

Management Standard – Management of Change

Vedanta Resources Plc

Sustainability Governance System


Management Standard

Management of Change

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Management Standard – Management of Change

1. PURPOSE

The purpose of this Management Standard is to ensure changes that occur are effectively managed to ensure that sustainability performance is not impacted by the effects of change. This includes consideration of changes to corporate sustainability risks that could significantly impact Vedanta operations, activities and our stakeholders.

2. SCOPE

This Management Standard is mandatory and applies to all Vedanta subsidiaries and their operational or managed sites. This includes new acquisitions, corporate offices and research facilities and 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 |
|--|--|
| ALARP (As Low as Reasonably Practicable) | Consideration of the risk against the benefits or non-benefits that are needed to implement measures/controls to avoid the risk – where the cost (not just financial) of implementation of the measures is disproportionate to the benefits, it is not considered to be reasonably practicable. |
| Change | Any change to the organisation, the sustainability management system, operations, activities, equipment or materials which could impact on sustainability issues/risks. Examples of relevant changes include: new or modified technology, equipment, facilities or the work environment; new or revised procedures, work practices, designs, specifications or standards; new or revised exposure thresholds; and changes to organisational structures and staffing, including the use of contractors. |
| Change Management | The process to deal with changes to ensure sustainability risks are managed in an effective manner. |
| 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. |

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| 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 concerning labour and working conditions. |
| Hierarchy of Control | A system of controls to be applied in a particular order including avoidance/elimination, substitution, redesign and separation/isolation, training and, as a last resort, personal protective equipment (in the case of safety). |
| 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. |
| Materiality | Risks that are deemed to be relevant or significant to Vedanta and its stakeholders. |
| 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. |
| 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 such 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 interested 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 |

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| Term | Definition |
|----------------------|---|
| | 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 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

This standard sets out the minimum requirements to ensure that all proposed changes (and potential effects) are subject to the appropriate level of review, analysis and evaluation prior to acceptance (or rejection) and subsequent implementation within the business. The requirements ensure that the impacts from proposed changes are reviewed and acted upon and authorised by competent individuals.

All Vedanta subsidiary companies and operations are required to follow the requirements listed below with regards to management of change.

4.1. Operational Management of Change Process

- a) Vedanta operations shall ensure a formal management of change programme is in place to manage risks associated with planned or unplanned changes;
- b) The management of change programme shall consider permanent, temporary or incremental changes where these occur;
- c) The programme will consider, as a minimum, changes in the following:
 - Personnel (including contractors);
 - Operational activities/processes;
 - Known hazards and risks;
 - Plant and equipment;
 - Products and materials (e.g. chemicals);
 - Established processes and management systems;
 - Procedures or systems of working; and
 - Relevant documentation.

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- d) Operations shall define triggers (e.g. change in personnel, new plant or equipment) in relation to the above change situations and consider the need for different levels or stages of change management;
- e) For the management of each identified change, a proposal shall outline the reason for change, potential benefits, effects and impacts on operational processes or activities;
- f) The management of change proposal shall include consideration as to whether the proposed change is deemed to be 'significant' to the operation/project and has the potential to impact sustainability risks and or the operation/project. If the proposed change is not deemed to be 'significant' in nature by competent personnel and/or is considered to be a low risk routine change, the process shall ensure changes are approved and implemented by competent personnel as appropriate and in line with the requirements of this Standard;
- g) Where a proposed change is deemed to be 'significant', a management of change review team shall be established and a team leader assigned to manage the review process. The team shall consist of personnel equipped with the competencies to evaluate the proposed change and its impacts (e.g. senior managers and personnel from operational departments including, but not limited to sustainability/HSE, maintenance/engineering, facilities, etc.);
- h) The review team shall assess the effects and impacts associated with the proposed change and shall consider effects on, as a minimum, personnel, plant, equipment, sustainability-related critical systems and control measures, organisational competencies and operational documentation;
- i) The review process shall include further assessments or studies, as required, to understand the impacts associated with the change (e.g. risk assessments, HAZOP's, ESIA's, etc.);
- j) If the review team concludes that the effects associated with the proposed change contribute to an unacceptable high level of risk, the proposed change shall be referred for further scoping, redesign and evaluation or, where this is not feasible/acceptable, the proposed changes shall be rejected;
- k) Once a proposed significant change has been approved by the review team, the process shall ensure changes are approved, finalised and implemented by competent personnel as appropriate and in line with Sections 4.2 to 4.4 of this Standard. Additional reviews or assessments may be required to finalise the scope prior to implementation and to ensure the original change submission has not significantly altered in nature or created additional risks to the operation.
- l) As part of the management of change process, existing control measures that are in place for the activities/hazards or to prevent unwanted events shall be confirmed as remaining suitable for the revised equipment, process, organisation, substance etc. The risk assessment process as outlined in Management Standard MS02 *Stakeholder Materiality and Risk Management* shall be followed for this activity;
- m) Where a sustainability risk introduced by the change has increased and cannot be reduced to a level which is as low as reasonably practicable (ALARP) through the application of controls,

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the change shall not be authorised and an alternate solution identified where sustainability risk is acceptable (e.g. proposed new motor creates an occupational noise risk which exceeds acceptable exposure thresholds);

- n) Where an increased sustainability risk introduced by the change can be reduced to a level which is as low as reasonably practicable through the application of controls, the change shall be authorised. Action/Project plans to implement the changes should identify the corrective actions required (e.g. installation of pollution abatement on new emission source and emission source added to inventory of emissions monitoring and associated procedures). This shall include accountabilities and responsibilities, timescales for completion and, where appropriate, resource requirements and reporting and performance measures;
- o) Relevant documentation (including risk assessments, procedures etc.) shall be prepared in advance and issued following the implementation of changes;
- p) A register(s) or equivalent of significant management of changes shall be retained by the site to demonstrate the history of approved changes to equipment, processes, procedures etc.
- q) Management of change processes and documentation shall be reviewed on a periodic basis to ensure they remain relevant and appropriate to the Vedanta operation and its activities and that changes have been effectively tracked and implemented.

4.2. Competencies

- a) Operations shall ensure competent personnel are involved in the management of change process. This includes during the identification and evaluation of changes;
- b) Competent personnel shall authorise and approve all changes through confirmation that the residual risk is acceptable and shall have the authority to veto a change where sustainability risks introduced by the change are not acceptable and cannot be sufficiently mitigated to ALARP standard;
- c) Competent personnel shall be assigned with roles and responsibilities to implement, maintain and monitor the effectiveness of management of change processes.

4.3. Communication

- a) The outcomes of the management of change process, including the hazards, controls and action plan, shall be communicated to personnel who are exposed or potentially exposed to the hazards and any changes that have occurred;
- b) The management of change process shall identify where external stakeholder communications are required after a change has been approved and prior to, during and after implementation e.g. where changes have the potential to impact the environment or local communities, other stakeholders etc.

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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

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 local 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 management of change process is in place and it considers permanent, temporary or incremental changes where these occur;
- A register(s) or equivalent of significant management of changes is available
- A Manager at the operation level has been assigned with ultimate responsibility and accountability for management of change;
- Operational documentation (including risks assessments and procedures) have been updated to take account of changes where these have been identified;
- Changes are identified, evaluated and authorised by competent personnel;
- Action plans have been updated to take into account changes where these have been identified;
- Changes in hazards, risks, control measures and related documentation have been communicated to affected personnel.
- Stakeholder engagement and communication plans are available if deemed necessary for a particular change.

7. SUPPORTING INFORMATION

| Reference | Description |
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| Reference | Description |
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| 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 |
| ISO 31000:2009 | Risk Management -- Principles and Guidelines http://www.iso.org |

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.

9. REFERENCES

| Doc. Ref. | Title |
|-----------|---|
| POL 06 | HSE Policy |
| MS 02 | Stakeholder Materiality and Risk Management |
| TS 21 | Sustainability Data Management |