2011

Hindustan Zinc Ltd.

UN Global Compact

Communication on Progress

2010-11

HINDUSTAN ZINC LIMITED – AN OVERVIEW

Hindustan Zinc Limited – a subsidiary of Vedanta Resources plc is the largest integrated Zinc producer in the world (*) having a revenue of Rs. 8,017 Cr. Vedanta Resources plc ("Vedanta" or the "Group") is a London-based diversified FTSE 100 metals and mining group, with extensive interests in aluminum, copper, zinc and lead, iron ore and commercial energy.

HZL's Zinc and Lead mines are located at Rampura Agucha, Sindesar Khurd, Rajpura Dariba, Maton Mines and Zawar mines in Rajasthan and smelters at Debari, Dariba and Chanderiya in Rajasthan, and at Vizag in Andhra Pradesh. HZL employs around 6,900 persons directly and benefits over 50,000 persons indirectly. HZL's products include refined Zinc metal, refined Lead metal, Silver, Cadmium and Sulphuric acid. All the operating units are accredited with International Organization for Standardization (ISO) 9001, International Organization for Standardization (ISO) 14001, Occupational Health and Safety Assessment Series (OHSAS) 18001 and 5S certifications.

HZL is India's largest Zinc producer and is a vertically integrated Mining & Smelting company, gearing up to

VISION

Be the world's largest and most admired Zinc-Lead & Silver Company.

MISSION

- *Enhance stakeholders value through exploration, innovation, operational excellence and sustainability*
- *Be a globally lowest cost producer*
- *Maintain market leadership and customer delight*

- Harnessing mining resources to help India maintain self-sufficiency in Zinc.
- Become a global leader in Zinc.
- Create value for all entities whether it is Customers, Investors or Employees.

The Company has made remarkable progress in the areas of production, productivity and all other parameters of performance and in line has made significant strides towards structured **community initiatives** in line with the overall CSR philosophy of the Group. The company has an exemplary track record in the areas of Health, Safety and Environment and is consistently upgrading its performance on safety indices and delivering beyond statutory norms.

The company is a vertically integrated lead zinc producer with core competencies including possessing 3 captive mines and 3 smelters in Rajasthan, India.

Our community initiatives have made contributed positively to the lives of people in the areas where we work more so the from the marginalized section of the society. We are also signatories of the **U.N. Global Compact** With a clear belief to run community initiatives like any other business project, all mining units are **SA 8000** certified.

Hindustan Zinc is committed to undertake social and community based initiatives in the vicinity of its operations, to contribute to the socio-economic well being and empowerment of communities.

Accolades

Hindustan Zinc has been conferred with a number of accolades in the areas of Corporate Governance, Safety & Environment, Water management, Corporate Social responsibility, Captive Power Plant and Occupational Health & Safety by various national and international bodies. Some of them are:

- Pegasus Corporate Social Responsibility Award
- TERI- Corporate Social Responsibility Award
- FIMI Corporate Social Responsibility Award
- FICCI- SEDF Corporate Social Responsibility Award
- National Energy Conservation Award
- International Safety Award
- Golden Peacock award for Occupational Health & safety
- Golden Peacock National Training Award
- National Mineral Award
- State Population Stabilization Award
- Water Efficient Unit and Best Innovative Water Conservation Case Study Award
- Asian Power Plant of the Year Award
- Golden Peacock Award for Excellence in Corporate Governance

SUSTAINABILE DEVELOPMENT

An integral part of our business

Sustainable development is an integral part of our business philosophy and represents core commitment of our management and employees. We believe that businesses play an important role in tackling and driving sustainability and climate change challenges. We have been continuously prioritizing and emphasizing the need to ensure compliance and improve our social and environmental performance. We strive to ensure that our business creates sustainable benefits for all our stakeholders.

We practice sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees. We aim not only to minimize damage to the environment from our projects but to make a net positive impact on the environment wherever we work.

We have established stringent management systems centered on safety, health, the environment and social performance

Health, Safety and Environment

We consider Health, Safety and Environment (HSE) as a key element for our business and philosophy; and stay committed to continuous improvement in line with our HSE policy. Our HSE focus is evident all across the Company. Each unit has a dedicated HSE team including energy and water managers. In addition, as a regular practice, we have engaged reputed consultants including KPMG, Chillworth global, National Safety Council and Descon Consultants for assessing our performance, identifying gaps and suggestions for improvements.

Our efforts are built around three pillars:

- **Safety:** Provide a safe workplace.
- **Environment:** Minimum harm to environment by conserving natural resources through efficient use.
- **Health:** Eliminate occupational illness.

Corporate Social Responsibility (CSR)

HZL is committed to bring a sustained change in the lives of weaker sections through various projects on Social upliftments which are being implemented in 180 operational villages in the neighborhood of Mining & Smelting operations through our relentless Corporate Social Responsibility (CSR) initiatives, under the valued guidance of COO, CSR team of 150 members including professionals and subject matter specialists. The sustainable Socio-economic development projects are implemented in these villages under well-defined strategies by ensuring community participation. Intensive interventions have been done in 61 villages through an indicator driven process designated as the "Integrated Panchayat Development Program". In the rest of the 119 villages, we adopt an extensive approach. Internal reviews and audits of our community interventions are periodically conducted to facilitate transfer of autonomy to the villages and expand our reach.

Hindustan Zinc has well structured process to work with communities in the area of health and nutrition, education, sustainable livelihood, agriculture and animal husbandry and infrastructure development. This comprehensive development program attempts to improve the standard of living of the community and creating local prosperity, thereby promoting their basic right to lead a life of dignity. Among the plethora of various CSR activities let us present the Key signature projects which speaks the volume and quality of CSR work carried out at Hindustan Zinc Limited.

SOCIAL POLICY

Social Policy

At Vedanta Resources Plc, we believe in sustainable development and are committed to raise the quality of life and social well-being of communities where we operate. Towards this, we will be guided by following:

- Our community development initiatives will be prioritized based on local needs. Broad areas of focus will be
  - Social Investment – Health, Education & Livelihood
  - Bio Investment – Water harvesting, agriculture and social forestry
  - Environment conservation
- All operating locations will incorporate CSR activities as an integral part of their business plan and have an appropriate organization to implement the same.
- We will be open to working with like-minded associates, Government bodies and other volunteer organization in pursuit of our mission.
- We will measure and report progress as per social accounting systems and encourage third party reviews for effective delivery and measurable impact.
- We will regularly communicate with all our stakeholders on the progress and performance on social management.

Signed by

Chief Executive Officer 24.10.05

HZL CSR INITIATIVES

- An Overview

HZL CSR INITIATIVE – An Overview

Corporate Social Responsibility is an integral part of HZL's business vision. This vision paved the way for undertaking social projects for sustainable socio-economic development of the weaker sections of the society in the operational villages of the company. Driven by this philosophy, Hindustan Zinc has been planning, designing and implementing CSR projects on a sustainable basis. We work in partnerships with the local communities to positively impact their quality of life and contribute to their sustainable development. Human Rights are integral to our work with communities, respecting cultural considerations and diversity across all units in the country.

At the outset of each Rural Community Development project we adopt a mechanism, which incorporates deliverance of sustained benefits to the community. Stakeholders feedback are taken into account in the process of decision making and business planning and provide lasting benefits for the local communities through our corporate social involvement and community development programmes. It is quintessential for us to evaluate the potential of the projects and community ownership prior to project initiation.

We conduct external assessment of our projects. The outcome of the study helps in applying timely corrective measures and documenting measurable impact. Right from planning to execution as well as monitoring of all the social projects we involve the Panchayat, Government Bodies and Civil Societies, Community as well as other likeminded partners in view of our philosophy to play a role of catalyst in social initiatives as a whole.

Vision

Being regarded as a socially responsible corporate entity at par with global standards

Objective

- To improve the quality of life of half million poor and unprivileged people
- To establish & strengthen mutual co-existence and cohesiveness with multiple stakeholders.
- Encourage community participation by establishing and strengthening village institutions across 180 villages in seven locations.

HZL's Key Signature Projects of CSR

Key Signature Projects

Focus Area: Health and Hygiene

- **Name of Project / Activity: Rural Health Camps**
- Objective: To improve the health standards of the rural people through preventive and curative health care measures
- Partners: PHC, Helpage India
- Coverage: All our operational 180 villages
- Work done: Provided preventive and curative medical facilities to the rural population through various need based camps like homeopathic, Ayurvedic, Dental, BMD, Anemia Detection, Hepatitis B&C, Blood sugar, Blood donation camps, Mega Surgical Camps, Family Planning, eye surgery camps, etc. alongwith other health awareness camps
- Outcome/ Impact: The project is benefiting more than 2 lac people

- **Name of Project / Activity: Rural Drinking Water Project**
- Objective: To provide safe potable drinking water to the rural population thereby, reducing water borne diseases
- Partners: Environment Planning Group Ltd. (EPGL)
- Coverage: 24 villages in four districts of Rajasthan
- Work done: Installed 8 RO Plants in the identified villages near our operations
- Outcome/ Impact: The total population of these 24 villages are getting safe drinking water thereby reducing water borne diseases significantly

- **Name of Project / Activity: Rural Sanitation Project**
- Objective: To construct low-cost toilets in rural households promoting awareness about health & hygiene thereby reducing open defecation
- Partners: Action for Community Empowerment (ACE)
- Coverage: Identified 40 villages
- Work done: Constructed 940 toilets in the identified villages. The work is under progress for remaining 1100 toilets
- Outcome/ Impact: Open defecation has been reduced significantly in 40 identified villages

Focus Area: Education and Nutrition

- **Name of Project / Activity: Vedanta Bal Chetna Anganwadi Project**
- Objective: To provide supplementary nutrition and pre-school education to children of the age group 3-6 years
- Partners: Govt. of Rajasthan, Vedanta Foundation, Integrated Child Development Services

- Coverage: Benefitting more than 50,000 children through 1500 Anganwadi centres in 4 districts of Rajasthan
- Work done: Overall development of children aged 3-6 years in ICDS Centres with improvement in health, attendance, retention and bringing them into mainstream through linking them with formal education
- Outcome/ Impact: Improvement in attendance and retention by 35% and in immunization by 78%

- **Name of Project / Activity: Mid Day Meal Programme**
- Objective: To improve health standards and school enrollment, attendance, retention and nutrition standards among primary and secondary schools students
- Partners: Naandi Foundation, District Administration and State Government of Rajasthan
- Coverage: Catering to more than 1,80,000 students through 6 hi-tech kitchens
- Work done: Establishment of 6 Hi-tech kitchens
- Outcome/ Impact: Overall school attendance has improved by 90% and girls attendance by 70%

- **Name of Project / Activity: Vedanta Computer Education Project**
- Objective: To provide education through computers in Government upper primary schools under CALP Model ensuring formal education through computer in rural schools
- Partners: Rajasthan Council for Elementary Education, Vedanta Foundation and Manipal K
- Coverage: Benefitting more than 88,000 children through 682 schools in 7 districts of Rajasthan i.e. Udaipur, Chittorgarh, Bhilwara, Rajsamand, Dungarpur, Bharatpur and Banswara
- Work done: Created computer learning opportunities in Government upper Primary Schools ensuring formal education through computer in rural schools
- Outcome/ Impact: The project is benefiting 88000 rural students through computer education covering 38% girls

- **Name of Project / Activity: Vedanta Child Care Project**
- Objective: To provide pre-school education and nutritious meals to children of the age group 2.5 to 5 years with an objective to mainstream atleast 50% children every year
- Partners: Vedanta Foundation
- Coverage: The project is running successfully in 18 centres and 65% of the eligible children have been promoted for formal education to primary schools
- Work done: Providing education and pre-school education to the targeted children
- Outcome/ Impact: The project is benefiting 540 children through 18 running centres

- **Name of Project / Activity: Shiksha Sambal**
- Objective: To provide remedial preparatory classes to the board students of government schools
- Coverage: 3510 students of 26 government schools
- Work done: Providing education through remedial classes and preparing their foundation for board examinations
- Outcome/ Impact: The project is benefiting 3510 rural students off 26 government schools with improvement in their board result from 48% to 87%.

- **Name of Project / Activity: Other Educational Initiatives**
- Objective: To promote and facilitate education amongst rural students
- Partners: SUMEDHA, Swami Vivkanand Sewa Nyas, District Education Dept.
- Coverage: Scholarships provided to 164 students, adult education to 388 adults, sponsored 11 BPL girls for higher education, benefitting more than 2000 students by distributing study material and infrastructure facilities in schools
- Work done: To provide scholarships to meritorious students, aid to schools, distribution of books
- Outcome/ Impact: The project is benefiting 3000 students through various educational initiatives

Focus Area: Sustainable Livelihoods

Non-farm Based

- **Name of Project / Activity: Vocational Training to Unemployed Rural Youths**
- Objective: To provide vocational trainings to unemployed rural youths in 4 districts of Rajasthan i.e. Udaipur, Bhilwara, Rajsamand and Chittorgarh.
- Partners: IL&FS, MoRD- GoI
- Coverage: 7800 youths in the four districts of Rajasthan
- Work done: Capacity building and vocational training is being provided to 7800 rural youths ensuring 75% placements of the targeted youths
- Outcome/ Impact: The project will benefit 7800 youths

- **Name of Project / Activity: Income Generation Trainings to SHG Women**
- Objective: To provide income generation trainings to 400 SHG women in various trades
- Partners: Vishwas Sansthan and COSV
- Coverage: 3655 SHG groups at 4 districts of Rajasthan
- Work done: Skill Development and Capacity building trainings being provided to the identified SHG Groups in various market driven traits like tailoring, stitching, embroidery, meenakari, terracotta, etc.
- Outcome/ Impact: The project is benefiting 3655 SHG Women in becoming self-reliant. 1014 women are linked with Micro-enterprises

Farm Based-Agriculture & Livestock Management

- **Name of Project / Activity: Improved Agriculture Programme**
- Objective: To provide livelihood generation opportunities to the farmers through improved agriculture programme
- Partners: BAIF, District Agriculture Dept., District Horticulture Dept.
- Coverage: Covering 180 operational villages
- Work done: Provided farmers training for improved agricultural techniques, multi-cropping, orchard development, watershed development, rainwater harvesting, etc.
- Outcome/ Impact: The project is benefiting more than 25,000 farmers through various agri-based initiatives

- **Name of Project / Activity: Livestock Management Programme**
- Objective: To provide livelihood generation opportunities to the farmers through livestock management programmes
- Partners: BAIF, District Veterinary Dept.
- Coverage: Covering 180 operational villages
- Work done: Provided livestock management opportunities like cattle breed improvement through artificial insemination, cattle immunization, etc. improving the milk yielding capacity of cattle.
- Outcome/ Impact: The project is benefiting more than 121195 cattle and 16000 cattle rearers in improving their income

Focus Area: Infrastructure Development

- **Name of Project / Activity: Rural Infrastructure Development**
- Objective: To provide basic need based infrastructural facilities in our operational villages like construction/ repair/ renovation of schools buildings, class rooms, community halls, cremation grounds, etc.
- Partners: Gram Panchayat, Dist. Administration
- Coverage: All 180 operational villages
- Work done: Constructed community centres, school buildings, boundary walls, drainage systems, CC Roads, Pipelines, etc.; installed 2 tubewells at Matoon & RDM; Constructed a water tank and pipeline at Zawar; Provided 200 brick tree-guards in 4 schools at RAM
- Outcome/ Impact: More than 40,000 people benefitted

Hi- Impact Projects

1. **Integrated Panchayat Development Programme**
   For holistic development of 50 poverty stricken villages HZL is acting as a catalyst to fill in the existing gap through convergence approach with various Government schemes / programs based on Public-Private Partnership ensuring multi-stakeholder engagement aligning with Millennium Development Goals. The project is covering 12 Panchayats in Rajsamand covering BPL, SC, ST, PwDs and other Backward Families comprising of more than 60,000 Lac population

2. **Vedanta Heart Hospital**
   To provide modern and affordable heart care facilities to the heart patients of Udaipur, HZL upgraded the existing cardiology centre which will benefit the needy population of southern Rajasthan and will provide free treatment to BPL patients. The project is running in joint collaboration with the State Government of Rajasthan to achieve the common goal.

Impact Assessment conducted by XISS, Ranchi for the following projects:

- Mid-day Meal
- Vedanta Bal Chetna Anganwadi Project
- Vedanta Computer Education Project
- Vocational Training to Unemployed Youths
- Improved Agriculture Project
- Livestock Management Project
- Women Empowerment Project
- Shiksha Sambal
- Model Village

We also conduct social audit of our Hi-impact projects through reputed agencies on every 3 years and communicate its performance/ progress to all stakeholders.

Alliance Building and Partnerships

Alliance Building and Partnership with NGOs, Industry Associations/ Organizations:

Table below illustrates some of our ongoing partnership projects in collaboration with NGO's, Industry Associations and National/ International advocacy organizations:

S. No.	Organizations / NGOs	Area of Partnership
1.	United Nations Global Compact Forum	To promote good corporate practices in the areas of (i) Human Rights (ii) Labour (iii) Environment (iv) Anti-corruption
2.	HelpAge India, District Medical and Health Department, NRHM	Mobile Medical Camp, Immunization, vasectomy operation, Mega Health Camp
3.	Naandi Foundation, District Education Department	Mid Day Meal, Computer Education Programme
4.	Women and Child Development Department Govt Rajasthan	Integrated Child Development Services.
5.	Vedanta Foundation	Tailoring, Computer Education, Child Welfare Center, Vedanta Bal Chetna Aaganwadi Project.
6.	District Veterinary Department	Cattle Camp, Cattle Immunization
7.	Aid-et-Action, Sankalp, RMoL, Jan Shikshan Sansthan, Ranthambor Shiksha Sansthan	Skill Based Vocational Training
8.	District Agriculture Department, Krishi Vigyan Kendra	Vermi Compost Unit, Farmers Training, Micro irrigation System
9.	BAIF-RRIDMA	Agriculture and Livestock Development Project
10.	Jan Sankhya Sthirtha Kosh	Population Stabilization
11.	TERI-BCSD	Sustainable Development
12.	DRDA, Zila Parishad	Infrastructural Development, Watershed Fruit Plantation and social mobilization
13.	Action for Community Empowerment (ACE)	House-hold sanitation and hygiene project
14.	Vishwas Sansthan, Centre for the Study of Values	Skill Development Trainings to SHG Women

Global Compact Principles Performance Matrix

Global Compact Principles Performance Matrix

Keeping in view the ten principles, we have developed a performance matrix which was incorporated in all our strategic business functions and regularly reviewed from shop floor to board room level. Our major areas of performance were in the field of employee relations and training and development, Occupational Health, Safety and Environment Management, Supply chain, investor relations and Social Initiatives.

HZL is among the few companies in India to be registered with United Nations (UN), resulting in a compliance with the following Global Compact Principles actions and outcomes.

Category 1: Human Rights (UNGC Principles 1-2)

Principle 1- *Business should support and respect the protection of internationally proclaimed Human Rights.*

Principle 2- *Business should ensure that they are not complicit in human right abuses.*

Management Systems:

- HZL follows the principles of the International Declaration of Human Rights. As a model employer in the country owing allegiance to the Constitution of India, we support and respect the protection of human rights and is actively demonstrating commitment to human rights through efforts to address the human right of access to health and fair working conditions.

- Ethical behavior is promoted through regular communication and commitment to the HZL Code of Conduct. HZL has a well documented Business Code of Ethics and Principles and adheres to it with zero tolerance principle.

- We have whistle blower policy under which Employees have the opportunity to submit / report 'Complaints' pertaining to the following areas such as: a) fraud against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements b) violations of any rules and regulations applicable to the Company and related to accounting and auditing matters c) intentional error or fraud in the preparation, review or audit of any financial statement of the Company d) any violations to the Company's ethical business practices as specified in the Company's Code of Conduct policy. The policy explicitly mentioned the pre-requisites to ensure that the identity of whistle blower is kept confidential. All employees of the company are eligible to make Protected Disclosure under the policy.

- All our units are accredited with International Organization for Standardization (ISO) 9001, International Organization for Standardization (ISO) 14001, Occupational Health and Safety Assessment Series (OHSAS) 18001 and 5S certifications

Actions:

HZL in keeping its commitment to codes and articulated policy incorporates the following as central to its social responsibility:

- Going beyond the compliance of regulatory, legal norms.
- Annual Vendor Meet justified our commitment which was also shared with all our vendors to ensure collective ownership towards the business and stakeholders relations.
- Each unit of the company have developed respective newsletters for sharing information about the business best practices and added to the learning curve by incorporating best global practices.
- Trade Unions are engaged in decision making at all levels from top management to shop floor.

- Quality Circles initiatives are examples of organization wide empowerment.
- Audits are conducted periodically to ascertain the effect of our products/processes and services on society followed by corrective actions.
- Strengthening and supporting the community in a number of ways like maintaining the city, providing free medical treatment to employees and at nominal cost to non-employees at HZL Hospital, organizing eye camps, family planning, immunization and other camps, encouraging sports and youth development and participating in social programs in the villages.

Performance:

- Most of the business units are certified under different management systems likes ISO 9001, ISO 14001, OSHAS 18001, and SA-8000 and retaining the certification standard after the audits.
- Most of the business units are FIVE-S Certified units.
- We have always believed in maintaining cordial relationship with our employees. During the year, Long Term Settlement was signed with the Employees' Federation, for a period of five years effective from July 2007.
- Not single cases of violation of human rights abuses reported by any agency against the company.
- We continue our focus on learning and development to build an enhanced and effective knowledge base, to provide skilled manpower for the new expansions. Besides the technical training, 1,450 employees were covered under behavioral safety training program 'Suraksha-Jyoti' and 822 employees were imparted training under 'Navajagaran'. Training programs on 5S, Quality Circles, Six Sigma, etc. were also organized.

Category 2: Labour (UNGC Principles 3-6)

Principle- 3- *Business should uphold the freedom of Association & effective recognition of right to collective bargaining.*

Principle- 4- *Business should Support the elimination of all forms of forced and compulsory labour.*

Principle -5- *Business should Support the Effective abolition of Child Labour.*

Principle- 6- *Business should Support the Elimination of discrimination in respect of employment and occupation.*

Management Systems:

For addressing the issue of labour standard in comprehensive manner, HZL has adopted international standards like ISO 14000, SA-8000 and OHSAS-18001. We have an explicit anti-discrimination or diversity policy in recruiting, promoting, and training.

We are abides by the Indian Factory Act and all other Indian Labour and mining Laws; these laws are in conformance to the ILO and international laws. Different units of company have recognized trade union and staff union for bargainable category of workmen and supervisory staff. Company also constitute various committees and councils having equal participation from management as well as elected workmen representatives to discuss and resolve various issues related to operations.

Company has periodic dialogues and negotiations with the recognized union to discuss and settle the charter of demand amicably.

- HZL has a well documented Business Code of Ethics and Principles and adheres to it with zero tolerance principle.
- All our units are accredited with International Organization for Standardization (ISO) 9001, International Organization for Standardization (ISO) 14001, Occupational Health and Safety Assessment Series (OHSAS) 18001 and 5S certifications

Actions:

§ **Promoting collective bargaining:**

In keeping with the spirit of the constitution of India wherein Right of Association is fundamental right, we respect the right for association of its employees and have

constructive relationships with trade unions at all locations. Employees are encouraged to join labour union, as we believe that forum like these are effective in resolving the individual and collective grievances. Long term settlement agreement is made.

- **In-house forum:** canteen management committee, Joint consultative committees, operation review meetings, cost review meetings, BMG meetings, quality circles meetings, sports and cultural committees are different forums where employees can express their concerns and suggestions.

Stakeholders feedback system:

- **Minimum age for employment:** HZL had prescribed the minimum age limit of 18 years for employment. Even contractors are forbidden to engage child labour. At the time of employment, age verification is done.
- **Eliminate discrimination in respect of employment:** HZL prohibits discrimination on grounds of religion, race, caste, creed, sex or place of birth. Further, it provides equal opportunity employer and scrupulously complies with the provisions of Equal Remuneration to men and women and into matters of employment etc.
- **Equal opportunity** is provided in matters of career advancement, training and development to all employees irrespective of caste, colour, gender, religion or region.
- Well documented **Recruitment and Promotion Rules exist in the** Personnel Manual and are circulated widely amongst all sections of employees. Information is shared with others on request. Well documented grievance redressal machinery exists.

Category 3: Environment (UNGC Principles 7-9)

Principle -7- *Business should Support precautionary approach to Environmental challenges*

Principle -8- *Business should undertake initiative to promote greater environmental responsibility*

Principle -9- *Business should encourage the development and diffusion of environmentally friendly technology.*

Management Systems:

Principle -7- Business should Support precautionary approach to Environmental challenges

Hindustan Zinc follows the approach of precautionary principle in its environmental management. Driven by our stated policies, we emphasizes on "Prevention" than "Control" in every decision making process.

Most of our operations maintain formal environment, occupational health and safety management systems aligned to the international standards OHSAS 18001 and ISO 14001.

We are continuously focused on minimizing the environmental impacts across the life cycle of our manufacturing process, through Adoption of best available technology, Maximising Resource efficiency, Enhance recycle/reuse of all wastes and effluents and conserving bio-diversity in and around our operating locations.

Our focus on right technology selection and practicing the 5R principles on Waste Management has delivered high resource efficiency and low wastes in all forms. While we aim at optimum recovery of Zinc and Lead from our Ore, with close to benchmark energy and water efficiencies, many other metals like Cadmium, Cobalt, Silver and Mercury are also extracted. Gainful use of all solid and Hazardous waste is a constant management focus, to ensure minimum ecological footprint.

We understand the need for greater climate change action and have taken many proactive steps towards mitigation of impacts due to GHG emissions:

- Our company has ventured into the business of Power utility and is currently generating 170.9 MW of wind power and supplying to the national grid. The installed capacity is being further increased to 273.2 MW by 2012.
- One No. of waste heat recovery project and two Nos. of Wind power generation project having CER potential of about 0.275 Mio T CO2e per annum are implemented and registered with UNFCCC. This year about 0.135 Mio T CO2e has been traded in the carbon market.
- Three Nos. of Waste heat recovery project and Six Nos. of Wind power generation projects with approx 0.35 Mio T CO2e per annum are implemented and at various stages of registration with UNFCCC.

Principle-8 - Business should undertake initiative to promote greater environmental responsibility

Our key focus area is to efficiently refine lead-zinc ore with optimum resources like water, energy and land. The focus is being consciously extended to promote environmental responsibility beyond the boundary of our facility to include the vendors, contractors and neighbouring communities, towards Sustainability.

Water

We have a long term approach to water management that aims to improve our performance, recognize the significance of water and contribute to sustainable water management. We continue to identify business risks and opportunities for water access, reuse or recycling, efficient use and responsible waste water disposal.

With the efforts put-in over the year we have been successful in reducing our water-footprints by reducing our specific water consumption (i.e. cubic meter of water consumed per tonne of output) at our mines and smelters.

- Specific water consumption at smelters has improved from 15.29 in FY 2007 to 9.72 in FY 2011, indicating a reduction of 36.4% over the last four years.
- Specific water consumption at mines has improved from 3.90 in FY 2007 to 3.26 in FY 2011, demonstrating a reduction of 16.4% over the last four years.

Some of the major water conservation initiatives were adopted during the year 2010-11 are-

- Reduced evaporation losses
- Increased reuse of tailing dam reclaimed water at all mines for Ore Beneficiation.
- Reduce water consumption by adopting technological changes like replacement of existing water pressing filters with air pressing filters, installation of deep cone thickener for tailing disposal at higher solid concentration.
- Maintaining Zero-Discharge at all the locations.
- Business plan target to reduce atleast 5% in specific water consumption each operating locations compared to 2010 actuals.

Climate Change

Climate change being a global cause of concern, we recognize the urgency to act. Various initiatives by our company aims towards reducing our carbon foot print during 2010-11 include:

- Carbon foot printing has been initiated for Scope 1 and 2 emissions across the company since 2010.
- Various actions towards reducing the Carbon emission under scope 3 has been initiated, though presently not being captured.
- Voluntary disclosures under the Carbon Disclosure Project (CDP) have been commenced since 2010.
- Two new projects are initiated for transportation of mined ore through railway that would reduce the carbon foot print as compared to the present road transport.
- Our company has ventured into a business of Power Utility and is aggressively growing in the field of wind power. Presently 170.5 MW of the targeted 273.2 MW capacity is installed and operated across 5 states of India. As on date, about 0.135 Mio CER's are generated and traded in the carbon market. The remaining capacity is expected to be commissioned during 2012.

Energy Conservation

At HZL, constant focus exists in optimization and efficient use of energy to reduce our costs while reducing our carbon foot print.

The specific energy consumption at smelters has reduced from 21.59 GJ/MT in FY 2007 to 16.29 GJ/MT in FY 2011, signifying a reduction of 24.5% in four years. At our mines, the specific energy consumption has increased from 1.20 GJ/MT in FY 2007 to 2.00 GJ/MT in FY 2011 owing to deeper mining of Open Cast mines and expanded capacity at Rampura Agucha Mines.

Air Quality Management

To minimize impact due to air emissions from our operations, we have adopted cleaner technologies in our manufacturing process. All new smelters over the last decade have installed the Sulphuric Acid plants based on double conversion double absorption (DCDA) technology that ensures lower SO2 emission and no other wastes.

To reduce the dust emission at Rampura Agucha open cast Mine, following initiatives taken:

- Spaying of water on mine haul roads.
- Use of chemicals for dust suppression on haul roads
- High pressure jet water spray nozzles provided at primary crusher.
- Cleaning industrial roads by mechanical road sweeper

A robust air monitoring system through online stack and ambient air quality monitoring ensures testimony to good operations.

Solid Waste Management

We focuses on reduce, recycle, reuse and reclaim–and 'eco-friendly' disposal of process residues. We have implemented innovative processes to ensure that the wastes that get disposed off from the plant do not harm the environment

We have a strong focus of recycling our waste back to process. We continually seek opportunities to prevent waste generation, minimize the generation of waste and enhance waste re-use and waste recycling. The wastes which are not usable are disposed in a scientific manner as per the best environmental practices.

During the year, for the first time ever, about 0.23 Mio Tons of pyrometallurgy slag has been used for cement manufacturing-and also (100% of flyash generated has been used in cement manufacturing. This has helped us in reducing our waste inventories and conserving natural resources by replacing the virgin material at the other end where it is gainfully utilized.

A series of Research and Development work has been initiated with reputed institutes for utilization of Hazardous Waste named Jarosite that is inherent to hydro metallurgical process for Zinc Manufacturing, in road construction, cement manufacturing and brick manufacturing.

Promoting Environmental Responsibility:

Various initiatives are taken to promote environmental responsibility within and beyond the operating boundary of the company. Some of the initiatives are,

- Vendor selection preference based on compliance to the environmental legislations
- Verification of environmental licenses of vendors engaged in waste recycling and reprocessing
- Educating and positively influencing the infrastructure construction companies for use of waste as base material, as against topsoil for road construction.
- Many programs of the company under the CSR programs are aimed at promoting efficient utilization of ground water in irrigation, promotion of organic farming, multiple cropping, Municipal solid waste segregation, afforestation, conservation of bio-diversity, etc.
- Increasing the public awareness on environment through Promoting environmental rallies, supporting mass plantation programs, conducting competitions among children on environmental subjects, etc, are some prominent initiatives.

Principle-9- Business should encourage the development and diffusion of environmentally friendly technology.

Hindustan Zinc is leading in research and development activities for gainful utilization of various wastes. Collaborated with various research agencies like

- Central Road & Research Institute (CRRI) for use of slag and Jarofix in road construction.
- National Council for Cement and Building Materials (NCB) for use of Slag and Jarosite/ jarofix in cement manufacturing

Slag is waste from pyrometallurgical process and Jarosite is waste from Hydrometallurgical process. Jarosite being a hazardous waste, the toxic elements are fixed into a non-leachable form called Jarofix.

The rigorous research effort resulted in the breakthrough discovery that Jarofix can be used in certain aspects of road construction, and HZL sought and received approval to undertake a two-year pilot project from the Indian Road Congress and the Rajasthan State Pollution Control Board.

The Company constructed 200 metres of road near its Chanderiya smelter, and the early indications of its properties and environmental performance are highly favorable, opening an avenue for large scale use of this waste.

Our New hydrometallurgical zinc smelters are based on most energy efficient technologies. We have installed energy efficient and fully automated Jumbo cell house which consumes 10% lesser energy consumption w.r.t conventional cell house. We are committed to improve energy efficiency at all our locations. We are using ecofriendly technologies for less energy consumption and less green house emission.

Category 4: Anti-Corruption (UNGC Principles 10)

Principle 10-*Business should Work against corruption in all its forms including extortion and bribery:*

Management Systems:

HZL has 'Business Ethics and Code of Conduct" under which we are committed for elimination of corruption of any form, bribery, extortion, and fraud. HZL has an elaborate system and processes on the management of business ethics and all employees sign the 'Code of Conduct'.

Actions:

In case of any complains under this policy should be reported to the Group Head-Management Assurance who is independent of operating management and business. Complains can also be sent to designate E-mail ID: hzlwhistle.blower@ Vedanta.co.in. Group Head Management Assurance reviews the complaints, conduct enquiry and initiate appropriate actions.

Awards and Accolades:

Some of the awards and accolades received during the year 2010-11 are:

Corporate Awards in 2010-11:

Our efforts towards operational excellence & sustainable development initiatives were recognized at the national and international levels. Some of these are given below:

Quality

- IMC Ramakrishna Bajaj National Quality Award – 'Performance Excellence Trophy' (RBNQA- 2009) – Chanderiya Smelting Complex.

HSE

- CII-ITC Sustainability Award (Commendation for Strong Commitment towards sustainability) – Hindustan Zinc Ltd.
- Golden Peacock Occupational Health & Safety Award- Debari Zinc Smelter.
- CII- National Award for Excellence in water Management- Rampura Agucha Mine.
- CII-Leadership & Excellence Award in Environment, Health & Safety- Vizag Zinc Smelter.
- Stars of the Industries Awards in Green Manufacturers category- Debari Zinc Smelter.
- Safety Innovation award by Institution of Engineering - Debari Zinc Smelter.
- International Safety Award from the British Safety Council - Debari Zinc Smelter.
- RoSPA gold award 2009 from Royal Society for Prevention of Accidents, UK, Debari Zinc Smelter

- Golden Peacock Environment Management Award 2009 from World Environment Foundation (WEF), in association with Institute of Directors –Rampura Agucha Mine

CSR

- State Population Stabilization Certificate to Chanderiya by Govt. of Rajasthan
- State Bhamashah Award 2009 to Rampura Agucha by Govt. of Rajasthan

HR

- Amongst the top 25 Companies declared as Hewitt Best Employers in Asia in 2009
- Ranked # 2 in the top 25 Companies declared as Hewitt Best Employers in India in 2009

Hindustan Zinc limited is committed advocates of the UNGC and we are always looking for new ways of using our opinion to influence policy decisions on social, environmental and quality front at national and state level.

We have incorporated the triple bottom line principle of doing business in our over-all business strategy and regularly we are communicating it with our stakeholders and feedbacks are incorporated. More details about company's performance on social, economic and environmental front may be accessed from our Annual Report which is available on our website I.e. www.hzlindia.com .