

# Technical Standard – Stakeholder Engagement

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**Vedanta Resources Plc**

**Sustainability Governance System**

**Technical Standard**


**Stakeholder Engagement**

## Technical Standard – Stakeholder Engagement

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# Technical Standard – Stakeholder Engagement

## 1. INTRODUCTION

The purpose of this Technical Standard is to establish the programme design, risk management controls and supporting information are in place to proactively manage and maintain Stakeholder Engagement and consultation for the Vedanta Group. The requirements are in conformity with the *Vedanta Stakeholder Engagement Policy* and international standard requirements.

## 2. SCOPE

This Management Standard is mandatory and applies to all Vedanta subsidiaries, operations and managed sites, including new acquisitions, corporate offices and research facilities. This Standard is applicable to the entire operation lifecycle (including exploration and planning, evaluation, operation and closure). This Technical Standard should be considered with reference to the *Vedanta Stakeholder Engagement Policy*.

## 3. DEFINITIONS

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

Term	Definition
Affected Party	Stakeholders who are affected by the company or operation, both positively and negatively. Within this it is possible to distinguish between those that are directly affected and indirectly affected by the company or operation.
Communication (with regard to stakeholders)	Dialogue between Vedanta and affected or interested parties. Communication is exchanging (giving and receiving) information. Communication enables Vedanta to convey the aspects, risks and opportunities of their operations, and to receive information from a range of stakeholder’s concerns, questions and suggestions shared in response.
Consultation	Consultation is not the same as communication although both are two-way processes. Consultation is purposeful and deliberately seeks input from stakeholders in order to shape relations and the development of programmes. It involves the business, key individuals, organisations and groups affected by or interested in the development and outcomes of the issue/process being discussed. The aim is to ensure mutual understanding and for all parties to be able to manage decisions that have a potential to affect all concerned. A good consultation process needs to be supported by a strong communication programmes.
Grievance	A concern, complaint or feedback raised by any stakeholder either affected or interested in company operations. Both concerns and complaints can result from either real or perceived impacts of a company’s operations.
Incident	An event or chain of events which caused or could have caused injury, illness, loss of assets or potential or actual damage to relationships or reputation.

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Interested Party	Persons or groups who, although not affected by the Vedanta Group or operations have an interest in or influence over Vedanta and its operations. This might include welfare organisations, non-government organisations, local businesses and political groups.
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.
Records of communication / consultation	Records of communication / consultation may include key e-mails, letters, newsletters, memorandums, complaints, opportunities for improvement, records of distribution/attendance, records of formal and informal meetings and records of commitments. Note: the businesses need to identify communications that are critical to ensure avoidance of risks (both to community and employees).
Representative Participation	Through stakeholder engagement all stakeholders and parts of society are represented and able to participate in dialogue with operations which they are directly impacted by or interested in.
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.
Stakeholder engagement	<p>An umbrella term encompassing a range of activities and interactions between Vedanta and stakeholders over the life of a project that are designed to promote transparent, accountable, positive, and mutually beneficial working relationships.</p> <p>Stakeholder engagement includes stakeholder identification and analysis, information disclosure, communication, problem/conflict anticipation and prevention, ongoing consultation, formation of partnerships, construction of grievance resolution mechanisms negotiated problem solving, employee involvement in project monitoring, regular reporting forums and procedures, and other related management activities.</p>
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.)
Vulnerable Groups	Individuals or groups within the project area of influence who could experience adverse impacts more severely than others based on their vulnerable or disadvantaged status. This vulnerability may be due to an individual's or group's race, sex, language, religion, political, or other opinion, national or social origin, property, birth or other status. In addition,

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Term	Definition
	other factors should be considered such as gender, ethnicity, culture, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

## 4. PROGRAMME REQUIREMENTS

All Vedanta subsidiary companies and operations are required to follow the requirements listed below with regards to the mechanisms for identifying, evaluating, preserving and protecting cultural heritage that may be impacted by a proposed Vedanta activity or operation.

### 4.1. Stakeholder Identification and Analysis

The premise for undertaking stakeholder identification and analysis is to identify and understand who might be directly or indirectly affected or interested in Vedanta operations, either positively or negatively as well as who can contribute to or hinder their success. Proactive stakeholder identification and analysis will enable operations to effectively manage their social risks and responsibilities and foster positive relationships and trust with the stakeholders for each operation.

The following processes will be put in place by all operations:

- a) At all stages of the project lifecycle, Vedanta will ensure that stakeholder identification, analysis and engagement are completed in a proactive manner and each stakeholder or group managed commensurate with the potential and relevant impacts, risks to stakeholders, and the associated risks to the project.
- b) Each operation will implement their own stakeholder identification and analysis processes, as the information gathered will need to be context specific and cannot be replicated from site to site.
- c) Operations shall identify and record the various individuals and groups who are affected or likely to be affected either directly or indirectly by operations, or who may have an interest in the operation.
- d) Operations will also identify potential stakeholder representatives, for example community leaders, who could act as conduits for both dissemination of information to large numbers of stakeholders and for the operations to receive information from them. The individuals or groups identified should seek to be representative of affected stakeholders (e.g. to include men *and* women, ethnic minorities and vulnerable groups). Furthermore, operations must be aware that identified individuals will be in a relative position of power within a group and samples of affected stakeholders must be approached to ensure that their views are being represented accurately.
- e) As part of the process above, operations shall identify individuals and groups who may be differentially or disproportionately affected by operations due to their disadvantaged, isolated or vulnerable status and consider specific and proactive communication routes for these groups.

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- f) Operations will then identify *how* stakeholders may be affected and the extent of both actual and perceived impacts and record these impacts against each group. Operations will look at key issues which are important to each group and areas which require further investigation and or communication. Where negative impacts are perceived by stakeholders, additional information and communication may be required to provide reassurance of the assessed level of impact.
- g) Using the information gathered above, operations will determine the level of communication and consultation that is appropriate for each stakeholder or group. From this information a Stakeholder Engagement Plan will be developed.
- h) Employees will always be considered as stakeholders although operations should develop separate processes for employee engagement regarding working conditions; including occupational health and safety (see *TS 02 Employee Consultation and Participation Technical Standard*).
- i) The stakeholder analysis process must be periodically refreshed and repeated, at least every two years or whenever there is a significant change to the operation, to ensure that the landscape of stakeholders is comprehensively represented, and that the perceived and actual impacts on those stakeholders remains understood and accurate.

Throughout the lifecycle of the project the Stakeholder Identification Analysis processes will be reviewed and updated if necessary taking into consideration feedback from stakeholders or when there are any significant changes to the project scope, size, activity, geography or a new or emerging stakeholder or stakeholder group is identified which was not previously reflected.

In order to identify all possible affected and interested stakeholders and stakeholder groups the following affected and interested parties as well as authorities will be considered, acknowledging that this is not an exhaustive list:

Tenant and neighbouring communities	Indigenous or tribal peoples with special ties to land or who have specific land, resources and cultural rights
Employee’s families	
Women, men, youth, minority groups and disadvantaged or disempowered regardless of income level or position in society	Both political and traditional tribal structures and leaders
People owning land or assets impacted by the project or identified for resettlement (both on and off-site)	Local government authorities National agencies including social and environmental
People using agricultural land or natural resources potentially impacted by the project	Commercial and industrial enterprises including suppliers, customers and contractors
People living on the existing site (whether they have title or not)	Unions including labour National agencies
In-migrants attracted to the project and its potential labour benefits prior to	Media

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implementation	Activist groups (local, national and international where relevant)
People from surrounding areas who may be potential sources of labour	Non-governmental organisations (local, national and international where relevant)
People’s organisations and institutions affected by the project such as village civil society groups, development associations, recreational groups, women’s groups, farming, fishing or other activity-based cooperatives, and religious groups	Artisanal or small-scale mining groups and individuals
	Research institutes and educational institutions

In addition to the process above, Vedanta will identify stakeholder representatives who may be used as main points of contact to make the flow of information both to and from interested and affected parties more efficient. It is essential, however, that these representatives are genuine advocates of the views of those they represent and do not isolate any groups or individuals. These representatives must be proposed by the stakeholders themselves rather than suggested by the company.

Stakeholder representatives may include elected public representatives of village, local or national councils, traditional or tribal representatives, such as village headmen or religious leaders. They could include leaders or chairmen of local cooperatives or other community-based organisations, NGO’s, women, farmers or women’s groups etc.

Vedanta will ensure that representatives provide adequate and equal representation to all members of society by talking directly to a sample of impacted and interested stakeholders to ensure that their views are being communicated and represented accurately.

In order to identify the potential impacts, concerns and risks that stakeholders may pose to each given project or experience themselves as a result of project development, the following questions must be considered and recorded to ensure that the range of stakeholders identified is comprehensive.

<p>Questions to discuss during the Stakeholder Analysis process:</p> <p>Who will be directly and negatively affected by the project (including environmental, social, health, safety, economic or any other negative impact)?</p> <p>Who will be indirectly and negatively affected by the project?</p> <p>Who will be directly and positively affected by the project (including environmental, social, health, safety, economic or any other positive impact)?</p> <p>Who will be indirectly and positively affected by the project?</p> <p>Whose permission is required for access to project areas?</p> <p>Whose cooperation, expertise or influence will be helpful to the success of the project?</p>
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Whose formal or official decisions may have an effect on the project?

Who has informal authority that might affect the project?

Whose opposition could be detrimental to the success of the project?

Who supports or opposes the changes that the project will create?

Who will be the most vulnerable, least visible and voiceless for whom special consultation efforts may have to be made?

Who will benefit from the project?

### 4.2. Stakeholder Engagement

Effective stakeholder engagement enables stakeholders to be appropriately engaged and informed of the environmental, social and other potential positive and negative impacts which could affect them through a process of information disclosure, consultation, participation and meaningful dialogue with the company. It supports the maintenance of a constructive relationship with stakeholders on an ongoing basis. Stakeholder engagement requires both resources and investment; however, when undertaken successfully it will reduce financial and reputational risk, operational delay, increase operational value and enhance the social benefits for communities. To achieve this goal, operations must implement the following:

- a) Stakeholder engagement will be based on values of proactive and transparent access to information for all stakeholders in a timely and consistent manner which meets the expectations of all affected and interested parties.
- b) Operations will prepare a stakeholder engagement plan including measures for consultation and participation and taking into consideration international, national and local regulations and requirements.
- c) Stakeholder engagement should begin at the earliest stage of project planning and continue through the life of the project. The nature and frequency of stakeholder engagement will vary from operation to operation and be prioritised depending on the risks to and adverse impacts on affected communities, the sensitivity of the environment and level of public interest.
- d) The Stakeholder Engagement Plan will contain an inventory of all key stakeholders identified through the stakeholder analysis process to ensure representative participation and include the relevant impacts, risks and interests of these stakeholders.
- e) The plan will include details of roles and responsibilities for carrying out stakeholder consultation activities. Operations will ensure that the appropriate personnel with relevant social or environmental background are hired and subsequently trained to undertake this work. In addition, management will be sufficiently engaged in the process, maintaining overall responsibility for the outcomes.

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- f) The plan will state how the activities will be coordinated and a schedule will be established for early and initial engagement as well as follow-up over the life of the operation. The plan will include the time and venue of any envisaged public meetings, the processes by which stakeholders are notified of meetings and how each interaction will be summarised and reported. Included will be information on how, how often, where and who will be engaged on what priority basis.
- g) The plan will include different means of consultation which are mutually agreed with the stakeholders and consider diversity of needs amongst stakeholders including cultural considerations. As part of this process, stakeholders should be able to provide comments and recommendations on the draft Stakeholder Engagement Plan. The plan will be revised based on initial public consultations to streamline the process, and then periodic review over the life of the project to ensure that processes remain appropriate.
- h) Information will be given in local languages and in a timely, relevant, understandable and accessible manner which is in a culturally appropriate format ensuring that any vulnerable people are also considered, for example minority groups or displaced persons.
- i) Engagement will be free of manipulation, coercion or intimidation.
- j) Employees shall also be considered as stakeholders and will be engaged specifically regarding any risks with regard to environment, worker health and safety, public health and safety and other social impacts on communities with proposed mitigation plans (through the application of the *Employee Consultation and Participation Technical Standard*).
- k) All stakeholders should be made aware of their options for communicating with Vedanta operations outside the routine stakeholder engagement and consultation processes when and as stakeholders feel it is required.
- l) There will be a robust process for recording and tracking any stakeholder engagement activities including meetings, questions, actions, agreements and promises or any other relevant information to ensure that this is maintained and followed-up in a timely manner regardless of any rotation or transitions in the Vedanta stakeholder engagement teams.

In order to create an informed Stakeholder Engagement Plan, initial baseline research must be undertaken which includes:

A review of regulatory requirements regarding stakeholder consultation (frequently referred to as public participation)

Understanding of levels of bribery and corruption, transparency and political governance

A review of any Social Assessments that have been undertaken including information on local power dynamics, social cohesion and the ability for groups to discuss their concerns openly

The number of people living or using land on or around the project area

Common types of economic livelihood and levels of income

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Levels of literacy, cultural diversity and vulnerability (including the status of women)

Customary means of consultation and decision making

Whether the area has any legacy or present conflicts or public issues

Proximity to indigenous groups, reserves, cultural heritage or protected areas

Illegal, artisanal or small-scale mining activities

NGO presence and focus

This information will be used as a baseline and to inform greater understanding of the stakeholder engagement needs.

Using the information gathered above, a Stakeholder Engagement Plan shall be developed including:

- Country and regional specific regulations and requirements for public consultation
- An inventory of key stakeholders, their relationship to the project and potential/actual impact
- A schedule for the disclosure of project information
- A summary of the types of engagement methods to be used (e.g. formal and informal meetings, project posters, pamphlets, events, etc)
- Prompts for review and evaluation of the Stakeholder Engagement Plan to incorporate project learning, any incident close-outs and feedback from stakeholders
- Estimated budget for consultation activities (including resources, meetings, transportation, subsidies for poor and vulnerable groups to attend public meetings, distribution of materials etc)
- Roles and responsibilities for carrying out engagement activities
- Protocols for recording the minutes of meetings
- Measures and timelines for reporting and recording any engagement activities
- Key project messages which will be communicated to stakeholders
- Common questions and answer briefing sheets to prepare communities and project employees for planned and unplanned stakeholder consultation

### 4.3. Incident Reporting and Recording

- a) Vedanta will ensure that there are systems in place to report and record any communities question, complaint, grievance or incident. All complaints, grievance and incidents will be

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investigated using consistent processes and findings including actions reported back to relevant stakeholders for their comment.

- b) Vedanta will ensure that any communities meeting, promise or significant interaction is recorded for continuity (to allow for rotation or turnover of key staff) and for the protection and satisfaction of both the community and the company.
- c) Communities incidents and concerns will be discussed within wider employee meetings and employees will be invited to share and report any community concerns or incidents in relation to the company.

### 4.4. Training

Training must be provided for managers, all other employees, contractors and visitors in the company's policy on Stakeholder Engagement, relevant to their exposure and responsibilities which includes as a minimum:

- Expected behaviours when interacting with the community and stakeholders
- Stakeholder Engagement principles
- Roles and responsibility for Stakeholder Engagement (including key internal and external stakeholder contacts)
- Incident reporting procedures
- Recording procedures for all other types of community engagement activities (such as meetings, agreements etc).

## 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 they comply with the requirements of this standard. Performance against meeting 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*.

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

- Each operation has a Stakeholder Engagement Plan which includes evidence of the Stakeholder Identification and Analysis process;
- Stakeholder Engagement Plans are updated when there is significant change to the operation, community grievance or incidents;
- Stakeholder resource requirements are included as line items in annual plans, capital and operational expenditure forecasts and committee meeting agendas;
- Roles, responsibilities and accountabilities have been clearly defined and documented for Stakeholder Engagement activities;
- Operations have evidence that they have sought feedback on Stakeholder Engagement processes to make improvements where possible.

### 7. SUPPORTING INFORMATION

Reference	Description
ICMM (International Council of Mining and Metals)	<p>The ICMM has produced many best practice documents on a range of health, safety, environment and community issues relating to mining including a Materials Stewardship Toolkit which covers Stakeholder Engagement and assessment of Stakeholder Engagement performance.</p> <p><a href="http://www.icmm.com/library">http://www.icmm.com/library</a></p>
International Finance Corporation Performance Standards Guidance Notes	<p>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 are available however these have not yet been finalised and formally published.</p> <p><a href="http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards">http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards</a></p>
International Finance Corporation Good Practice Manual	<p>The IFC has published a Good Practice Manual on ‘Doing Better Business Through Effective Public Consultation and Disclosure’</p> <p><a href="http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_pubconsult/\$FILE/PublicConsultation.pdf">http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_pubconsult/\$FILE/PublicConsultation.pdf</a></p>
International Finance Corporation Good Practice Handbook (2007)	<p>The IFC has published a Handbook for Stakeholder Engagement: A good practice Handbook for Companies Doing Business in Emerging Markets</p>

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Reference	Description
	<a href="http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_StakeholderEngagement_Full/\$FILE/IFC_StakeholderEngagement.pdf">http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_StakeholderEngagement_Full/\$FILE/IFC_StakeholderEngagement.pdf</a>

### 8. REVIEW

This Technical 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 12 months since the previous review.

### 9. RELATED DOCUMENTATION

A summary of the references and supporting documents relevant to this document is provided in the following table.

Doc. Ref.	Document name
POL 04	Stakeholder Engagement
TS 02	Employee Consultation and Participation
TS 08	Conducting ESIA's to International Standards