

Management Standard – Corrective and Preventive Action Management

Vedanta Resources Plc

Sustainability Governance System


Management Standard

Corrective and Preventive Action Management

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Management Standard – Corrective and Preventive Action Management

1. PURPOSE

The purpose of this Management Standard is to ensure that a programme is in place in relation to the management of identifying, recording, tracking and closing-out actions. This includes consideration of corrective actions (e.g. resulting from inspections, audits, etc.) and preventive actions to prevent reoccurrence and/or ensure continual improvement in sustainability performance.

2. SCOPE

This Management Standard is mandatory and applies to all Vedanta subsidiaries and their operational or managed sites, including new acquisitions, corporate offices and research facilities, and to all new and existing employees and contractor employees. This Standard is applicable to the entire operation lifecycle (including exploration and planning, evaluation, operation and closure).

3. DEFINITIONS

Definitions of key terms and concepts used in this document are shown in the following table.

Term	Definition
Audit	A systematic assessment or review of the effectiveness of implementation of sustainability programmes (including systems and processes) using defined criteria or protocols. An audit can be undertaken by internal or external personnel and the results/findings of an audit will be documented.
Aging Report	A report of actions completed outstanding segregated by increasing increments of time. i.e. completed within one week, one month etc or overdue by one week, one month, 3 months, 6 months and a year.
Competency	A combination of knowledge, skills and experience which enable individuals to undertake responsibilities and perform activities to a recognised standard and quality on a consistent basis.
Competent person	An individual who has the necessary and sufficient knowledge, skills and experience as well as the necessary experience (practice) to complete their responsibilities safely, effectively and consistently.
Corrective action	An action from an audit, assessment or other evaluation that is taken to rectify an actual non-conformance.
Employee	An individual who is engaged to work directly for Vedanta on either a part-time or full-time basis and for a fixed period or on permanent basis and is salaried. By virtue of the individual's contract of employment, the employee is obliged to adhere to Vedanta's terms and conditions of employment (specific to Group or the subsidiary employing the individual), and is protected by national (where it exists) and international laws

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Term	Definition
	concerning labour and working conditions.
ICMM (International Council on Mining and Metals)	The International Council on Mining and Metals (ICMM) was established in 2001 and seeks to drive performance improvement through its members which comprise 20 mining and metals companies as well as 30 national and regional mining associations and global commodity associations.
IFC (International Finance Corporation)	Member of the World Bank that finances and provides advice to private sector ventures and projects in developing countries.
Non-conformance	A breach or deviation from a defined criteria in relation to established programmes, policies and standards, procedures, regulations etc. that has the potential to cause harm.
Operation(s)	A location or activity that is operated by a Vedanta Company and is part of the Vedanta Group. Locations could include mines, refineries, ports or transportation activities, wind farms, oil and gas development sites, offices including corporate head offices and research and development facilities.
Preventive action	An action from an audit, assessment or other evaluation that is identified and implemented to prevent the reoccurrence of an actual or potential non-conformance.
Resources	Resources may include financial, human and specialised skills, organisational infrastructure, plant, equipment and technology.
Risk	Combination of probability or frequency of certain hazardous occurrences and severity of impacts resulting from an occurrence.
Stakeholder	Persons or groups that are directly or indirectly affected by a project as well as those that may have interests in a project and/or the ability to influence its outcome, either positively or negatively. This can refer to shareholders, lenders, employees, communities, industry, governments and international third parties.
Sustainability issues	These are issues that Vedanta and its operations are required to manage on an on-going basis and which are part of the Vedanta sustainability model (responsible stewardship, stakeholder engagement and adding value). Issues include, but are not limited to, health, safety, environmental and social risk management, community relations, human rights, biodiversity, water management, HIV/Aids, product stewardship, stakeholder engagement, suppliers and contractor management etc.
Sustainability risks	Internal and external risks that could have significant impact on Vedanta and could include environmental risks, social risks, financial risks, economic risks, reputational risks, legal enforcement, operational risks and

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Term	Definition
	risks associated with acquisitions and joint ventures.
Vedanta Company	A subsidiary of Vedanta Group either fully or majority owned that has its own management structure (e.g. Hindustan Zinc Limited, Vedanta Aluminium Limited, Sterlite Industries limited, etc.)

4. PROGRAMME REQUIREMENTS

All Vedanta subsidiary companies and operations are required to follow the requirements listed below with regards to corrective and preventive action management.

4.1. Corrective and Preventive Action Management

- a) Vedanta Group shall have a Group system for managing actions that need to be addressed at/by Group (e.g. investor concerns, significant Group risks, Group audit findings etc.). The process shall ensure that corrective and preventive actions are taken as appropriate. The process shall ensure that actions are tracked; the actions are communicated to those potentially affected; and monitoring and verification mechanisms are implemented to ensure actions continue to be managed effectively.
- b) The Vedanta Group action management system shall also be consistent with the Group requirements of the *Incident Reporting and Investigation* Management Standard MS11 (including the tracking and close-out of actions arising from incidents and near misses).
- c) Vedanta Group shall appoint a nominated individual with responsibilities for managing the collection and collation of corrective and preventive actions.
- d) Corrective and preventive action processes at Vedanta Group level and Vedanta operations level shall meet requirements of IFC Performance Standards 1 to 8 as applicable, and meet the requirements of the *Auditing and Assurance* Management Standard MS12.
- e) Each operation/business shall have an equivalent corrective and preventive action process as outlined in Section 4.2 below.

4.2. Action Process

- a) Vedanta operations shall ensure a formal corrective and preventive action programme is in place that conforms with Vedanta Group requirements, Company and operation requirements, stakeholder requirements and regulatory requirements, as applicable.
- b) Operations shall define and document definitions associated with non-conformance, corrective and preventive actions.

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- c) Operations shall define activities and that have the potential to generate non-conformances and corrective/preventive actions. This may include, but not be limited to, non-conformances and actions associated with the following:
- Incidents and near misses (including grievances and stakeholder concerns);
 - Internal audits;
 - External audits by a third party (e.g. stakeholders and regulators)
 - Vedanta Group audits including self assessment questionnaires
 - Inspections;
 - Compliance assessments;
 - Management reviews;
 - Staff suggestions schemes.
 - Whistleblower procedures
- d) Operations shall develop and implement a procedure that outlines the roles and responsibilities associated with identifying and investigation non-conformances. These might include processes for:
- Identifying and recording non-conformances;
 - Communicating non-conformances;
 - Investigating and taking action to correct non-conformances;
 - Determining corrective and preventive actions;
 - Assigning roles and responsibilities for actions; and
 - Deciding upon, and approving, action timelines for completion and close-out.
 - Keeping aging reports for management review
- e) Operations shall ensure a process is in place to assign and track corrective and preventive actions.
- f) Preventive and corrective actions shall be communicated to relevant personnel.
- g) Actions taken shall be communicated to external stakeholders as appropriate.
- h) An escalation process shall be established for actions that become significantly overdue, specifying reporting lines and due process.
- i) Operations shall ensure periodic management reviews consider the effectiveness of action tracking and closure processes and identify opportunities for reoccurrence.

5. ROLES AND RESPONSIBILITIES

Vedanta Resources, subsidiaries, businesses, operations and sites shall ensure that roles and responsibilities for implementing and complying with this Standard are allocated. Key responsibilities shall be included in job descriptions, procedures and/or other appropriate documentation.

6. COMPLIANCE AND PERFORMANCE

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Each Vedanta operation shall ensure that it complies with the requirements of this Standard. Performance against the requirements of this Standard shall be assessed periodically, documented and, where required, reported to Vedanta Group. The assessment of performance shall include setting and reporting on key performance indicators (KPIs) where these have been established at Vedanta Group, Company or operation level and which meet the requirements as set out in the *Sustainability Data Management Technical Standard*.

The evaluation of performance shall include, as a minimum, confirmation that:

- A formal corrective and preventive process is in place;
- A Manager at the operation level has been assigned with ultimate responsibility and accountability for action tracking and close-out;
- Actions are being completed according to due dates (suggested Key Performance Indicator is number of outstanding actions and an aging report);
- Actions have been communicated to affected personnel.

7. SUPPORTING INFORMATION

Reference	Description
ICMM (International Council of Mining and Metals)	The ICMM has produced and published good practice guidance on a range of health, safety, environment and community issues relating to mining. http://www.icmm.com/library
International Finance Corporation Performance Standards (PS) and PS Guidance Notes	The IFC has published Guidance Notes to guide the implementation of the full range of performance standards. These are available on the website. The guidance is currently being updated and draft versions (V2) are available however these have not yet been finalised and formally published. http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards

8. REVIEW

This Management Standard shall be periodically audited and reviewed to determine its accuracy and relevance with regard to legislation, education, training and technological changes. In all other circumstances, it shall be reviewed no later than 24 months since the previous review.

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9. REFERENCES

Doc. Ref.	Title
MS 11	Incident Reporting and Investigation
MS 12	Auditing and Assurance