party audit of the supply chain due diligence as per LBMA RSP guidelines.

Comments and Demonstration of Compliance:

HZL has engaged the services of the assurance provider RCS Global, and their independent assurance report. Assurance report can be access through <https://www.hzlindia.com/prodfactsheet/>.

Ref Doc :- Purchase order reference No. 4200007148

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

HZL fully complied with the requirement to arrange the report on supply chain due diligence on reasonable assurance assessment of the refinery.

[Comments]

HZL has appointed an independent third-party RCS Global

Auditor's independent report together with this compliance report is available on HZL website.

Further information & specific details of the systems, procedures, processes, and controls which have been implemented by the HZL & to align to the specific requirements in LBMA responsible silver guidance is available on request.

Refer the webpage.

1. <https://www.hzindia.com/sustainability/overview>

[Refiner's] overall conclusion

Table 3: Management conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Silver Guidance for the reporting period?

[Yes]	[Comments]
	<p>In conclusion, Hindustan zinc limited has implemented effective management systems, procedures, processes, and practices to conform to the requirements of the LBMA Responsible Silver Guidance.</p> <p>Hindustan Zinc Limited is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. Corrective Action Plans are communicated separately to the LBMA Executive, in its role as administrator of the LBMA Responsible Silver Guidance.</p> <p>However, there are some small improvement point like having integrated approach for risk assessment and quarterly standalone senior management review for LBMA responsible sourcing.</p>

Table 4: Other report comments

[Comments]

If users of this report wish to provide any feedback to Hindustan Zinc Ltd with respect to this report, they can send an email to Evolve.support@vedanta.co.in

Authorized Signatory

Prepared By
Himmat Hadiya



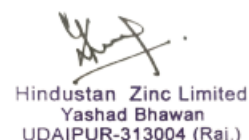
Customer Technical Support
Hindustan Zinc Limited

Reviewed By
Anamika Jha



SBU Director – PMP
Hindustan Zinc Limited

Approved By
Mukul Kaushik



National Sales Head – Silver
Hindustan Zinc Limited