



Hindustan Zinc Limited

Standard ESG Expectations

Jan 2022

Confidential and proprietary

ESG EXPECTATIONS

1 Introduction and Purpose

The expectations listed in the document are applicable to all our 'Business Partners' globally. 'Business Partner' here refers to suppliers/ service providers/ vendors/ logistics partners/ traders / agents/ consultants/ contractors/ joint venture partners/ third parties including their employees, agents and other representatives, who have a business relationship with and provide, sell, seek to sell, any kinds of goods or services to HZL or any of its sub-business units.

Our Business Partners' commitment to and fulfilment of the ESG (Environment, Social & Governance) Expectations is a matter of paramount importance to HZL and will be assessed as a factor when HZL considers awarding commercial opportunities. HZL will apply the ESG Expectations on a global basis and will integrate them into the various practices involved in HZL's qualification, evaluation, selection and management of Business Partners. HZL may require Business Partners to provide information, complete training and perform other activities in connection with the ESG Expectations before, during or after their supply of goods or performance of services for HZL. These expectations supplement the requirements, guidelines and standards of conduct described in HZL's other internal and external policies. This includes HZL's Supplier code of conduct etc. These expectations will be reviewed regularly and updated as required.

At HZL we are committed to identifying, reducing, and mitigating the negative impacts of our business activities on the environment. Going further, we commit to grow our business while playing a role in limiting global warming in line with the Paris Agreement and solving some of the world's most pressing Environmental, Social and Economic problems as represented in the 17 UN Sustainable Development Goals.

We are on a journey to embed sustainability into our business to protect, connect and power a more sustainable world. Managing the social, environmental, and economic impacts of our supply chains, and combating corruption, makes good business sense as well as is the right thing to do to navigate this less trodden terrain.

We at HZL solicit your support and collaboration to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing our products and services to markets.

2 What is ESG?

The three components of ESG are complementary, and represent a company's responsibility to broader society –

- **Environmental** factors assess the risk of a company and its suppliers / partners from climate events and its impact on the physical environment
- **Social** factors assess a company's relative social impact and associated risk from societal actions, including from its direct and indirect employees, customers, and the communities in which it operates
- **Governance** factors assess the timing and quality of decision making, governance structure, and the distribution of rights and responsibilities across different stakeholder groups, in service of positive societal impact and risk mitigation

Our ESG expectations from our Business Partners have been listed below. We expect all our Business Partners to comply with the same for our mutual benefit. This will also help our Business Partners to improve their sustainability performance and achieve their sustainability targets.

3 Overall Expectations

1. Business Partners are expected to identify their relevant ESG issues which are pertinent to their industry or sector.
2. Business Partners may review HZL's annual sustainability report and set long term sustainability goals to improve their sustainability performance.
3. Business Partners are expected to identify and assess the risks associated with the identified ESG issues and have risk management plan in place
4. Identify the opportunities associated with those ESG issues and the strategies to leverage them
5. Be 100% compliant to all regulatory requirement

6. Make a commitment to the Sustainable Development Goals like the Paris Agreement, Net Zero target, SBTi target, RE 100, EV 100, EP 100 etc.
7. In the spirit of collaboration and promoting continuous improvement, HZL may request participation on an annual basis for Business Partners to disclose sustainability-related data.
8. HZL may at times offer sustainability education and capacity building opportunities for Business Partners.
9. HZL may at times conduct audits to verify the sustainability performance of the Business Partners in accordance with the claims

3.1 Environmental Expectations

1. Business Partners shall formulate their environmental protection policies and adopt appropriate environmental management standards and systems to assess the environmental impact of their business operations, products, and services (ISO 14001, ISO 50001 etc.)
2. Business Partners are expected to submit solutions/ proposals which are environmentally preferable alternatives, carbon friendly solutions, green products, products which consume less energy/ water, etc.
3. Business Partners should support a precautionary approach to environmental challenges
4. Business Partners should have a measurement system for the key environmental issues for their company, set goals and action plans to improve them. Some action plans may include the likes of:
 - a. increasing the share of renewable energy
 - b. improving energy efficiency
 - c. improving materials' efficiency
 - d. reducing net water consumption
 - e. waste management & circular economy business models
 - f. conservation of biodiversity - protecting and enhancing
 - g. afforestation
 - h. waste heat recovery
 - i. minimizing GHG and non GHG emissions

- j. product stewardship and life cycle studies etc.
- 5. HZL encourages Business Partners towards development and diffusion of environmentally friendly technologies.
- 6. HZL encourages its Business Partners to develop environmental and energy management systems and take steps to measure, report and manage their environmental footprints including their greenhouse gas emissions, energy consumption, water use, air pollution and waste generation.
- 7. Business Partners are encouraged to collaborate with HZL or work independently to identify opportunities and should pay particular attention to improve the following environmental issues:
 - a. Materials
 - b. Energy (energy efficiency, renewable energy, fuel substitution, electric vehicles etc.)
 - c. Water (Water conservation, rainwater harvesting, water recycling and reuse, exploring alternative way of water sourcing etc.)
 - d. Effluents (quality and quantity of effluents and their impact on water bodies)
 - e. Management of impacts on ecosystems and biodiversity, through changes in land use, natural resource extraction, construction and siting etc.
 - f. GHG emissions
 - g. Air pollution
 - h. Waste management (hazardous and non-hazardous)
 - i. Use of single use plastic

3.2 Human Rights and Community Relations

1. Business Partners should support and respect the protection of internationally proclaimed human rights
2. Business Partners should make sure that they are not complicit in human rights abuses.
3. Business Partners should uphold the freedom of association and the effective recognition of the right to collective bargaining

4. Business Partners should ensure the elimination of all forms of human trafficking, forced and compulsory labor
5. Business Partners should commit towards the effective abolition of child labor
6. Business Partners should ensure the elimination of discrimination in respect of employment and occupation.
7. Business Partners should identify their socio- economic impacts on the surrounding communities
8. Business Partners should work towards protecting the rights of indigenous people and cultivate the local workforce.
9. If the Business Partners are procuring any material from conflict areas, they are expected to furnish the details of the same.
10. Business Partners should participate in solving the problems of communities like health, nutrition, education, livelihood etc. through their CSR activities.
11. Business Partners should target setting of an environmentally friendly culture in and around the organization by taking initiatives to provide the local communities with trainings, awareness campaigns, celebrating environment related days.

3.3 Diversity and Inclusion

1. We encourage our Business partners to put in place their own diversity and inclusion goals, comply with all local laws and regulations, and ensure that a broad range of perspectives are included.
2. Business partners should work towards building a diverse workforce through inclusion of women, and representatives from differently abled, LGBTQ, the marginalized and indigenous communities.
3. HZL also encourages its Business partners to partner with small and socio-economically diverse Business partners in its own procurement and subcontracting activities.
4. HZL also encourages its Business partners to actively look for avenues to promote local procurement in their areas of operations

5. HZL seeks to work with Business partners who share our commitment to social and economic development and the sustainability of the communities we serve.

3.4 Employee Rights and Interests

1. Business partners should uphold the commonly accepted labour standards at their workplace and comply with all applicable labour laws
2. Business partners shall not hire employees below the local minimum legal working age.
3. Business partners shall not use any form of forced or coerced labour.
4. Business partners shall not discriminate against employees and applicants for employment based on gender, age, marital or maternity status, ethnicity, race, religion, sexual orientation, native place, domicile, nationality, party affiliation, educational or similar factors.
5. Business partners shall sign employment contracts with all employees that meet local legal requirements, provide employees with remuneration and benefits that are not below the local statutory minimum levels, and pay employees on time.
6. Business partners shall pay compensation for overtime work in accordance with local laws, and the length of overtime work shall not exceed the statutory working time limit.
7. Business partners shall have policies in place to protect workers' rights and interests, health, and safety and adopt appropriate occupational health and safety standards and systems to reduce occupational injuries and occupational diseases.
8. Business Partners are expected to have in place a Policy against Sexual Harassment at workplace (POSH).
9. Business partners shall establish appropriate communication mechanisms and grievance procedures whereby employees can express their grievances to Business partners' management

3.5 Employee Health and Safety

1. Business partners should work towards creating and maintaining a safe and healthy workplace that is free of injuries, fatalities, and illnesses
2. Business partners should develop and implement safety and health management systems (e.g. OHSAS 18001/ISO 45001)

3. Business partners should conduct health and safety training for their employees and their Business partners
4. Business partners should conduct periodic audits for their practices for health and safety hazards
5. Business partners should focus on strengthening the physical and mental well-being through provision of medical and counselling services, training and awareness, provision of PPEs etc.
6. Business partners should have an appropriate policy protecting the safety and health of their workforce with a vision of zero harm and a healthy and productive
7. Business partners should have measures in place to prevent or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labour. Ex: STIs, HIV/AIDS etc.
8. Business partners should ensure that all their Business partners & sub-contractors are provided with an induction that is appropriate to the task

3.6 Leadership and Governance

1. Business partners should have a governance structure in place to review their sustainability & ESG strategy and their long-term goals & commitments.
2. Business partners should put in place systems and processes in place to ensure ethical conduct of business and managing risks like fraud, corruption, bribery, facilitation payments and any other unethical behavior
3. Business partners should put in place a code of conduct for ethical behavior and ensure that all employees follow it.
4. Business partners should avoid any conflict of interest, bias, misrepresentation through negligence
5. Business partners should periodically train their employees on ethical conduct
6. Business partners should have a forum in place for reporting any unethical conduct or concern and should protect the person who has reported the concern.
7. Business Partners are expected to have in place an Incident Investigation Protocol and the learnings from the same should be implemented at each location/ plant.
8. The on-site Business Partners of HZL should have in place a review calendar/ mechanism.

9. The on-site partners of HZL would be expected to submit a proposal for the ESG management plan at site.

3.7 Business Ethics and Practices

1. Business partners should comply with all applicable laws, regulations, codes, rules, and other governmental requirements in their own jurisdictions and in those in which they conduct business with and for HZL
2. Business partners should also comply with international and industry standards relating to the sourcing of goods and the performance of services
3. Business partners should treat fairly those they have dealings with for or on HZL's behalf and be honest and transparent with HZL and the members of the communities in which it carries on its activities.
4. All consultations and negotiations should be carried out in good faith and with no intention to mislead
5. Business partners should not pay or accept bribes, tolerate any form of money laundering, or participate in other illegal incentives in business
6. Business partners should conduct business in a fair & transparent manner with the highest standards of morality, honesty, and integrity
7. Business partners should neither receive, offer, or make any illegal payments, remuneration, gifts, donations or comparable benefits that are intended or perceived to obtain uncompetitive favours for conduct of business.

3.8 Risk Management

1. Business partners should have measures and comprehensive frameworks in place to identify and assess sustainability risks, seek actions to mitigate them and ensure integration of sustainability risks into the business
2. Business partners should ensure that their organization has skills, knowledge, and expertise to manage the sustainability risks
3. Business partners should ensure that sustainability risks are considered when establishing, implementing, and maintaining effective reporting within their organization and with third parties
4. Business partners should ensure that they have relevant components in relation to their sustainability risk domain, including policies, procedures, and processes etc.

3.9 Emergency preparedness

1. Business partners should identify inherent hazards in and potential emergency situations that could potentially arise from goods that they supply and services that they perform
2. Business partners should have adequate emergency preparedness and response plans for safeguarding their employees, operations, and security of supply in times of natural events, major catastrophe, pandemic disease, and unforeseen events
3. In the event of incidents or emergency situations in the workplace, Business partners should follow the necessary notifications, response and recovery efforts as laid down by HZL
4. Business partners should also take the necessary steps to identify, assess and manage the causes to minimize the likelihood of any future incidents of a similar nature

4 Business Partner Feedback

At HZL, we take grievance redressal, query resolution and feedback from all our stakeholders on priority. We encourage our Business Partners to provide us with their valuable feedback or report any query related to ESG or any other concern.

Kindly mail us at the e-mail id below -

HZLBusinessPartnerFeedback@vedanta.co.in

To report any unethical activity or discrimination, if practiced by any Vedanta employee/other Suppliers, please refer to the Whistle-blower Policy on our Website.