PRINCIPAL RISKS AND UNCERTAINTIES
MANAGING OUR RISKS

OUR RISK MANAGEMENT FRAMEWORK SUPPORTS THE ORGANISATION TO MEET ITS OBJECTIVES BY ALIGNING OPERATING CONTROLS WITH THE MISSION AND VISION OF THE GROUP.

GOVERNANCE

As a global natural resources organisation, our businesses are exposed to a variety of risks. We recognise the importance of identifying and actively managing the risks facing the Group. It is therefore essential to have in place the necessary systems and a robust governance framework to manage associated risks, while balancing the relative risk reward equation demanded by stakeholders.

Our risk management framework serves to identify, assess and respond to the principal and emerging risks facing the Group's businesses. It is designed to be simple and consistent and provide clarity on managing and reporting risks to the Board. Our management systems, organisational structures, processes, standards and Code of Conduct and Ethics together form the system of internal control that governs how the Group conducts its business and manages the associated risks. The Board regularly reviews the internal control system to ensure that it remains effective. The Board's review includes the Audit Committee's report on the risk matrix, significant risks and actions put in place to mitigate these risks. Any weaknesses identified by the review are addressed by enhanced procedures to strengthen the relevant controls and these are in turn reviewed at regular intervals.

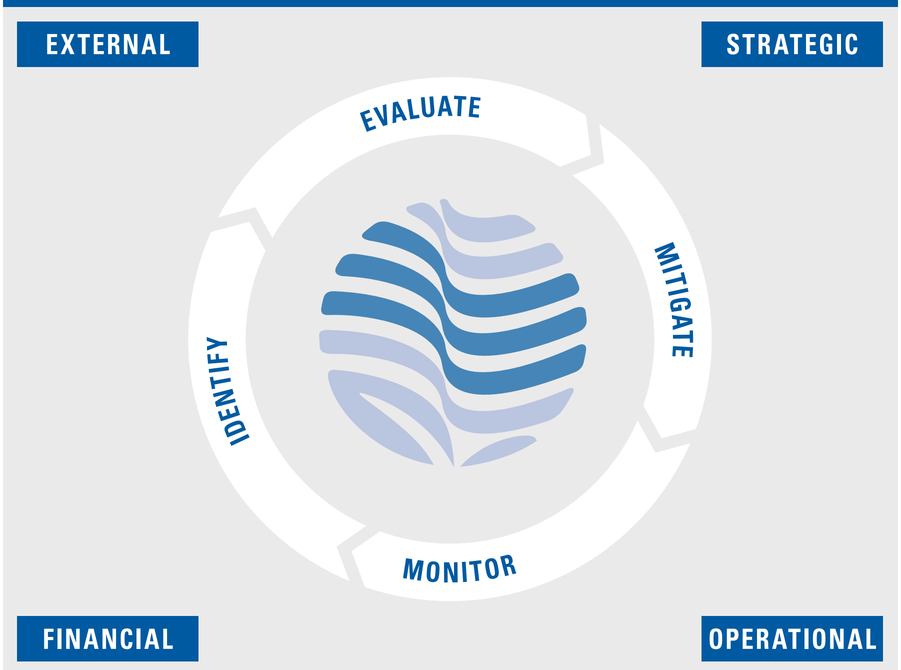
The effective management of risk is critical to support the delivery of the Group's strategic objectives. Risk management is therefore embedded in critical business activities, functions and processes. The risk management framework helps the organisation meet its objectives by aligning operating controls with the mission and vision of the Group set by the Board. Materiality and risk tolerance are key considerations in our decision-making. The responsibility for identifying and managing risk lies with all the managers and business leaders.

The Board has the ultimate responsibility for management of risks and for ensuring the effectiveness of internal control systems. The risk management framework is designed to manage rather than eliminate the risk of failure to achieve business objectives, and provides reasonable and not absolute assurance against material misstatement or loss. The Audit Committee aids the Board in this process by identification and assessment of any changes in risk exposure, review of risk control measures and remedial actions, where appropriate.

The Audit Committee is in turn supported by the Group-level Risk Management Committee which assists the Audit Committee in evaluating the design and operating effectiveness of the risk mitigation programme and the control systems. The Group Risk Management Committee (GRMC) comprises the Group Chief Executive Officer, Group Chief Financial Officer, Director of Finance and Director – Management Assurance and meets every quarter. The Group Head of HSE is invited to attend these meetings. GRMC discusses key events impacting

RISK GOVERNANCE FRAMEWORK

GROUP RISK MANAGEMENT FRAMEWORK



the risk profile, emerging risks and progress against planned actions.

In addition to the above structure, other key risk governance and oversight committees include the following:

- CFO Committee which has an oversight of the treasury related risks. This committee comprises the Group CFO, business CFOs, Group Treasury Head and Treasury Heads at respective businesses;
- Group Capex Sub-Committee which evaluates the risks associated with any capital investment decisions and institutes a risk management framework in expansion projects; and
- Vedanta Sustainability Committee which looks at sustainability-related risks. The Sustainability Committee is chaired by a Non-Executive Director and the Group Chief Executive Officer is a member.

Vedanta's risk management and internal control system is aligned to the recommendations in the FRC's revised guidance 'Risk management, internal control and related financial and business reporting' (the Risk Guidance). The Group has a consistently applied methodology for identifying risks at the individual business level for existing operations and for ongoing projects.

The Group's risk appetite is set by the Board. It has been defined taking into consideration the Group's risk tolerance level and is clearly linked to its strategic priorities. The risk appetite forms the basis of the Board's assessment and prioritisation of each risk based on its likely impact on the business operations. A risk scale aligned to the Board's overall risk appetite and consisting of qualitative and quantitative factors has been defined to facilitate a consistent assessment of the risk exposure across the Group.

At a business level, formal discussions on risk management occur at review meetings held at least once a quarter. The respective businesses review their major risks, and changes in their nature and extent since the last assessment, and discuss the control measures which are in place and further action plans. The control measures stated in the risk matrix are also periodically reviewed by the business management teams to verify their effectiveness. These meetings are chaired by business chief executive officers and attended by CXOs, senior management and appropriate functional heads. Risk officers have been formally nominated at each of the operating businesses as well as at Vedanta level, whose role is to create awareness of risks at senior management level and to develop and nurture a risk management culture within the businesses. Risk mitigation plans form an integral part of the performance management process. Structured discussions on risk management also happen at business level with regard to their respective risk matrix and mitigation plans. The leadership team in the businesses is accountable for governance of the risk management framework and they provide regular updates to the GRMC.

Each of the businesses have developed its own risk matrix of Top 20 risks which is reviewed by their respective management committee/executive committee, chaired by their respective chief executive officers. In addition, each business has developed its own risk register depending on the size of its operations and number of SBUs/locations. Risks across these risk registers are aggregated and evaluated and the Group's principal risks are identified based on the frequency, potential magnitude and potential impact of the risks identified. Employees are also encouraged to take advantage of smart opportunities within the parameters of the risk appetite set by the Board.

This element has been an important component of the overall internal control process by which the Board obtains assurance. The scope of work, authority and resources of Management Assurance Services (MAS) are regularly reviewed by the Audit Committee. The responsibilities of MAS include recommending improvements in the control environment and reviewing compliance with our philosophy, policies and procedures. The planning of internal audit is approached from a risk perspective. In preparing the internal audit plan, reference is made to the risk matrix, inputs are sought from senior management, business teams and members of the Audit Committee. In addition, reference is made to past audit experience, financial analysis and the current economic and business environment.

Each of the principal subsidiaries has in place procedures to ensure that sufficient internal controls are maintained. These procedures include a monthly meeting of the relevant management committee and quarterly meeting of the audit committee of that subsidiary. Any adverse findings are reported to the Audit Committee. The Chairman of the Audit Committee may request MAS and/or the external auditor to focus their audit work and report to him on specific areas of risk identified by the risk management and internal control framework. The findings by MAS are presented monthly to the Executive Committee and to the Audit Committee periodically. Due to the limitations inherent in any system of internal control, this system is designed to meet the Group's particular needs and the risks to which it is exposed rather than eliminate risk altogether. Consequently it can only provide reasonable and not absolute assurance against material misstatement or loss.

PRINCIPAL RISKS AND UNCERTAINTIES

Vedanta's principal risks and uncertainties as set out below may impact the following areas of the Group's business:

Area	Impact
Business model (BM)	Ability to conduct our operations across the value chain in order to generate revenue and make profit from operations.
Future performance (FP)	Ability to deliver on our financial plans in short/medium term.
Solvency (S)	Ability to meet all our financial obligations.
Liquidity (L)	Ability to meet our short-term obligations/liabilities as they fall due.
Health, safety, environment and communities (HSEC)	Ability to send our employees and contractors home safe and healthy every day and work with our communities and partners to achieve the Group's sustainable development goals.
Reputation (R)	Ability to maintain investor confidence and our social licence to operate.

MANAGING OUR RISKS
CONTINUED

The order in which these risks appear in the section below does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business. The risk direction of each risk was reviewed based on events, economic conditions, changes in business environment and regulatory changes during the year. While Vedanta's risk management framework is designed to help the organisation meet its objectives, there can be no guarantee that the Group's risk management activities will mitigate or prevent these or other risks from occurring. Our approach is not intended to eliminate risk entirely, but rather to provide the structural means to identify, prioritise and manage the risks involved in our activities in order to support our value creation objectives.

The Board, with the assistance of management, carries out periodic and robust assessments of the principal risks and uncertainties of the Group (including those that threaten the business model, future performance, solvency or liquidity) and tested the financial plans for the Group for each of the principal risks and uncertainties mentioned below.

RISK

Access to capital

IMPACT

The Group may not be able to meet its payment obligations when due or may be unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. A sustained adverse economic downturn and/or suspension of its operation in any business, effecting revenue and free cash flow generation, may cause stress on the Company's financing and covenant compliance and its ability to raise financing at competitive terms. Any constraints on upstreaming of funds from the subsidiaries to the Group may affect the liquidity position at the Group level.

IMPACT CRITERIA

- Future performance
- Solvency
- Liquidity
- Reputation

MITIGATION

- Focused team working on completing the near-term refinancing, reducing the cost of borrowing, extending maturity profile and deleveraging the balance sheet.
- Track record of good relations with banks and of raising borrowings in the last few years.
- Structured ramp-up of facilities to give better margins and help in loan repayments/interest servicing.
- Regular discussions with rating agencies. Ratings have been upgraded.
- Vedanta Limited and Cairn India merger has become effective. The merger with Vedanta Limited will de-risk Cairn India by providing access to a portfolio of diversified Tier-I, low-cost, long-life assets, to deliver significant near-term growth, while retaining the substantial upside from our Oil & Gas business.
- Early redemption of 2018 bonds in line with the stated strategy to deleverage at plc level and extend average debt maturity.
- Group generates healthy cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short-term as well as in the long-term.
- Continued compliance with the Group's treasury policies which govern our financial risk management practices.

Extension of production sharing contract of Cairn beyond 2020 or extension at less favourable terms

IMPACT

Cairn India has 70% participating interest in Rajasthan Block. The production sharing contract (PSC) of Rajasthan Block runs until 2020. Challenges in extension of the production sharing contract of Cairn (beyond 2020) or extension at less favourable terms may have implications.

IMPACT CRITERIA

- Business model
- Future performance
- Liquidity
- Solvency

MITIGATION

- Ongoing dialogue with the Government and relevant stakeholders.
- The Indian Government has a notified PSC extension policy for pre-NELP exploration blocks. This policy is applicable to 10 pre-NELP exploration blocks which includes Rajasthan (RJ-ON-90/1). This is being studied.

Increasing Decreasing No change

RISK

Challenges to operationalise investments in Aluminium and Power business

IMPACT

Some of our projects have been completed (pending commissioning) and may be subject to a number of challenges during operationalisation phase. These may include challenges around sourcing raw materials.

IMPACT CRITERIA

- Business model
- Future performance
- Liquidity
- Reputation

MITIGATION

- Have commenced operationalisation of Jharsuguda and BALCO facilities.
- Jharsuguda II pot failure rectification is in process. The first line is expected to be ramped up by Q3 FY2018.
- Execution in progress for gradual completion of potlines.
- OEMs engaged for health check as well as remediation of issues. They are also studying and strengthening protection systems.
- Continuous focus on plant operating efficiencies improvement programme to acheive design parameters, manpower, rationalisation, logistics, infrastructure and cost reduction initiative.
- Continue to pursue developing sources of bauxite.
- Augmentation of experienced resources for potroom.
- Continuous augmentation of power security and infrastructure.
- Supply of coal has commenced from the coal linkages secured earlier this year.
- Rolled product facility at BALCO re-commenced its operations in Q2 FY2017.
- Two streams of the Lanjigarh refinery operated during the year.
- Continuing our efforts to secure key raw material linkages for our alumina/aluminium business. Various infrastructure-related challenges are being addressed.
- Strong management team continues to work towards sustainable low cost of production, operational excellence and securing key raw material linkages.
- TSPL matters are being addressed in a structured manner by a competent team.

Operational turnaround at KCM

IMPACT

Lower production and higher costs at KCM may impact our profitability.

IMPACT CRITERIA

- Business model
- Future performance
- Liquidity
- Reputation

MITIGATION

- Management team reviewing operations and engaging with all stakeholders in light of operating challenges. Focus at Konkola is to improve efficiency, equipment availability, dewatering and enhance volumes. Committed to improving KCM operating performance.
- Several cost-saving initiatives and restructuring reviews underway at KCM to preserve cash.
- Process improvement actions put in place through focused operating teams to improve production performance.
- Working on the engineering design for accelerated dewatering and development to increase production from the Konkola mine.
- Elevated temperature leach project to improve recoveries at the Tailings Leach Plant has been commissioned and is currently under stabilisation. Planning and engineering for phase II of the elevated temperature leach initiated.
- Strategically working on outsourcing model for maintenance activities to improve asset availability.
- Commenced trial mining at Nchanga underground mine and initial results for recovery and mining productivity are promising.
- VAT refunds are being pursued.

Increasing Decreasing No change

RISK

Discovery risk

IMPACT

Increased production rates from our growth-oriented operations place demand on exploration and prospecting initiatives to replace reserves and resources at a pace faster than depletion. A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our prospects. There are numerous uncertainties inherent in estimating ore and oil & gas reserves, and geological, technical and economic assumptions that are valid at the time of estimation. These may change significantly when new information becomes available.

IMPACT CRITERIA

- Business model
- Future performance

MITIGATION

- Strategic priority is to add to our reserves and resources by extending resources at a faster rate than we deplete them, through continuous focus on drilling and exploration programmes.
- Appropriate organisation and adequate financial allocation in place for exploration.
- Dedicated exploration cell with continuous focus to enhance exploration capabilities.
- Exploration-related systems being strengthened and new technologies being utilised wherever appropriate.
- International technical experts and agencies are working closely with our exploration team to build on this target.
- Continue to work towards long-term supply contracts with mines to secure sufficient supply where required.

Transitioning our zinc and lead mining operations from open pit to underground mining

IMPACT

Our zinc and lead mining operations in India are transitioning from an open pit mining operation to an underground mining operation. Difficulties in managing this transition may result in challenges in achieving stated business milestones.

IMPACT CRITERIA

- Future performance
- Liquidity

MITIGATION

- Strong separate empowered organisation working towards ensuring a smooth transition from open pit to underground mining.
- Internationally renowned engineering and technology partners on this project.
- Strong focus on safety aspects in the project.
- Geo-technical audits are being carried out by independent agencies.
- Reputable contractors have been engaged to ensure completion of the project on indicated timelines.
- Mines being developed using best-in-class technology and equipment and ensuring the highest level of productivity and safety.
- Stage gate process to review risks and remedy at multiple stages on the way. Robust quality control procedures have also been implemented to check safety and quality of services/design/actual physical work.

Increasing Decreasing No change

RISK

Fluctuation in commodity prices (including oil)

IMPACT	IMPACT CRITERIA	MITIGATION
Prices and demand for the Group's products are expected to remain volatile/uncertain and strongly influenced by global economic conditions. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.	› Business model › Future performance › Solvency › Liquidity	› Pursue low-cost production, allowing profitable supply throughout the commodity price cycle. › Structured cost reduction programme delivering transformational improvements will reset our cost base to the lowest possible level. › Continued focus on manpower rationalisation and deriving value out of procurement synergies across locations. › Group has a well-diversified portfolio which acts as a hedge against fluctuations in commodities and delivers cash flows through the cycle. › Vedanta considers exposure to commodity price fluctuations to be an integral part of the Group's business and its usual policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements other than for businesses of custom smelting and purchased alumina, where back-to-back hedging is used to mitigate pricing risks. › The Group monitors the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. The CFO Committee reviews all commodity-related risks and suggests necessary courses of action as needed by business divisions. › Continued compliance with the Group's treasury policies which govern our financial risk management practices. › Continuous focus on cost control and cost reduction.

Currency exchange rate fluctuations

IMPACT	IMPACT CRITERIA	MITIGATION
Our assets, earnings and cash flows are influenced by a variety of currencies due to the diversity of the countries in which we operate. Fluctuations in exchange rates of those currencies may have an impact on our financials.	› Business model › Future performance › Solvency › Liquidity	› Forex policy prohibits speculation in forex. › Robust controls in forex management to hedge currency risk liabilities on a back-to-back basis. › CFO Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy. › Seek to mitigate the impact of short-term movements in currency on the businesses by hedging short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects. › At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings. › Notes to the financial statements in the Annual Report give details of accounting policy followed in computation of currency translation impact. We continue to monitor the currency translation impact and highlight this separately in the financials to give appropriate perspective.

Tax-related matters

IMPACT	IMPACT CRITERIA	MITIGATION
Our businesses are in a tax regime and changes in any tax structure or any tax-related litigation may impact our profitability.	› Solvency › Liquidity › Reputation	› Robust organisation in place at business division and Group level to handle tax-related matters. › Engage, consult and take opinion from reputable tax consulting firms. Reliance is placed on appropriate legal opinion and precedence. › Continue to take appropriate legal opinions and actions on the tax matters to mitigate the impact of these actions on the Group and its subsidiaries.

Increasing Decreasing No change

RISK

Breaches in information/IT security

IMPACT

Like many other global organisations, our reliance on computers and network technology is increasing. These systems could be subject to security breaches resulting in theft, disclosure or corruption of key/strategic information. Security breaches could also result in misappropriation of funds or disruptions to our business operations. A cyber security breach could have an impact on business operations.

IMPACT CRITERIA

- Future performance
- Reputation

MITIGATION

- Chief Information Security Officer (CISO) at Group level focuses on formulating necessary frameworks, policies, procedures and for leading any agreed group wide initiatives to mitigate risks.
- Group-level standards and policies to ensure uniformity in security stance and assessments.
- Various initiatives taken up to strengthen IT/cyber security controls in last few years.
- Cyber security risk being addressed through increased standards, ongoing monitoring of threats and awareness initiatives throughout the organisation.
- IT system is in place to monitor logical access controls.
- Continue to carry out periodic IT security reviews by experts and improve IT security standards.

Political, legal and regulatory risk

IMPACT

We have operations in many countries around the globe, which have varying degrees of political and commercial stability. The political, legal and regulatory regimes in the countries we operate in may result in higher operating costs, restrictions such as the imposition or increase in royalties or taxation rates, export duty, impact on mining rights/ban and change in legislation pertaining to repatriation of money. We may also be affected by the political acts of governments including resource nationalisation and legal cases in these countries over which we have no control.

IMPACT CRITERIA

- Business model
- Future performance
- Reputation

MITIGATION

- The Group and its business divisions monitor regulatory and political developments on an ongoing basis.
- BU teams identify and meet regulatory obligations and respond to emerging requirements.
- Focus has been to communicate our responsible mining credentials through representations to government and industry associations.
- Continue to demonstrate the Group's commitment to sustainability by proactive environmental, safety and CSR practices. Ongoing engagement with local community/media/NGOs on these matters.
- SOX compliant subsidiaries.
- Online portal for compliance monitoring. Appropriate escalation and review mechanisms are in place.
- Competent in-house legal organisation exists at all the businesses and the legal teams have been strengthened with the induction of senior legal professionals at all businesses.
- Standard Operating Procedures (SOPs) have been implemented across businesses for compliance monitoring.
- Contract management framework has been strengthened with the issue of boiler plate clauses across the Group which will form part of all contracts. All key contract types standardised.
- Involvement of legal in decision-making process is being reinforced.
- Framework for monitoring performance against anti bribery and corruption guidelines is also in place.

Increasing   Decreasing   No change

RISK

Community relations

IMPACT

The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations with local communities and therefore affect the organisation's reputation and social licence to operate and grow.

IMPACT CRITERIA

- Business model
- Future performance
- HSEC
- Reputation

MITIGATION

- CSR approach to community programmes is governed by the following key considerations: the needs of the local people and the development plan in line with the new Companies Act in India, CSR guidelines, UN Millennium Development Goals (UNMDG) and also CSR National Voluntary Guidelines of Ministry of Corporate Affairs, Government of India and the UN's Sustainable Development Goals.
- Board-level CSR Committee comprising independent Directors, full-time Directors and CEO decides focus areas of CSR, budget and programmes of respective businesses.
- Sustainable development programmes are driven by stakeholder engagement and consultation along with baseline studies and needs-based assessments.
- Periodic meetings with existing and potential SRI investors, lenders and analysts and hosting of maiden Sustainable Development Day in London helps in two-way engagement and understanding the material issues for stakeholders.
- Every business has a dedicated CSR team. Key focus areas for CSR are health, nutrition, sanitation, education, sustainable livelihoods and female empowerment. Dedicated team of over 180 corporate social responsibility personnel.
- Help communities identify their priorities through participatory need assessment programmes and work closely with them to design programmes that seek to make progress towards improvements in quality of life of local communities.
- Our business leadership teams have periodic engagements with the local communities to build relations based on trust and mutual benefit. Our businesses seek to identify and minimise any potentially negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders.
- Integration of sustainability objectives into long-term plans.

Emissions and climate change

IMPACT

Our global presence exposes us to a number of jurisdictions in which regulations or laws have been or are being considered to limit or reduce emissions. The likely effect of these changes will be to increase the cost for fossil fuels, impose levies for emissions in excess of certain permitted levels and increased administrative costs for monitoring and reporting. Increasing regulation of greenhouse gas (GHG) emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, is likely to raise costs and reduce demand growth.

IMPACT CRITERIA

- Business model
- Future performance
- HSEC
- Reputation

MITIGATION

- Carbon Forum with business representation monitors developments and set out defensive policies, strategy and actions.
- Defining targets and implementing action plans to reduce the carbon intensity of our operations. This will include:
  - reduce emission intensity through technology, energy conservation and efficiency;
  - increase renewable mix to the extent feasible; and
  - increase green cover at our locations.
- Engaging with Government on carbon policies and innovation technologies.
- Facilitate development and implementation of the adaptive measures in the community around our operations.
- Institutionalise system to manage carbon risks and opportunities across the business over the life cycle of its products.
- Engage with stakeholders in creating awareness and developing climate change solutions.
- Monitor and report carbon emissions from the businesses in line with local standards as well as accepted international standards.
- Increasing focus on renewable power obligations.

Increasing Decreasing No change

RISK

Health, safety and environment (HSE)

IMPACT

The resources sector is subject to extensive health, safety and environmental laws, regulations and standards. Evolving regulations, standards and stakeholder expectations could result in increased cost, litigation or threaten the viability of operations in extreme cases.

IMPACT CRITERIA

- HSEC
- Business model
- Reputation

MITIGATION

- Health, safety and environment (HSE) is a high priority area for Vedanta. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are our key focus areas.
- Vedanta has a Board level Sustainability Committee chaired by a non-executive director and of which the Group CEO is a member, which meets periodically to discuss HSE performance.
- Appropriate policies and standards are in place to mitigate and minimise any HSE-related occurrences. Structured monitoring and a review mechanism and system of positive compliance reporting are in place.
- The Company has implemented a set of standards to align its sustainability framework with international practice. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects and to embed our commitment at operational level.
- HSE experts are also inducted from reputed Indian and global organisations to bring in best-in-class practices.
- All businesses have appropriate policies in place for occupational health-related matters supported by structured processes, controls and technology. Our operations ensure the issue of operational health and potential risk/ obligations are carefully handled. Depending on the nature of the exposure and surrounding risk, our operations have different levels of processes, controls and monitoring mechanisms.
- Strong focus on safety during project planning/execution with adequate oversight of contract workmen safety.
- Report, investigate and share learnings from HSE incidents. Fatal accidents and injury rates have declined.
- Building safety targets into performance management to incentivise safe behaviour and effective risk management.
- Leadership coaching being rolled out across businesses to make better risk decisions.
- High potential actions closure and standards implementation discussed at Executive Committee level.
- Critical environment controls being reviewed including measure, monitor and report requirements.
- Leadership remains focused on a zero-harm culture across the organisation. Consistent application of 'life-saving' performance standards, introduction of Making Better Risk Decisions concept, quantitative risk assessments for critical risks and the formal identification of process safety risks with the focus on the implementation of controls are central to our improvement programme. We continue to improve on our safety investigations and follow-up processes.

Increasing Decreasing No change

RISK

Talent/skill shortage risk

IMPACT

The Company's efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth. Any significant loss or diminution in the collective pool of Vedanta's executive management or other key team members could have a material effect on its businesses, operating results and future prospects.

IMPACT CRITERIA

- Future performance
- Reputation

MITIGATION

- Progressive HR policies and strong HR leadership have ensured that career progression, job rotation and job enrichment are focus areas for our businesses.
- Continue to invest in initiatives to widen our talent pool. This is a priority area for the Group.
- Senior leadership actively involved in development of talent pool.
- Talent management system in place to identify and develop internal candidates for critical management positions and processes to identify suitable external candidates.
- Manpower optimisation across businesses ensuring proper skill development of employees.
- Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.
- Structured programme maps critical positions and ensures all such positions are filled with suitable candidates.
- Established the Mining Academy in Rajasthan to develop an employee pool with enhanced underground mining skills.
- Structured programme to develop a technically proficient employee pool.
- Continued focus on improving diversity at all levels.

Loss of assets or profit due to natural calamities

IMPACT

Our operations may be subject to a number of circumstances not wholly within the Group's control. These include damage to or breakdown of equipment or infrastructure, unexpected geological variations or technical issues, extreme weather conditions and natural disasters, any of which could adversely affect production and/or costs.

IMPACT CRITERIA

- Future performance
- Reputation

MITIGATION

- Vedanta has taken appropriate Group insurance cover to mitigate this risk.
- External agency reviews the risk portfolio and adequacy of this cover and assists us in our insurance portfolio.
- Our underwriters are reputed institutions and have capacity to underwrite our risk.
- Established mechanism of periodic insurance review in place at all entities. However, any occurrence not fully covered by insurance could have an adverse effect on the Group's business.
- Continue to focus on capability building within the Group.

Tailings dam failure

IMPACT

A release of waste material leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts. Tailings dam failure is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

IMPACT CRITERIA

- Future performance
- Reputation
- HSEC
- Business model

MITIGATION

- The Risk Management Committee included tailings dams on the Group Risk Register with a requirement for annual internal review and three-yearly external review.
- Operation of tailings dams by suitable experienced personnel within the businesses.
- Periodic audit of tailings dam facilities.
- Management standard developed with business involvement.
- Third-party expert assessment of the dams to identify tailings dams related risks largely completed across the Group by reputable international firm and improvement opportunities/remedial work in line with best practice identified. 'Dam Break' analysis to be done, if needed, to determine the impact should a dam fail and indicate the action required to protect communities.
- Individuals responsible for dam management have received training from reputed agency.

Increasing Decreasing No change