

NOMINATIONS COMMITTEE REPORT

Dear fellow shareholder,

I am pleased to present the Company's 2017 Nominations Committee Report, which provides a summary of the Committee's responsibilities and activities during the year.

MEMBERSHIP AND ATTENDANCE

The Nominations Committee is chaired by the Executive Chairman of the Company and is comprised of a majority of Non-Executive Directors in accordance with the Code. In the event of a conflict of interest, the Executive Chairman will abstain from the discussions and another member of the Nominations Committee will chair the meeting. The Group Company Secretary acts as Secretary to the Nominations Committee and attends all meetings. Any other Director, members of the senior management team and external advisers may attend meetings at the invitation of the Nominations Committee as appropriate. The chairman of the Nominations Committee provides an update to the Board in respect of the Nominations Committee's activities during the year. The Nominations Committee met on four occasions during the year.

	Number of meetings attended	Percentage attendance
Anil Agarwal, Chairman	4/4	100%
Euan Macdonald ¹	2/2	100%
Aman Mehta	4/4	100%
Deepak Parekh ²	3/4	75%
Katya Zotova	4/4	100%

- 1 Mr Macdonald retired from the Board on 5 August 2016 and attended all of the Nominations Committee meetings which he was entitled to attend while he was a member of the Committee.
- 2 Mr Parekh was unable to attend one meeting of the Nominations Committee as he was a member of the business delegation supporting the Prime Minister of India for the state visit to Japan.

ROLE AND RESPONSIBILITIES OF THE NOMINATIONS COMMITTEE

The Nominations Committee is responsible for making recommendations to the Board on the structure, size and composition of the Board and Board Committees, ensuring that the appropriate mix of skills, experience, diversity and independence is present on the Board for it to function effectively. The Nominations Committee also leads the process for new Board appointments, advises the Board on succession planning arrangements and oversees the development of management talent within the Group. The Nominations Committee works collaboratively with Volcan Investments Limited on new Board appointments in accordance with the terms of the Relationship Agreement between the Company, Mr Anil Agarwal and Volcan Investments Limited.

The responsibilities of the Nominations Committee are set out in its terms of reference which can be found on the Company's website at www.vedantaresources.com/committees.

BOARD DIVERSITY

The Board recognises the benefit that diversity of thought and representation can bring to Board debate and perspective. Board diversity has been considered from a number of aspects, including, but not limited to, age, gender, race and ethnic origin, cultural and educational background. The Board has a wide range of knowledge and expertise including mining, oil & gas, corporate finance, banking, diplomacy and governance.

The Board remains committed to achieving a minimum of 33% female representation on the Board by 2020, while maintaining diversity in its broadest sense. While all appointments are made on merit, measured against objective criteria and the skills and experience of the candidate, in order to achieve this target for women on the Board, the Nominations Committee ensures that female candidates are considered routinely as part of the recruitment process. The Nominations Committee acknowledges that there is further work to be done in respect of increasing gender diversity on the Board and this remains an ongoing priority for the Nominations Committee and the Board.



NOMINATIONS COMMITTEE REPORT CONTINUED

130

The Group actively encourages and monitors the progress of female executives throughout the Group. Significant progress has been made to increase gender diversity across the Group's workforce and senior management population and to develop the female pipeline of high calibre talent across the Group through various mentoring and leadership development programmes such as Internal Growth Workshops and V-Connect. Initiatives to enhance gender diversity across the Group also included implementing family-friendly HR policies to address the barriers for women with children in returning to work. By supporting equal opportunities we will ensure that the pool of women from which management can be drawn will increase. During the year, notable internal appointments and advances of women in senior management within the Group included Ms Deshnee Naidoo joining the Company's Executive Committee, the appointment of the company secretary of Vedanta Limited and of the Deputy Chief Financial Officer of Hindustan Zinc Limited.

Women currently comprise 10% of the overall employee population within the Group, whereas the percentage of female representation across the Group's professional population is 11%.

NOMINATIONS COMMITTEE ACTIVITIES DURING THE YEAR

The focus this year has continued to be on succession planning for the role of Chief Executive Officer to succeed Mr Albanese and refreshing the Board's and Board Committees' composition through the appointment of new Non-Executive Directors, given Mr Mehta's upcoming retirement, having served on the Board for over 12 years.

The main areas covered by the Nominations Committee during the year are summarised below:

Area of responsibility	Item
Board composition and succession planning	<ul style="list-style-type: none"> › Review of skills, experience and diversity and approving key search criteria for recruitment of new Non-Executive Directors; › Continued engagement of search consultancy to aid in recruitment process; › Review of candidates and recommendation of the appointment of Mr Ravi Rajagopal as a new Non-Executive Director; › Keeping under review potential candidates to address gender balance on the Board; › Review of succession planning for executive management.
Governance	<ul style="list-style-type: none"> › Review of the feedback from the Nominations Committee's annual effectiveness review; › Approval of disclosures in the Nominations Committee report in the Company's Annual Report FY2016.
Non-Executive Director review	<ul style="list-style-type: none"> › Review of the performance, external commitments and independence of each of the Non-Executive Directors prior to recommending their re-appointment by shareholders at the Annual General Meeting;

BOARD APPOINTMENTS

When considering new appointments to the Board, the Nominations Committee reviews the balance of skills, experience and diversity on the Board to identify those criteria which are determined to be vital for enhancing the Board's effectiveness. These criteria form the basis of the search for new appointments to the Board. During the year, the Nominations Committee appointed independent Board recruitment agency, RGF Executive Search (RGF) to conduct a global search for new Non-Executive Directors to refresh the composition of the Board. RGF has no other connection with the Group other than to provide recruitment consultancy services to the Nominations Committee.

Mr Ravi Rajagopal was appointed to the Board on 1 July 2016 and brings a wealth of experience across finance and operational roles in a FTSE100 company to the Board. In addition, he has recent and relevant financial experience and qualifications, which were criteria determined to be of importance for the Audit Committee, in view of Mr Mehta's impending retirement from the Board on 14 August 2017.

RGF was also provided with a brief to identify candidates that had relevant UK listed company experience within the extractive industries. The brief also requested the inclusion of more female candidates on candidate shortlists to address the lack of gender diversity on the Board and meet the aspirational target of achieving 33% of women on the Board by 2020. While the Nominations Committee is committed to addressing the gender imbalance, it is of the view that any appointments to the Board should be based on merit rather than to fulfil targets. Mr Edward Story has been appointed as an independent Non-Executive Director with effect from 1 June 2017. Mr Story is the chief executive officer of SOCO International PLC and will bring a wealth of operational and strategic experience of the oil & gas industry to the Board. He will also become a member of the Audit Committee from 1 June 2017 to ensure that the Audit Committee as a whole has competence relevant to the sector.

BOARD INDUCTION OF NEW DIRECTORS

On appointment to the Board, each Director undergoes a comprehensive induction programme as appropriate which is tailored to their individual needs but is intended to provide an introduction to the Group's operations, challenges and risks. Newly appointed Directors also receive an overview of their duties, corporate governance policies and Board processes. During the year, Mr Rajagopal received a comprehensive induction on and following his appointment to the Board. Further details are provided on page 117.

TIME COMMITMENT

The Directors are all required to commit sufficient time to fulfil their responsibilities. Further details are disclosed on page 116. The Nominations Committee monitors the extent of Directors' other interests to ensure that the effectiveness of the Directors and the Board as a whole is not compromised. The Nominations Committee was mindful of shareholder concerns over Mr Parekh's external appointments in light of the significant shareholder vote against his re-election as a Director of the Company and shareholder feedback in respect of this. Following careful consideration of Mr Parekh's external appointments, none of which has any exceptional circumstances which would require additional time commitment, the Nominations Committee determined that the wealth of his expertise and experience across a diverse range of sectors was a huge benefit to the Board and the Group. Furthermore, Mr Parekh's other appointments did not compromise his commitment to the Board as he was able to attend the majority of Board meetings held during the year, including those held on short notice, and participate fully in discussions.

The Nominations Committee is satisfied that each of the Non-Executive Directors commits sufficient time to their duties in relation to the Company.

SUCCESSION PLANNING

Board succession planning was at the forefront of the Nominations Committee's considerations during the year and the Nominations Committee was focused on the search for new Non-Executive Directors to refresh the composition of the Board and its Committees. As detailed above, following an evaluation of the skills and experience present on the Board and a thorough assessment of the skills that would enhance its effectiveness, Mr Rajagopal and Mr Story were appointed as independent Non-Executive Directors.

A key priority of the Nominations Committee is the search for a successor to the Group Chief Executive Officer, Mr Tom Albanese, who steps down from the Board on 31 August 2017. The Board recruitment process is underway and further details will be announced in due course.

The Nominations Committee also reviewed the composition of the Board Committees and succession for the role of the Senior Independent Director in view of Mr Mehta's impending retirement from the Board. Following the review, the Nominations Committee recommended to the Board that Mr Deepak Parekh be appointed as the Company's Senior Independent Director and Mr Ravi Rajagopal be appointed as the Chairman of the Audit Committee with effect from the conclusion of the Company's 2017 Annual General Meeting. The Nominations Committee will continue to keep the composition of the Board Committees under review.

TALENT DEVELOPMENT AND SENIOR MANAGEMENT SUCCESSION PLANNING

Our people are our biggest asset for the delivery of business results and long-term shareholder value and continued investment in our people is critical to our future success.

In line with our philosophy, the Group conducts 'Internal Growth Workshops' which are focused on promoting internal talent across the Group's businesses and functions into leadership roles. The Internal Growth Workshops have identified over 321 new leaders, including 72 female professionals, across the Group's businesses to date who have taken up significantly elevated roles and responsibilities.

BOARD INDEPENDENCE

During the year, the Board carefully considered the independence of Mr Mehta as he has served on the Company's Board for over twelve years. As he also served as a non-executive director on the board of Cairn India Limited (until its merger with Vedanta Limited), and is a non-executive director of Vedanta Limited, the Nominations Committee reviewed the potential conflicts of interest arising from those appointments. Mr Mehta absents himself from discussions in the event of any conflict of interest and continues to actively participate in Board discussions and provide robust challenge to management. Accordingly, the Nominations Committee concluded that his independent judgement was not compromised and he remained impartial and able to act in the best interests of the Company. Mr Mehta will be retiring from the Board following the conclusion of the Company's 2017 Annual General Meeting on 14 August 2017 and will not be standing for re-election by shareholders.

Mr Green's independence was also subject to close scrutiny due to his current role as Chair of the Financial Reporting Review Panel. The Board determined that there were no conflicts of interest arising out of the appointment.

Following the review of the Non-Executive Directors' independence, the Board has determined that all of the current Non-Executive Directors are independent and free from any relationship or circumstance that could affect or appear to affect their independent judgement.

CONFLICTS OF INTEREST

As part of our annual review process, the Nominations Committee reviewed and considered all situations entered in the Conflicts Register and remains satisfied that the independence of those Directors who have external board appointments has not been compromised.

NOMINATIONS COMMITTEE PERFORMANCE EVALUATION

As part of the Board's annual evaluation of its effectiveness and that of its Committees, described on page 118, the Nominations Committee assessed its own effectiveness. The members of the Nominations Committee agreed that its overall performance had been effective during the year.

THE YEAR AHEAD

The Nominations Committee's objectives for the coming year are:

- › Board recruitment for the appointment of a successor to the Group Chief Executive Officer;
- › Review of the Board recruitment process to identify ways to improve its effectiveness and ensure that the Board has the appropriate mix of skills, experience and diversity to deliver its objectives; and
- › Review of the Board diversity goals and identify ways in which this could be progressed.

Anil Agarwal
Chairman, Nominations Committee
23 May 2017