

**BUSINESS ETHICS  
&  
CODE OF CONDUCT  
  
(THE CODE)**

**AMENDED UPTO 22.10.2009**



**HINDUSTAN ZINC LIMITED  
Yashad Bhawan, Udaipur – 313 004.**

**This Business Ethics policy and Code of Conduct (The Code) is a reference document interalia outlining the standard code of conduct for Hindustan Zinc Limited and for the employees (which interalia includes its Directors, officers and employees).**

**The Code is for internal compliance and does not create, nor shall it be construed to create, directly or implicitly, any duties or obligations of HZL to any person, body or legal entity.**

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## **Hindustan Zinc Limited on Business Ethics**

HZL's reputation is our most valuable asset. How we conduct ourselves day to day - with each other, our customers, our shareholders, our Competitors and our suppliers – is the basis of our reputation. Our Customers and other stakeholders expect us to maintain the highest ethical standards, to fulfill our commitments and to act with complete integrity. Our reputation is important and we must do everything to protect it by making sure that our actions and policies are not only legal, but also in line with the highest level of business ethics and personal integrity.

Uncompromising business ethics are an integral part of HZL's values and of our way of doing business. We should be honest in every situation and ethical in all our business practices. Our reputation is determined by the smallest fraction.

The code is an important part of HZL's Mission & Values, where we highlight principles and standards for our global business conduct. The code guides our behaviour and helps us to promote:

- honest and ethical conduct, the ethical handling of conflicts of interest between personal and professional relationships.
- full, fair, accurate, timely and understandable disclosure in reports and documents that HZL files with or submits to relevant authorities and in other public communications;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to an appropriate person or persons identified in this Code;
- accountability for adherence to this Code.

The code expresses the principles of our business ethics and is intended to assist all directors, officers and employees in meeting the high standards of personal and professional integrity required of them. Strict adherence to the provisions of this Code is a condition of employment.

HZL as Company and all Directors and employees must conform to the Code. All HZL managers should take an active role in implementation and ensuring that the Code is communicated and kept alive under all circumstances.

### **HZL Business Ethics Standards**

High business ethics and integrity by letter and spirit ensures our credibility

#### **HZL demands the highest standards in carrying out the business activities:**

HZL as Company and all its employees shall conform to the relevant laws and regulations of the state in which they operate and fulfill their obligations in a reliable manner. They must insist on honest and fairness in all aspects of their business and expect the same from their partners. In any situation not governed by statute or explicit regulations, or where the law is ambiguous or conflicting, HZL's affairs will be conducted in accordance with its high standard of business practice.

**Breaches of the law, regulations or the HZL's standards are not justified by the pursuit of profit and**

**Activities are not made acceptable merely by the practice of competitors or others in the market.**

HZL shall also responsibly comply with the business principles guiding our company activities and relationship worldwide.

### **Business Ethics – The Code**

HZL expects all its employees to uphold the highest standards of ethical behaviour and integrity. We believe that ethical and economic values are interdependent and that the business community must always strive to operate within the accepted norms established by national and international authorities.

#### **Guidelines**

- q Apply “zero tolerance in assuring strict adherence to local and international laws and regulations as well as to HZL ethical standards.
- q Ensure all HZL business transactions are fully and fairly recorded according to the company's accounting principles.

- q Ensure continuous training and awareness for employees on how to handle ethical issues, as well as timely advice and guidance.
- q Regularly monitor ethical conduct and ensure that accessible systems are in place for employees or others to report potential violations.

### **Business Relationship:**

#### **Customer Identification:**

HZL believes in exercising due care and diligence in establishing business relations with its customers and counter parties.

Our employees must adhere to the key principle of customer identification. The identity of every customer must be established from reliable identifying source or materials or documents.

#### **Suppliers:**

HZL has high stakes in the procurement of goods and services. We recognize that we need to manage this expenditure from social, ethical and environmental perspective by ensuring that our suppliers meet our high standards for responsible behaviour. To achieve this aim-social, ethical and environmental consideration will become integral part of how we evaluate and select our suppliers.

### **There are two areas of focus for procurement activity;**

**Ethics:** Our procurement processes aims to surface ethical issues. Where serious ethical issues are identified; supplier will be excluded from doing business with us.

**Environment:** Our procurement process will ensure that we take all possible steps to make sure our suppliers don't unnecessarily impact the environment in the way they produce, consume and dispose off materials.

We aim actively to ensure that due regard is given to each of these issues in every managed procurement by HZL.

### **Conflicts of Interest**

An employee's primary employment obligation is to the Company. HZL Employees shall avoid entering into any situation in which their personal or financial interests may conflict with those of the Company.

No HZL employee shall seek or accept any payment, personal gift or entertainment which might reasonably be believed to influence business transactions or which are not within the bounds of customary business hospitality.

**General Principles:** Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgement on behalf of the Company. General guidelines to help employees better understand several of the most common examples of situations that may cause a conflict of interest are listed below. However, employees are required to disclose to the Company Chief Executive Officer/Chief Operating Officer & Whole-time Director any situation that may be, or appears to be, a conflict of interest. When in doubt, it is best to disclose.

**Senior officers:** Senior officers must disclose to the board of directors any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

**Outside Employment:** Employees may not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without the advance approval of the Chairman/ Board/ Chief Executive Officer/Chief Operating Officer & Whole-time Director. Any outside activity must be strictly separated from the Company/ Group employment and should not harm the Company's interests, the business of the Company or job performance at the Company.

***Family Members and Close Personal Relationships;***

Employees may not seek to obtain special treatment from the Company for family members or friends or for businesses in which family members or friends have an interest.

**Investments:** Employees may not allow their investments to influence, or appear to influence, their independent judgement on behalf of the Company. The appearance of a conflict of interest is most likely to arise if an employee has an investment in a competitor, supplier, customer, or distributor and his decision may have a business impact on this outside party.

HZL expects from its employees a sound level of allegiance to the Company. This includes adherence to the non-competing ethics by persons possessing significant confidential information.

### **Confidentiality and Protection of Assets**

An employee is required to keep confidential or not to disclose or use the confidential information belonging to the Company or belonging to a third party which has been received by HZL pursuant to a confidentiality agreement or received by HZL in circumstances where it is clear/ evident that the information is proprietary and confidential. Further more, employees shall comply with the terms of all confidentiality or other agreements relating to information received from third parties. The foregoing shall not apply where the disclosure is made with the written consent of HZL or where law requires the disclosure. Such confidential information must be given up to the Company when the employee leaves the Company's employment.

The following is a non-exclusive list of confidential information:

- (a) the financial and sales results of the Company, before they are in the public domain.
- (b) Trade secrets, including any business or technical information, such as formulae, receipes, process, research programmes or information that is valuable because it is not generally known.
- (c) Any invention or process developed by an employee using HZL's facilities or trade secret information resulting from any work for HZL, or relating to the Company's business.
- (d) Proprietary information such as customer sales lists and customer's confidential information.
- (e) any transaction that the Company is or may be considered which had not been publicly disclosed.

### **Corporate Opportunities**

No employees, officer or director of the Company shall for personal or any other person's or entity's gain deprive the Company of any business opportunity or benefit which could be construed as related to any existing or reasonably anticipated future activity of the Company.

Employees are prohibited from:

- (1) taking for themselves personally opportunities that are discovered through the use of the Company's property, information or position;
- (2) using Company's property, information or position for personal gains; and
- (3) competing with the Company.

Employees who learn of such opportunity through their association with the Company may not disclose it to a third party or invest in the opportunity without first offering it to the Company.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **Insider Trading**

The Officers and directors of the HZL have a responsibility to take reasonable steps to ensure that the officers, directors and employees of the Company are not engaging in improper insider trading. The Company's Insider Trading Policies provide that no employee of the Company or member of his/her immediate family sharing the same household shall directly or indirectly purchase or sell any securities of the Company while he/ she is in possession of material non-public information affecting the Company. Also, employees may not 'tip' others about important information regarding the Company, and in general should keep information pertaining to the Company, confidential. Failure to comply with the Code could result in disciplinary action by the Company and severe criminal and civil penalties.

### **Fraud**

HZL is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud, and, where fraud or other criminal act is proven, to ensure that wrong doers are appropriately dealt with.

### **Bribery and Corruption**

HZL as company or employee shall not offer or provide an undue monetary or other advantage to any person or persons, including public officials, customers, employees in violation of laws and the officials "or employees" legal duties, in order to obtain or retain business.

### **Gift Policy**

As part of our overriding philosophy and good governance, company discourages all its team members from receiving gifts except those of insignificant commercial value. Team members include all employees/retainers/advisors etc of the company and all its subsidiaries.

Individuals should make every effort to refuse or return gifts having commercial value. Under exceptional circumstances if gifts are to be accepted, then the same should be reported to the immediate superior and deposited with the Company Secretary. Perishable gift items may be distributed in office. Company Secretary should circulate details of such gifts to the Company CEO/COO & Whole-time Director/Unit Head on a bi-monthly basis.

This policy should be followed in letter and spirit.

### **Intermediaries**

Agreements with consultants, brokers, sponsors, agents or other intermediaries shall not be used to channel payments to any person or persons, including public officials or customer employees and thereby circumvent HZL policies regarding bribery and corruption.

### **Political Contributions**

No funds or assets of the Company may be contributed to any political party or organization or to any individual who either hold public office or is a candidate for public office except where such a contribution is permitted by applicable law and has been authorized by the Chairman/ Chief Executive Officer/ Managing Director/Chief Operating Officer & Whole-time Director.

### **Antitrust Compliance**

HZL is committed to fair and open competition in markets around the world. HZL and employees shall under no circumstances engage in any anti – competitive practices such as illegal fixing of prices, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable antitrust laws.

### **Health, Safety and Environment**

The Health and safety of our employees and any other person who may be affected by the Company's operations is of paramount importance. The Company and its

employees shall act positively to prevent injury, ill health, damage and loss arising from its operations as well to comply with all regulatory or other legal requirements pertaining to safety, health and the environment.

All employees of the Company are required to be aware of health, safety and environmental issues and to be familiar with applicable laws and Company's policies applicable to their area of business/ work.

### **Disclosure and Records**

All HZL business transactions must be fully and fairly recorded in accordance with HZL's accounting principles and other appropriate requirements. Improper or fraudulent documentation or reporting is contrary to the requirements and HZL's philosophy and Code.

HZL has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of its operations. All public communications, including reports and documents filed or submitted to relevant statutory authorities shall include full, fair, accurate and understandable disclosure and shall be made in a timely manner.

### **Violations and Corporate Policies**

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with the policies governing the Company's business dealings. Compliances, both personal and by subordinates, will be a factor in periodic performance appraisals. Violations of any of the policies will result in appropriate action, up to and including, discharge from employment. An individual or individuals may also face civil or criminal penalties.

### **Responsibility and Implementation**

HZL is a centralized Company with its units having a wide freedom to take their own decisions on various business issues.

However, the standards addressed in HZL's Mission & Values and the code represent the core of the Company's culture and commitment, Company wide uniform compliance is essential – every employee is responsible for upholding these principles.

### ***Additional Responsibility of Directors and Senior Officers:***

Directors and senior officers are expected to demonstrate leadership on ethical matters and to observe the highest standards of ethical conduct. These individuals are responsible for promoting open and honest communications within the Company and must show respect and consideration for each employee of the Company. They must at all times be diligent in observing this Code and in being alert for instances of unethical or illegal conduct.

### **Whistle Blowing**

#### **Complaints and the Investigation Procedures**

The following procedures have been adopted by the Audit Committee of Hindustan Zinc Limited (the "Company") to govern the receipt, retention, and treatment of Complaints and to protect the confidentiality and anonymity of the stakeholders / employees / cases reported. These policies and procedures apply to and are available to all employees of the Company, and all external stakeholders.

#### **I. POLICY**

Employees have the opportunity to submit / report 'Complaints' pertaining to the following areas such as:

- a) fraud (an act of willful misrepresentation which would affect the interests of the concerned) against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the Securities and Exchange Board of India (the "SEBI"), the U.S. Securities and Exchange Commission (the "SEC"), the relevant stock exchanges, any other relevant authority or members of the investing public.
- 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
- e) any other event which would affect the interests of the business

The company will protect the confidentiality and anonymity of the complainant to the fullest extent possible with an objective to conduct an adequate review. External

stakeholders such as vendors, customers, business partners etc. have the opportunity to submit 'Complaints'; however, the Company is not obligated to keep 'Complaints' from non employees confidential or to maintain the anonymity of non-employees. We encourage individuals sending 'Complaints' / raising any matter to identify themselves instead of sending anonymous 'Complaints' as it will assist in an effective complaint review process.

Post review, if the complaint is found to be have been made with *mala fide* intention, stringent action will be taken against the complainant. We encourage employees to report genuine 'Complaints' and those submitted in true faith.

## **II. PROCEDURES**

### **Receipts of 'Complaints'**

All the 'Complaints' under this policy should be reported to the Group Head - Management Assurance, who is independent of operating management and businesses. The contact details are as follows:

Group Head – Management Assurance,  
Vedanta, 75 Nehru Road  
Vile Parle (E), Mumbai 400 099.  
Tel No. +91- 22 - 66461000  
Fax No. +91- 22 - 66461450

'Complaints' can also be sent to the designated E-Mail ID: [hzlwhistle.blower@vedanta.co.in](mailto:hzlwhistle.blower@vedanta.co.in); the custodian of which is Group Head – Management Assurance. If a complaint is received by any other executive of the company, the same should be forwarded to the Group Head – Management Assurance at the above address.

### **Treatment of 'Complaints'**

1. Group Head - Management Assurance shall review the Complaint. Investigations may be carried out either by the MAS team or any other external agency / legal counsel or any company employee(s) as the Group Head – Management Assurance may feel appropriate. The investigation team will submit their findings or recommendations to the Group Head - Management Assurance.
2. Once every six months and whenever else as deemed necessary, Group Head - Management Assurance shall submit a report to the Audit Committee that summarizes the number of 'Complaints' received and status of actions taken.

### **Access to Reports and Records and Disclosure of Investigation Results**

All reports and records associated with 'Complaints' are considered confidential information and access will be restricted to members of the Audit Committee, Group Head – Management Assurance and any other person as permitted by the Group Head – Management Assurance. 'Complaints' and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

### **Retention of Records**

All documents relating to such 'Complaint's made through the procedures outlined above shall be retained for at least five years from the date of the 'Complaint', after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information will be retained for the duration of that litigation, inquiry, or investigation and therefore as necessary.

### **Amendment to the policy**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever and the same will be posted on the company website.

### **Administration and Waiver of Code Ethics**

This Code shall be administered and monitored by the Company's board of directors.

Employees of the HZL are expected to follow this Code, and to represent the Company in a responsible manner in all regions/ territories, at all times. Generally, there should be no waivers to this Code. However, in rare circumstances conflicts may arise that necessitate waivers. Waivers will be determined on a case-to-case basis by the Chief Executive Officer/Chief Operating Officer & Whole-time Director of the HZL.

Waivers for directors, executive officers and senior financial officers, however, must be determined by the Board of Directors. For members of the Board of Directors, executive officers and senior financial officer, the Board of directors shall have the sole and absolute discretionary authority to approve any deviation or waiver from this Code.

## **Conclusion**

Ethics is no longer a luxury – it is an essential ingredient for a success of any enterprise. Ethics is a need to save us, to make us competitive in the world market.

The code provides the framework for all of us to live our Values as outlined in the Basic Elements.

“Our people make the difference. We treat people with respect, fully utilize their potentials and promote diversity. We conduct our business in an ethical and environmentally friendly manner, complying with the laws and providing a safe and satisfying work culture.”

This Code shall be reviewed on regular intervals to ensure it remains applicable to the challenges we face in a dynamic business environment.

