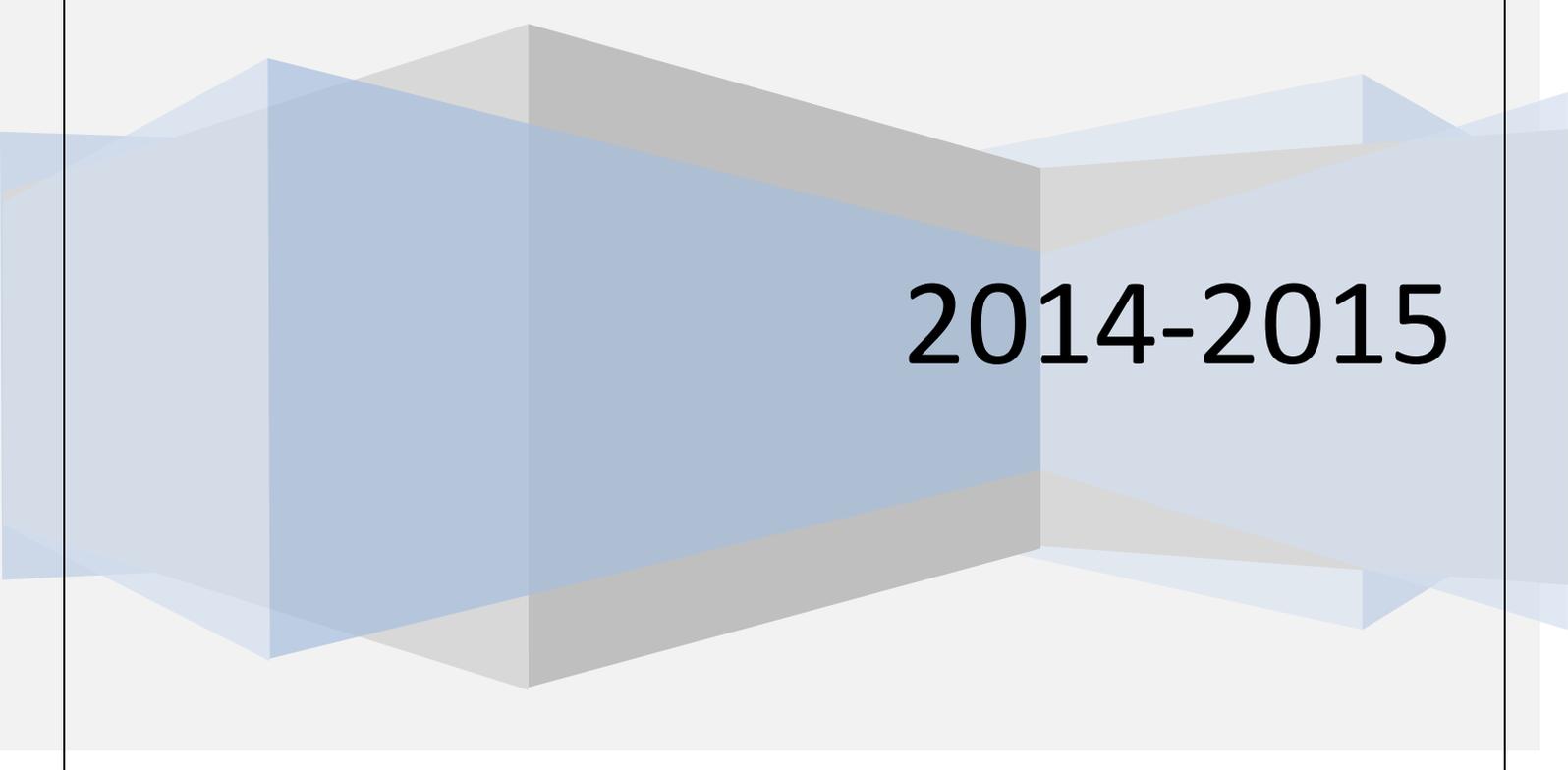


HINDUSTAN ZINC LIMITED

UN Global Compact

Communication on Progress

2014-2015



HINDUSTAN ZINC LIMITED – AN OVERVIEW

Hindustan Zinc Limited – a subsidiary of Vedanta Resources plc is the largest integrated Zinc, Lead & Silver producer in the world (*) having a revenue of Rs. 13,636 Cr. Vedanta Resources plc (“Vedanta” or the “Group”) is a London-based diversified natural resources group listed on FTSE 100, with extensive interests in aluminum, copper, zinc and lead, iron ore, oil and commercial energy.

HZL’s Zinc and Lead mines are located at Rampura Agucha, Sindesar Khurd, Rajpura Dariba, Kayad and Zawar mines in Rajasthan and smelters at Debari, Dariba and Chanderiya in Rajasthan, and at Vizag in Andhra Pradesh. In addition, HZL also has a rock-phosphate mine in Maton near Udaipur in Rajasthan and Zinc, Lead & Silver refining facilities in the state of Uttarakhand. HZL employs around 6000 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

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*



(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

- ❖ 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 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 contributed positively to the lives of people in the areas where we operate. 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.



AWARDS & ACCOLADES

Hindustan Zinc has been conferred with a number of accolades in the areas of operational excellence and sustainable development recognized by the way of awards at both National and International level. Some of these are:

Industry Excellence

- *Dun & Bradstreet Best Corporate Award 2014 in non-ferrous metal sector, for the 6th consecutive year*
- *National Award for Manufacturing Competitiveness 2014 by IRIM*
 - *Gold medal to Chanderiya Lead-Zinc Smelting Complex*
 - *Silver medal to Rajpura Dariba Complex*
- *Economic Times India Manufacturing Excellence Awards 2014 Gold Award in metals sector to Chanderiya zinc smelter, Unit-2*
- *Top 100 CISO 2014 Award for using information security technology in innovative way*
- *Confederation of Indian Industry (CII) Award for Excellence in Energy Management to Sindesar Khurd as an 'Energy Efficient Unit'*

Sustainability

- *Indian Institute of Metal Best Sustainability Performance Awards 2014 1st prize in non-ferrous category*
- *CII-ITC Sustainability Outstanding Accomplishment Award 2014 to Chanderiya Lead-Zinc Smelter*
- *Green Manufacturing Excellence Award 2014 by Frost & Sullivan 'Challenger Award' to Chanderiya Lead-Zinc Smelting Complex*

Social

- *Best Corporate Social Responsibility Practices by India's Most Ethical Companies Awards 2014 during World CSR Congress*
- *CII-ITC Sustainability Award 2014 Commendation certification under corporate social responsibility category*



Individual

- *Appointment as Vice Chairman of International Zinc Association Mr. Akhilesh Joshi, CEO-Hindustan Zinc*
- *CNBC Best CFO Award 2014 in metal sector to Mr. Amitabh Gupta, CFO-Hindustan Zinc*

Human Resource

- *CII National HR Excellence Award 2014 Level 2 -Significant Achievement in HR Excellence*
- *SAP ACE Award 2014 'Best Run Award' for SAP implementation and utilisation*



SUSTAINABLE 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 developmental 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 operations 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.



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 sustainable change in the lives of weaker sections through various need-based community interventions. This commitment 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 need-based CSR projects in partnership with the local communities to improve their quality of life. 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 project planning and decision making to provide sustainable benefits to the local communities through our corporate social responsibility and community development programme. It is quiet essential for us to evaluate the potential of the projects and community ownership prior to project initiation.

Hindustan Zinc has well-structured process to work with communities in the areas of health, 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 create local prosperity, thereby promoting their basic right to lead a life of dignity. During the year, Vedanta Heart Hospital in Udaipur was upgraded to provide world-class cardiac treatment to the underprivileged by installation of Cathlab. Also, upgradation of Gastroentlogy and Nephrology has been done in Govt. RNT Medical Hospital. Inclusive of this project and many of our ongoing activities, Among the plethora of various CSR activities, our CSR Policy, CSR overview and Key signature projects which speak the volume, impact and quality of CSR work carried out by Hindustan Zinc.



CORPORATE SOCIAL RESPONSIBILITY POLICY





HZL CSR POLICY

COMPANY PHILOSOPHY:

Hindustan Zinc Ltd is committed towards harmonious and sustainable development of the communities. We believe in inclusive and equitable growth and improvement in quality of life. Enhancement of the living standards of the communities around us and creating Company's brand image in a mutually beneficial manner. Our focus shall be on education, health, livelihood and environment.

FRAMEWORK:

- I. **Focus** on community development projects **prioritizing local needs** for ensuring long term sustainable benefits
- II. The Company may **partner** like-minded organizations for select projects on a case to case basis, with separate reporting of such projects by the partner. We may also form a trust or society for carrying out CSR projects or partner with Vedanta Foundation, a registered non-profit organization of the Group which has been actively working in the CSR domain since 2008
- III. All CSR projects shall be monitored by an **internal implementation committee** headed by the company's CSR Head. The committee shall meet periodically and finalize the modalities of execution of all key projects
- IV. The internal implementation committee shall set up a **monitoring mechanism** to monitor all key projects and shall report to the CSR Committee of the Board at least twice a year
- V. A third party will do a **baseline survey** and **impact assessment** every three years
- VI. The **surplus** arising out of CSR projects or programs or activities shall not form part of the business profits
- VII. **Risks will be identified** that have adverse impact on the environment and will be mitigated
- VIII. The CSR activities are as per **Annexure I** or any other activity specified in **Schedule VII** of the Companies Act.

Akhilesh Joshi
CEO & Whole Time Director
Date : 1st September, 2014



HZL CSR INITIATIVES

- An Overview



HZL CSR INITIATIVE – An Overview

We continue to impact more than 5, 00,000 lives through our relentless Corporate Social Responsibility (CSR) initiatives. We are committed to raise the quality of life and social well-being of communities where we operate. At Hindustan Zinc, we promote sustainable development achieved through two-way, open dialogue with our stakeholders, which is the key for sustainable community development.

Corporate Social Responsibility is an integral part of our business which is accorded as much importance as any business project. We work to establish and maintain our "social license to operate" in the local communities in which we are active by incorporating the principles of sustainable development into all aspects of our engagement.

We have a dedicated team of 150 functionaries including qualified professionals and subject matter specialists who are part of our corporate social responsibility team.

We adopt a need-based approach for all community interventions and have several high impact initiatives/projects in place to achieve sustainable socio-economic development of communities. Our community development efforts are focused on fostering self-reliance through education, sustainable livelihood interventions, vocational trainings, community assets creation, empowerment of women and social mobilization.

Our Approach & Strategy

Our approach to community development is holistic, robust, integrated, intensive, long-term and sustainable primarily based on the Public Private Panchayat Partnership (4P) model.

HZL's strategy for community engagement is intensive which entails mapping the needs of community and acting upon it with long term sustainable development action plan. We have constructive partnerships with like-minded organizations including government agencies, Non-governmental organizations (NGOs), local communities and Panchayats, for functionalizing our community development initiatives.

Our community development process involves comprehensive engagement / interactions with the local community and various stakeholders. We ensure periodic need assessment and baseline studies based on "Participatory Rural Appraisal" methods including interviews with village heads, Sarpanchs, Panchayat members, farmers, SHG members and other stakeholders as well as focused group discussions. Their feedback is then used to develop new programs and improve on the existing ones.

We use intensive interventions in selected villages identified through an indicator driven process. In all other villages we have an extensive approach. Internal reviews and social



audits are periodically conducted to facilitate transfer of autonomy to the villages and expand our reach.

We measure our social and economic impacts, engage openly with communities and other stakeholders and aim to contribute to the development of sustainable communities. Corporate Social Responsibility is an integral part of our business which is accorded as much importance as a business project. We have undertaken several projects for sustainable socio-economic development of weaker section of society in the operational villages prioritizing on local needs which focuses mainly on

- i. Health & Nutrition
- ii. Water & Sanitation
- iii. Education
- iv. Sustainable Livelihood (farm & non-farm)
- v. Women Empowerment
- vi. Bio-investment/ Environmental Conservation

Vision

To enhance the quality of life and economic well being of communities around our operations.

Objective

- ◆ To improve the quality of life of more than 5 lacs 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 184 villages at seven locations in 5 districts of Rajasthan.



HZL's Key Signature Projects of CSR



Key Signature Projects

❖ Focus Area: Health and Hygiene

✚ Name of Project / Activity: Rural Medical & 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 184 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 lacs people
- Total no. of beneficiaries including Rural camps, awareness program and company run hospital is 353766 annually.

✚ Name of Project / Activity: Rural Drinking Water Project

- Objective: To provide safe potable drinking water to the rural population thereby, reducing water borne diseases
- Coverage: 16 villages
- Work done: Supply of drinking water in the identified villages near our operations thru; tankers and RO plants
- Outcome/ Impact: The total population of these 16 villages are getting safe drinking water thereby reducing water borne diseases significantly



✚ **Name of Project / Activity: Sanitation Project (Maryada Project)**

- Objective: To reduce incidence of diseases arising out of poor sanitation and unhygienic practices. To construct low-cost toilets in rural households promoting awareness about health & hygiene thereby reducing open defecation.
- To construct 623 toilets in 449 Govt. schools under Swachh Bharat Abhiyaan in 5 districts.
- Partners: Financial Inclusion Improves Sanitation And Health (FINISH), Social Welfare and Cultural Society(SWCS) & District Administration
- Coverage: Construction of 30,000 toilets in 3 Districts of Rajasthan i.e. Udaipur, Chittorgarh & Bhilwara.
- Work done: Constructed over 11000 toilets in the identified villages.
- Outcome/ Impact: Open defecation has been reduced significantly. 11000 families have been benefited from the household sanitation project



❖ **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 42000 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 80%





✚ **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 centers and 70% 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 550 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: Approx. 9000 students of 70 Government schools
- Work done: Providing education through remedial classes and preparing their foundation for board examinations
- Outcome/ Impact: The project is benefiting 9000 rural students of 70 Government schools with improvement in their board result from 48% to 90%.





✚ **Name of Project / Activity: School Adoption Programme**

- Objective: To promote and facilitate education amongst rural students
- Partners: District Education Dept.
- Coverage: Adopted 152 Govt. Schools under School Adoption Programme wherein renovation / infrastructure work is being undertaken.
- Work done: Repair / renovation / construction of school building, boundary wall, construction of toilet and furniture distribution.
- Outcome/ Impact: The project is benefiting approx. 30,000 students under school adoption programme and other educational interventions.

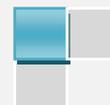
✚ **Name of Project / Activity: Other Educational Initiatives**

- Objective: To promote and facilitate education amongst rural students
- Partners: Swami Vivekananda Seva Nyas, District Education Dept.
- Coverage: Sponsored girls for higher education, benefitting more than 7000 students by distributing study material, extra classes (Project Mukhyadhara) and infrastructure facilities in schools, career guidance seminar, support to deaf and students, support to slum area children.
- Work done: Coaching Classes for class X & XII, Distribution of study materials, sponsorship, etc.
- Outcome/ Impact: The project is benefiting approx. 7000 students.

❖ **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 5 districts of Rajasthan i.e. Udaipur, Bhilwara, Rajsamand, Ajmer and Chittorgarh.
- Partners: Sankalp Academic Society and PDI
- Coverage: 500 youths
- Work done: Capacity building and vocational training provided to 562 rural youths ensuring 80% placements of the trained youth
- Outcome/ Impact: The project will benefit unemployed rural youths in 5 districts of Rajasthan making them able to sustain their livelihood by increasing their earning from Rs. 5000-20000.



✚ Name of Project / Activity: Income Generation Trainings to SHG Women (Sakhi Project)

- Objective: To form self help groups for socio economic empowerment and provide income generation trainings to these SHG women in various trades
- Partners: Vishwas Sansthan and Centre of the Study of Values, Local Non-Governmental Department(NGOs), Swami Vivekanand Sewa Nyas, and Sewa Mandir
- Coverage: 7000 SHG women in 5 districts of Rajasthan.
- Work done: Skill Development and Capacity building trainings being provided to the identified SHG Groups benefitting approx.. 700 in various market driven traits like tailoring, stitching, embroidery, beautician, handmade bags, etc.
- Outcome/ Impact: The project is benefiting 7000 SHG Women in becoming self-reliant and 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 5000 farmers through various agri-based initiatives by benefiting many farmers in more than one activity.





✚ **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. and Hanuman van Vikas Samiti
- Coverage: Covering 180 operational villages
- Work done: Provided livestock management opportunities like Goattery project cattle breed improvement through artificial insemination, mass vaccination and veterinary camps etc. improving the milk yielding capacity of cattle.
- Outcome/ Impact: The project has benefited approx. 150000 cattle

❖ **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: Installation of solar lights, Constructed bus stand, gravel road, prayer shed, community centres, school buildings, class rooms, boundary walls, drainage systems, CC Roads, Water Pipelines, Water tanks, tube wells etc.
- Outcome/ Impact: Community at large is benefitted Community at large have been benefitted through our rural infrastructure project.



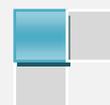
Alliance Building and Partnerships



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, Alakh Nayan Mandir District Medical and Health Department, NRHM	Mobile Medical Camp, Immunization, vasectomy operation, Mega Health Camp, eye care camp
3.	Women and Child Development Department Govt Rajasthan	Integrated Child Development Services.
4.	Vedanta Foundation	Computer Education, Child Welfare Center, Vedanta BalChetna Anganwadi Project.
5.	District Veterinary Department	Cattle Camp, Cattle Immunization, Artificial Insemination
6.	SANKALP Academic Society & PDI	Skill Based Vocational Training
7.	District Agriculture Department,	Vermi Compost Unit, Farmers Training, Micro irrigation System
8.	BAIF-RRIDMA	Agriculture and Livestock Development Project
9.	TERI-BCSD	Sustainable Development
10.	DRDA, Zila Parishad	Infrastructural Development, Watershed Fruit Plantation and social mobilization
11.	Financial Inclusion Improves Sanitation And Health and Social welfare & cultural Society,	House-hold sanitation and hygiene project
12.	Vishwas Sansthan, Centre for the Study of Values, Sewa Mandir and Swami vivekanand Seva Nyas	Skill Development Trainings to SHG Women
13.	Mohan Sinha Mehta Trust, Viklang Kalyan Samiti, Swami Vivekanand Seva Nyas	Educational Initiatives



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.
- We have a Women Committee which takes care of the rights of the women employees and ensures their protection at work place. All the complains related to sexual harassment of women employees, if any are dealt by this committee.
- HZL strongly adheres to UK Bribery Act 2010. Under this we ensure no employee is involved in the action of bribery. Both receiver and payer of the bribe will be prosecuted.



- 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 prerequisites 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 justifies 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 people in a number of ways like maintaining the local areas, providing free medical treatment to employees and at nominal cost to non-employees at HZL Dispensaries, Environment conservation, organizing eye



camps, family planning, immunization and other camps, encouraging sports and youth development and participating in social programs in the villages.

Performance:

- Not single cases of violation of human rights abuses reported by any agency against the company.
- Most of the business units are 5s Certified units.
- 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.
- 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 2012,
- We continue our focus on learning and development to build an enhanced and effective knowledge base, to provide The Company provides a vibrant working environment to enable employees to innovate, discover potential and realize professional dreams. It uses appropriate and modern methods for training encompassing simulator based trainings, workshops & conferences and learning clubs. The Company also encourages visits to best practice companies in India and abroad, institutional training, knowledge sharing meetings and learning implementation projects, which help to bridge the identified gaps. During the year, trainings equivalent to over 110,000 man-hours were conducted by in-house as well as external Subject Matter Experts. Additionally, over 250,000 man-hours of training on Health, Safety and Environment was imparted to contract workforce.



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.

For addressing the issue of labor 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 abide 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 the company have recognized trade union and staff union for bargainable category of workmen and supervisory staff. Company also constitutes 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
- We strongly adhere to Vedanta Sustainability Framework under which cover Labour & Working Conditions and ensures prevention of unacceptable form of labour. It also ensures full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.



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, House allotment committee, sports, cultural committees, Welfare committee and Grievance handling committee are different forums where employees can express their concerns and suggestions.

Stake-holders feedback system:

- **Statutory Wages:** HZL ensures payment of statutory wages to all the contract workmen.
- **Working Conditions :** HZL ensures to provide safe and healthy working environment to all the employees
- **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 to employees 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 HR Manual** and are circulated widely amongst all sections of employees. Information is shared with others on request. Well documented grievance redressal machinery exists and periodically grievances of all stakeholders are addressed.



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 by

- ✓ Minimizing the environmental impacts across the life cycle of our manufacturing process
- ✓ Adopting appropriate technology to maximize extraction of all metals
- ✓ Operating responsibly with least footprints for water, carbon, land and hazardous wastes
- ✓ Caring for people and bio-diversity around our operations
- ✓ Developing green belt in and around operating sites.

Our business strategy is about ensuring that growth is maximized in a way that is both sustainable and responsive. Our sustainability framework provides robust structure for driving our future growth, supporting four pillars - Responsible Stewardship, Building Strong Relationships, Adding & Sharing Value and Strategic Communication.

Sustainability Framework at Hindustan Zinc is:

- A stakeholder driven process.
- Aligned with international standards and industry best practices.
- Integrating social and environmental aspects for sustaining business.



- Zero harm to people, Host communities & Environment

Responsible Stewardship: It is the foundation on which we build our business – the way in which we respond to and manage our business. This includes: employees' health and safety management, land management, environmental impact and our supporting business processes.

Building Strong Relationships: We work hard to engage with our stakeholders to understand their key concerns and expectations of our business and practices. Proactive engagement also enables us to identify opportunities and mitigate risks by understanding and responding to issues rather than reacting to them.

Adding and Sharing Value: We seek to add and share value through everything that we do. As a business we make a considerable economic impact: through employment, the payment of taxes, royalties and other contributions to local, state and national governments. We also build local infrastructure that benefits local communities in the form of roads, schools and healthcare centers etc.

Strategic communications: The Fourth pillar interlocks with the other three pillars of our model, and is the guiding principle which enables the organization to engage with our stakeholders in a transparent dialogue. This pillar is the vital element of sustainable development, in implementing and strengthening our 'license to operate' efforts.

Under the responsible stewardship, which is of relevance here, we have launched policies on Water Management, Energy and Carbon Management and Biodiversity and HSE policy.

Hindustan Zinc is committed to conduct all business activities in a responsible manner and to reinforce the same commitment we have reframed our HSE policy as 'HSE Principals and Policy' to ensure the health and safety of our stakeholders and the environment.





HINDUSTAN ZINC



HEALTH, SAFETY & ENVIRONMENT (HSE) GUIDING PRINCIPLES:

- Management shall demonstrate its strong commitment towards HSE at all times
- All injuries, occupational illnesses and adverse environmental incidents are preventable
- Reporting and investigation of all incidents is an obligation
- We are responsible and accountable for preventing injuries, occupational illnesses and adverse environmental incidents
- We are empowered and obligated to stop any job being carried out in an unsafe manner
- HSE values shall never be compromised
- Adherence to HSE management system is a condition of employment

HEALTH, SAFETY & ENVIRONMENT (HSE) POLICY

Hindustan Zinc is committed to conduct all business activities in a responsible manner, which ensures the health and safety of our stakeholders and the environment. In order to achieve that, we shall:

- Ensure zero harm to personnel and environment.
- Demonstrate visible HSE leadership that Health, Safety & Environment is our core value.
- Comply with all HSE rules, regulations, obligations & requirements and shall continually improve our Health, Safety & Environment management systems.
- Incorporate appropriate HSE criteria for all business decisions for selection of plant, technology and personnel.
- Identify and evaluate HSE risks of all activities and take actions to eliminate/mitigate risks & hazards.
- Encourage, train, equip and empower personnel to adopt a healthy and safe working approach both on and off the job.
- Conserve natural resources and eliminate waste through reduction, recycling & reuse methods which are environment friendly and energy efficient.

We personally commit to applying the policy & principles for building positive HSE culture at Hindustan Zinc.









Date - 20th June, 2014



Akhilesh Joshi
Chief Executive Officer
& Whole – Time Director

www.hzindia.com

Driven by our stated policies, we emphasize on “**Prevention**” than “**Control**” in every decision making process. Responsible Stewardship of all the assets we manage is our primary goal. To achieve this aim, we are constantly improving our systems and operations. Most of our operations maintain formal environment management systems aligned to the international standards ISO 14001.

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

Hindustan Zinc is committed to be world-class zinc and lead producer by developing technologies that maximize metal recovery, at the same time operate responsibly with least footprint for water, carbon, land and hazardous wastes and caring for people & surrounding bio-diversity. Energy & Carbon policy and HSE policy guide the Company to proactively address the impact of climate change and other global environmental issues. The Company’s key focus areas are conservation of mineral resources and judicious use of limited resources like water and energy. We are constantly working on enhancing technical capabilities for enhanced recoveries of main products and by-products, especially minor metals.

Water

Water conservation is integral part of the Company's Environment Management System. Most of our operational locations are zero discharge. Water is the key resource in our process. We continue to identify business risks and opportunities for water access, reuse or recycling, efficient use and responsible waste water management. Various technologies are adopted to reduce its consumption. Hindustan Zinc proactively manages its water usage in the operations and also promotes sustainable use of water in agriculture practices in nearby community, and constantly develops water resources by joining hands with government of Rajasthan to facilitate sustainable use of this scare resource.

The Company has developed several water sources for sustainable water supply to the community as well as its operations. These include Mansi Wakal, Gosunda, Tidi and Matrikundiya dams. Also commissioned the first Sewage Treatment Plant (STP) in Udaipur, India's city of lakes.

We are continuously identifying opportunities for water access, reuse, efficient use and responsible waste water management. Our operational locations are zero discharge. We proactively manage water usage and also promote sustainable use of water in agriculture practices in the nearby communities. Cloud seeding, Adiabatic Cooling tower, multiple effective evaporator, Deep cone thickener, Air Cooled Condensers, Sewage treatment and rainwater harvesting are some of the key initiatives by Hindustan Zinc towards managing precious water resources.

Rajasthan is one of the lowest rainfall receiving regions of the country. Water being a scare and precious resource, Hindustan Zinc strives to reduce water consumption in its operations. Construction of Udaipur's first Municipal Sewage Treatment Plant (STP) of 20 million liters per day capacity is an initiative to move ahead towards this goal. The project involved the construction of STP, laying of sewage trunk lines from city to STP and pipe & pumping system for utilizing the treated water at Rajpura Dariba Complex. The treated water acts as sustainable water source for our operations and has help reducing fresh water foot print by 60% at Rajpura Dariba Complex.

Reduce water footprint and develop sustainable water resources

Driven by our comprehensive water policy, we aim to reduce the water footprint and develop sustainable water resources by:

- *Conserving water by source reduction and utilizing it efficiently through the adoption of best available technology.*
- *Maintaining zero discharge operations through reduction, reuse, recycling and reprocessing of rejected water.*



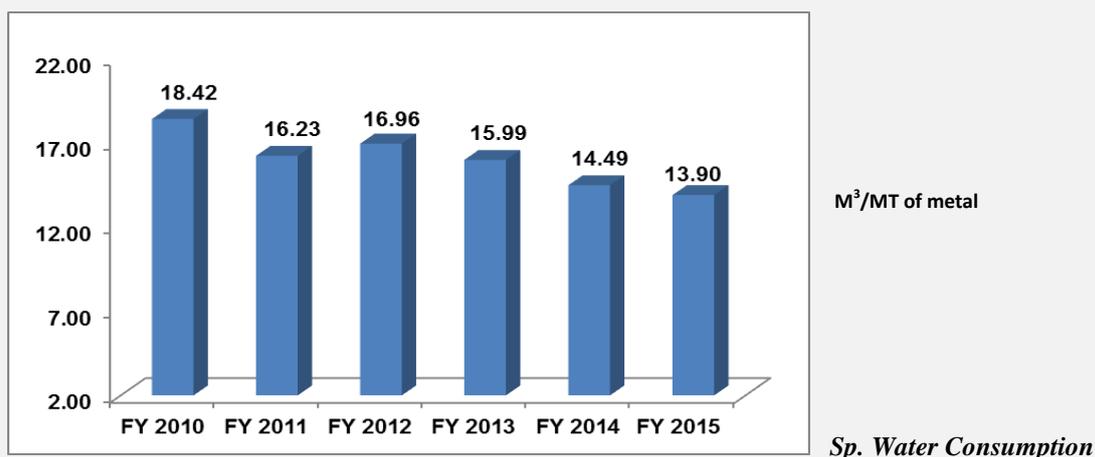
- *Promoting efficient use of water by community through capacity and awareness building.*
- *Rainwater Harvesting.*
- *Measuring, monitoring and accounting for water uses.*

Given below is summary of our water conservation initiatives:

Source Reduction	Efficient Utilization	Discharge reduction
Replacement of conventional cooling towers by adiabatic cooling towers at Dariba Smelting Complex	Optimization of process i.e. enhanced recycling of cooling tower water	Deep cone thicker to reduce water content in mine tailing disposal
Use of air pressing filters in place of water pressing filters	In-process reuse: Every process area has its dykes to capture leaks and spills, which are reused in the process without any treatment	Recycling and reuse of wastewater after treatment in Effluent Treatment Plant, Reverse Osmosis Plant and Multiple Effective Evaporator
Use of dust-suppression chemicals for haulage roads to reduce water usage	Intra-plant recycling: A comprehensive mapping of water and stream quality enables effluent generated in one part of the manufacturing process to be effectively utilized in another.	Recycling and reuse of domestic effluent after treatment in Sewage Treatment plant
Collection of rainwater for reuse in plants as a replacement for fresh water	Inter-plant recycling: Integrated operations with multiple manufacturing plants within a complex enabling utilization of effluents from one as water source for another plant	Storm Water management

We have been able to bring down our Specific Water Consumption by 25% from FY 2010 to FY 2015.





Energy Conservation

At HZL, we believe in optimization and efficient use of energy, which is one of the most critical resources in the world today. Utilizing energy effectively has the two-fold benefit of reducing operating costs and also reducing direct and indirect greenhouse gas emissions.

The production of Lead and Zinc are energy intensive processes and that brings a responsibility for us to use it efficiently. Our energy source in different forms includes Coal, High Speed Diesel, LPG, Propane and Grid power. Reducing energy consumption in all forms is an integral part of our business strategy that focuses on reducing carbon foot print. While we focus on adopting the best available technology in terms of resource and energy utilization, we constantly focus on energy consumption reduction through various in-process innovations and adopting best practices. We also largely focus on machine productivity and accordingly focus on improving the throughput that largely contributes to reduction in specific energy consumption.

Generation of Power from wind energy is one such initiative. We are leading wind power generator in India and currently we have installed capacity of 273.5 MW.

Adoption of best resource and energy utilization technology is an important area for us. Besides, constant focus is made on:

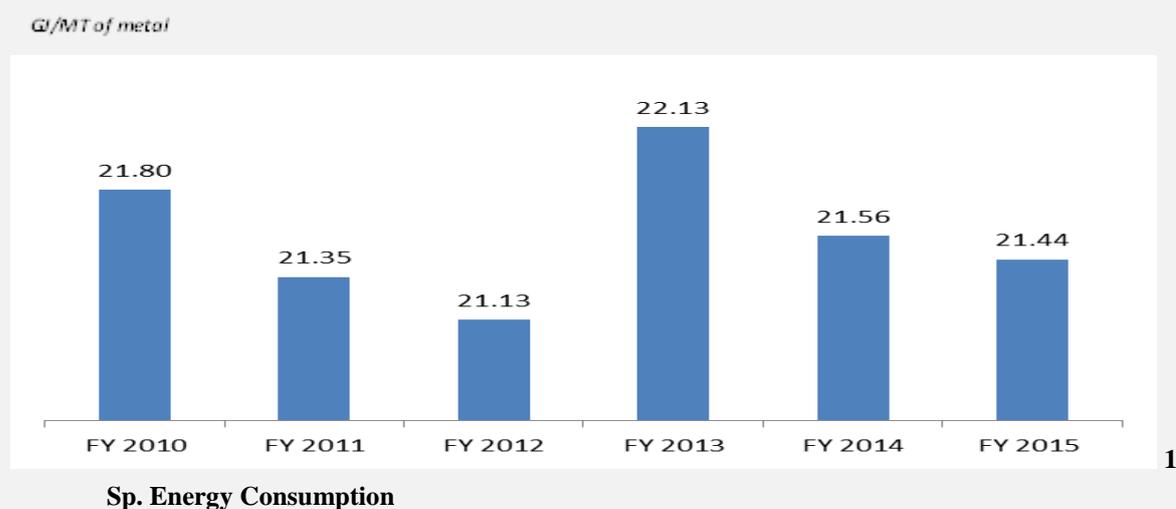
- Reducing energy consumption through various in-process innovations/ initiatives.
- Adopting best practices and technologies.

To improve the throughput and reduce specific energy consumption, we focus on machine productivity. Major initiatives undertaken are:



- Installation of variable frequency drives across operations
- Use of energy-efficient motors, right capacity motors, lighting savers etc.
- Replacement of Fibre Reinforced Plastic blades with aerodynamic energy efficient blades of cooling towers.
- Replacement of conventional tube lights with energy efficient LED tube lights
- Energy audits and implementation of their recommendations

We have been able to stabilize our energy consumption despite increase in our operational depths.



Reduction of 1.5 % Specific Energy consumption since year 2010.

Climate Change

Minimizing our contribution in global Climate Change is an important aspect of our sustainability program.

As a responsible corporate entity, the Company measures its carbon footprint and constantly focuses on reducing the same. We have 274 MW wind farms, in Gujarat, Karnataka, Rajasthan, Maharashtra and Tamil Nadu which are registered under Clean Development Mechanism (CDM) program by United Nations Framework Convention on Climate Change (UNFCCC).

We also have 34.4 MW of power capacity through waste heat recovery from roasters and Steam Turbo Generator (STG) and 21 TPH LCV boilers for steam generation projects registered under CDM. Our 10 UNFCCC registered projects reduce our carbon footprint by 583,685 tonnes CO₂ emission per annum while our unregistered projects reduce our carbon footprints by 116,992 tones CO₂ emissions per annum.

During the year, about 250,000 CERs were granted for wind power projects in Gujarat and Karnataka and also 341,182 Voluntary Emission Reduction were verified for wind power project in Rajasthan, Karnataka, Tamilnadu and Maharashtra. We have been voluntarily



filing Carbon Disclosure Project responses over the years as a proactive step towards reporting our carbon footprint.

Solid Waste Management

All our major units are certified for ISO: 14001 Environment Management Standard. Through this management system approach we undertake continual improvement projects to optimize our waste efficiency by reducing the waste generation and maximizing waste recycling/ reuse. All our plants have defined waste segregation practices for hazardous and non-hazardous waste.

Our adoption of the '4R' waste strategy - Reduce, Recycle, Reuse and Reclaim and 'eco-friendly' disposal of process residues has been fairly effective. We have clearly defined waste segregation practices for recycling hazardous and non-hazardous waste. We do have a system of recycling of our waste resulting from our operations. Our waste such as Anode mud, ETP Sludge, HGP dust and cobalt cake are recycled back into the process.

In FY 2015, around 2, 32,067 MT of Fly Ash and about 74,080 MT of ISF slag were utilized in cement manufacturing. This has helped in reducing waste inventories and conserving natural resources by replacing the virgin material at the other end where it is gainfully utilized.

Successful commissioning of Paste fill plant at Sindesar Khurd Mine & Rampura Agucha Mine

The concept of underground mining in India has been radically uplifted with the introduction and successful commissioning of Paste fill Plant(unique in India) at Sindesar Khurd Mine and Rampura Agucha Mine of HZL in Jan 2015. Its multifold benefits ranging from improvement of ground stability and safety to environmental protection and higher mine extraction productivity, the system surpasses the earlier practise of low density hydraulic filling, ensuring wider sustainance of mining operations.

The paste filling of underground voids ensures fastest filling and stoping sequence, minimum water requirement and drainage, faster and stiffer fill consideration with practically no bleeding, minimum fill and wall dilution in stopes, better recovery of intervening pillars, better regionally stability surface integrity and it utilizes almost total tail concept thereby minimal surface disposal.

Biodiversity Management

We recognize the importance of protecting local ecosystems and biodiversity and strive to mitigate the adverse impact of our operations through afforestation and greenbelt development. We have a separate policy on Biodiversity and stay committed to prevent



risk on biodiversity throughout our business and conservation of threatened/rare and endemic species and high priority conservation areas in line with our policy.

The Company has separate policy on Biodiversity and stay committed to prevent risk on biodiversity throughout its business by conserving rare and endangered species and high priority conservation areas.

As required under Vedanta Sustainability Framework, Biodiversity assessment studies for all operating sites have been conducted & accordingly Biodiversity Management Plan (BMPs) were developed at all locations. Intensive plantation has been carried out in last five years across all HZL operations and as on date total plantation is more than 1.4 million. All our operating sites are surrounded with plantation and every year plantation is done to further improve its density and increase the greenbelt coverage. Actions undertaken for improving biodiversity include:

- Nursery for endangered species of Rajasthan at Rampura Agucha and Kayad Mine.
- Peacock Conservation Park at Kayad Mine.
- Conservation of top soil and preparation of green lawn at Kayad Mine.
- Butterfly park and water pond for birds at Pantnagar Metal Plant.
- Rehabilitation of snakes in natural habitat at Dariba
- Artificial bird nesting and feeding platforms across all our units

Other than Biodiversity study and its recommendations implementation, We (Vedanta) are the signatory of IBBI (Supported by CII and German Cooperation (GIZ)), and we have taken our one of the major operating site (Rampura Agucha mine) as a pilot project. Development of Natural Capital Action Plan of next three years in progress.



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

HZL R&D center serves as a core technical arm providing solutions in the areas of mineral processing and metal smelting. It aims to provide cost effective environment friendly ready to implement alternates that are well tested at fully operational pilot plants.

Specific areas in which R&D has been carried out by the company in FY 2015

1. Successful implementation of alternate solvent for LIX 54 100 solvent for copper extraction at copper refinery plant, Unit-1 CLZS. The copper Sulphate production capacity is enhanced by three times.
2. Process developed for recovery of Copper as copper Sulphate solution suitable for consumption at HZL mines from lead plant dross and Silver refinery slag.
3. Successful pilot plant operation completed for process validation of Silver refinery Antimony dust treatment flow-sheet developed by in-house R&D team. Potassium Antimony Tartarate, a value added product consumed internally by HZL hydro smelters and enriched lead silver secondary is generated. The metal realization by Antimony dust treatment has increased by 50%.
4. Process developed to generate saleable bismuth compound from Silver refinery copper bismuth slag.
5. Pilot plant testing is in progress for generating bulk concentrate from Rampura Agucha tailings. The target is to achieve bulk concentrate grade suitable for Fumer.
6. Enhanced SK beneficiation plant throughput by modeling and simulation studies.
7. Benchmarking grinding circuit of other concentrators to optimize processes parameters for lower specific energy consumption, through modeling and simulation studies is in progress.



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.



Our Commitment

Hindustan Zinc Limited is committed towards advocating and implementing the UNGC Principles 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 .

