

## Hindustan Zinc Ltd

### Guiding Tax Principles, Tax Strategy and our Tax Approach

Hindustan Zinc Ltd. has laid down following nine guiding tax principles which encompass the way it operates.

#### Guiding tax principles

1. To maintain high standards of integrity with respect to tax compliance and reporting.
2. To observe all applicable laws, rules and regulations including in respect to transfer pricing. To meet all tax compliance requirements in a timely manner, through a team of suitably qualified tax professionals and external service providers.
3. To maintain the Company's reputation as a fair contributor to the economy where tax forms a part of that contribution. To proactively disclose detailed information about the overall tax contribution to the government.
4. We only undertake transactions which will have results that are consistent with the underlying economic consequences, including tax structures with commercial substances.
5. To ensure that all transactions and tax positions are properly documented. As part of the Company's tax compliance, we aim to apply diligent professional care and judgment, including ensuring all decisions are taken at an appropriate level and supported by documentation that evidences the judgement involved.
6. Working positively, proactively, and transparently with tax authorities to minimize the extent of disputes, achieve early agreement on any disputed issues when they arise, and achieve certainty wherever possible.
7. To identify tax risks in a consistent and formal manner and communicate these when appropriate to the Audit Committee and the Board.
8. To actively participate in tax policy consultation processes where appropriate.
9. To develop our people through training, experience, and opportunity.



## **TAX STRATEGY**

Hindustan Zinc's tax strategy is aligned to the Code of Conduct as well as globally accepted guidance on best practices and good governance. Our tax strategy is guided by our tax policy that is continuously reviewed and approved by the board of directors. Its primary focus is commitment to compliance in spirit as well as the letter of the tax laws and regulations in the countries in which the company operates. At the same time, it is committed to conduct all related party transactions basis arm's length principle and not adopt any tax structures without commercial principles. In summary, our strategy is based on the following three pillars:

### **Accountability & Governance**

Tax is one of our focus areas in the domain of corporate governance. Our tax principles and strategy are determined by the CFO and presented annually to the Whole Time Director of the company as a representative of the Board of Directors.

We also require all our employees, tax advisors and suppliers of tax services to act with integrity and maintain highest ethical standards.

We periodically review emerging tax risks which may arise in view of multiple disruptions in business and economy including regulatory, social, political and technological changes. We have setup procedures in relation to tax risk management and carry out periodic risk assessments. We attempt to mitigate tax risks by taking strong technical positions in accordance with applicable laws and supported by adequate documentation. Material tax risks or disputes are reported to the Audit Committee for its consideration.

### **Business Structure**

Our long-term business philosophy is to avoid undue tax risks and any inefficiencies in the implementation of business decisions. We are committed to paying tax in the jurisdiction in which value is created and not to use tax structures without commercial substance. We undertake all transactions with related parties on the basis of the arm's length principle.

## **Seeking & Accepting Tax Incentives**

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks and aligned with our commercial structures. We are committed not to use tax havens for tax avoidance or transfer value created to low tax jurisdictions.

## **Our Tax Approach**

### **Approach to Tax Transparency**

Our Core Values include Integrity that places utmost importance to engaging ethically and transparently with all stakeholders taking accountability of all actions, which would also include tax decisions. Our Code of Conduct further lays down that we will promote full, fair, accurate, timely and understandable disclosure of reports and documents.

This report is a part of our voluntary initiative to be at the forefront of transparent disclosures and to demonstrate our agility in tax reporting and focus on maintaining high standards in disclosures. We aim to be accountable towards our stakeholders and are committed to long-term sustainable value creation for our stakeholders, including government and the society at large. The report also provides our stakeholders detailed information about the economic contribution of Hindustan Zinc Limited to the local, state and central governments.

The contributions comprise corporate income tax, royalty related tax payments including contributions to District Mineral Foundation and National Mineral Exploration Trust, material payments made to the Government such as duties on import/export, goods and service tax, electricity duty, local municipal taxes, stamp duty, cess etc.; indirect revenue contributions (taxes collected and paid on behalf of our employees and vendors i.e. withholding taxes and social security contributions) and corporate dividend to Government of India.

Disclosures made in this report are on a consolidated basis which covers all the Company's operating locations. During the year, one Wholly Owned Subsidiary, namely Hindmetal Exploration Services Private Limited, was incorporated apart from four existing Wholly Owned Subsidiaries, namely Hindustan Zinc Alloys Private Limited, Hindustan Zinc Fertilisers Private

Limited, and two companies incorporated under section 8 of the Companies Act, 2013 namely Vedanta Zinc Football & Sports Foundation and Zinc India Foundation. Hindustan Zinc also has a Joint Venture named 'Madanpur South Coal Company Limited' (Madanpur JV), a Company incorporated in India. In this regard, appropriate disclosures have been made in the Annual Report of Hindustan Zinc Ltd.

### **Approach to Tax Compliance**

Our Code of Conduct lays down that we will promote compliance with applicable government laws, rules, and regulations.

We, at Hindustan Zinc, conduct our tax affairs in an open, transparent, and honest manner and strive to achieve conformity to all applicable tax laws. We maintain the highest standards of integrity with respect to tax compliance and reporting. We have built systems, processes, and controls to enable the company to fulfill its tax compliance obligations in a timely and accurate manner. Our processes include a compliance calendar to monitor these compliances with a strong focus on documentation. We believe that the timely compliance with all tax regulations wherever we operate, the timely payment of all taxes and the appropriate provision for tax in our financial statements are an important part of our transparency obligations to all our stakeholders and to the communities in which we operate.

Our in-house tax team undergoes regular training to keep them abreast of tax updates. We encourage collaboration with advisors on tax matters as well as to update and address industry-specific concerns and positions being adopted. We strive to align our tax behaviour with our corporate values while working professionally and ethically.

### **Approach to Tax Disputes**

Our Code of Conduct lays down that we will promote honest and ethical conduct, even while handling of conflicts of interest between personal and professional relationships.

Honoring the Code, we maintain open, transparent, and cooperative relationships in all our dealings with the tax authorities based on mutual trust.

If a dispute arises with the tax authority regarding a position taken by the company, we seek to resolve this based on factual and legal analysis. If we continue to disagree, the decision to litigate will be assessed on the basis of technical merits and judicial precedents, reputational issues, cash flow implications, industry position and cost-benefit analysis.

In case of any disputes, the company actively participates in the tax authority's formal consultation processes on matters having material impact on the company. We work with Industry chambers wherever possible to contribute to development of tax laws and policies.

**Dated: June 25, 2024**



**Arun Misra**

**Chief Executive Officer & Whole-time Director**

**Hindustan Zinc Ltd.**