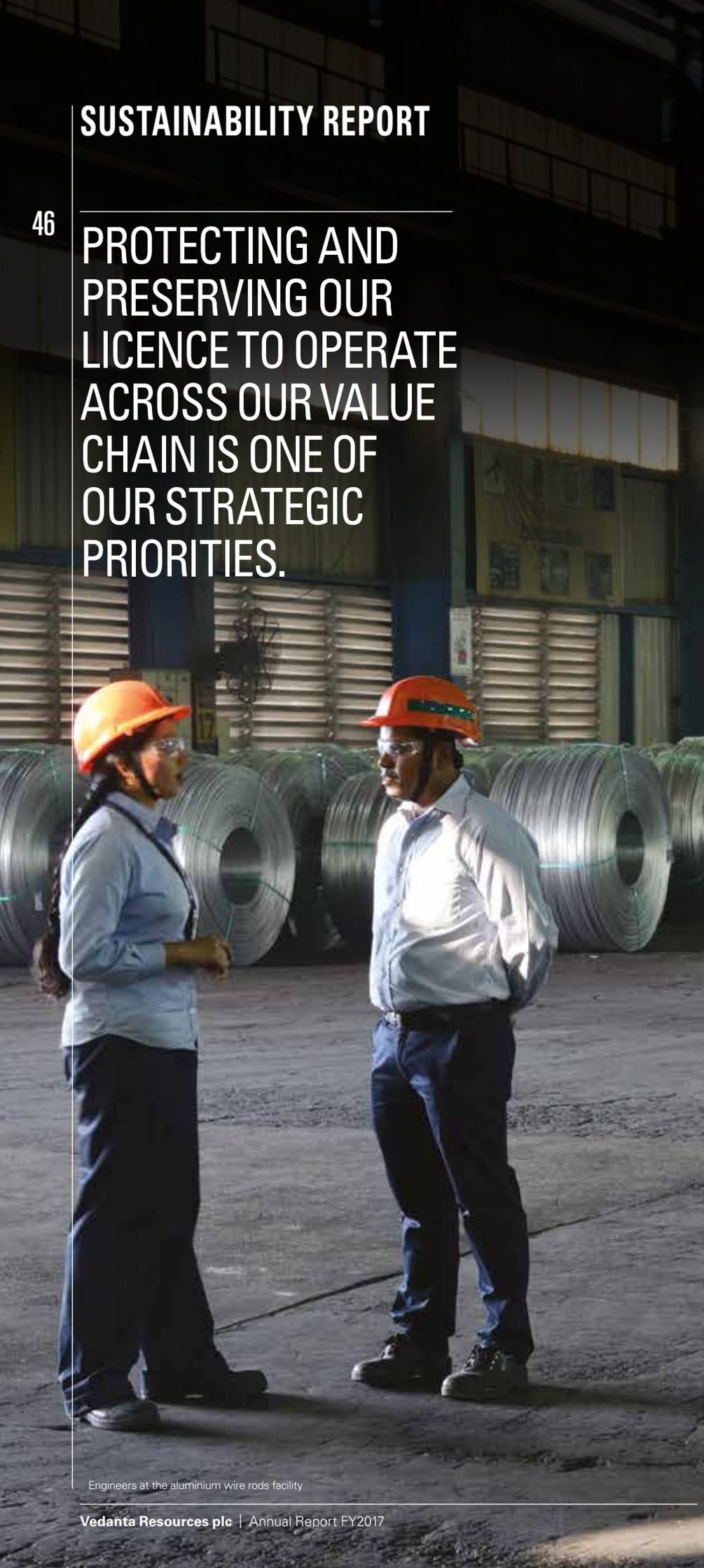


PROTECTING AND PRESERVING OUR LICENCE TO OPERATE ACROSS OUR VALUE CHAIN IS ONE OF OUR STRATEGIC PRIORITIES.



Engineers at the aluminium wire rods facility



“

As a diversified natural resources company, sustainable development is at the heart of our business.

ROMA BALWANI
PRESIDENT, GROUP COMMUNICATIONS
AND SUSTAINABLE DEVELOPMENT

COMMUNITY BENEFICIARIES¹

2.2m

(2016: 2.3m)

CARBON FOOTPRINT

53m mt

(2016: 42m mt)

ENVIRONMENT INVESTMENT

US\$49m

(2016: US\$39m)

LTIFR

0.39

(2016: 0.46²)

WATER RECYCLING RATE

24%

(2016: 23%)

COMMUNITY INVESTMENT

US\$18m

(2016: US\$37m)

PAYMENT TO EXCHEQUER

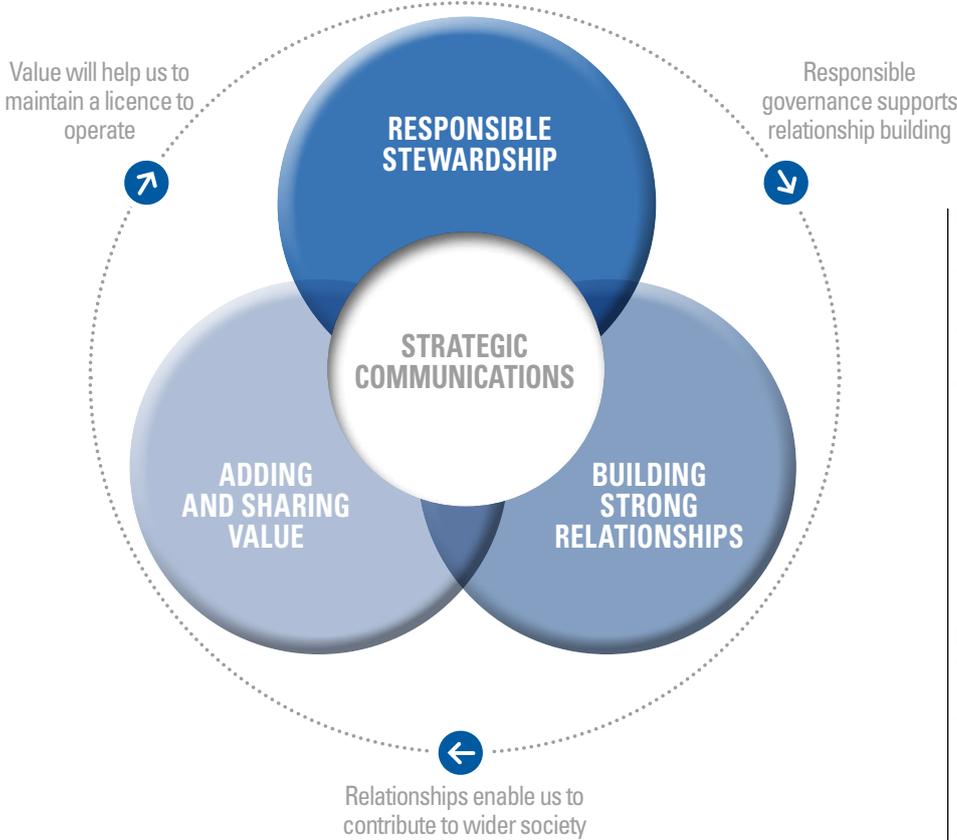
US\$6.0bn

(2016: US\$3.2bn)

 Sustainability Committee Report
see pages 133–134

1 Some beneficiaries may be enrolled in more than one project
2 With the new ICMM definition it is 0.50

FOCUS AREAS



RESPONSIBLE STEWARDSHIP

Sustainability for us is all about stewardship and we aim to carefully monitor, responsibly manage and consistently improve the Group's health, safety and environmental performance. Our vision for a 'Zero Harm, Zero Waste and Zero Discharge' culture across all our businesses is an outcome of this approach.

Focus areas: Code of Conduct and Ethics, health & safety, environmental management

BUILDING STRONG RELATIONSHIPS

Open, ongoing and systematic dialogue is the key to successful relationships with our stakeholders. We ensure their varied priorities and differing interests are aligned with our growth strategy through an inclusive stakeholder engagement framework that both nurtures and induces advancement.

Focus areas: stakeholder engagement and management, human rights

ADDING AND SHARING VALUE

We believe driving economic empowerment and social equality through significant and relevant investment in local communities and national economies is the best approach to shared value creation.

Focus areas: employees, communities.

STRATEGIC COMMUNICATIONS

Transparent and timely communication reinforces trust. We endeavour to gain the trust of local bodies and national governments and strengthen our social licence to operate through a series of clear and regular dialogues and initiatives.

Our framework is aligned to global best practice standards, including the United Nations Global Compact's (UNGC) Ten Principles, the International Finance Corporation, Sustainable Development Goals, the International Council on Mining and Metals and the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprise.



OUR STRATEGY

RESPONSIBLE STEWARDSHIP

Safeguarding resources – Our stewardship approach to resources as against an ownership approach has translated into a culture of 'zero harm' which has been actively propagated across the organisation.

BUILDING STRONG RELATIONSHIPS

Aligning interests – We actively engage with our stakeholders using systematic engagement plans to integrate their priorities in our growth strategy.

ADDING AND SHARING VALUE

Nurturing interdependencies – Along with being significant contributors to the national economy, we make it a point to be prime-movers of local economy and investors in priority areas of the nation.

STRATEGIC COMMUNICATIONS

Reinforcing trust – The trust that local communities and national governments repose in us is essentially our licence to operate. We continue to reinforce this trust through strategic and timely communication.

SUSTAINABLE DEVELOPMENT IS AT THE CORE OF OUR BUSINESS

As a diversified natural resources company, sustainable development is at the heart of our business and a key element of our strategy to grow the business. To ensure that sustainability is embedded into our day-to-day business, protecting and preserving our licence to operate across our value chain is one of our strategic priorities. We are committed to programmes that ensure the health and safety of our people, enhance the economic and social value of the communities and regions in which we operate and effectively monitor, manage and reduce our environmental footprint and measure our progress each year against a range of focus areas. We also aim to create a culture based on our values which ensures the professional growth and personal well-being of our entire workforce.

OUR APPROACH

We have developed a unifying sustainable development framework, which assists in implementing our commitments across all our operations. Our approach is centred on four strategic pillars:



SUSTAINABILITY REPORT

CONTINUED

48

MATERIALITY

Focusing on what matters is a key element of our approach. Reviewing our sustainability priorities helps us chart the materiality matrix and develop our programmes for the year.

We conducted a detailed in-house materiality validation exercise during FY2017 to understand the importance given to a range of material non-financial issues by our external stakeholders.

We supplemented this with an internal leadership and operational management survey to get a management perspective. This comprehensive materiality process has helped us to develop a materiality matrix which identifies the most important areas for both internal and external stakeholders and ensures we prioritise these topics in our reporting.

Based on these material aspects, we set out a sustainability roadmap and target and report on our performance for the year.

MATERIALITY MATRIX

CRITICAL IMPORTANCE	HIGH IMPORTANCE	AVERAGE IMPORTANCE	LOW IMPORTANCE
Policies and actions to restrict unethical business practices	Leadership development and talent management	Public policy and advocacy	
Rights of indigenous people and human rights	Disclosure on slavery and human trafficking – UK's Modern Slavery Act	Diversity and equal opportunity	
Employee health, safety and well-being	Transparency related to reporting on revenue and production figures	Broader economic benefit to the host country	
Community engagement and development initiatives	Labour rights and industrial relations		
Ethics and integrity – compliance to Code of Conduct	Community health and safety		Local hiring and content
	Energy management and climate change		
Environmental management (water management, waste management, air emissions and quality control, biodiversity management, environmental incidents management)	Mine and site closure plans	Responsible SCM	
	Employee retention		
	Tax transparency and reporting		

SUSTAINABILITY JOURNEY AND ROADMAP

OBJECTIVES AND TARGETS FY2017	STATUS	DETAILS ON PERFORMANCE FY2017	OBJECTIVES AND TARGETS FY2018
OCCUPATIONAL HEALTH AND SAFETY			
Achieve zero fatal accidents.	⬇️	Total – seven fatalities including four in one incident at Zinc India; Iron Ore business – one; Copper Zambia – two.	Zero fatal incidents and 26% reduction in Lost Time Injury Frequency Rate (LTIFR).
Implement safety performance standards: >75% of critical elements in the standards to be implemented across the business.	➡️	Average score was 52%. Businesses from Zinc India, Copper India, Copper Zambia, Zinc International, Aluminium and Iron Ore were audited and recorded marginal improvement compared to the previous year.	Achieve score >75% in six safety performance standards.
Perform baseline assessments for two other businesses.	⬇️	Expanded the baseline exercise at Jharsuguda in March 2017. Also looking to increase speed of application in other businesses.	Extend baseline health assessment for all other businesses.
ENVIRONMENT			
Water saving: 2.1 million m ³	➡️	Water savings of 3.93 million m ³ at the end of FY2017 achieved.	<ul style="list-style-type: none"> › Standardise water risk assessment approach for the business. › Undertake water risk assessment for the significant businesses with water as a material issue. › Water savings: 2.2 million m3.
Energy saving: 1.5 million GJ	⬇️	We reached energy savings of 0.62 million GJ at the end of FY2017	Energy Savings: 1.39 million GJ.
Continue to monitor new projects and site closures as per the sustainability framework.	➡️	All projects, at Vedanta Limited are being managed as per Vedanta Sustainability Framework.	Compliance to environment and social management plan for new projects.
Completion of BMPs.	➡️	We have made considerable progress in this regards. All our operations have BMPs, except Oil & Gas business and Karnataka in our Iron Ore business.	Complete BMP at our Oil & Gas Business.
Continue exploring opportunities and areas to increase the fly ash utilisation rate.	➡️	Nearly 50% of fly ash from our operations is recycled. The business continues exploring opportunity to utilise fly ash in cement making, road construction and building material manufacturing.	Achieve 50 % of the fly ash utilization rate.
Realign the Group's Energy & Carbon Policy in line with COP 21 outcomes.	➡️	Carbon Forum has been formed of businesses and corporate. Policy and strategy drafted with baseline targets and actions under development.	We are considering formal GHG reduction targets and we expect to achieve a 16.3% reduction in carbon intensity by 2020 from a 2012 baseline, which was the first year of audited data.
Capacity building (selected professionals) on biodiversity management including ecosystem services.	⬇️	Could not initiate this exercise.	Initiate the capacity building of selected professionals on biodiversity.
Independent expert to review high priority facilities.	➡️	Review completed and those responsible for dam management have been trained. Two facilities undergoing further analysis but no areas of immediate concerns were found and some best practices identified.	Complete the dam break analysis of the identified facilities.

➡️ Achieved ⬇️ Not achieved ➡️ In progress



SUSTAINABILITY REPORT

CONTINUED

50

SUSTAINABILITY JOURNEY AND ROADMAP CONTINUED

OBJECTIVES AND TARGETS FY2017	STATUS	DETAILS ON PERFORMANCE FY2017	OBJECTIVES AND TARGETS FY2018
COMMUNITY RELATION AND STAKEHOLDER ENGAGEMENT			
Social impact assessment studies to be continued for remaining sites.	→	Needs-based assessment completed for almost all sites. The major social impact assessment studies were done at Oil & Gas.	Social impact studies to be continued for remaining sites.
Implementation and utilisation rate of the SAP system to be increased.	→	SAP – stakeholder and grievance handling system rolled out.	Expand the Company's flagship CSR programme, Nand Ghar, to all our businesses.
			Embed and encourage employee volunteering for social initiatives.
HUMAN RESOURCES			
Focus on performance and measurement for top 150 leaders.	→	Scope and contract finalised. Scorecard of 700 professionals in place including top 150 leaders. Initiative being driven in project mode.	Employee scorecard coverage to be extended to 100% of professional population.
Ensure 100% coverage of Code of Conduct training for all employees.	↘	100% of employees could not be covered under Code of Conduct training.	Ensure 100% coverage of Code of Conduct training for all new professional employees.
Continue to focus on the diversity objective of 15% of new hires to be women.	↗	18% of employees joining this year were women.	Focus will be to increase gender diversity in hiring to 20% this financial year. Requested auditor approval on this and awaited.
33% female representation at Vedanta Board level by 2020.	→	We are moving forward to achieve the target. During the reporting year, we have made a number of senior female appointments.	Target to achieve 33% female representation at Vedanta Board level by 2020.

↗ Achieved ↘ Not achieved → In progress

GOVERNANCE

The Board oversees and reviews sustainability performance through its Sustainability Committee and Executive Committee, both of which regularly update the Board on their progress. We measure performance through Vedanta's Sustainability Assurance Programme (VSAP), an annual sustainability risk assurance tool which assesses compliance with our sustainability framework, identifies any gaps and takes steps to address these gaps.

SUSTAINABLE DEVELOPMENT GOALS

We aim to be progressive in contributing towards achievement of the UN's 17 Sustainable Development Goals (SDGs) which set out the agenda for impartial, inclusive and environmentally sustainable economic development by 2030. We invest time and resources to ensure we have a positive impact on the regions of our operations. Not only do we generate profits, employment and economic growth in low-income regions, but we also transfer the benefits of our operations beyond our sites to enhance and develop local communities and society.

AWARDS

We have been recognised for our sustainability performance during the year with awards across a broad spectrum of our activities, including health and safety, environment, clean technology and human resource. Here are a few mentions of our achievements in the field of health, safety and environment.

HEALTH AND SAFETY	ENVIRONMENT	CLEAN TECHNOLOGY
Rajasthan & Ravva assets received the British Safety Council's (BSC) International Safety Award 2017 with merit.	Our Oil & Gas Business (Cairn) received Award 'Sustainability and Corporate Social Responsibility' under the Special Technical Award (Corporate) category for our 'Safe Drinking Water Project'.	In the Asia Corporate Excellence and Sustainability Awards 2016, HZL achieved an award in the category for projects related to environment concern for the Wastewater Treatment Plant at Udaipur.
Vedanta Aluminum unit, Lanjigarh, received Rashtra Vibhushan Award 2017: 'Platinum Award' under 'Livelihood Creation' category. The function was organised by Fame India, Delhi. We showcased our livelihood project 'AAJEEVIKA' for award nomination.	HZL's RAM Mill Stream-3 won a National Energy Conservation Award – 2016 at State and Central levels for implementation of various power-saving projects that reduced energy consumption by 4.81KWH/mt of ore treatment.	Smelter-1, and CPP unit of Jharsuguda received the 'Energy Efficient Unit' award in the 17th National Award for Excellence in Energy Management 2016 organised by CII.

For full details of our sustainability policies, performance and initiatives during the year, please refer to our Sustainability Development Report

[http://sustainabledevelopment.vedantaresources.com/Sustainable Development2016-17](http://sustainabledevelopment.vedantaresources.com/Sustainable%20Development2016-17)

RESPONSIBLE STEWARDSHIP

SAFEGUARDING RESOURCES

SUSTAINABILITY FOR US IS ALL ABOUT STEWARDSHIP AND WE AIM TO CAREFULLY MONITOR, RESPONSIBLY MANAGE AND CONSISTENTLY IMPROVE THE GROUP'S HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE.



Employees discussing the on-site safety board at the Lanjigarh plant

OUR APPROACH

We manage our business in a sustainable manner, ensuring we have effective and appropriate business processes and behaviours in place, focusing on health and safety management and responsibly managing our environmental impacts and preserving biodiversity.

CODE OF CONDUCT AND ETHICS

Our Code of Business Conduct and Ethics (CBCE) provides a set of principles which ensure compliance with the law of the land and sets out expected standards of behaviour. Our reporting requirements in the UK raise the bar on various governance aspects which are applied in our businesses, including:

- › Human rights
- › Insider training
- › Political contributions
- › Conflicts of interests
- › Confidentiality
- › Fraud, bribery and corruption

Mandatory training on the Code is provided to our new recruits, and refresher workshops on anti-corruption policies and procedures are conducted for relevant employees.

Under our Whistleblowing Policy, employees and external stakeholders have access to a mechanism to report inappropriate behaviour in strict confidence and ensure a free and fair investigation without any fear of repercussion.

HEALTH AND SAFETY OVERVIEW

We work in adverse locations and conditions and are aware of the many occupational risks inherent to our industry. Nonetheless, we remain committed to an injury-free, illness-free and healthy workplace and are working towards achieving zero harm across our operations and businesses.

We have a comprehensive Group-level HSE policy. The goal is to embed safety as a value across our operations. Our senior management team is passionate about embedding a culture of zero harm and takes responsibility for leading our safety strategy and communicating it across the workforce, engaging with employees and setting out the safety improvement opportunities.

PERFORMANCE

Strengthening the safety culture throughout our businesses through strict adherence to our safety performance standards and an adoption of zero tolerance towards safety lapses has been our prime focus during the year. This year we tragically lost seven lives, including four in one major crane incident at a construction site. This has deeply saddened us as any fatality is unacceptable to us. We investigated all four incidents fully and introduced new crane and lifting standards and initiated training across our Group as a direct result of those investigations. We remain absolutely committed to zero harm across our operations.



Health and Safety briefing



Employees at the integrated mining command and control center at the iron ore operations in Goa

This year we achieved our best ever safety performance across all our measures, including a 20% drop in the Lost Time Injury Frequency Rate (LTIFR) to 0.39.

We continued to enthuse, educate and encourage every member of our workforce to embrace safety wholeheartedly and make line managers accountable for safety performance.

INSTILLING A CULTURE OF ZERO HARM

As Vedanta operates in a dynamic work environment, safety improvement is a continuous process. Throughout the year, across business units and through a diversity of interventions, we have implemented a range of measures to further strengthen our performance.

UNDERSTANDING THE RISKS

Identifying critical risks is imperative to strengthen risk-based decision making and to initiate remedial actions. Several risk identification exercises were carried out to have an in-depth understanding of the real challenges on the ground.

DYNAMIC LEADERSHIP IN SAFETY ROLES

Our HSE team comprises 365 professionals. During the reporting year, in order to leverage our professional strengths, we identified 11 work streams focusing on leapfrogging our HSE performance. Each work stream has a Leader and Anchor to deliver the objectives. The work streams will build capacity within our team of professionals and will enable improvement in HSE performance across the Group.

MAKING BETTER RISK DECISIONS (MBRD) PROGRAMME

Last year, we launched the MBRD programme – a combination of classroom and practical on-the-ground sessions, to empower line leaders to make better risk decisions. This programme is designed to help line leaders foresee risks relevant to their routine and non-routine work, and understanding the consequences associated with these risks. During the reporting period, 320 frontline leaders from the business were trained under the MBRD programme. We aim to extend MBRD training to 50% of Group employees across all businesses by 2020.

This year we conducted MBRD training in five of our businesses mentioned below:

MAKING BETTER RISK DECISIONS (MBRD)

Business	No. of batches conducted	No. of employees covered
VAL – Jharsuguda	8	160
IOB – Sesa Goa	4	80
Balco	2	40
Sterlite Copper	2	40
Total	16	320

GEARING UP FOR ZERO HARM

Once identified, we mitigate risks through stronger processes, effective training and better safety mechanisms. Additionally, employees are incentivised through awards for recognition of best practices on a weekly basis, and longer-term awards such as 'Best employee of the month' and 'best kaizen initiative'.

We also engage our operations in critical risk evaluation and control through Experience Based Quantification (EBQ) and Bowtie Assessment (BTA) workshops to identify critical control measures and improve safety performance.

MAKING THE CHANGE HOLISTIC

To achieve a culture of zero harm, safety has to be holistic. Our safety protocols are cascaded through all our verticals through regular training initiatives. A series of comprehensive and long-term safety and health drives were conducted to further foster a culture of safety ownership.

STATISTICS FOR HEALTH & SAFETY

- › 371,575 man hours of training on Code of Conduct and Ethics.
- › 1,115,562 man hours of training on HSE.
- › 100% periodical medical examination.
- › Lost Time Injuries reducing from 103 in FY2016 to 75 FY2017.
- › 320 frontline leaders trained under MBRD programme.
- › Cairn Oil & Gas Business's Raageshwari Gas Terminal crossed the safety milestone of 12 million LTI-free man hours.

ENVIRONMENT**OVERVIEW**

Natural resources are a core element of many of the amenities cherished by the human civilization. Extraction of these resources is therefore necessary to sustain our quality of life. But the extraction, though of economic importance to developing nations, often comes with environmental costs. As a diversified natural resources company, we are focused on reducing the environmental impact of our operations wherever possible.

Our sustainable development framework comprises comprehensive policies, standards and guidance notes that helps us manage our environmental impacts.

Our focus areas during the year have included: decreasing water consumption; enhancing energy efficiency; safeguarding biodiversity; maintaining air quality; and recycling and upcycling waste.

Our production of aluminium and power generation have increased significantly, hence energy consumption during the period has also increased. Despite this, we continued to improve our water and waste recycling rates and implemented biodiversity management plans across our operations.

Environmental management was identified as one of the material issues for the FY2017. Among them, water and waste management were our top priorities.

WATER

Water management is a material issue for our businesses, which we address by using our resources carefully, recycling and reusing water wherever possible.

Our Group-level water policy and a water management standard integrates water management into the decision-making processes for all our new and existing projects, thereby ensuring that necessary measures are in place to avoid or minimise the impacts of our projects. Since we are located in geographies with varying water stress, our water management plans take this into consideration. At our Oil & Gas

business, 97% of water is recycled, thereby significantly reducing the amount of saline ground water that we extract for our operations. At Bhagyam we have implemented water recycling through usage of reed bed wastewater treatment systems.

Effluent and sewage treatment plants are in place across our operations to treat waste water generated, and the treated water is then used for cooling and other applications in the unit itself.

This reporting period we have strengthened implementation of the a Reduce – Recycle – Replenish model for water conservation. resulting in saving 3.93 million m³ against the target of 2.26 million m³.

ENERGY AND CARBON

We recognise that climate change poses a real threat to our way of life and managing it requires collective efforts. We are committed to optimize our energy consumption and investing in newer technologies and developing processes to enhance our energy efficiency.

Our energy management approach hinges on a two-pronged strategy: improving energy and process efficiency, while diversifying our energy portfolio to the extent possible.

To support our focus on improving energy efficiency, all our functional operations are now ISO 14001 certified. Additionally, 16 of our operations have received ISO 50001 certification.

We have also introduced a long-term carbon strategy which is in line with the approach of our host country in managing climate change. A business-wide Carbon Forum has been set up to deliberate upon and develop the carbon strategy, determine the short-term and long-term carbon intensity reduction goals, and develop and implement the carbon reduction pipeline. This Carbon Forum is led by the CEO of our Power division, and comprises business COOs and representatives from Corporate HSE and Sustainability.

To diversify our energy portfolio, we are evaluating the use of renewable energy sources including solar and wind.

DIRECT AND INDIRECT ENERGY CONSUMPTION

(in million GJ)	2016-17	2015-16	2014-15
Direct energy consumption	413	394	348
Indirect energy consumption	15	11	14
Total energy	428	405	362

Our total energy consumption and GHG emissions increased during the year. This is in part attributable to an increase in production at our Aluminium operations and power plants.

GHG EMISSIONS – GROUP WIDE

(in tons of CO ₂ equivalent)	2016-17	2015-16	2014-15
Scope 1 (Direct)	51,896,907	39,581,088	38,274,754
Scope 2 (Indirect)	1,432,665	1,567,605	1,581,703

We also calculate and report the greenhouse gas (GHG) inventory i.e. Scope 1 (process emissions and other direct emissions) and Scope 2 (purchased electricity) as defined under the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI) GHG protocols.



SUSTAINABILITY REPORT

CONTINUED

54 RESPONSIBLE STEWARDSHIP CONTINUED

BIODIVERSITY

Our biodiversity management programme is developed to avoid, minimise or compensate the loss of biodiversity as a result of new projects or major expansions. We undertake an Environmental Social Impact Assessment (ESIA) for any new project or major expansion to help us understand the presence of critical biodiversity areas in the proposed area of the project and develop biodiversity action plans to mitigate the impact of our operations.

We have a dedicated Biodiversity Policy and Management Standard developed in line with international standards and guidelines such as the International Finance Corporation (IFC). Our businesses seek consultation from experts in identifying and managing biodiversity-related business risks.

During the year we continued to implement our Biodiversity Action Plans across our operations. Some examples of biodiversity initiatives taken at our businesses are mentioned below:

TSPL

Under the Biodiversity Management Plan, we have developed a proper green belt all around the project boundary to check the air pollution, as well as provide a suitable place for other faunal groups to take shelter and contribute to enhancing the biodiversity.

HZL

In Rampura Agucha mine, we have taken up the initiative of plantation at the project site. This initiative is implemented every year and in FY2017 we planted around 25,000 trees.

BALCO

Under the Biodiversity Action Plan, we have initiated bird nest provision in and around the township of our operation. The targeted date to achieve the plan is March 2018.

We have also initiated the Medicinal Garden development in Manipat. The targeted year to achieve the plan is March 2018.

STERLITE COPPER

We have conducted a baseline assessment study using IBAT and we have drawn out plans and initiated/implemented the following for the FY2016-17.

- › Ex-situ and in-situ conservation of medicinal plants
- › Ex-situ and in-situ conservation of rare and threatened species of plants
- › Conservation of indigenous agricultural gene pools
- › Promotion of public health through control of malaria
- › Encouragement of fisheries in reservoirs and other water bodies.

RESPONDING PROACTIVELY TO THE BIODIVERSITY RISK

The Gamsberg mine is located in the Succulent Karoo biodiversity hotspot area – one of the four hotspots in South Africa and one of the 35 hotspots in the world. This area is home to more than 6,000 species of plants (40% of which are only found here) and also hosts 250 birds, 80 mammals and 32 reptile and amphibian species. Although the Gamsberg mine promises to reap rich economic returns, we have taken multiple steps to ensure that this doesn't come at the cost of biodiversity:

- › EMP (Environmental Management Programme) and BMP (Biodiversity Management Plan) are used to monitor and to guide the construction phase, so that we adhere to the environmental footprint.
- › The plant species will be used during the rehabilitation of the mine as it demonstrates vast species from the Succulent Karoo biodiversity hotspot.

Vedanta Limited, a Group company of Vedanta Resources, is a signatory to the India Business and Biodiversity Initiative (IBBI), a national platform for business and its stakeholders around mainstreaming sustainable management of biological diversity into business strategy.



Progressive mine closure at Lisheen

RESPONSIBLE CLOSURE CASE STUDY

Lisheen mine - Closure, restoration and aftercare management plan

Mining activity at the Lisheen Mine in Ireland was concluded in November 2015, with mining ceasing in December 2015 after 17 years of operation. Focusing on physical closure of the mine and aftercare of the site, a best practice mine closure plan has been implemented to fully address regulatory authority permit requirements. The cessation of mining at Lisheen was not the end of the story, as the mine is now in an 'active closure' phase. The closure programme is among the world's finest examples of environmentally sensitive mine closure and rehabilitation. Socio-economic and environmental initiatives taken by the company to ensure well-being of the community and the environment. Some of the key focus areas the of closure plan are:

- › Ensuring that the underground workings cannot collapse, leading to surface subsidence.
- › Removing all surface and underground plant and equipment.
- › Allowing the mine workings to refill with clean water.
- › Blocking and sealing all access to the underground workings.
- › Fully engineered covering of the tailings deposition facility to provide a multiple of possible after-uses from, animal grazing to solar power or energy crops.
- › Creating a space that will be attractive to other industries.
- › Supporting Lisheen staff during the closure, from upskilling and training grants to redeployment at other Vedanta operations.

AIR QUALITY

We are committed to identifying and managing our emissions to air. As part of our ambient air quality monitoring process, we monitor Particulate Matter (PM) and SOx. We also monitor lead, fluoride and Polycyclic Aromatic Hydrocarbons (PAHs) emissions from our operations as applicable. There was an increase in stack emissions due to the increase in production in our Aluminium businesses and power plants.

WASTE

According to our Resource Use and Waste Management Technical Standard, we follow the principle of first reducing the waste, quantitatively as well as qualitatively (reducing the toxicity), and then recovering and recycling where possible (either ourselves or through authorised recyclers). The last stage is disposal in landfill or by incineration, using authorised, licenced and secured

landfills. We aim to remain environmentally friendly across all the stages.

Major waste generation from our operations are Non-Hazardous, High Volume and Low Effect waste. Hazardous waste includes used/spent oil, waste refractories, aluminium dross, spent pot lining and residual sludge from smelters, while the High Volume and Low Effect waste includes fly ash, red mud and phospho gypsum.

STATISTICS FOR ENVIRONMENT

US\$49 million of environmental investment

Recycled 51% of High Volume and Low Effect waste in sustainable applications

We saved 3.93 million m³ of water against the targeted savings of 2.26 million m³

STACK EMISSIONS

(in mt) Parameter	2016-17	2015-16	2014-15
Particulate matter	11,056	7,239	6,008
SOx	178,324	157,484	144,164

We have recycled 51% of our overall High Volume and Low Effect waste in sustainable applications and are continuing to develop new and innovative ways to increase the proportion of waste we recycle.



BUILDING STRONG RELATIONSHIPS

OPEN, ONGOING AND SYSTEMATIC DIALOGUE IS THE KEY TO SUCCESSFUL RELATIONSHIPS WITH OUR STAKEHOLDERS.

OUR KEY STAKEHOLDERS CAN BE SEGMENTED IN THE FOLLOWING GROUPS:



Employees at the central control room at the Janjigarh facility



OUR APPROACH

Constructive dialogue with our key stakeholders not only helps us to maintain our licence to operate, but also allows us to foresee and manage relevant risks, opportunities and challenges.

ENGAGEMENT STRATEGY

We have created a five-point roadmap which guides our stakeholder engagement process.

ASK	ANSWER	ANALYSE	ALIGN	ACT
Our dialogue begins with questions that solicit feedback. Our stakeholders have access to a number of platforms to reach out to Vedanta personnel and voice concerns.	We disclose not just because we want to be heard, but because we are responsible. We aim to provide a constructive response to feedback received.	We have established a robust investigation process for complaints reported via the Whistleblowing Mechanism, Sustainability ID and Group Communications ID, involving senior management and relevant personnel.	We work hand-in-hand with stakeholders and align our goals and actions with their high priority areas. The feedback from all our engagements becomes part of our materiality identification exercise.	We back our words with demonstrable actions that move the needle towards promised outcomes.



Employees at the coal handling plant at Lanjigarh

MODERN SLAVERY ACT 2015

The UK Parliament constituted the Modern Slavery Act (MSA) to tackle the issues of slavery and human trafficking. The law helps to enhance investor, employee and consumer confidence and trust in an organisation by building a foundation of strong ethical standards.

Last year, we had proposed a number of steps through which we would be incorporating the Modern Slavery Act 2015 in our operations. Implementation of the compliance framework for MSA has been a prime focus area for our Sustainability Committee this reporting period.

Under the current framework implementation, we have put in place a system of training of vendors/suppliers, due diligence and self-declaration.

Our Supplier Code of Conduct and Contract Conditions was also updated with a provision on compliance to MSA.

Based on our assessment, we identified close to 145 suppliers under the Very High and High risk categories with regard to MSA compliance. Out of these 145, we terminated our association with 17 suppliers with immediate effect.

Of the remaining 128 suppliers, 117 were identified for audit in the audit cycle of the current financial year. They were subjected to an independent MSA audit by PwC. The site visit for the audit team involved initial awareness sessions for relevant people on key MSA provisions, verification of documents/records, and interviews.

Audit findings have been shared with the individual businesses' commercial departments for incorporating the recommendations and initiating the vendors towards improvement of standards and strict adherence to the law. Commercial process and procedures of vendor selection and engagement will be reviewed going forward in view of the findings of the audit to resolve systemic.

HUMAN RIGHTS

For us, upholding human rights is a fundamental responsibility and of particular importance since the majority of our operations are in developing countries. It is a material consideration across all our business decisions. Our Human Rights Policy is aligned to the UN Guiding Principles on business and human rights, and includes strict prohibition of child or forced labour – either directly or through contract labour.

Additionally, our Code of Business Conduct and Ethics underpins our approach to protect the fundamental rights of all our direct and indirect employees, communities and immediate supply chain.

We uphold our workers' right to freedom of association at all our operations. The collective bargaining agreements are formed based on transparent and fair discussions between the management and union representatives. Our Suppliers Code of Conduct is implemented as part of the terms and conditions of supplier contracts across the Group and all new suppliers are required to sign, endorse and practice this Code. We also have in place a Supplier & Contractor Sustainability Management Policy. Both the Code and the Policy clearly communicate our expectations from our suppliers: to operate in compliance with all relevant legislation and follow our policies while executing work for or on our behalf.

Child, forced or compulsory labour is a non-negotiable offence at Vedanta – be it direct or through a contractor. We have systems in place to strictly enforce this policy at all our operations. Further, we carry out periodic inspections of our remote mine locations and require proof of age for all contract workers.

ADDING AND SHARING VALUE

AS OUR OPERATIONS ARE PREDOMINANTLY IN THE DEVELOPING ECONOMIES OF INDIA AND AFRICA, WE BELIEVE WE HAVE AN IMPORTANT ROLE TO PLAY IN DEVELOPING THE SOCIETIES AND COMMUNITIES WHERE WE OPERATE



Medical health unit providing door-to-door medical care at Jharsuguda

OUR APPROACH

We remain committed to giving back to our stakeholders who play a vital role in powering our growth. As our operations are predominantly in the developing economies of India and Africa, we believe we have an important role to play in developing the societies and communities where we operate. Reducing the social and economic divide through generating economic value, distributing wealth, investing in employees and enhancing the standard of living are key elements of our sustainability framework. We not only drive economic growth through taxes, royalties, wages and supplier contracts, but our operations also process natural resources which help provide the products these communities need to further their development.

COMMUNITIES

We proactively engage with indigenous communities to resolve any concerns they have to ensure free, prior and informed consent prior to commencing operations. Once we have developed our operations, we undertake focused CSR activities which create positive social impacts.

We strongly advocate social development that is underpinned by collaborative efforts. A majority of our initiatives are identified, developed and carried out in collaboration with local government bodies and community organisations. This 'Public-Private-People-Partnership' (4Ps) model has inspired us to participate in ambitious long-term projects such as Project Nand Ghar.

PROJECT NAND GHAR

This is our flagship intervention in the space of children's learning and health. In FY2016, Vedanta signed an MoU with the Ministry of Women & Child Development to construct 4,000 new-age Nand Ghars (Anganwadis) across India. Over and above quality pre-school education, we have envisioned these Nand Ghars as a convergence point for a number of Government programmes such as clean water, sanitation facilities and electricity, with additional services such as primary healthcare and entrepreneurship training.

TAKING NAND GHARS TO THE NEXT LEVEL

Education: We have developed a 40-week intensive course curriculum incorporating interactive e-learning, learning kits, critical thinking and wall designs for pre-school education at our Nand Ghars. This is the first time such a massive effort has been undertaken in India.

Health: Each cluster of 25-30 Anganwadis will have access to a fully functional Mobile Medical Unit (MMU) which provides essential primary healthcare services. During the reporting period, two such MMUs were operationalised.

Entrepreneurship: Modelled on the lines of Nobel Peace Prize-winning microfinance organisation Grameen Bank, women will be provided end-to-end support for promoting entrepreneurship at each Nand Ghar through the following steps:

- › Mobilisation of women for training.
- › Providing basic orientation on entrepreneurship, including identification of business opportunities and basics of marketing.
- › Handholding in identification of local business opportunities, creating a business plan.
- › Mobilising credit without seeking collaterals.
- › Handholding the women through the ventures through support in marketing.
- › More than 1,600 women benefited from the training programme and 158 have started their micro enterprises

Our community engagement programme is steered by our Group-level CSR Policy and Social Investment Standard, and consists of the following steps:

- (a) Baseline studies and need assessment surveys within our communities;
- (b) Consultation with stakeholders and subject matter experts; and
- (c) Continual improvement in programmes based on findings of impact assessments and social audits.

OUR KEY AREAS OF FOCUS INCLUDE:

EDUCATION AND SKILLS DEVELOPMENT

Under several CSR activities undertaken, such as Vedanta Bal Chetna Anganwadi (VBCA) Programme and Beti Bachao, Beti Padhao Abhiyan, we impacted the lives of almost 260,000 children through our school programmes. Another 100,000 children under six years old were reached through our pre-school initiatives. We provided support to students and colleges to increase access to technical education. We recognise that education is the single most important factor in advancing gender equality and empowerment and our businesses have also introduced a number of short and long-term programmes to provide education for girls. These programmes have significantly improved the percentage of girls passing their final exams.

We are also working on developing the skills of rural women to be able to find employment opportunities.

DRINKING WATER AND SANITATION

Our business-wide needs assessment conducted two years ago identified the lack of access to medical and sanitation facilities and personal hygiene in rural India. In addition to providing support to local governments for ensuring access to health and sanitation facilities in remote locations, we continue to support the WASH pledge initiative of the World Business Council for Sustainable Development (WBCSD) by providing adequate access to safe drinking water and sanitation facilities to our workforce across all sites.

In FY2017, we proactively extended WBCSD's WASH pledge from just our operational locations to encompass surrounding communities; thereby providing more than 200,000 people with access to clean drinking water.

STATISTICS FOR COMMUNITY

- › US\$18 million invested in Social Investment
- › Provided 2,00,000 people with access to clean drinking water
- › 4,176 village meetings held
- › Our outreach was to 576 villages and 1142 peripheral villages
- › Beneficiaries resulted from community activities 2.2 million

STATISTICS FOR HR

- Full-time female employees – 2302:
- › 9.4% full time female employees
- › Retention of female employees after parental leave - 93.45%
- › 375373 of employee training man hours on Code of Conduct & human rights issues.
- › Attrition Rate - 5.34%

“

We remain committed to giving back to our stakeholders who play a vital role in powering our growth.

ROMA BALWANI

PRESIDENT, GROUP COMMUNICATIONS AND SUSTAINABLE DEVELOPMENT

ADDING VALUE CASE STUDIES



CAIRN INDIA PROJECT TO PROVIDE DRINKING WATER

Barmer, Rajasthan (Cairn): Our Oil & Gas business (Cairn), under a Memorandum of Understanding (MoU) with Public Health and Engineering Department (PHED) of Rajasthan, is establishing 331 RO plants across Barmer District. These plants have varying capacities from 1,000 to 3,000 litres per hour and will be installed over the next three years to provide safe drinking water to a large number of people (estimated in excess of 1 million) living in 800 villages. One of India's leading water treatment solution providers, Fontus Water, is the implementing partner for the project.

EDUCATING GIRLS

Sterlite Copper's 'Ilam Mottukal' is impacting 8,046 girls across 86 schools in the Thootukudi district of Tamil Nadu. The project, now in its fifth year, has resulted in an 80% improvement in the learning level of girls and a 95% pass percentage in the class 10 exams.

Vedanta Vidyarthi Vikas Yojana (VVVY) at Jharsuguda has significantly improved the pass percentage of girls from, 18% in 2008 to 99.80% in 2016. 3,031 high school students have now availed academic support through VVVY centres at the rural villages of Jharsuguda.

SUSTAINABILITY REPORT PEOPLE AND CULTURE

60

ENGAGING WITH
OUR EMPLOYEES
MAKES THEM MORE
PRODUCTIVE, BETTER
ALIGNED AND MORE
COMMITTED.



DIVERSITY
FULL TIME FEMALE
EMPLOYEE

9.4%

(2016: 9.4%)

**ATTRITION
RATE**

5.4%

(2016: 5.4%)



Employees at various Vedanta operational sites

EMPLOYEES**PEOPLE AND CULTURE**

We have employees from across the world and we are committed to providing all our employees with a safe and healthy work environment. In addition, by creating a culture which embodies our core values and nurtures innovation, creativity and diversity, we enable them to grow personally and professionally while also helping us to meet our business goals.

We are committed to providing equal opportunities to our employees irrespective of their race, nationality, religion, gender or age. We are leading amongst the natural resource industries with regard to gender diversity. 13% of our senior management are women. Since most of our operations are in remote and poorer areas, we also focus on recruiting our employees from among the local population. A significant percentage of the senior management and our employees are recruited from the country in which our operations are located.

RECRUITMENT

We have focused our activities during the year on recruiting skilled professionals.

We launched a 'Global Internship Programme' (GIP). Through this programme, the idea is to bring on board professionals who can share a fresh perspective and in the process gain exposure to the business by working on live projects under the mentorship of the leadership team. Through this programme we engaged with the Ivy League Business Schools, including Harvard Business School, Wharton and London Business School, and hired 10 students from London Business School with different nationalities and diverse experience in consulting, defense, mining and technology.

TALENT MANAGEMENT AND DEVELOPMENT

We have put a range of internal processes and innovative programmes in place to aid all-round professional development and personal well-being and provide career opportunities. These include a wide range of job rotation, mentoring, coaching and training initiatives.

“

Communication is vital for good human resource management. Engaging with the employees makes them more productive, better aligned and more committed. It also manifests in smooth and effective functioning of the organisation.

During the year we have particularly focused our activities on giving greater visibility to and developing the leadership potential of our younger professionals through career development programmes.

We organised Internal Growth Workshops across the businesses to identify, develop and promote 'New Leaders' both in 'Technical' and 'Enabling' core functions. Our senior management team anchored the initiative, identifying the new leaders through a structured process. Once identified, these individuals were then given accelerated growth opportunities by way of transformational roles for delivering business goals.

Finally, we have implemented an incentive programme to encourage entrepreneurship by rewarding employees who develop new and innovative technologies for the business.

FOCUS AREA: FUTURE LEADERSHIP

Vedanta attracts the best talent given its core strengths of high-quality performance, governance and value-based architecture. The challenge is to train this talent to become highly competent professionals capable of taking up leadership roles in the organisation. We believe that the dynamism, agility and passion of young professionals will take us into the next growth orbit. This led to the inception of Internal Growth Workshops.

DEVELOPING FUTURE LEADERS CASE STUDY



Objectives of Internal Growth Workshops:

- › Identifying young leaders through a structured process and engaging stakeholders and business heads
- › Developing highly competent leaders and motivating them to perform exceptionally
- › Evaluating corrective actions, providing growth and recognition wherever required

Internal Growth Workshops – the story so far:

- › 1,200 high performers covered in over 50 workshops held so far 300 new leaders already in place, including technical and enabling functions across Vedanta
- › 20% of positions taken up by women professionals, fulfilling the gender diversity as a key point with the purpose to provide growth