

SUSTAINABILITY COMMITTEE REPORT

Dear shareholder,

I am pleased to introduce this Sustainability Committee Report which provides details of the role and responsibilities of the Sustainability Committee and the work it has undertaken during the year.

Vedanta's business model is to deliver operational excellence while demonstrating world-class standards of governance, safety, environmental and social responsibility in the locations of each of the Group's operations and projects. The Vedanta Sustainability Framework guides us to ensure a long-term, sustainable future for our business operations, meeting our growth aspirations, and creating long-term value for all our stakeholders.

The robust implementation of the Vedanta Sustainability Framework (VSF) has been a top priority for the Sustainability Committee and we've made significant improvements in the way we conduct our business since its launch in 2012. One of the significant sustainability objectives for our business has been our Group's safety performance. Considerable efforts have been made in this sphere with involvement at all levels, however we still have a long journey ahead of us. I'm deeply saddened that seven people lost their lives while working for or with Vedanta during the financial year under review. One of these tragedies was an unfortunate crane accident at a project site in Rajasthan, which led to the loss of four invaluable lives. Our thoughts and prayers are with the families and loved ones of everyone involved. The accident highlighted a certain vulnerability across our contractor safety management system while working with cranes, even when they are well established and well known for their expertise and safety practices. Important lessons have been learned by both sides and Vedanta has decided to introduce a Crane Safety Performance Standard to ensure proper safety management during crane operations. As a Board Committee we have to ensure that such events do not shake our confidence in the journey of achieving 'Zero Harm'. We have certainly made good progress over the years and will continue to make ourselves a safer and a better company.

Another important aspect is ensuring that lessons from incidents are institutionalised across the businesses and repeat incidents are eliminated. To this effect, we ensure that each subsidiary company's chief executive presents a detailed appraisal of critical incidents along with root causes and action plans to the Committee. Through Corporate HSE, we've started tracking 'sign off' from Chief Operating Officers on lessons from High Potential Incidents (HIPOs).

We maintained our focus on containing impacts on air, water, waste and tailing related risks, to achieve our targets on water savings, energy savings and waste recycling during the year. Businesses have met many of their goals but a few remain where we fell short of targets and those businesses are working on the root causes.

During the Company's 2016 Annual General Meeting, some contentious sustainability issues were raised by stakeholders, including the Niyamgiri Bauxite Deposit, Balco Chimney Collapse in 2009, Bodai Daldali and KCM pollution cases. As a Committee we took note of the issues and reviewed the current status, sought further details as required and asked for development of remedial measures to ensure that actions taken are in line with VSF requirements and commitments and that we can effectively address these at the 2017 Annual General Meeting. Stakeholder engagement is key in the entire process and the Group's businesses are encouraged to maintain transparent and collaborative relationships with all stakeholders.

Post Paris Convention (COP 21), climate change has again emerged as a key global challenge of focus for the world. INDCs developed by signatory countries have become a guidance document and a road map for action. We are pleased to see India's inclusion as a signatory, but as an Indian company, we do respect India's unique issues in the carbon debate. As a Committee we've overseen the progress made by the business in developing the carbon policy/strategy and action plan through a formalized interdisciplinary forum, 'Carbon Forum' headed by the CEO, Power.

Businesses' contribution on Sustainable Development Goals (SDGs) is another important dimension which has become a forefront issue of deliberation and action. The Sustainability Committee reviewed the preliminary assessment of priority SDGs and recommended detailed workings with appropriate action plan/road map for the priority SDGs at Group level.

We are using the Vedanta Sustainability Assurance Programme (VSAP) as our internal tool to monitor implementation of the VSF. As a result of follow-up audit processes, including review and implementation of action plans, each of the businesses, operational sites and mines have put in place objectives and programmes in line with our framework requirements and monitors performance at regular intervals, with emphasis on the completion of actions from past audits. I take this opportunity to thank the management across our businesses for their commitment to VSAP, which has been a demanding exercise.



SUSTAINABILITY COMMITTEE REPORT CONTINUED

MEMBERSHIP AND ATTENDANCE

The Sustainability Committee comprises the following members and met on four occasions during the year.

	Number of meetings attended	Percentage attendance
Katya Zotova, Chair	4/4	100%
Euan Macdonald ¹	1/1	100%
Ravi Rajagopal ²	2/2	100%
Tom Albanese	4/4	100%
Kishore Kumar	4/4	100%

- 1 Mr Macdonald retired from the Board on 5 August 2016 and attended all of the Sustainability Committee meetings which he was entitled to attend while he was a member of it.
- 2 Mr Rajagopal attended all of the Sustainability Committee meetings which he was entitled to attend as a member of it.

SUSTAINABILITY COMMITTEE ACTIVITIES DURING THE YEAR

The main areas of activity of the Sustainability Committee during the year are summarised below:

Area of responsibility	Item
Sustainability framework	<ul style="list-style-type: none"> › Review progress made on the development of the sustainability model and framework; › Review the implementation of action plans emerging from the Vedanta Sustainability Assurance Programme; › Review and approve sustainable development objectives and targets; › Review and approve sustainable development initiatives, charters and partnerships; › Review progress on sustainability issues raised at the Company's 2016 Annual General Meeting.
Health and safety	<ul style="list-style-type: none"> › Review of Group safety incidents and performance; › Overseeing the implementation of action plans with respect to fatal accidents; › Review of Occupational Health & Safety interventions.
Environment	<ul style="list-style-type: none"> › Oversee the Group's initiatives for reduction in specific water and energy consumption; › Review progress on development of the Carbon Policy, Strategy and Action plan under the aegis of the 'Carbon Forum'; › Review of action plans for improvement of KCM's environmental performance.
System development and performance reporting	<ul style="list-style-type: none"> › Review of performance evaluation of the Sustainability Committee; › Review of Sustainability Committee terms of reference.
Community relations and engagement	<ul style="list-style-type: none"> › Update on Sustainable Development Goals and UK Modern Slavery Act; › Developing Vedanta's first modern slavery statement in compliance with the UK Modern Slavery Act 2015; › Review of important stakeholder engagements.

Further details on each of the above initiatives can be found in the Company's Sustainable Development Report 2016-17 and on the Company's website at www.sustainability.vedantaresources.com/home.

SUSTAINABILITY COMMITTEE PERFORMANCE EVALUATION

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

ROLE AND RESPONSIBILITIES OF THE SUSTAINABILITY COMMITTEE

The responsibilities of the Sustainability Committee are set out in its terms of reference which are available on the Company's website at www.vedantaresources.com/committees. The President, Group Communications and Sustainable Development acted as secretary of the Committee and chief executive officers and other senior management from the Group's operating businesses or their representatives may attend meetings at the invitation of the Committee.

I would like to extend sincere thanks to Mr Euan Macdonald for chairing this Committee from September 2013 to April 2016 and guiding Vedanta's sustainability journey. I also extend my heartiest welcome to Mr Ravi Rajagopal, who joined the Sustainability Committee on 5 August 2016 and look forward to his advice and support in delivering our objectives.

Katya Zotova
Chair, Sustainability Committee
 23 May 2017