



WORKING TOGETHER GROWING TOGETHER



ONE VISION. ONE VEDANTA



WORKING TOGETHER GROWING TOGETHER

Individually, one can take rapid strides, but together we can take giant leaps. Individually, one can achieve unidimensional growth, but together we can pursue well-rounded and sustainable development.

At Vedanta, we believe that the outcome of working collectively is always greater than the sum of its parts. That is why, we rigorously practise the philosophy of 'working together, growing together'.

The three imperatives that govern our business approach are conversation, collaboration and creation of shared value.

Over the years, we have been meticulously building symbiotic relationships with our stakeholders. This year was no different. We formed public-private partnerships to mount high-impact community interventions, collaborated with community to achieve greater goals, worked hand-in-hand with our suppliers to enhance their sustainability quotient and continued to ensure fair value for our employees and shareholders.

We synergised strengths and interwove all facets of the triple bottom line to create a strong fabric of inclusive growth.

ONE VISION. ONE VEDANTA

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ABOUT THIS REPORT

Welcome to our eighth Sustainable Development Report, which is prepared based on Global Reporting Initiative (GRI) G4 - 'in accordance' - Core guidelines and is mapped to the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs).

It reports our approach and disclosure towards triple bottom line principles - people, planet and profit over the financial year 2015-16. More information about our reporting can be sought at the back cover of the report.



Visit our interactive online Sustainable Development Report 2015-16 at sd.vedantaresources.com/SustainableDevelopment2015-16



VEDANTA AT A GLANCE

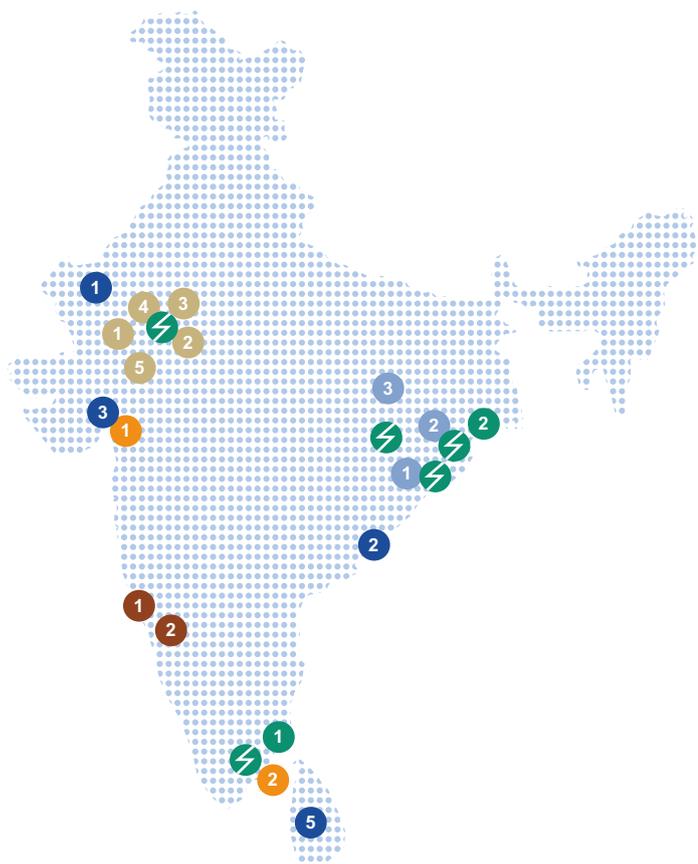
Vedanta Resources is a London Stock Exchange listed, globally diversified natural resources Company with interests in Zinc, Lead, Silver, Copper, Iron Ore, Aluminium, Power, and Oil & Gas.

Our operational footprint spans four continents encompassing India, Zambia, Namibia, South Africa, Liberia, Ireland, Sri Lanka and Australia.

Our exploration portfolio follows a history of consistent geological discovery. With a business model of growth, constant value creation and improved operations, our vision is focussed towards building the wealth of all our stakeholders and sustainably engaging the communities we operate in.

A FOOTPRINT SPANNING FOUR CONTINENTS

India and Sri Lanka



Ireland



Australia



Africa



Our key operations include

Zinc-Lead-Silver

- 1 Debari smelter
- 2 Chanderiya smelters
- 3 Rampura-Agucha mine
- 4 Rajpura Dariba mine & smelters and Sindesar Khurd mine
- 5 Zawar mine
- 6 Skorpion mine, Namibia
- 7 Black Mountain mine, South Africa
- 8 Lisheen mine, Ireland*

Oil & Gas

- 1 Rajasthan block
- 2 Ravva (PKGM-1) block
- 3 Cambay (CB/052) block
- 4 South Africa block
- 5 Sri Lanka block

Iron Ore

- 1 Iron ore operations - Goa
- 2 Iron ore operations - Karnataka
- 3 Iron ore projects - Liberia

Copper

- 1 Silvassa refinery
- 2 Tuticorin smelter
- 3 Mt Lyell mine, Australia**
- 4 Konkola and Nchanga copper mines & Nchanga smelter, Zambia

Aluminium

- 1 Lanjigarh alumina refinery
- 2 Jharsuguda smelters & power plants
- 3 Korba smelters & power plants

Power

- 1 MEL power plant
- 2 SEL

Captive thermal power plant

* Lisheen had safe, detailed and fully-costed closure after 17 years of operation in November 2015 | ** Under care and maintenance

ONE VISION. ONE VEDANTA

Our Core Values

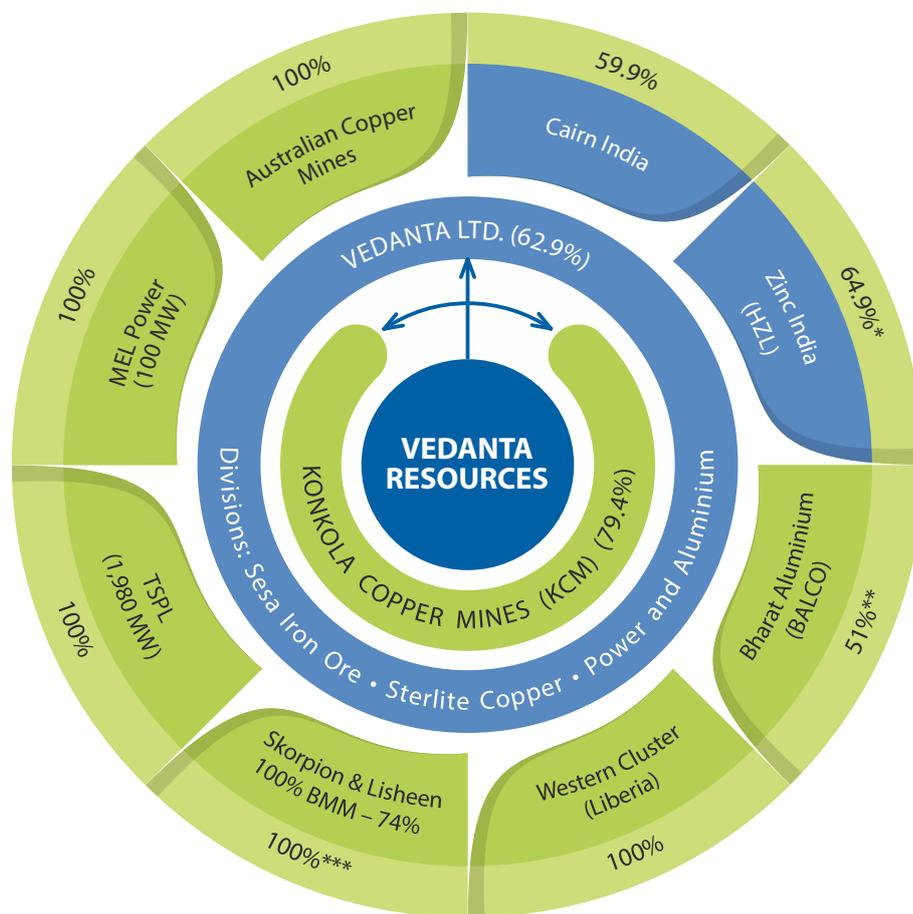
Trust | Entrepreneurship
Innovation | Excellence
Integrity | Respect | Care

Our Core Purpose

Vedanta is a globally diversified natural resources Company with low-cost operations. We empower our people to drive excellence and innovation to create value for our stakeholders. We demonstrate world-class standards of governance, safety, sustainability and social responsibility.

We demonstrate our commitment to our purpose by delivering high-quality assets with low operational costs and keeping sustainable development at the core of all that we do.

DIVERSE BUSINESSES BOUND BY A COMMON PURPOSE



● Listed entity ● Unlisted entity

Note: Our subsidiary Sesa Sterlite Ltd. was renamed Vedanta Ltd. in April 2015. The name change from Sesa Sterlite to Vedanta Ltd. positions us as a united and aligned identity, strengthening the linkage between our global businesses and communities.

* Option to increase stake to 94.4% | ** Option to increase stake to 100%
*** Zinc International

Vedanta operates across the value chain, undertaking exploration, asset development, extraction, processing and value addition with a primary focus on upstream operations. For a detailed account on how we add value across our chain, refer our comprehensive sustainability report.

OVERVIEW

TRIPLE BOTTOM LINE HIGHLIGHTS

We evaluate our performance in a broader perspective by creating greater value across social, environmental and financial aspects.

ENVIRONMENT



SURPASSED TARGETS
for water and energy saving



ZERO CRITICAL INCIDENTS
TWO YEARS IN A ROW
(category 4 & 5)



SCORED 98 C
against the industry average of
84 C in CDP Climate Change Report - UK



23% WATER RECYCLED
as compared to 20% in FY 2014-15

47% FLY ASH RECYCLED
as compared to 31% in FY 2014-15



Preliminary Tailing Risk Assessment (Internal)
COMPLETED ACROSS THE GROUP



Implementation of
BIODIVERSITY ACTION PLANS



NATIONAL ENERGY CONSERVATION
AWARDS IN VARIOUS CATEGORIES
bagged by BALCO smelter - Jharsuguda
and HZL- Zawar mines



48 OUT OF 52 SITES
are ISO 14001 certified, remaining four sites
to be certified by FY 2016-17

SOCIAL



Focus on
ZERO HARM
(Minimising environment footprint.
Safeguarding workforce and communities)



Reaching out to
2.25 MN BENEFICIARIES
across 1,000+ villages



Vedanta Ltd. and HZL ranked among India's
TOP 10 SUSTAINABLE FIRMS BY CII



Alignment with
SUSTAINABLE DEVELOPMENT
GOALS IN PROGRESS



Benchmarking exercise
completed on our approach of
'SOCIAL LICENCE TO OPERATE'



Lisheen mine closure
WORLD-CLASS
REHABILITATION PROCESS
in consultation with local authorities



9.4% FEMALE EMPLOYEES
as compared to 8.6% in FY 2014-15



Signatory to
UNITED NATIONS' WOMEN'S
EMPOWERMENT PRINCIPLES



Hosted the maiden
SUSTAINABLE DEVELOPMENT DAY
in London

ECONOMIC



US\$ 10.7 BN
Revenue with a final dividend
of 30 US cents per share



HZL announced the highest ever dividend by
an Indian private sector company
US\$ 1.8 BN
(including dividend distribution tax)



US\$ 3.2 BN
contributed towards taxes and royalties



Direct and indirect employment for
67,000 PEOPLE
with preference from neighbouring community



US\$ 37 MN
investment on community development



Support to
'MAKE IN INDIA' CAMPAIGN



Hindustan Zinc Limited
WORLD'S SECOND LARGEST
integrated Zinc and Lead producer
Indian market share - 79%



Cairn India - one of
INDIA'S LARGEST
private sector Oil & Gas Company
Indian market share - 27%



Konkola Copper Mines, one of the
LEADING PRIVATE EMPLOYER
in Zambia



Vedanta Aluminium
INDIA'S LARGEST
Aluminium producer
Indian market share - 47%

SUSTAINABILITY RANKING

**“Vedanta is at the forefront
of Environmental, Social and
Governance (ESG) practices
in India.”**

Seema Arora, Executive Director of CII-ITC



Vedanta Ltd. and HZL have been ranked among the
Top 10 Sustainable Companies of FY 2015. Both
companies have been conferred with 'Platinum Label',
the highest rating accorded by Sustainable Plus.



**sustainable
plus platinum**

Sustainable Plus is India's first and only corporate
sustainability label launched by CII-ITC Centre of
Excellence for Sustainable Development (CESD)
which credits businesses based on the principles of
transparency, responsibility, and accountability.

FROM THE CHAIRMAN'S DESK



**BY WORKING TOGETHER, GROWING TOGETHER,
WE CAN ACHIEVE CO-DEVELOPMENT OF
COMPANIES AND COUNTRIES; OF ECONOMY
AND ECOLOGY; OF COMMUNITIES AND PRIVATE
ENTERPRISES; AND OF ALL OUR STAKEHOLDERS.**

The natural resources sector can truly accelerate a nation's development agenda. The sector can boost manufacturing and build infrastructure in remote geographies, generate large-scale employment and significant revenue for nations globally. Vedanta stands committed to contribute to the growth story by advancing across the triple bottom line.

PEOPLE

I am a strong advocate of Vedanta's philosophy of proactively engaging with the communities and operating through 'free and informed consent'. It is the community's right to know all facets and probable outcomes of a project before granting it their consent. This also gives us the opportunity to share with the community the benefits that our business will usher in for them, walk them through a roadmap and set realistic expectations. It is important to protect the human rights of communities and our employees.

Our people are our biggest assets. I came across a lot of potential during my interactions with the Vedanta team across the world. It is our responsibility to nurture this talent and provide growth opportunities to enable and empower them to become our future leaders.

Although we have improved our safety record over the years, I am deeply saddened that twelve of our employees and contractors lost their lives. My heart goes out to the loved ones of these individuals and I give my personal assurance that fatalities will be eliminated and serious injury rates will be reduced drastically to be in line with our vision of zero harm. Understanding the causes of harm and prevention, will be my ongoing priorities.

PLANET

The priority is not just to focus on zero harm but also to ensure zero discharge and zero waste. The approach to achieve this is by harnessing the potential of technology and innovation.

Technological interventions and concentrated efforts have helped us surpass our water and energy targets.

We are signatories to the Paris Pledge for Action and are updating our carbon strategy and exploring innovative ways to reduce carbon emissions. As corporate citizens, we are committed to address the climate change challenge with the same vigour as we pursue economic and social development.

PROSPERITY

Sustainable development is a responsibility, to be resourced and focused on, in all economic conditions. This year, while the markets were weaker than we have seen in many years, our commitment remained unabated.

We continued to make an important contribution to our communities, through job creation, payment of taxes, creating access to resources



We work closely with communities in the regions where we operate and aim to align our priorities with those of our host governments.



This year, Vedanta scored 96 in the Indian edition of the CDP Climate Change Report and bagged a position in the Indian Climate Disclosure Leadership Index (CDLI). Our score in the UK edition has been a remarkable 98 as against an industry average of 84.

Vedanta plays a significant role in being at the forefront of sustainable mining and exploration and we should continue to strive for sustainable growth and adding value to our stakeholders.

As a purpose-driven organisation - we value and empower our people, care for the planet and aim to achieve prosperity for all our host countries, including India whose potential in natural resources can make the country self-sufficient.

A ZERO HARM ENVIRONMENT IS OF FUNDAMENTAL VALUE TO US AT VEDANTA AND I URGE ALL MY TEAMS TO CONTINUOUSLY IMPROVE ON THIS.

We, at Vedanta, are fortunate to have some of the best assets in the world. With relentless focus on exploration, the quality and quantity of our reserves have grown multifold. Being the lowest cost producer has always been our operating mantra while we leverage these assets to their full potential.

and enabling strong linkages to other industries. We empowered local communities and aligned our focus areas with the priority needs of nations.

The focus was on developing local economies and communities through partnerships with more than 250 NGOs, local Governments, academic institutions and private hospitals. I am personally engaged in promoting projects which benefit children and empower women.

One such project is to construct 4,000 modern Anganwadis which serve as welfare centres for women and children. This modern concept is called Nand Ghar. We have signed an MoU with the Ministry of Women and Child Development in India for this project which is in line with the Prime Minister of India's vision of Beti Bachao Beti Padhao (Save Girl Child, Educate Girl Child), Digital India, Swachh Bharat (Clean India) and Skilling India.

With the support of the government, we will offer skill development to women and basic healthcare through mobile medical vans. In Africa, our community development programmes include providing infrastructure such as schools and hospitals.

Our commitment towards 'Social Licence to Operate' goes beyond the regulatory compliance and helps us to make targeted contributions to local communities; continue to minimise our impact on air, water and land; and maintain an active dialogue with our stakeholders.

We are on the right path of this sustainability journey. The teams have worked diligently and I commend their efforts which have placed Vedanta among the top ten sustainable companies in India.

With the guidance of the Board Sustainability Committee, I am looking forward to further improve our occupational health and safety performance. Our goal is to achieve long-term alignment of interests between all stakeholders for the creation of long standing sustainable value.

We are committed to build a strong relationship with you and all our stakeholders, because we at Vedanta firmly believe that the only way forward, is together.

■ ANIL AGARWAL | CHAIRMAN

CEO'S STATEMENT



Over 757,700 hours of safety training were delivered to employees and contractors.



OUR COMMITMENT GOES BEYOND REGULATORY COMPLIANCE AND IS FOCUSED ON DEVELOPMENT AND GROWTH OF A WIDE NETWORK OF STAKEHOLDERS, INCLUDING EMPLOYEES, BUSINESS PARTNERS AND HOST COMMUNITIES. WE FOLLOW A PHILOSOPHY OF 'WORKING TOGETHER, GROWING TOGETHER', WHICH REINFORCES OUR SOCIAL LICENCE TO OPERATE.

Natural resources can fuel a nation's economy and enhance the lives of its people. Mining companies are the long-term custodians of these resources and are positioned at the beginning of manufacturing supply chain, benefiting the society and the nation.

SAFEGUARDING SYNERGIES | RESPONSIBLE STEWARDSHIP

Stewardship, not ownership, defines our approach. As a natural resources Company, we take responsibility for three critical resources – financial, environmental and human resources. This translates into the culture of 'Zero Harm' that we strive for across the organisation. I believe there is always room to improve an organisation's health, safety and environment performance and this continues to be a top priority for the organisation.

Last year, we introduced six safety standards across the Group and we made impressive progress in implementing them. We have piloted a Safety Leadership Transformation programme to empower line leaders to take better decisions by foreseeing the risks and implementing risk mitigation measures. Our businesses have implemented various behavioural and technical programmes to further strengthen the safety culture in the organisation.

Despite these efforts, we've unfortunately had 12 fatalities among our employees and contractors. That's 12 too many, and it's a commitment by me, our Board, and the management team to eliminate serious accidents. We are doing even more to eliminate these fatalities especially with respect to contractor fatalities.

Mother Earth has blessed us with abundant natural resources and it's our responsibility to put these resources to prudent and sustainable use. Water and energy are two such critical resources that need greater focus today from resource conservation and climate impact perspective. I am pleased to report that we surpassed our water and energy conservation targets and have further improved our water recycling rate to 23% this year, from 20% the year before.

Climate Change is a rapidly growing concern globally, and we must innovate to improve energy efficiency and find more carbon-neutral solutions. Our innovation efforts are focussed on enhancing our energy efficiency, and we hope to work with the Indian government and other institutions on clean coal technology. We are also charting out a long-term Carbon strategy for our businesses. Given the acute power shortage in Zambia, at KCM we have taken a special drive to reduce average power consumption, achieving a 7% reduction over the last 6 months in FY 2015-16.

I am happy to inform that Vedanta Ltd. and HZL have emerged as one of the Indian leaders in the Indian Climate Disclosure Leadership Index (CDLI) released by CDP India.

In the reporting year, we set a new world record by planting over 200,000 trees in an hour across a 200-acre site in Punjab, India.

A world-class closure of our Lisheen mine in Ireland is a testimony of our continued commitment to leave a positive legacy in the community and mine sites where we operate. Our Gamsberg project site is located in an ecologically-sensitive area and we have taken due care to protect and preserve this unique biodiversity.

Operational excellence is a critical dimension of responsible stewardship and I see innovation as a key enabler to achieve this objective. We have launched a web platform 'Eureka' to nurture and incubate the in-house innovation and technology development with special emphasis on waste products such as fly ash, red mud and slag materials utilisation for road building, construction materials, and other applications for a growing India.



Retained zero 'critical' incidents status for the second year in a row. (category 4 & 5)



Held our maiden Sustainable Development Day in London where we engaged with a select group of stakeholders that included socially relevant investors, lenders and analysts.

We work closely with communities in the regions where we operate and strive to align our priorities with those of our host governments. We also touch lives of our employees by contributing a fair share of value, learning platforms and growth opportunities. Significant progress has been achieved in further developing the Vedanta Sustainability Assurance Programme (VSAP) protocols.

We adopt global leading practices and leverage the power of innovation to minimise the environmental impacts of our operations. Specific policies, processes, standards and targets have been formulated to manage various environmental aspects.

A HOST OF SYSTEMATIC ENGAGEMENT PROGRAMMES HAVE BEEN INTRODUCED TO IDENTIFY, ANALYSE AND INTEGRATE VARIOUS PRIORITIES OF OUR STAKEHOLDERS INTO OUR GROWTH STRATEGY.

Vedanta continues to make a unique and powerful contribution to the economic and social development of the nations that host us. To this end, we introduced our holistic Sustainable Development Model and charted out Group-wide sustainability targets.

ALIGNING INTERESTS | BUILDING STRONG RELATIONSHIPS

It is crucial that we maintain an on-going and transparent dialogue with all our stakeholders in order to build strong relationships that will allow our business to succeed and maintain our 'Licence to Operate'. Local communities have the right to participate in the decision making and we are committed to the principle of Free, Prior Informed Consent. We have taken further steps to maintain an open dialogue with those who have an interest in Vedanta. We continue to remain proactive on publishing our Tax Transparency report.

The foundation of all of this remains an unerring commitment to uphold human rights and raise standards of living. We are guided by our Code of Business Conduct & Ethics and Human Rights Policy, which are closely aligned with the UN Guiding Principles on Business and Human Rights. We work hand-in-hand with governments, communities, local & global NGOs as well as industry bodies such as CII, FICCI and WBCSD. The objective is to deepen our positive impact and align our goals and actions with high priority areas of the nation.

NURTURING INTERDEPENDENCIES | ADDING AND SHARING VALUE

Vedanta seeks to make a substantial contribution to economic growth both at a local and national level. We invested US\$ 37 mn in community development initiatives aimed at driving economic empowerment and social equality, benefiting approximately 2.25 mn people.

Many of our social impact projects have been completed in tandem with state authorities and local groups. In India, our Nand Ghar project is

unprecedented and unparalleled both in its scope and scale to modernise and revamp 4,000 Anganwadis (childcare centres) across India. In Zambia too, our community initiatives focussed on areas such as malaria prevention, sustainable agriculture, school, clinics and community healthcare are creating positive impacts. These projects really do have the potential to change lives across the country.

At a time of slowing economic growth around the world and challenging conditions in our sector, we continue to implement our social programmes.

REINFORCING TRUST | STRATEGIC COMMUNICATION

We must continue to earn the trust of local communities and national governments. For that reason, clear and timely communications that our stakeholders understand and relate to are of paramount importance. In May 2015, we launched a new logo and released our Core Purpose and Core Values, capturing our continued commitment to people, planet and wider prosperity. This was followed by the launch of our 'Power of One' campaign in June 2015 to promote our unified brand identity.

I hope, you find this report useful and informative. As always, we welcome your feedback and look forward to your continued support.

■ TOM ALBANESE | CEO

OVERVIEW

GLOBAL CONTEXT

The world, as we see it today, would not have been possible without leveraging the rich resources, nature has bequeathed to us. The resources we bring to the market serve as building blocks of modern progress. Iron ore forms the bedrock of infrastructure; copper is used to connect people through telecommunications and in lifesaving medical devices; and aluminium is used across a myriad of products. In addition, we generate electricity that lights up the lives of millions and our crude oil is an essential component of thousands of secondary products.

We keenly observe global megatrends with a view to contribute towards addressing global economic, social and environmental challenges and opportunities. Enumerated below are some of such global issues which need immediate attention and Vedanta's contribution towards each of these issues.

CLIMATE CHANGE



At Vedanta, we have been doing our bit through a two-pronged approach; finding more carbon neutral solutions as well as emphasising energy efficiency through innovative technology.

Climate change is one global challenge that looms large at the possibility of sustainable development. Fortunately, there is a growing consensus on global warming and its repercussions on life and business as usual. In December 2015, 195 countries signed a historic agreement at COP21 in Paris towards limiting global warming to below 2° Celsius. This agenda is a mammoth task and necessitates participation from all quarters. It is crucial for each country to provide the right incentives for the development and diffusion of climate-friendly processes and practices.

We report our GHG emissions as per the requirements of the World Business Council for Sustainable Development (WBCSD), World Resource Institute (WRI) and Carbon Disclosure Project (CDP). We have met our energy saving target for this year and are on a continuing journey to improve upon all aspects of Sustainable Development.

We are committed to intensify our responsibility towards reducing carbon stress by leveraging the power of ingenuity and technology. We are in the process of formulating a strategy on Climate Change that is aligned with the Intended Nationally Determined Contribution (INDC), for the countries in which we operate. Our long-term strategy focusses on diversification of our energy portfolio and water sources, at all operations where it is physically and economically feasible.

DOWNTURN IN COMMODITY MARKETS



In the reporting year, we furthered our thrust on innovation to drive operational excellence by instituting an 'Innovation Task Force' chaired by our CEO.

Given the recent commodity market volatility, with price fall recording a multi-year low for most of the commodities, these are testing times for the mining industry globally. Our diversified business model and low cost portfolio of assets, give us the resilience to manage this volatility.

We are focussed on optimising costs and generating industry leading margins due to the suit of world-class and low-cost assets in Zinc, Oil & Gas, and Iron Ore. Besides, we are focussing on reducing capex, while preserving growth options and generating efficiencies across the business to survive the weak price environment.

The objective of our Innovation Task Force is to increase the number of patent filings to have commercial control over innovation, bring down cost of production by bringing disruptive technology like use of nanotechnology and advancing in-house technological innovations in areas of exploration, processing, waste disposal and new product development.



We recognise that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.

Excerpt from the United Nations' 2030 Agenda for Sustainable Development.



India's GDP can expand by a whopping 27%, if the number of female workers increases to the same level as that of men.

Christine Lagarde | Managing Director - International Monetary Fund

AS A GLOBALLY DIVERSIFIED NATURAL RESOURCES COMPANY, IT IS NATURAL FOR US TO BE PART OF THE POSITIVE CHANGE WE WISH TO SEE IN THE WORLD.

POVERTY & INEQUALITY



A vast majority of our operations are located in economies which require a fillip such as India and Africa. We align ourselves with their needs and contribute to economic and social development.

Vulnerability to exploitation, susceptibility to violence, social and economic stratification persisting over generations - the consequences of poverty are far worse than what meets the eye and they can impede a country from progressing in all aspects. We believe mining sector can and should contribute significantly to reduce poverty, through creation of direct & indirect jobs, empowerment of neighbouring communities and contribution to economy.

We provide employment to 67,000 people through our operations and also create opportunities for downstream industries to generate jobs for millions. A case in point is our proposed plug-and-produce aluminium park in India, which will attract a large number of aluminium-based industries in the state of Odisha, generating significant revenue as well as creating direct & indirect employment in the region. Similarly in Africa too, we empower youth with high-paying jobs; KCM invests in building capabilities of the youth in Zambia and then absorbs them.

We are also equally determined towards raising the social status of our neighbouring communities through focussed interventions in strategic growth enablers like education, healthcare and skill building, over and above paying our dues to the state and central governments.

US\$ 640_{mn}

Contribution towards wages/salaries, pension and other

US\$ 3.2_{bn}

Contribution in the form of taxes

US\$ 37_{mn}

Contribution towards various CSR projects

GENDER DIVERSITY



Vedanta practices and promotes equal opportunities. Gender diversity within workforce, and CSR initiatives with over 38,000 women beneficiaries highlight our commitment towards women empowerment.

Women hold up half the sky. If empowered, they have the potential to not just change the face of the society, but also contribute to economic growth of the country.

We represent one of the highest numbers of women in senior management in the industry.

Our Board has 12.5% representation of women and has set a target to reach over 33% by 2020. This diversity focus is visible across hierarchies and functions. In a male dominated sector like mining, five women in Vedanta Resources' Aluminium manufacturing plant in Lanjigarh are in-charge of the two most important departments - central control room laboratory and distribution control system. This is not just a one-off case, but part of a well thought out group-wide strategy to appoint women in key revenue generating roles at the leadership level.

We are also signatory to the 'CEO Statement of Support' for the United Nations' Women's Empowerment Principles.

9.4%

women representation in our total employee strength FY 2014-15: 8.6%

OVERVIEW

OUR STRATEGY & APPROACH

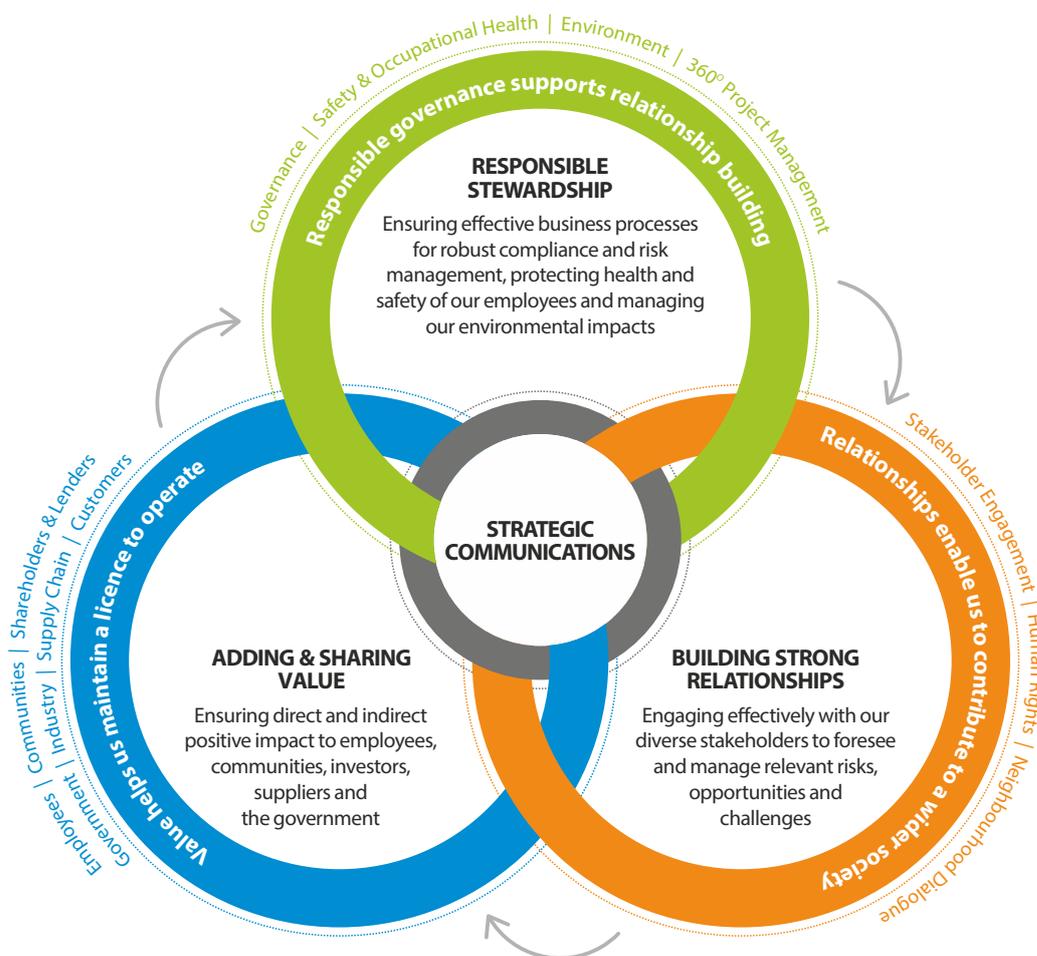
Our Sustainable Development Model resides at the heart of our business strategy. Developed keeping in mind multiple sustainability imperatives - materiality and core values of Vedanta, UNGC's 10 principles, United Nation's SDGs and standards set by International Finance Corporation (IFC), ICMM and OECD - the model acts as a driving force behind every intention, decision and action at Vedanta.

In 2011, we instituted the Sustainable Development Model recognising three pillars - Responsible Stewardship, Building Strong Relationships and Adding & Sharing Value - as our stepping stones to advance in our sustainability journey. In the recent past, we added a fourth pillar, Strategic Communications, reflecting our reinforced commitment towards greater transparency, deeper engagement and responsible advocacy.

Together, these four pillars are playing a critical role in ensuring long-term growth for our businesses, sharing long-term value for all our stakeholders and validating our licence to operate.

Our Sustainable Development Model is underpinned by a Sustainable Development Framework that helps each business put the model into practice. The Framework comprises a number of policies, standards and guidance notes directing consistent and systematic management of sustainability performance across businesses.

Over the years, this collaborative growth model has enabled us to channelise our commitment towards the community, country and conservation, into strategic outcomes.



For further details on Sustainable Development Framework, refer page no. 19 of Governance Section.

MATERIALITY

We conducted a comprehensive group-wide materiality process comprising identification of material sustainability topics, prioritisation of these topics and verification of our analysis.

This meant commissioning an external consultation process with six groups: Shareholders and Lenders, Industry (suppliers, customers and peers), Civil Society (NGOs and other organisations), Governments, Employees and Communities. To get the management perspective, internal leadership and operational management workshops combined with interviews and ranking exercises were conducted. This formed the basis for us to guide the consensus on, and prioritisation of, material issues to be managed, measured and disclosed through our sustainability reporting process.

This exercise lent us a universe of aspects unique to different stakeholders, which were sieved through two measures: 'Relevance to Vedanta's Stakeholders' and 'Relevance to Vedanta Management'. What emerged as key material aspects are an eclectic mix of sustainability issues that impact or are relevant to us and our stakeholders.

This year, we revalidated these material aspects by mapping them with our various engagement outcomes and found consistency with previous year's materiality in majority aspects.

MATERIALITY MATRIX

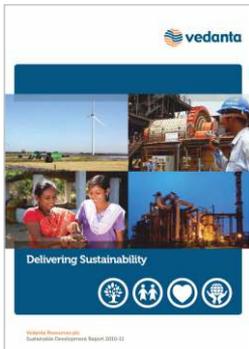


MATERIAL ASPECTS

Outcomes from these engagements are plotted on the matrix above, with the top-right corner indicating highest priority issues. We have considered the highest priority issues for both our stakeholders and us, as the scope for this year's reporting. We have also mapped each aspect with the internal and external stakeholder sets that get impacted by the relevant aspect.

SUSTAINABLE DEVELOPMENT JOURNEY

In the journey of ensuring sustainable development for us and our stakeholders, we have surely come a long way. Be it investing our time and resources in introspecting our actions or formulating blueprints for collective growth, be it adopting tried and tested systems or thinking out of the box, be it aligning our standards with industry benchmarks or charting our own records - we have taken significant strides in ensuring long-term growth for all stakeholders.



FY 2010-11

Bringing in a Board-led Sustainability Committee

Chaired by an independent director

Introducing the Sustainable Development Model

Responsible Stewardship, Building Strong Relationship, Adding & Sharing Value

External Review (URS - Scott Wilson)

To review Vedanta's approach to sustainable development



FY 2011-12

Integrating the Sustainable Development Model

with business strategy

Partnering with Independent Consultant

to build Vedanta Sustainable Development Framework - policies, standards and guidance notes

Rolling out Vedanta Sustainable Development Framework (VSF)

to implement the model - policies & standards as per IFC, ICMM and OECD guidelines

Gap Analysis (Internal)

to map the existing practices with the VSF



FY 2012-13

Rolling out Vedanta Sustainable Development Framework continues

along with internal gap analysis in support and consultation with business management teams

Businesses started embedding Vedanta Sustainable Development Framework

integrating existing management systems with VSF

Group-wide training on Vedanta Sustainable Development Framework

with train-the-trainer approach

Introducing Vedanta Sustainability Assurance Programme (VSAP)

an annual internal review mechanism to measure VSF implementation

Over the years, we have evolved to a performance-driven phase. Sustainability goals have become an indelible part of our business targets. A deeper sense of ownership is felt across businesses, departments and individuals of Vedanta. This has translated into concrete outcomes, maximised value and reinforced trust.



FY 2013-14

Businesses started embedding Vedanta Sustainable Development Framework

training and implementation of policies and standards

External Review Concluded (URS - Scott Wilson)

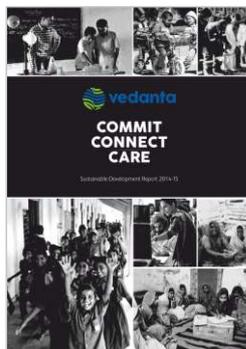
all recommendations got successfully closed

Sustainability linked with Remuneration

sustainable development KPIs linked to executive remuneration

Vedanta Sustainability Assurance Programme (VSAP) into its Second Year of Implementation

supported by external auditors



FY 2014-15

Introducing 'Strategic Communications'

as a new pillar of our Sustainable Development Model

Rolling out of Vedanta Sustainable Development Framework continues

introduction of safety performance standards, formal safety risk assessment, industrial hygiene baseline assessment and safety leadership coaching

VSAP into its Third Year of Implementation

revised as per the material priorities, supported by external auditors

Environment & Social Review of VSAP started

external review

Revisiting our Community Need Assessment Studies

aligning all community projects with updated studies



FY 2015-16

Environment & Social Review of VSAP continued

external review

VSAP into its Fourth Year of Implementation

revised as per the material priorities with more emphasis and focus on safety by inclusion of safety performance standards, supported by external auditors

Advancing Accountability

by incorporating safety performance standards into executive remuneration

Social Impact Assessment Studies - HZL & Cairn India

aligning all community projects with updated studies

ROADMAP & PROGRESS

Targets lend us speed, direction and focus to touch base with our sustainable development priorities more efficiently. Our roadmap sets challenging annual targets on issues material to us and our stakeholders. The roadmap is reviewed every year with a view to understand our triple bottom line performance and lacunae, and appropriately alter both our actions and targets to advance on our sustainable development journey.

Objectives & Targets FY 2015-16	Status	Performance FY 2015-16	Objectives & Targets FY 2016-17
OCCUPATIONAL HEALTH & SAFETY			
Achieve zero fatal accidents	●	12 fatalities (8 in India and 4 in Africa)	Achieve zero fatal accidents
Re-establish LTIFR base performance as per the recently released ICMM reporting guidelines and enable future reduction in LTIFR targets	●	All businesses updated their safety KPI definitions as per ICMM reporting guidelines	Focus on eliminating fatalities and reducing High Potential Incidents
Implement Safety Performance Standards: >75% of critical elements in the standards to be implemented across the business	●	All businesses are implementing the safety performance standards wherein audits were initiated this year. The average score was 51% with significant improvements shown later in the year	Implement Safety Performance Standards: >75% of critical elements in the standards to be implemented across the business
Implement Safety Interactions at two businesses in addition to HZL	●	Safety Interaction was included as a part of Leadership Safety Programme i.e. Managing Better Risk Decision (MBRD) which was piloted at Jharsuguda and Sterlite Copper businesses	Rolling out of Leadership Safety Programme i.e. Managing Better Risk Decision in other businesses
Understanding Occupational Health Risks - Performing a baseline assessment across the aluminium businesses	●	Baseline assessment exercise has been started at Vedanta Ltd. - Aluminium operation	Performing baseline assessments for two other businesses
ENVIRONMENT			
Water Savings - 2.39 mn m ³	●	All businesses implemented their water resource management plan and flagged off initiatives which have led to a water saving of 7.16 mn m ³	Water Saving: 2.1 mn m ³
Energy Savings - 0.88 mn GJ	●	Internal benchmarking and technological process intervention led to energy savings of 0.94 mn GJ	Energy Saving: 1.5 mn GJ
Report on Scope 3 Emission by 2016	●	Scope 3 data for Business Travel, Employee Commute, Inbound Logistics and Outbound Logistics is being tracked on a periodic basis. We are working on improving data reliability and robustness	Scope 3 emissions account for a minuscule share in our carbon emissions mix, hence it is not material for a 2016 target
Continue to monitor new projects and site closure as per the sustainability framework	●	All projects, Vedanta Ltd.- Lanjigarh and HZL-expansion of SK mine, Rampura Agucha & Zawar mine, are being managed as per Vedanta Sustainability Framework guidelines	Continue to monitor new projects and site closure as per the sustainability framework
By 2016, all sites to have Biodiversity Management Plans (BMPs) in place	●	We have made a considerable progress in this regard. All our operations now have a formal BMP in place except Cairn India, KCM and Sesa Iron Ore, where work is in progress	Implementation of BMPs
Exploring opportunities and areas to increase the fly ash utilisation rate	●	Fly ash recycling rate has improved to 47% from 31% last year. The Businesses have recycled the fly ash inventory in applications like road making, cement and brick making	To continue exploring opportunities and areas to increase the fly ash utilisation rate

Objectives & Targets FY 2015-16	Status	Performance FY 2015-16	Objectives & Targets FY 2016-17
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ENVIRONMENT

NEW TARGETS	GHG Emissions		To realign the Group's Energy & Carbon Policy in line with COP 21 outcomes
	Biodiversity		Capacity building (selected professionals) on Biodiversity Management including ecosystem services
	Management of Tailings and Water Storage Facilities	Preliminary Risk Assessment (internal) completed across the Group	Independent expert to review the high priority facilities

COMMUNITY RELATION & STAKEHOLDER ENGAGEMENT

All sites to complete need assessment and pilot studies on social audit for Indian businesses	●	Need base assessment completed for all sites. The Social Impact Assessment completed for major Indian sites - Cairn India and HZL	Social Impact Assessment studies to be continued for remaining sites
Roll out of SAP-based programme management tool for community grievance management and stakeholder engagement	●	SAP - Stakeholder & Grievance Handling System rolled out	Implementation and utilisation rate of the SAP System to be increased
Capacity building and refresher course - e-Learning module on Code of Conduct to be implemented	●	e-Learning module on Code of Conduct launched for all Indian operations	Ensuring 100% coverage of Code of Conduct training for all employees

HUMAN RESOURCES

To include 1,000 eligible employees for the Technical Assessment	●	As part of Technical ACT UP initiative, assessment of 937 eligible employees completed	Institutionalising Technical ACT UP process across Vedanta Group Companies	
Plan Phase II for covering next 50 high potential stars for the intensive programme grooming next generation talent for leadership role	●	Structured programme of 'Internal Growth Workshops Initiative' to identify new leaders in various functions across Group Companies was initiated. So far in this programme, 100 new leaders have been identified and given significantly higher roles and responsibilities	Identification of high potential employees across professional population and grooming of next generation talent Focus on performance and measurement for top 150 leaders	
NEW TARGETS	Continue to focus on the same diversity objective of 15% women hiring	●	More than 15% of female professionals joined Vedanta	Continue to focus on the same diversity objective of 15% women hiring
	25% women representation at the Vedanta Board Level by 2016 (all appointments to be made on merit)	●	In this regard, although we have not met our target for women directors, we continue to build on diversity in leadership roles and have made a number of senior female appointments during the year	33% women representation at the Vedanta Board Level by 2020

● Not achieved ● In Progress / Partially achieved ● Achieved

SAFEGUARDING SYNERGIES

Nothing exists alone in nature. Nothing can exist alone in nature. By basic definition, nature comprises systems and subsystems. As a responsible corporate citizen, it is our prime responsibility to ensure we nurture these symbiotic relationships and design our interventions in a manner that this dynamic system can correct itself. We therefore pursue a goal of Zero Harm, nurture human capital and have responsibility, integrity and transparency, inbuilt into our operations.

EXTERNAL REVIEW
OF VEDANTA SUSTAINABILITY
**ASSURANCE
PROGRAMME**



ZERO
HARM CULTURE

98 C
SCORED IN CDP-UK
(SECTOR AVERAGE: 84 C)



GOVERNANCE

131

whistle blower cases reported & resolved



We run our business with a high degree of transparency and advocate strict adherence to ethical standards in all stakeholder interactions. With operations in multiple countries, a business that is built around diverse natural resources and a team drawn from several nationalities, we realise that we run a business of great complexity. That is why, our Board of Directors emphasises on the importance of a robust governance framework that is both locally responsive and internationally compliant. We have well-defined reporting structures with clearly allocated responsibilities and responsive feedback mechanisms to ensure that we operate transparently, efficiently and with integrity.

Our Board complies with the UK listing requirement according to which, at least half of the Board, excluding the Chairman, should comprise independent Non-executive Directors. At the date of this Report, the Board includes eight members comprising three Executive Directors and five independent Non-executive Directors. As a result, there are adequate safeguards for the protection of minority shareholder interests. The Board comprises Directors from diverse international backgrounds combined with a wide range of professional and sector-specific experience. This ensures that we have a balanced Board with the right skills and experience to contribute fully to effective decision-making. The Board is responsible to shareholders for ensuring that the Company is appropriately managed and achieves its objectives. The details of the Board's responsibility, composition, training and evaluation is detailed in our Annual Report.

We abide by internationally accepted standards and good practices such as ICMM, IFC and OECD guidelines. Our 'Code of Business Conduct and Ethics' provides a set of principles to guide our employees, while our Sustainable Development Framework outlines best practice standards and policies that encourage consistent improvement across functional areas.

Our governance philosophy is steered by a 'looking beyond compliance' approach. This helps us plan, design, operate and close operations in a manner that enhances sustainable development. We regularly engage international consultants to audit our sustainability practices and provide feedback on areas where we are doing good, and areas where we need to improve.

CODE OF BUSINESS CONDUCT AND ETHICS



MATERIAL ASPECT

'Ethics and Integrity' is a material issue for both, our management team and stakeholders. We are committed to a zero tolerance approach towards fraud, bribery and corruption.

Our Code of Business Conduct and Ethics meets and exceeds the laws of the land and is rigorously followed by all employees across the organisational hierarchy. Our listing and reporting requirements in the UK raises the bar on various governance aspects such as:

**Human Rights | Insider Trading | Political Contributions
Conflicts of Interest | Confidentiality | Fraud, Bribery & Corruption**

The Code was updated to comply with the UK Bribery Act, which prohibits payment and receipt of bribes directly or indirectly through associated persons.

We plan to review and update the Code again in the forthcoming period to reflect the recently introduced UK Modern Slavery Act 2015, where appropriate. Other relevant policies like our Insider Trading Prohibition Policy and Antitrust Guidance Notes relating to Disclosure of Sensitive Information etc., are publicly available on our website and are incorporated into contracts where relevant.

Employees are expected to adhere to the highest standards of integrity and even minute violations are responded with external investigation and prompt action. The Audit Committee assists the Board in maintaining and monitoring the integrity of the Group's financial statements, assessing the effectiveness of the Group's risk management system and internal controls, and the independence and objectivity of the external auditor. In order to carry out its duties effectively, the Audit Committee receives high quality and detailed information from management, and internal & external auditors, which is reviewed and discussed by the Audit Committee as required. All business units are periodically reviewed for risks related to corruption and bribery.

Under our Whistle Blower Policy, employees and external stakeholders are provided a mechanism (toll free number, email id and a reporting portal) to anonymously report inappropriate behaviour. Between January and December 2015, 131 whistle blower cases were reported and resolved, of which 58 were upheld and found correct, resulting in appropriate disciplinary actions against our employees, contract workforce and vendors including separation, warning, counselling and transfer.

To ensure that all employees are well-versed with our Code, mandatory training is provided for new recruits, and refresher workshops for anti-corruption policies and procedures are conducted for relevant employees.

This year, we provided more than 42,200 hours of training on Code of Conduct including Human Rights aspects.



As we lead by good governance in our areas of operation, we also prescribe the same standards of ethics to our associates across the value chain. Suppliers & contractors being significant contributors to our performance footprint, we have institutionalised a dedicated accountability mechanism for them.

Supplier Code of Conduct, Supplier and Contractor Management Policies, and Supplier Screening Checklist encourage business partners and suppliers to adopt principles and practices comparable to our own.



For details, refer our comprehensive SD Report, <http://sd.vedantaresources.com/SustainableDevelopment2015-16/>

RESPONSIBLE STEWARDSHIP

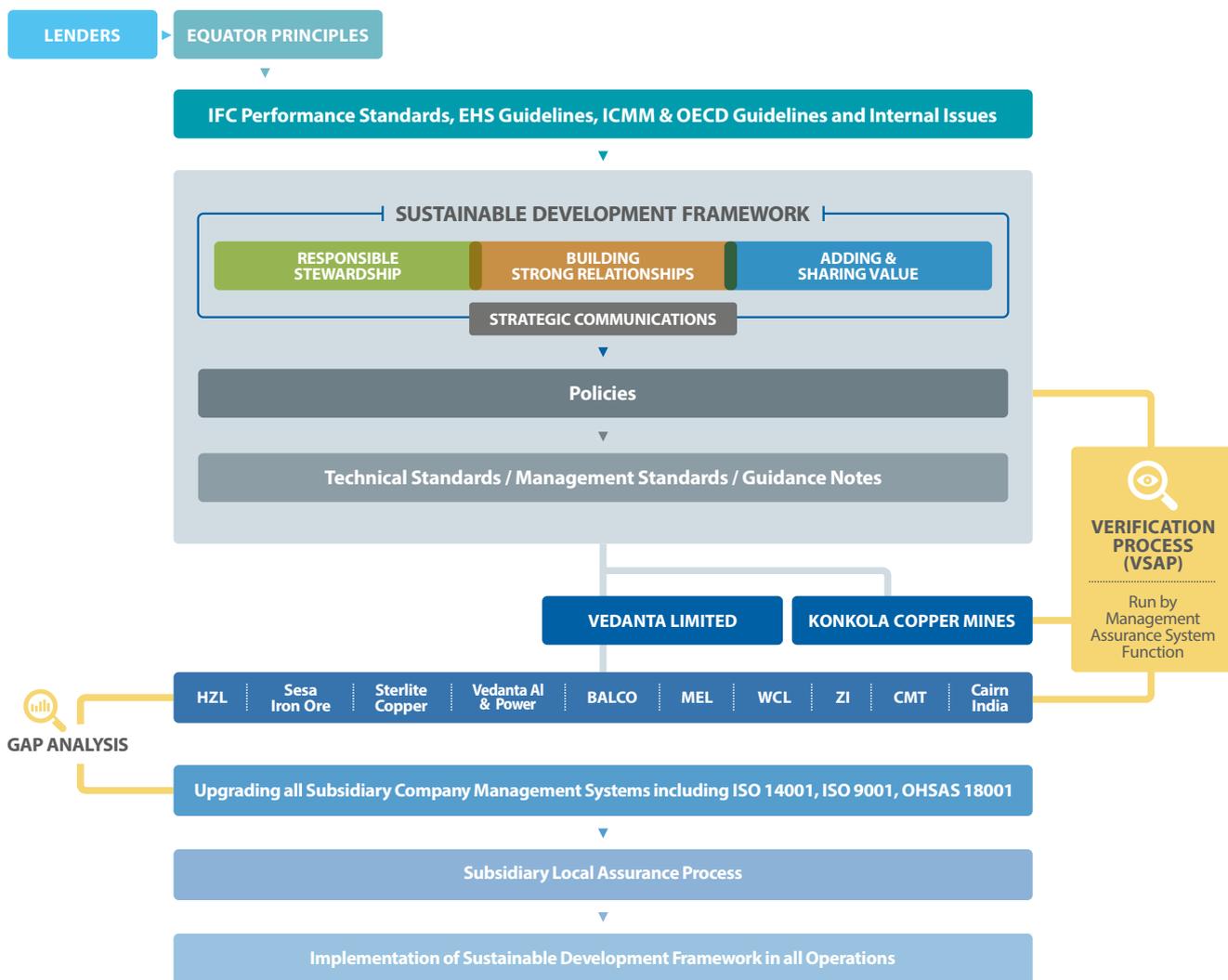
FRAMEWORK & IMPLEMENTATION

The Framework

We rolled out our Sustainable Development Framework in FY 2012-13. Since then, it has continuously evolved to remain in step with emerging global standards, varying local contexts and evolving stakeholder expectations.

Over the years, it has served as an effective tool to unify Vedanta's sustainability approach across diverse geographies and businesses. While the framework works as a standard, it also allows us the flexibility to fine-tune responses in dealing with local challenges and sensitivities.

The Framework governs conduct of all our businesses. Every decision we take, is sieved through the indicators of the Framework to ensure that we remain safe, ethical and transparent at all times. To ensure compliance with the Framework, we have put in place an internal risk management tool namely Vedanta Sustainability Assurance Programme (VSAP). As a result of a follow-up audit process, review and implementation of action plans, all businesses have charted sustainability objectives in line with our Framework requirements and monitor performance at regular intervals.



Our Sustainable Development Framework is aligned with major global guidelines including International Finance Corporation and International Council on Mining & Metals (ICMM) guidelines. It is an integral part of our business strategy and helps ensure we conduct business in line with our Company values of trust, entrepreneurship, innovation, excellence, integrity, respect and care - whatever the jurisdiction.

805,324
man-hours of
HSE training provided

The Implementation

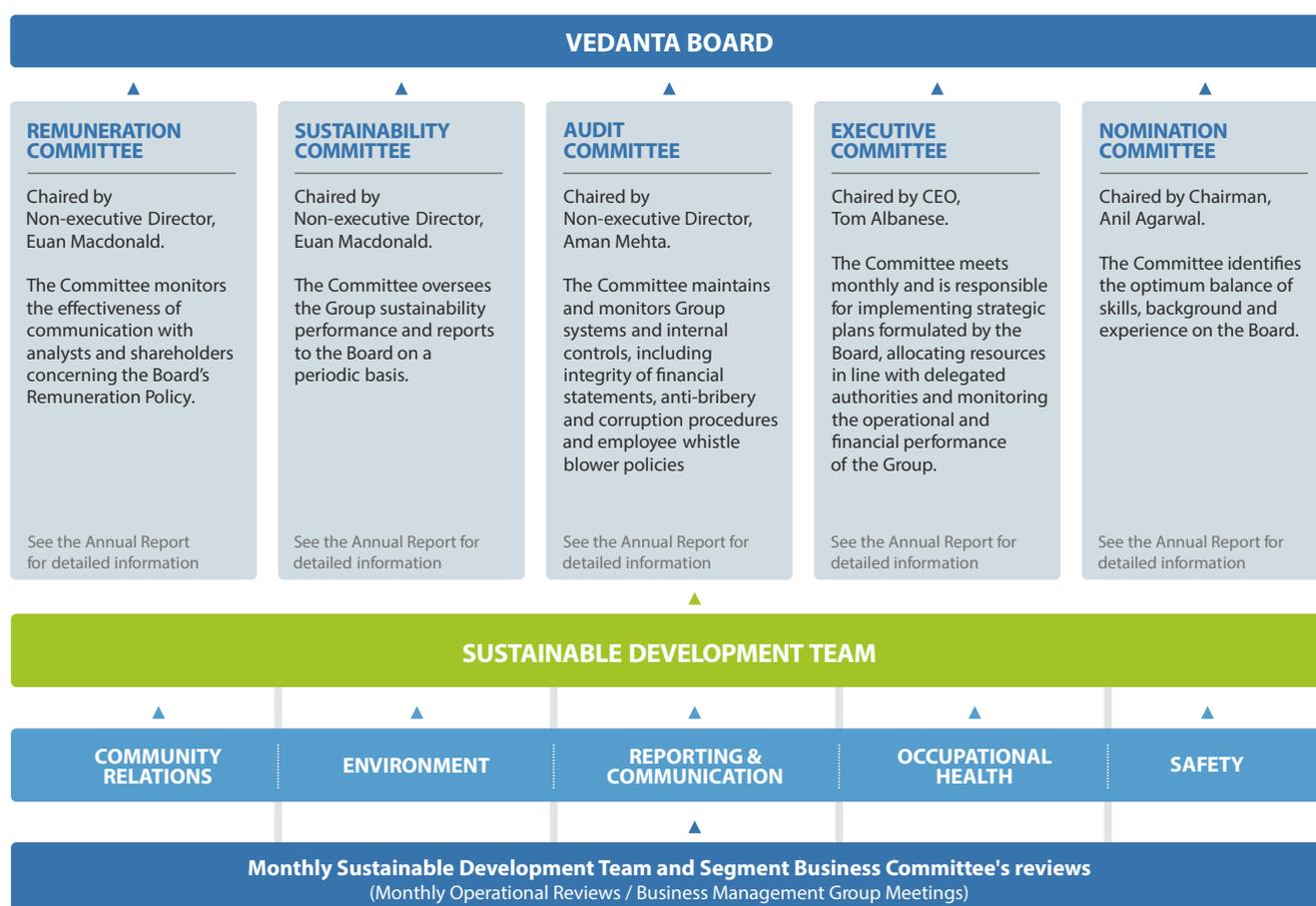
Our accountability towards sustainable development runs deep within the organisation. Our Board of Directors provides strategic perspective and steers the business in line with the commitments made to various stakeholders. Our Sustainability Committee and Executive Committee regularly review the sustainability objectives, strategy and performance of the Company. These committees are ably supported by our Corporate Sustainability Team. Complementing these principal committees, are our additional committees as well as dedicated functions at the business and location level.

The implementation of the Framework will not just advance our business outcomes, but also enable sustainable development of our neighbouring communities. We therefore fully recognise the principles of sustainable

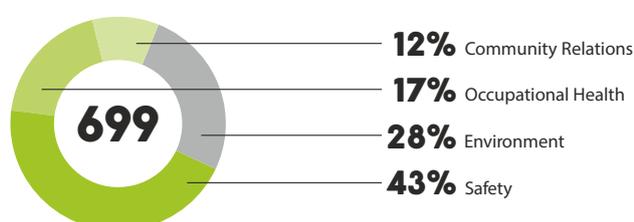
development as a material driver of good practice, sustainable business and stakeholder satisfaction.

Sustainability training has been institutionalised across the Group. HSE and CSR modules are part of the training calendar for each employee. Over and above this, training on sustainability framework is offered to employees as and when required. Various e-learning modules and refresher training courses are also offered round-the-year. Last year, we provided 805,324 man-hours of HSE training out of which 175,034 man-hours were slotted for employees and 630,290 man-hours were dedicated for contract workforce.

Our Board comprises eight Directors, and more than 50% of them are independent.



No. of People with Sustainability Responsibilities across the Group



Ensuring sustainable development is a key business responsibility at Vedanta and specific resources have been dedicated across businesses towards this purpose. Expected outcomes are clearly defined at the beginning of a financial year. Monitoring and management mechanisms ensure continuous improvement. Continuous internal auditing offers a quantitative view of achievements against objectives and keeps our sustainability development programmes on track.

The Framework is taking us closer to our goal of keeping sustainability inherent in all our business decisions.

RESPONSIBLE STEWARDSHIP



The resources that are mined not only contribute to the growth of nations, but are essential for developing host communities. Sustainable development is a core element of Vedanta's strategy and supports its growth as a diversified natural resources Company. Vedanta's Sustainable Development Model and Framework embedded in the operations, are helping the Company ensure a sustainable future of our business operations, meeting our growth targets, and creating long-term value for all stakeholders.



■ **EUAN MACDONALD** | CHAIRMAN, SUSTAINABILITY COMMITTEE

THE SUSTAINABILITY COMMITTEE REPORT

Summarised below are key areas of intervention of the Sustainability Committee:

FRAMEWORK	SAFETY & OCCUPATIONAL HEALTH	ENVIRONMENT	SYSTEM DEVELOPMENT AND PERFORMANCE REPORTING	COMMUNITY RELATION AND ENGAGEMENT
<ul style="list-style-type: none"> Review progress made on Sustainable Development Model and Framework Review implementation of the action plan emerging from Vedanta Sustainability Assurance Programme Review & approve sustainable development objectives, targets, initiatives, charters and partnerships 	<ul style="list-style-type: none"> Review Group safety incidents and performance Oversee implementation of action plans with respect to fatal accidents Ratification of Group's safety performance standards Review of Safety & Occupational Health interventions 	<ul style="list-style-type: none"> Oversee the Group's initiatives to reduce specific water and energy consumption Review carbon benchmarking and renewable purchase obligation Review fly ash management plans and statistics Review biodiversity initiatives and action plans 	<ul style="list-style-type: none"> Review performance evaluation of the Sustainability Committee and terms of reference Review and approve the Group's Sustainable Development Report 	<ul style="list-style-type: none"> Update on Sustainable Development Goals and UK Modern Slavery Act Oversee implementation of strategic CSR projects Review progress on the Group's Human Rights initiatives Review important stakeholder engagements



To view the complete Sustainability Committee Report, refer our Annual Report FY 2015-16

RISK MANAGEMENT

Our Risk Management Framework has been designed to identify, enumerate, monitor and address diverse and complex risks that challenge the sustainability of business.

We use a Turnbull Risk Methodology to identify potentially significant business risks and detail them at the site or location-level. These risks are then collated and reviewed first at the company level, and then at the corporate level. Business priorities are determined at the corporate level, taking into account all three dimensions of sustainability i.e. economic, social and environmental.

Our Risk Management Framework

The risks that we monitor include those with the potential to cause significant environmental, social and economic impact, dilute reputation/brand equity, trigger litigation, contravene statutory principles and impact the interests of our stakeholders. Each quarter, our Risk Management Committee formally reviews risks, examines the suitability of the mitigation measures and advises the Board-level Audit Committee on the same.

Key sustainability risks form part of our principal risks and uncertainties identified by the Board and can be found in the Annual Report.

VEDANTA SUSTAINABILITY ASSURANCE PROGRAMME

Following the launch of the Vedanta Sustainable Development Framework, we recognised a need to regularly review and measure the way in which our diverse businesses implement the Framework. To ensure consistent and objective assessments in this regard, we launched the Vedanta Sustainability Assurance Programme (VSAP). Developed in-house with the help of external consultants in FY 2012-13, VSAP has

been instrumental in making sustainable development intrinsic to every activity across the Company.

VSAP is now an annual assurance process led by Management Assurance Team with the help of external consultants, with clear tracking of results by the Sustainability Committee and the Executive Committee, which in turn report to Board. The respective businesses define and implement action plans to address any gaps that are identified, and the progress with respect to those action plans is periodically reviewed, evaluated and documented.

We periodically review and update the VSAP scoring methodology to give more weight to some priority aspects. For example, as part of this year's VSAP process, we have modified the scoring methodology to give special consideration to the six Safety Performance Standards, reflecting our focus on Group's safety performance. We use a scoring system and allocate a score to each operation for every aspect like environment, health, safety, community and human rights. Success stories are also identified and highlighted, as part of creating opportunities for cross-learning and shared across businesses via HSE and CSR forums, meetings, and other channels. Over the years, VSAP has evolved with marked effectiveness in below areas:

Accountability Enhancement

- VSAP scores are discussed at Sustainability & Executive Committees' meetings
- VSAP and safety performance is linked to the remunerations of all employees including business leaders

Standardised Process across Businesses and Geographies

Robust Process of CAPA Validation



SAFETY & OCCUPATIONAL HEALTH

MATERIAL ASPECT

100%
periodic medical
examinations

757,718
man-hours of safety training
FY 2014-15: **756,000**

When it comes to Safety, we ask ourselves some really tough questions. Why should zero harm just be our number one priority, why can't it be our second nature? Why should the virtue of wellness just be taught to our employees, why can't it be extended to their families?

Due to the inherent characteristics of its operations, the natural resource industry is continuously grappling with Safety & Occupation Health risks; and so are we. This challenge compounds in a geographically diverse business like ours, where attitude towards health and safety vary. But we are determined to foster a culture of Zero Harm by seeding a string of concerted interventions which include adherence to international best practices, deployment of robust infrastructure and institutionalisation of safety ownership at every level of the organisation - from boardroom to shop floor. Over the years, a steady incline has been observed in the effectiveness of our safety systems. All businesses are implementing the safety performance standards and audits were initiated this year.

The average score was 51% with significant improvements shown later in the year. The Group Safety Performance Standards are enabling normalisation of best practices across all our operations.

Despite our best intentions and actions, we still had the misfortune of facing fatalities in FY 2015-16. This has only further steeled our safety resolve. We are now more rigorous in assessing job hazards and are translating risk mitigation plans to practice with a fanatic zeal.

Our aim is to thrive together. High employee productivity should be a by-product of safer work environment and superior occupational health practices.



ZERO HARM CULTURE

Safeguarding the well-being of our workforce is our highest priority. The goal is to entrench a Zero Harm culture across businesses by ushering in a paradigm shift in the way safety is perceived and practised at Vedanta.

This drive to embed 'safety' as a value system is helmed by our senior management. Our Chairman as well as our CEO fiercely advocate Zero Harm culture by personally engaging with employees on a regular basis. Safety & Occupational Health are prime elements of the Vedanta Sustainability Assurance Programme.

To ensure that our safety values trickle down, we enthuse, educate and encourage every member of our workforce to embrace safety wholeheartedly. Safety & Occupational Health is a mandatory module in our HR training programme and periodic workshops are conducted to enhance safety awareness and knowledge among employees and contractors. Over and above our businesses, our subsidiaries too run robust on-site training programmes for both employees and contract workforce.

To boost accountability, the progress on implementation of safety performance standards and prevention of fatalities is directly linked to employee remuneration.

Our senior management including Sustainability and Executive Committees regularly review our safety performance and share recommendations.

100% of our total workforce is represented in formal joint management-worker health and safety committee.

SAFETY ENABLERS

In order to transform our Zero Harm goal into reality, a set of benchmarks, standards and frameworks have been institutionalised across our units. These safety enablers lend momentum to our safety drive.

International Good Practices

The journey to excellence begins with benchmarking. We set our safety standards at par with local and international benchmarks including OHSAS 18001. Currently, 48 of our 52 sites are OHSAS 18001 certified and we aim to bring this tally to 100% by next year.

In order to make our good practices better, we have adopted a systematic 'Plan-Do-Check-Act' approach that helps us evaluate our systems and evolve continuously. Several review mechanisms like monthly meetings, safety alerts and leadership audits are in place to monitor and manage the compliance status at every stage of the project life cycle.

Group Safety Performance Standards

Going beyond benchmarking industry standards, we have also charted our own standards on high risk areas identified as material risks in our operations. Firstly, to address safety challenges unique to our operations. Secondly, to manage the safety outcomes of our diverse businesses through one common yardstick. Our Safety Performance Standards span six critical areas:

**Work at Height | Isolation | Electrical Safety | Ground Control
Confined Space Entry | Vehicles & Driving**

Complementing these six specific standards, are our two Technical Standards that govern Occupational Health Management and Safety Management in a broader context.

RESPONSIBLE STEWARDSHIP

Hazard Identification & Risk Assessment Metrics

We have a structured review mechanism to ensure identification, analysis, mitigation and monitoring of safety risks on a continual basis. Our key areas of risk and their mitigation levers can be summarised as follows:

Type 1 Controls Task Based (leadership focus)	Type 2 Controls System Based (process focus)	Type 3 Controls Business/System (critical event focus)
Job Safety Analysis	Standards	Formal Risk Assessment
Safe Work Procedures	Golden Rules	
Task Hazard Assessment		Bow Tie Analysis
Task Planning	Implementation Audits	
Safety Interactions	Improvement Plans	Critical Controls

Capability Building

Systems and processes are only as good as the people who implement them. Hence, apart from focussing on best-in-class systems and standards, we also invest heavily on building capabilities of our people towards safety & occupational health. In FY 2015-16, over 757,000 hours of safety training were delivered to employees and contractors on subjects including working at height, permit to work, job safety analysis, first aid, incident reporting, safe behaviour and falls. We also focussed on building a strong understanding of Vedanta Safety Performance Standards and Incident Investigation among our people.

757,718 training man-hours | 100% periodical medical examination

Emergency Responsiveness

All our operations have robust emergency response plans in place, which are tested and maintained in collaboration with potentially-affected parties, as required by our Emergency & Crisis Management Technical Standard.

In order to ensure effective implementation of these plans, resources have been dedicated to respond to crisis and emergency situations. Preparedness drills and training exercises are also carried out on a periodic basis involving our employees as well as external emergency response organisations and other relevant external stakeholders to strengthen the skills.

A communication system has also been deployed at each operation to take care of prompt disbursement of information to various stakeholders, such as alerting local community and neighbouring businesses in the event of an emergency that poses potential risks for them, sharing information to the media and interacting with other relevant stakeholders like government representatives.

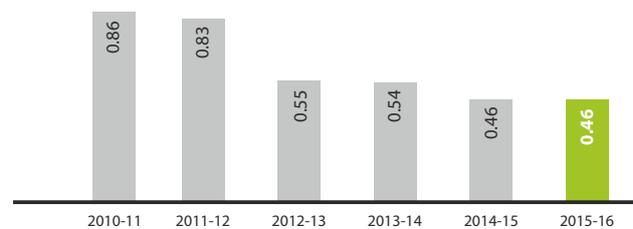
OUR SAFETY PERFORMANCE

We marked an overall declining trend in injury rates with the Group's Lost Time Injuries reducing 10% from 115 in FY 2014-15 to 103 in FY 2015-16. We posted 3,476 man-days lost this year, a 35% reduction from last year.

All of our sites conducted pre and post medical examinations for their staff, both permanent employees and contract workforce, and we didn't observe any significant / major occupational diseases at our operating sites.

LTIFR

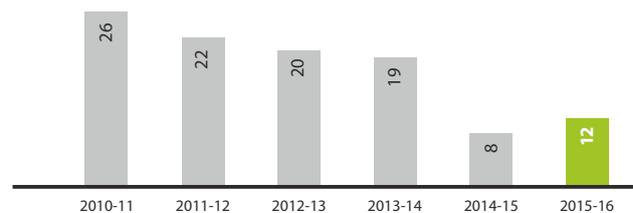
per mn man-hours worked



In the reporting year we revised our calculation definition in line with the recently released ICMM guidelines and reset the baseline. As per this new calculation method, this year's LTIFR rate stands at 0.50.

Fatalities

in nos.



Regrettably in FY 2015-16 we experienced 12 fatalities - eight in India and four in Africa. Such incidents are unacceptable and each fatal incident has undergone an in-depth investigation. The main causes have been identified and preventive actions are being incorporated. Further the respective Company's Chief Executive Officer or Chief Operating Officer have presented a detailed appraisal of root causes to the Vedanta Sustainability Committee and updated them on the action plans in response.

INCIDENT TYPE

PREVENTIVE ACTION

Six fatal accidents were related to the below given critical areas

Ground Control
Vehicles & Driving
Electrical
Working at Height

Periodic audits to ensure adherence to core elements of the Standards

The implementation of these standards is directly linked to an individual's remuneration to reinforce accountability across the Group

Four fatal accidents were related to

Failure of Physical Barrier
Unpredicted Equipment Failure
Landslide
Criminal Attack

These hazards surfaced in unique areas and were not covered by the Standards. Hence a critical risk assessment process was rolled-out to identify and address emerging and critical risks

Two fatal accidents were related to

Blasting

The two incidents highlighted the need to introduce a standard for blasting procedures and practices. Introduction of a forum to reinforce underground safety is also on the anvil. Both of these actions are being reviewed by our COO, Safety Forum

We are committed to ensure a culture of safety 'by design' and not 'by accident'. To fulfil Zero Harm commitment, we developed a structured incident identification and prevention approach comprising a slew of well thought-out interventions at every stage. These interventions can broadly be summarised as: Analysis, Adherence and Action.

Analysis To have an in-depth overview on the caveats that led to fatal accidents, we deployed an investigation technique called Event & Conditions (E&C) charting across Vedanta operations to know the root cause of the incidents and address them in order to avoid reoccurrence of such incidents. One of the needs of this analysis was capability building on investigation methodology and for which we trained around 40 employees. Other work hazard related training were done by the businesses.

Adherence Pivotal importance was placed on strengthening the implementation of our six safety standards with a 'must adhere to 100% of the standards, 100% of the time' practising philosophy.

Action We introduced Experience Based Quantification (EBQ) and Bowtie Analysis (BTA), enabling all our businesses to get a clear insight into potential high risk activities, associated hazards and effectiveness of its critical controls. Accordingly, each business can institutionalise key control measures and monitor hazard mitigation.

We also piloted a Making Better Risk Decision (MBRD) programme which will empower line leaders to make better decisions by foreseeing the risks relevant to their routine and non-routine work profile, and understanding the consequences associated with it.

FUTURE PLAN

We cannot undo the irreparable loss of our people, but we can ensure that such incidents do not occur in the future. Mentioned below are key initiatives being undertaken to bolster our Zero Harm ambition:

- **Focussing on training to strengthen hazard-spotting skills, formal risk assessment processes, and risk based decision-making at the site-level**
- **Developing internal capability to monitor and evaluate workplace occupational health exposures in addition to statutory reporting**
- **Conducting additional Safety training exercises as part of the on-going work to improve safety performance and embed good practice safety culture, in line with the requirements of our Technical Standard: Competency, Training and Awareness**
- **Implementing critical elements of our Safety Performance Standards across business units**

We aim to coach 6,000 operational leaders across all sites - from the senior managers to front-line supervisors including key contractors.



TOWARDS ZERO HARM, ONE STEP AT A TIME

From embedding the importance of safety in our employees to enhancing their ownership towards Zero Harm culture, from safeguarding them with state-of-the-art safety gear to arming them with tools of knowledge - we remain on a vigil to strengthen the safety quotient of Vedanta. Throughout the year, across business units and through a diversity of interventions, we pursued safety with rigour. Some of such initiatives are illustrated below:

GENERATING AWARENESS - THE FIRST STEP TO SAFETY

Learning from Experience

All our site leaders at Hindustan Zinc conducted Safety Stand Downs to discuss and share lessons from incidents at various sites. The objective was to enhance adherence to safe working practices and safe behaviour among our workforce.

In another such initiative, Sesa Iron Ore business conducted a safety awareness workshop which was attended by over 80 participants comprising Company employees, workmen representatives, contractors and service providers. The session enlightened the participants on various ways of working on safety checklists and ticking them off to practise safety. It stressed on the importance of 'return on training investment' and accountability in the workforce across varied functions.

Celebrating Safety

A series of activities and talks on safety were organised as part of Safety Day celebrations. These included firefighting, first aid, formal risk assessment, chemical, spill response and hazard hunt. Local contractors, employees and their family members participated enthusiastically in the celebrations.

GEARING UP FOR ZERO HARM

Life Support during Emergencies

Hindustan Zinc Ltd. installed 'refuge chambers' in its Rampura Agucha underground mine to guard the safety of workers during emergency situations. Refuge chamber is a life support module capable of providing air for 36 hours. With this additional capacity, now there are four refuge chambers which can accommodate six people, and two chambers which can accommodate 20 people at the mine.



Tracking Vehicles Anytime, Anywhere

Fleet safety is one of the prime concerns in the mining industry. It is vital to monitor vehicle speed & administer consequence management system for the violators. We have thus installed GPS trackers in the heavy motor vehicles at Jharsuguda unit. The tracker provides key information like exact location of the vehicle, speed at which it is travelling, total distance covered and speed variation.

DEVELOPING SAFETY APTITUDE - ACROSS CADRES, ACROSS BUSINESSES

E-learning & Self-assessment

17 e-learning modules on safety, covering vast ranging topics such as forklift basics, chemical handling safety, electrical safety, were introduced in Hindi and English for the workforce of Hindustan Zinc Limited. Over and above being excellent self-learning tools, these modules are also perfect self-assessment platforms. A total of 26,582 people accessed these e-learning modules in the reporting period.

Think Before You Act

Cairn India has piloted a new programme 'RiSK' which encourages workers to stop and think before every task. The HSE thought leaders of Cairn and Vedanta have devised a very simple process to ensure that every job is done in the right manner, with the right tools.

By answering the below three questions, one takes into account all potential risks associated with the job.

Ruko (STOP)

What is the right way to do the job and what are the right tools?

Socho (THINK)

What could go wrong and what will I/we do to prevent it?

Karo (DO)

While doing the job has anything changed and do we need to stop and rethink?

In the reporting year, we witnessed successful roll-out of the programme in Cairn India's Petroleum Engineering function. Following the roll-out, the function has not had a single LTI compared to nine in the previous year.



At BALCO, we have always learnt to practise safety not only when we are working but also while we are travelling; not only for ourselves but for our family too.

Anil Shah | M/s Abhinav Constructions

ENSURING HOLISTIC WELL-BEING

We are equally committed to enhance the overall health quotient of our employees. This enables us to increase productivity, reduce absenteeism and enhance retention. Due to the nature of our operations, there can be associated health risks and we are committed to understand, manage and mitigate these.

We have an occupational health centre manned with experts, at all major mines and smelters for regular health examination of direct and contract employees.

Each jurisdiction maintains its own Occupational Health Management System appropriate to the local context, while our Group approach is guided by a Global Health Management standard and is structured around three areas as elaborated below - **Prevention, Monitoring and Support & Recovery.**

1 PREVENTION

- First aid and occupational health training to employees and contractors
- Health and wellness programmes including respiratory health, hearing conservation, eye checks and ergonomic surveys
- Mandatory use of Personal Protective Equipment
- Pollution control equipment, effluent treatment and the correct storage of hazardous chemicals
- Screening for diseases particular to the location, for example HIV (Zambia), Ebola (Liberia) and Malaria (India and Zambia)
- Training in healthy lifestyles, disease prevention and treatment

2 MONITORING

- Investment in technologically advanced processes that reduce possible exposure levels; workplace monitoring
- Baseline studies to identify key risks
- Pre-employment medical checks and ongoing monitoring
- Tests for noise, dust, heat exposure and silicosis
- Continuous internal audit

3 SUPPORT & RECOVERY

- Medical insurance for 100% of full-time employees whereas contract employees are covered either by employee state insurance or through Group insurance/workmen compensation
- Stress management programmes for employees at risk and support and recovery programmes including yoga and training etc.
- On-site and outreach health and disease treatment programmes for families of employees

OCCUPATIONAL HEALTH BASELINE ASSESSMENT

We strive to keep our workplace free from occupational health risks and hygiene hazards. Our occupational health standard commits us to minimise the adverse impact of our operations on the health of our workforce. In this regard, all units monitor and manage key health risks. In a special initiative, we are revisiting our occupational health hygiene baseline assessments for our Aluminium and Copper operations.

The sites have already completed the stock of data information for the same and are gearing up for re-establishing baselines of employee exposure to harmful substances with an objective of performing beyond statutory requirements. We are also partnering with external experts to train our graduates in this arena. Going ahead, we aim to roll out this exercise across other operations of the Group.



SPREADING GOOD HEALTH BEYOND THE OPERATIONS

As a responsible corporate, we are committed to contribute towards healthier lifestyles not just of our employees, but also of our employees' families, our service providers as well as the communities at large. All our units conduct medical camps and campaigns on a regular basis to reach out to the ailing patients of all age groups.

Hindustan Zinc conducted more than 200 such camps benefiting 22,000+ people from surrounding communities.

Sterlite Copper rolled-out an innovative health engagement programme called 'Suraksha Bandhan - bridging community through safety' wherein our teams visited the families of our contractors and interacted with them on matters of health and well-being. This not just enhanced their health awareness but also strengthened their confidence in us.



To view more of such safety & occupational health initiatives, refer this section of our comprehensive SD Report, sd.vedantaresources.com/SustainableDevelopment2015-16/



ENVIRONMENT

US\$ 39 mn
Environmental investment

PRINCIPLE
7,8 & 9



Natural resources, especially the subsoil ones, play a vital role in a nation's progress and prosperity. But mining of these resources is a complex and intensive process that may cause environmental and social challenges. Hence, maintaining a fine balance between economic growth and sustainability is vital.

At Vedanta Resources, we adopt global leading practices to reduce and minimise the environmental impacts of our operations. Reduction of water and energy consumption, minimising land disturbance and waste production, containing pollution, and conducting successful mine closure are some of the measures we have undertaken to minimise our impacts.



APPROACH

We work with our partners and the neighbouring communities at project sites to bring far-reaching socio-economic and environmental benefits to the region. We adopt a systematic and process-oriented approach, underpinned by a spirit of entrepreneurship. This approach has not only resulted in mitigating impacts but has also created value for our stakeholders and helped us secure the social licence to operate.

Our Sustainable Development Framework includes a toolkit of policies, standards and guidance notes to rigorously manage environmental impacts. For the environmental priorities arising from the materiality process, we have developed specific objectives and targets, and review performance against these issues on a periodic basis. We are working towards implementing our Biodiversity Action Plans and are also finding new and innovative ways to reduce and recycle waste from our operations including fly ash, red mud, phosphorous gypsum, copper slag, etc.



PERFORMANCE

During the reporting period, there were no serious environmental (category 4&5) incidents, as defined by Vedanta Incident Categorisation Matrix. 48 of our 52 operations are ISO 14001 certified and the remaining shall be certified in the near future.

All subsidiary businesses have been assessed against the identified material aspects related to environment i.e. water, energy, biodiversity, waste management etc. through internal VSAP audits, and action plans are in place to close all identified gaps.

Fly ash recycling increased to 47% in FY 2015-16 from 31% in FY 2014-15

LOOKING AHEAD

- Achieve ISO 14001 certification for the remaining sites
- Align our energy and carbon strategy with INDC's objectives in lieu of COP 21 commitments
- Capacity building on biodiversity management including ecosystem services
- Continue to explore opportunities and areas to increase the fly ash utilisation
- Engagement with independent expert to review the high priority/risk tailing facilities

WATER

MATERIAL ASPECT

Water is a critical component in mining and securing an adequate water supply has emerged as a key challenge for the sector globally.

We are committed to minimise our water footprint and reduce the freshwater consumption by reusing as much water as possible in our processes.

Approach

Our approach is outlined in our water policy and delivered through our water management standard. We facilitate the integration of water management into decision-making processes for all our new and existing projects. This ensures that all necessary measures are in place to avoid, minimise, or, in some cases, compensate for the impacts of our projects. All our subsidiary businesses have conducted a water-screening assessment to identify sensitive water resources, aquatic habitats and any known or suspected water resource constraints in proximity to each operation.

Our operations exist in areas of varying degrees of water stress. Accordingly, our water management plans have been chalked out carefully keeping in mind the water status of each location. For water-stressed areas such as Rajasthan in India, we implement water conservation projects and follow a zero discharge philosophy. For operations which are not in water-stressed areas (such as KCM, CMT and Lisheen), we ensure programmes are in place to protect this precious resource.

But across all our operations, we follow the water conservation hierarchy of reduce, reuse and recycle. We also focus on rainwater usage and groundwater recharging through rainwater harvesting. Significant strides were made in all four areas during the reporting period.



Reduce

- Replaced/repared defects like leakages, overflows (process losses) etc. in the reticulation system at KCM, HZL-Jharsuguda, and BALCO, while Zinc International undertook an internal water audit. **Total estimated water savings through these interventions is around 240,000 m³**
- KCM played a major role in water savings through water recovery at the conventional thickeners at KIBU and recirculation of water from TLP back concentrator at Nchanga

Reuse/ Recycle

- Commissioned an ETP at the BALCO smelter which resulted in **savings of 35,000 m³**
- BALCO also installed a 4,800 m³/day RO system. The treated water is used for cooling purposes and gardening. **The initiative led to 100% utilisation of liquid effluent and 23% reduction in the specific water consumption**
- Treated CPP blow down water is used for industrial and domestic use; minimising the requirements of the fresh raw water at HZL, Jharsuguda, and Cairn India. **This results in approximate savings of 80,000 m³**

- Our Cairn India and HZL units in Rajasthan, India are meeting **66% and 36% of their total water requirement through recycled water**
- Cairn India adopted Reedbed technology for domestic wastewater treatment and utilised the treated water in greenbelt development
- KCM is undertaking a water recycling project to improve the quality of water, downstream of Muntimpa. **It has already invested \$0.5 mn in the interim to provide a backup water abstraction point on Chati stream which supplies water to Kalulushi residents**

Harvest

- Operations of HZL and Sesa Iron Ore subsidiaries have taken up specific measures to improve rainwater harvesting. **This year 1.75 mn m³ rainwater was harvested**
- TSPL constructed rainwater recharge ponds of 115,000 m³**



Performance

Most of our operational processes have been designed to be 'zero discharge'. Wastewater is treated and recycled for cooling and other applications at our units. Additionally, effluent and sewage treatment plants are installed at many locations to recycle water.

Due to the high water table in Zambia, Ireland and Australia, we have to 'dewater' (remove) a large quantity of water from the underground mines. This water is discharged into nearby water bodies, complying with applicable regulatory limits, and treated in effluent treatment plants. Further, Cairn India utilises the abundant supply of sub-surface saline water to meet its operational and domestic water needs, to avoid any risk to the freshwater resources of the region.

In the reporting period, the Group's water conservation efforts, across its subsidiaries on a global basis, led to the recycling of nearly 53.6 mn m³ compared to 39.5 mn m³ last year, which fulfilled 23% of our overall water requirement. During the reporting period, we withdrew 359 mn m³ of water compared to 362 mn m³ in the last reporting year, with 56% from groundwater, 43% from surface water and 1% from rainwater and utility.

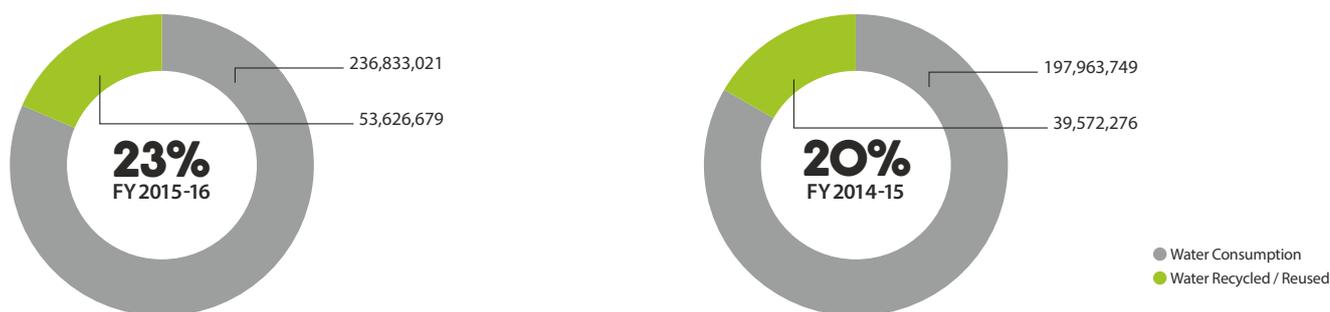
RESPONSIBLE STEWARDSHIP

In the reporting year, all our businesses contributed in conserving this precious resource and helped us surpass our water conservation target. We saved 7.2 mn m³ against the targeted savings of 2.3 mn m³.

Consumption & Conservation Snapshot

in mn m³

23% water recycling in FY 2015-16 as compared to **20%** in the previous year



While our actual water consumption increased, the specific consumption (i.e. consumption per unit of production) reduced at all major businesses, as a result of process and technological interventions. Some businesses, however, noted increase in specific water consumption primarily due to reduced production.

Responding to the Environmental Challenges

Lisheen mine received summons from the Environmental Protection Agency (EPA) in October 2015 for a breach of our Integrated Pollution Control Licence (IPCL). The breach relates to non-compliant water emissions during a period of time that the mine was recovering from the underground flood, which occurred in February 2015. A report on the incident, which was submitted to the Authorities, concluded that although emission limit values for a number of chemical parameters were exceeded, there was no or minimal impact on environment.

Two proceedings have been initiated in the UK by two English law firms who allege that people of Zambia have suffered loss and damage and amongst other things, personal injury as a result of KCM's operation in Zambia. The claimants have sought a mandatory injunction to remediate the damage caused by the discharge of harmful effluent in the river body. The allegations made against Vedanta Resources Plc and KCM goes back to 11 years. While these allegations are being investigated and the matter is sub judice, we have demonstrated our commitment to environmental stewardship and over a period of ten years, we invested more than US\$ 3 bn in the region towards environmental initiatives including state-of-the-art clean technologies, upgrades and expansions.

Below is a glimpse of some of the key environmental programmes undertaken over the years:

- US\$ 440 mn invested to commission an eco-friendly Nchanga smelter resulting in a massive improvement in capturing sulphur, from 35-50% to 99.98%
- US\$ 30 mn spent to refurbish infrastructure at tailings leach plant, resulting in a consistent improvement in zero discharge at pollution control dam

- Consistent compliance of underground water quality below the legal limit following a US\$ 17 mn refurbishment of water infrastructure

- A comprehensive water recycling project under implementation to improve the quality of water downstream of Muntimpa (TD5)

- Investment of US\$ 230 mn in the new concentrators at Nchanga and Konkola resulting in a smaller environmental footprint and zero discharge system

- Plantation of over 72,000 trees between 2007 and 2015 within KCM operations and restocking over 180,000 fingerlings in the community since 2009



MAKING EVERY DROP COUNT

Various water-friendly interventions at KCM & TSPL

Konkola Copper Mines and the Talwandi Sabo Power Limited (TSPL) are both water-intensive facilities, and thus provide an opportunity for huge savings. In the reporting year, various water friendly interventions were introduced at both facilities.



KCM

KCM identified three major interventions:

- 1 Optimised water recovery by installing pumps to recycle process water back into the process
- 2 Replaced worn-out pipes and other fittings in the reticulation system
- 3 Raised awareness among employees on water conservation

Due to the above measures, the water consumption at KCM went down by over 45%. With these measures and other projects, KCM in total has saved 2.65 mn m³ of water this year.

TSPL

TSPL formed a cross functional team to drive water conservation activities. The team identified root causes and came up with focussed solutions such as attending the leakages, improving inspections, and conducting audits, all aimed at reducing raw water consumption.

Interventions by the water conservation team led to decline in raw water consumption by over 38% at TSPL. Specific raw water consumption went down to 2.7 litre/kWh in FY 2015-16 compared to 4.4 litre/kWh in the previous year.

The target is to further bring down the consumption of water to 1.8 litre/kWh by taking up WHS and HSS interconnection, commissioning of recycling pump house and exercising tight control over COC control chart.

ENERGY & CARBON



Climate change is a rapidly growing concern and poses a fundamental threat to the entire world. Tackling this concern calls for exploration and adoption of innovative technologies that maintain ecological balance without compromising on economic growth.

For a natural resources Company like Vedanta, energy constitutes a major part of input costs, which if managed efficiently can sustain profit margins. We are aware of the business case that energy management presents, and hence we enhance energy efficiency at our operations by leveraging a combination of new technologies.

To add further robustness to our energy programmes, our subsidiary businesses are upgrading their business management systems to receive the ISO 50001 energy management accreditation.

Approach

We understand that changes in regulations, operating / physical parameters, carbon taxes and consumer behaviour arising due to climatic change risks may have the potential to generate a substantive change in our business operations, revenue or expenditure. As an example, the change in UK GHG reporting regulation, commitment towards Paris summit and India's as well as Zambia's increasingly proactive and aggressive stance towards managing their GHG inventory may drive stringent regulations leading to higher fuel costs.



This may ultimately reduce operating margins and profits for our businesses. All these changes pose a potential compliance risk for our operations, which may result in direct financial implications like financial sanctions or indirect financial implications such as loss of reputation, which can affect stakeholder confidence.

After the recently concluded Paris agreement on Climate Change (COP 21), we are working to formulate a strategy on Climate Change that is aligned with the Intended National Determined Contribution (INDC) for the countries in which we are operating. Our Sustainable Development Framework includes an Energy and Carbon Policy, and an Energy and Carbon Management Standard whereas our long-term strategy for addressing energy and climate change issues focusses on improving energy and process efficiency and diversification of our energy portfolio at all operations, where it is physically and economically feasible to do so.

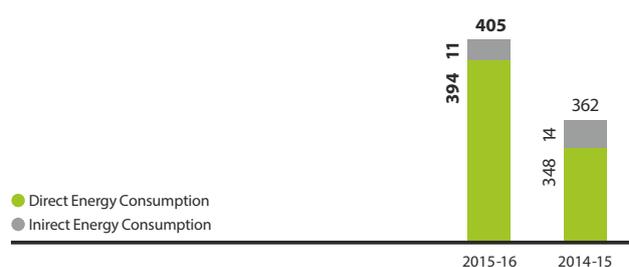
Performance

As Vedanta is part of an energy intensive industry, our direct and indirect energy consumption is in the order of 405 mn GJ, higher than last year mainly on account of higher production and commissioning of units (smelter and power plants). But our energy consumption per unit of production has maintained a balanced trend, except for a couple of businesses like Skorpion Zinc, HZL smelter and MEL owing to low production as compared to the previous year.

BALCO smelter, Vedanta Ltd. - Jharsuguda Independent Power Plant and HZL - Zawar mines bagged National Energy Conservation awards in various categories.

Absolute Energy Consumption

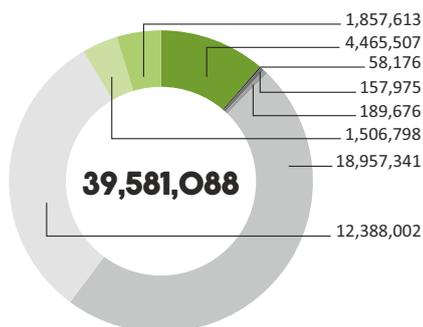
mn GJ



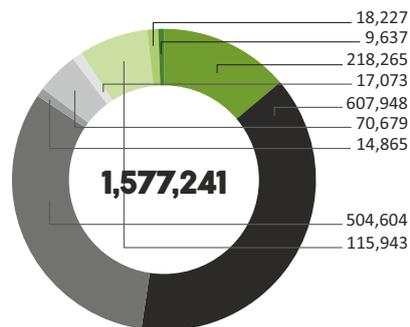
Greenhouse Gas Emissions (By Business)

tons of CO₂ equivalents

Scope 1 - FY 2015-16



Scope 2 - FY 2015-16



Zinc India ● Zinc International ● Copper India & Australia ● Copper Africa ● Aluminium India ● Power Sector ● Oil and Gas Sector ● Iron Ore Business ● Others

0.94
mn GJ energy savings
through a host of
innovative solutions
(Includes operational & capex projects)

We calculate and report Greenhouse Gas 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. Our GHG intensity has increased primarily due to slowdown in production. The increase in our absolute GHG emissions is due to addition and ramping up of our power plants at TSPL, Aluminium and Power operations.

Energy Efficiency Measures

In FY 2015-16, we conducted an internal benchmarking exercise with a view to understand the energy consumption practices of our subsidiaries as well as to create a sense of competition within Vedanta to accelerate conservation. Some of the key projects are detailed below:

- **HZL incorporated changes in Variable Frequency Drives in its mines and smelters, and further invested in various operational improvement projects leading to energy savings of 26,375 GJ**
- **BALCO implemented various process improvement projects like increase in current efficiency and reduction in average pot voltage in pot line, installation of VFD in atomising blower to regulate current and regulation of mill load which resulted a total saving of 6,422 GJ**
- **Black Mountain mine and Skorpion Zinc have implemented various efficiency measures like retrofitting of equipment, installation of daylight switches and LED lights which have accrued energy savings of 94,745 GJ**
- **Cairn India has installed solar water heaters, solar lights, and LEDs, leading to 233,941 GJ of energy savings**
- **KCM brought in a host of changes in its operational devices like air compressors, saving 84,434 GJ energy**
- **Vedanta - Jharsuguda executed reduction in auxiliary energy consumption by optimising ID fan power, compressed air use, pump house energy reduction, and cast house furnace. Further process improvement projects like reduction in current efficiency by reduction in process variance and implementation of advanced technology for smelting have yielded total energy savings of 34,046 GJ**



The Group Companies are specifically focussing on exploring innovative and technology-oriented solutions which will lead to conservation of 1.5 mn GJ energy, next year.

Clean Energy

Over and above optimising our efficiencies, we also continuously evaluate our renewable energy portfolio. While we currently source less than 2% from renewable sources, we are taking the lead from subsidiaries like Copper Mines of Tasmania and KCM Zambia, where 70% of energy is derived from hydropower.

We remain on a vigil to find opportunities to generate electricity from waste heat. Businesses like Sesa Iron Ore, Sterlite Copper and HZL have installed Waste Heat Recovery boilers with a total capacity of 139 MW.

Our HZL subsidiaries have wind farms with installed capacity of 273.5 MW across five states in India. All wind power generation has been registered under the Clean Development Mechanism (CDM) and 511.4 mn units have been sold to the electricity grid in each state, an increase of 52.3% compared to 2012. HZL has also installed a 200 kW rooftop solar system at Udaipur and Chanderiya smelters.

Cairn India has brought into fold a myriad of solar solutions. It commissioned solar power generation at all E-houses, producing 455,000 kWh solar energy; introduced solar concentrator technology for wastewater evaporation, generating 251,208 kWh; and installed solar lights reducing diesel consumption by 30,000 litre/month to state a few.

Under the UN Framework Convention on Climate Change (UNFCCC), we have registered CDM projects with potential CER of 1.3 mn units, out of which we have accrued 0.42 mn units in FY 2015-16.

case study

CONSERVING ENERGY. ENHANCING COMPETITIVENESS.

With a view to harness large-scale energy savings, a root cause analysis was undertaken at Vedanta Ltd., Jharsuguda. Based on the results, a slew of conservation projects were identified and implemented.

ENERGY SAVING

- Reduction in stub to carbon voltage, pot voltage, compressed air consumption, dead pot voltage, crossover voltage and specific energy consumption of wire rod mill
- Improvement of current efficiency of pots
- Implementation of slotted anode in pots
- Optimisation of compressor
- Online addition of pots in circuit by fuse blown technology
- HTM heater set point optimisation in GAP

FUEL SAVING

- Reduction of HFO consumption in Anode Baking Furnace
- Optimised usage of compressor in metal transport vehicle
- Reduction of diesel consumption in production vehicles by improving engine efficiency
- Optimisation of LPG burner use for ingot casting

OUTCOMES

Energy Savings **290,842 MWh/annum**
Fuel Savings **3,127 MT/annum**

BIODIVERSITY

MATERIAL ASPECT

The impacts of diversity loss on ecological processes might be sufficiently large to rival the impacts of many other global drivers of environmental change. Thus it is no surprise that the United Nations designated 2011-2020 as the United Nations Decade on Biodiversity.

At Vedanta, we are conscious that the nature of our operations has implications on biodiversity. Protecting biodiversity is a material concern for us, and we continue to advance on our biodiversity management practices across the project life cycle of our operations.

As part of our Sustainable Development Framework, we are committed to protect biodiversity. In order to promote a best practice management approach, we have reviewed all operations through an initial biodiversity risk mapping tool - Integrated Biodiversity Assessment Tool (IBAT) to identify which of our sites are operating within close proximity of protected IUCN areas, important bird areas and key biodiversity hot spots. Further these results are verified by the site assessment by third parties at all operations.

All our sites have either initiated or already have Biodiversity Management Plans (BMP) in place. The results of the biodiversity risk screening programme have helped us prioritise our actions.

Approach

Progress has been made across all businesses to engage experts and establish biodiversity management plans to meet our deadlines.

Our dedicated Biodiversity Policy and Management Standard is in line with international standards and guidelines like IFC and ICMM. The BMP is developed to avoid, minimise or compensate the loss of the biodiversity attributes which arise due to a new project or a major expansion. We endeavour to achieve a minimum of No Net Loss (NNL) of biodiversity for projects located in the modified or natural habitat area and strive to achieve Net Positive Gain (NPG) of biodiversity for the project location in the critical habitat.

None of our operations are located in world heritage properties. Our Black Mountain mine operations spread across approx. 38,000 ha in South Africa and Skorpion Zinc mine covering approx. 8,000 ha in Namibia are located in key biodiversity areas as identified by Conservation International (CI). Both these operations are governed by robust Biodiversity Management Plans which have been developed by regional biodiversity experts. These sites have identified 3 endangered and 8 vulnerable IUCN red list species and national conservation list species.

The Biodiversity Management Plan of our Black Mountain mine has been reviewed by IUCN.



Our policy, technical standard and approach to biodiversity management incorporates relevant aspects of IUCN's advocated approach, and our Black Mountain mine site is currently working in partnership with it to implement a Biodiversity Management Plan that also includes Gamsberg operation. Other businesses too have sought consultation from domain experts in management of various biodiversity aspects. We look forward to cement our relationship with IUCN and support its policies and good practices via our membership with ICMM.

Vedanta Ltd. is a signatory to the India Business and Biodiversity Initiative, a national platform for business and its stakeholders around mainstreaming sustainable management of biological diversity into business strategy.

Revitalising Ecologies

At Vedanta, we are taking various initiatives to rejuvenate the flora and fauna of the locations where we operate.

Biodiversity Restoration Programme at KCM



At KCM, to mitigate the impacts of our operations, we embarked on a biodiversity restoration programme. The initiatives taken under this programme in FY 2015-16 include:

- Establishing a nursery of 1,000 seedlings
- Initiating a community-based tree plantation programme in Kanenga and planting 280 trees so far
- Embarking on progressive rehabilitation of tailings dams and overburdened/waste rock dumps, where a total of 10,795 indigenous trees have been planted

KCM has also commenced development of BMP for all its sites. The draft of BMP for Nchanga has been prepared and is undergoing review. Our efforts will yield the following benefits:

- Enhancement of local livelihoods through sustainable forest management and climate change mitigation
- Capacity building of communities and institutions to adopt sustainable livelihoods and conservation of forest resources
- Increased forest cover
- Reduced siltation and sedimentation of streams and rivers
- Control over pollution and reduced erosion
- Enhanced GHG sequestration potential of the forest and of degraded sites
- Improved biodiversity conservation, land and watershed management

Guinness Book Plantation Record at Mansa

Trees are the lungs of nature and play a key role in maintaining the biological balance. At Vedanta, tree plantation drives are elementary to our biodiversity management measures.



Talwandi Sabo Power Limited (TSPL) set a world record by planting 208,751 saplings in 1 hour on October 30, 2015 in Mansa, Punjab. Over 5,800 supporters from schools, surrounding villages and locals volunteered to make this feat possible on a 200-acre land area.

Considering the small forest cover in Punjab, these additional trees will help improve biodiversity in the region and specifically in Mansa.

TSPL is deeply committed to enhance biodiversity conservation within its areas of operations. The Company has set the benchmark by developing 222 acres of green cover as of March 2016 around the periphery of the plant and installing Zero Discharge Unit, Sewage Treatment Plant and High Concentration Slurry Disposal (HCSD) system.

Harvesting Plants at Gamsberg

In continuation of our biodiversity measures, we relocated ~90,000 plants to the Gamsberg Research and Rehabilitation Centre to help them survive a scant monsoon and a severe summer. We also donated plants to SANBI (Karoo Botanical Gardens-Worcester).

Butterfly Park at Pantnagar

Being responsible for pollination of more than 3% of the world's plants, butterflies play a very important role in the ecosystem. During our biodiversity study of 117 species of butterflies at Pantnagar Metal Plant (PMP), we found that most of the species were present in very low numbers. We decided to improve the habitat so that they would attract more of these ecologically important insect group. A butterfly park in an area of 225 sq. m. was set up in the core zone near the admin block at PMP. 660 different seasonal and permanent flower varieties were planted to attract butterflies and an oasis (water pond) was made for the birds inside the plant premises.



AIR QUALITY



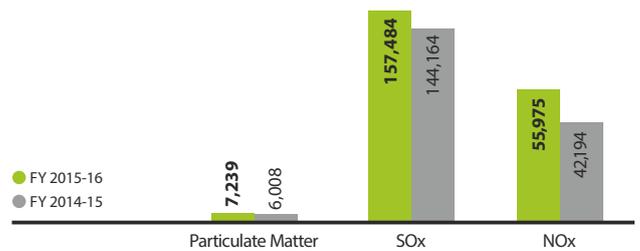
Our Environmental Management Standard commits all our operations to identify and manage emissions to air from point, fugitive and mobile sources, as well as from process activities associated with combustion and materials storage.

We monitor Suspended Particulate Matter (SPM), SOx and NOx as part of our ambient air quality monitoring process. We also keep in check lead emissions in our zinc operations, fluoride emissions in our copper and aluminum operations, and Polycyclic Aromatic Hydrocarbons (PAHs) in our aluminium operations.

Performance

Stack Emissions

MT



Other emission include fluoride emissions (95 MT) - aluminium operations, lead emissions (36 MT), PAH emissions (14 MT) - zinc operations, and VOC emissions (226 MT) - Cairn India operations.

As part of our constant endeavour to enhance our air quality management outcomes, we undertook the following key initiatives during the reporting period:

- Implemented good practice management and pollution techniques including Electrostatic Precipitators (ESP) to minimise and manage our air emissions
- Regulated stack emissions of particulate matter at most of our operations
- Installed bag filters, scrubbers and dry fog systems with water sprinklers to minimise dust while transporting extracted materials like bauxite, coal, lime and alumina. Covered trucks with tarpaulin to ensure no spillage or dust generation



Coal powers our power plants and to curb mercury emissions which may arise from naturally occurring trace impurity in the coal, we have deployed quenched tower, hot ESP, wet ESP and mercury removal towers to treat the gas prior to its release in the environment. Any by-product or waste, which may contain mercury, is recorded and disposed-off at authorised hazardous waste management sites, in accordance with local legal requirements.

Fly ash recycling increased to 47% in FY 2015-16 from 31% in FY 2014-15

WASTE

MATERIAL ASPECT

Our hazardous waste includes used/spent oil, waste refractories, spent pot lining and residual sludge from smelters. The non-hazardous (high volume, low effect) waste we generate includes fly ash (from captive and merchant power plants), red mud (aluminium refinery waste), jarosite / jarofix (from zinc smelting), slag, lime grit (process residues from smelters and aluminium refineries) and phospho gypsum (phosphoric acid plant).

Approach

Resource Use and Waste Management Technical Standard, and supporting guidance notes are part of the framework we have adopted. Our first priority is to reduce the waste, quantitatively as well as qualitatively (reducing the toxicity), which is followed by recovery and recycle (either ourselves or sold to authorised recyclers). Disposal in landfill or by incineration is the last option. In such cases, we use authorised, licenced and secured landfills.

Much of our generated waste rock and overburden is used in secondary construction work. For example in raising tailing dam heights, and back-filling mined out areas and exhausted mine pits.

HZL's state-of-the-art Central Research & Development Laboratory continues to explore how to recover more metals from mining & smelting operations, thereby minimising waste.

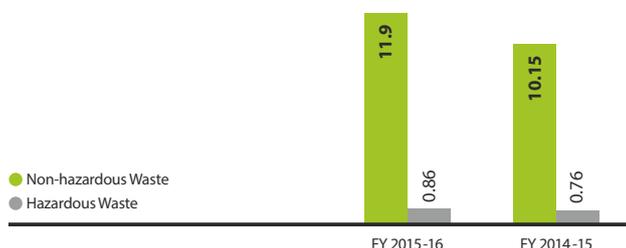
Performance

We generated around 12 mn MT and recycled/re-used 50% of non-hazardous waste. Hazardous waste was stored in a secured landfill and some of it was sold to authorised recyclers. Further, around 102 mn MT of overburden and waste rocks and 27 mn MT of tailing were produced.

The total fly ash utilisation increased to 47% in FY 2015-16 from 31% in the previous year. At our Cairn operations, around 25,591 MT of drill mud and cuttings were produced using non-aqueous drilling fluid, out of which 100% was disposed at onshore and offshore facilities.

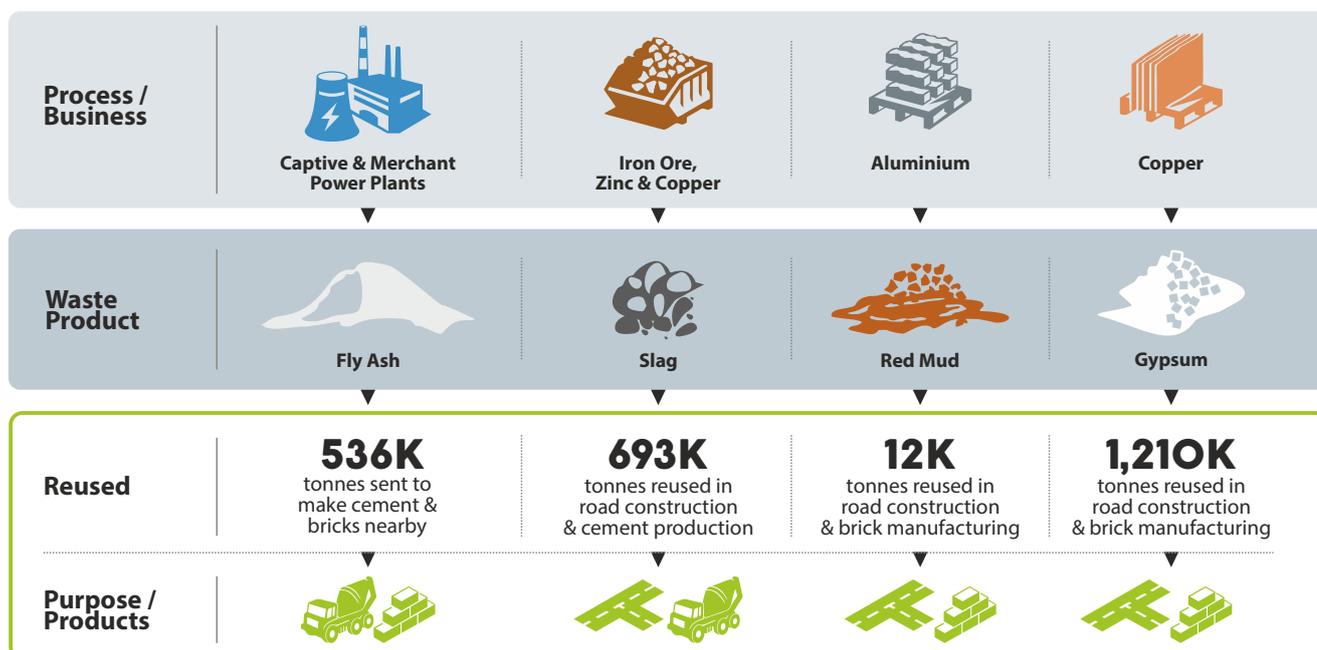
Amount of Waste Generated

mn MT



Owing to the increase in production, the amount of hazardous and non-hazardous waste too increased marginally.

CLOSING THE LOOP



FROM WORTHLESS TO WORTHY

The framework of technical standards helps our subsidiary businesses to systematically identify all the opportunities available and practicable, to turn waste from worthless to worthy.



From Ash to Cash

Vedanta Limited - Lanjigarh

Challenge

The consumption of coal in coal-based power plants produces fly ash in large volumes, utilisation of which is an environmental challenge.

Action

In collaboration with Institute of Minerals and Materials Technology, Bhubaneswar (A CSIR laboratory), Vedanta developed a mineral cementation technology which utilises fly ash (>80% by weight) in the brick manufacturing process and lime grit as a binder.

We then encouraged & supported brick making units situated close to the plant by transferring the technology to them. Since last three years, we are conducting 'Fly Ash Manufacturing Enterprise Development' workshop in partnership with District Industries Centre, Bhawanipatna, leading not only to a sustainable alternative usage of waste, but also creating sustainable and profitable livelihood for the community around our units.

Outcome

Fly Ash Dashboard

Total Ash Generated - **207,185 MT**

Total Ash Utilised - **118,228 MT**

% of Total Ash Utilised - **57.06 %**

Ash Utilised in Brick Manufacturing
34,790 MT (8,588 MT in FY 2014-15)

% of Ash Utilised for Brick Making
16.79 %

From Jarosite to Waste-free site

A Future Action Plan at HZL

In the hydrometallurgical zinc processing, the iron commonly associated with zinc concentrate is removed through the Jarosite process. This process results in the generation of Jarosite, a hazardous waste which is treated with lime and cement to convert into Jarofix which is inert and suitable for disposal on lined yard. As land required for disposal is enormous, we are in the process of introducing alternative environment-friendly techniques, which are sustainable for long-term operations.

We have zeroed in on implementing an innovative 'Fumer Technology' patented by Xmetech, South Korea, in which zinc ferrite is fumed in a furnace, residual metal is

captured as fume oxide and the waste is recovered as clean slag and can be used in cement and construction industries etc.

This project is at the planning stage and is expected to be actualised in the next year.

Once implemented, it will accrue the below benefits:

- **Waste reduction at premises, thereby reducing environmental liability**
- **Increased recovery of Zinc, Lead, Silver, Copper and Sulphur**
- **Utilisation of available land for alternative use**

- **The fumer is energy positive. Gases from fumer pass through the Waste Heat Recovery boiler which produce ~21 Mwh of green energy, out of which ~12 Mwh is utilised in the fumer and there is surplus power of ~9 Mwh**

- **Fumer Slag contains ~7.6% lime and ~43% Fe₂O₃, and its usage in manufacture of cement reduces consumption of CaCO₃ by ~17,000 metric tons and also reduces the carbon footprint by ~7,700 tons**

- **Jarosite is converted to Jarofix with addition of lime and cement. Fumer operation eliminates the need for lime and cement**



The Gamsberg Project is actually a very good example of co-operative governance because we have been working together with the private sector which was represented by Vedanta, as well as the national Government to make sure that this development becomes a reality.

Ms. Sylvia Lucas | Fourth Premier of the Northern Cape Province, South Africa

360° PROJECT MANAGEMENT

Our Sustainable Development Framework includes a number of Technical and Management Standards which are aligned to international standards like IFC and ICMM and require consultation with interested and affected parties, right from the earliest stages of business planning.

These sustainability standards ensure that sustainability risk assessments and due diligence appraisals are integrated into the wider due diligence around project development, new projects and potential acquisitions (including commercial, financial and legal) and site closure.

NEW PROJECTS

Every new project poses a unique set of challenges. Demographics, local customs, cultural nuances and communication patterns - all vary from location to location. Therefore, when we initiate a new project we analyse it thoroughly across all stages - from exploration to development, operations and closure. Along with economic viability of a project, we also conduct a socio-economic and environmental impact assessment through a systematic process.

Engaging with Stakeholders

Understanding stakeholder expectation and prevalent mindsets is key to successful project management.

We consult all key stakeholders in order to identify, prioritise and crystallise real and perceived sustainability issues associated to the project.

Our approach to social impact mitigation is founded on disclosure of relevant information, consultation and participation of all affected communities, and arriving at mutually acceptable solutions that address the material concerns of all stakeholders.

Risk Screening

Sustainability risk screening is an integral part of our planning apparatus for new projects, expansions and acquisitions. Our due diligence screening covers a wide range of sustainability issues like resettlement, indigenous people (vulnerable groups), and significant loss of cultural heritage, human rights, biodiversity, transboundary/cumulative risks and overall sustainability impact. Risk screening outcomes help the Company to arrive at detailed scope of work on Environmental and Social Impact Assessments (ESIA) for all new projects. This ensures that projects are properly derisked, and successfully obtain and sustain their licence to operate. As part of the ESIA process, we identify potentially-affected community early in the project development stage and engage with them to identify, assess and manage the environmental and social risks.

SITES CURRENTLY UNDERGOING EXPANSION

Hindustan Zinc Limited

HZL - Rampura Agucha mine in Rajasthan, India is the world's largest zinc mine. It has an ore production capacity of 6.15 mn MT per annum.

As a part of its expansion programme, HZL is undergoing underground expansion to an ore production capacity of 3.75 mn MT per annum this year. For this the unit already received the environment clearance in 2012 wherein all the necessary Environment and Social Impact studies were undertaken earlier.

HZL, Sindesar Khurd in Rajasthan has an annual ore production capacity of 2.0 mn MT.

It is a highly mechanised world-class underground mine with state-of-the-art infrastructure facilities and best-in-class mechanisation. As part of the on-going expansion programme, ore production capacity at Sindesar Khurd will be increased to 3.75 mn MT per annum by FY 2018-19. The Company has completed the Environmental Impact Assessment involving social impacts. The public hearing for the same was conducted in July 2015 and Environment Clearance was obtained in January 2016.

HZL, Zawar Group of mines, Rajasthan operates at an annual ore production capacity of 1.2 mn MT.

As part of the on-going expansion programme, ore production capacity will be increased to 4 mn MT per annum for which the Company has already received Terms of Reference from the Government and is planning to conduct Environment and Social Impact studies by FY 2016-17 Q3.

Vedanta Limited, Lanjigarh



We continue to work to improve the security of raw material supplies for our Lanjigarh refinery business. During 2015, we obtained Prospecting Licences for three laterite deposits from the Government of Odisha. As per the Vedanta Sustainable Development Framework requirements, the Company will follow the necessary environment, social impact studies and host country regulations.

Vedanta Zinc International

Vedanta Zinc International has broken ground at Gamsberg, one of the world's largest undeveloped zinc deposits. This commences Vedanta's plans to turn the Southern African region into one of the most important suppliers of zinc in the world and to bring far-reaching socio-economic and environmental benefits to the region. The approach is to meet the sustainable development challenge of balancing the social and economic benefits of developing the Gamsberg project with the need to protect and preserve the unique arid zone biodiversity in the area.



I would like to commend the genuine commitment of Vedanta and the Lisheen Management to the workforce and the wider local community. This support was evident not only during the life of the mine but over the last two years. Intensive efforts have been made to plan for post closure investment and employment at the site, by harnessing the support of local and national Government.

Ms. Liz O'Donnell | Former Government Minister & Chairman - Lisheen mine Task Force

MATERIAL ASPECT

These standards that govern our actions and decisions across the project life cycle broadly focus on following aspects given below:

New Projects, Planning Processes and Site Closure

Acquisitions, Divestments and Joint Venture Due Diligence

Conducting ESIA's to International Standards

Site Closure

SITE CLOSURE

Closure is not the end of the story for the mines. In fact, it is the first chapter in the long tale of recovery of the ecosystem and social renewal for communities. It is during this phase that the stakeholder gaze is intense and they expect companies to fulfil the social and environmental commitments which were made at the beginning of the project.

We consider mine closure as a core part of our business. We plan the closure right at the exploration stage and formulate a balanced, realistic and achievable plan that can be funded and supported by us, and generate long-term value for the environment and the community. As part of the plan, we strive to build a sustaining economy in the surrounding region to ensure that we leave behind a positive legacy - financially, environmentally and socially.

All our operations have Site Closure Plans in place, which are aligned with local legal requirements. In India, establishing a closure plan is a critical step in obtaining regulatory approval from the Department of Environment and the Department of Mines. These closure plans set out

closure criteria, outline closure activities, establish roles and responsibilities, time-frames and resource requirements. Phased restoration and reclamation activities are carried out in consultation with the local community. We recognise the opportunity to share the lessons learnt and technical expertise between Lisheen mine and our other operations, in order to ensure full implementation of international good practice across all of our operations. However, apart from Lisheen mine we do not envisage any other planned mine closures in the near future.

The Closure Management of our Lisheen mine is a testimony of our commitment to adhere to global best practices.

LISHEEN MINE – A CASE STUDY WORTH EMULATING



Mining activity at the Lisheen mine concluded in November 2015. During 17 years of operation, it not just made a valuable contribution to us and its previous owner, but also made a positive impact on the local and national economy and created significant employment in the region. Before commencement of mining, we made a commitment to our stakeholders that we would leave the site in a safe condition that will allow productive use of the land and we are currently fulfilling those promises.

We are focussing on best-in-class closure for Lisheen mine. A biodiversity action plan is ready and a detailed and fully-costed closure, restoration and aftercare management plan is already under implementation.

Our actions will fulfil two key objectives: 1) Securing the future of employees and 2) Rehabilitation and restoration of the mine site

Securing the Future of our Employees

We have implemented an outplacement programme to assist employees to secure a smooth transition to alternative employment. To allay anxiety and frustration, our teams counsel employees. To aid smooth transition, we have allocated a training grant of US\$ 1,000 per employee, over and above the generous severance package of 6.75 weeks per year of service.

Rehabilitation and Restoration of the Mine Site

As responsible stewards of Lisheen mine, our endeavour is to leave a positive legacy, transform the site into a secure and sustainable ecosystem as well as share value that keeps on giving.

The main element of the Closure Plan is the capping of the Tailings Management Facility (TMF) in a safe and environment-friendly manner. All plans have been approved by the regulators, and progressive restoration of the TMF began in 2009. We made a commitment to the local community that 60% of the TMF would be capped by the time mine production ceased; this target has been achieved and costs associated with the physical closure and rehabilitation of the site are fully pre-funded.

The rehabilitated part of the TMF has now been turned back into productive agricultural land and successful animal trials have been approved by the Irish Department of Agriculture. Environmental compliance is in accordance with the Company's EPA-issued Integrated Pollution Prevention and Control Licence, and an Aftercare Fund has also been established to cover the required 6-year monitoring and 30-year aftercare period.



Lisheen mine has gone above and beyond the call of duty. It has been excellent in training and further educating employees.

Louise Cleere | Employee - Lisheen mine for 16 Years

360° PROJECT MANAGEMENT



Our vision is to establish a 'Bio-economy Campus' on the Lisheen mine site with multiple operations and jobs. Lisheen has been approved to be 1 of the 6 European Model Demonstrator Regions for the development and implementation of modern cluster strategies to foster entrepreneurship in emerging industries. Therefore, we are engaging with companies who have an active interest in establishing green industries on the site. To realise this vision, a task force comprising members of the local government and industrial development agencies has been in place for over two years.

OUR COMMITMENT TO LISHEEN WILL EXTEND FAR BEYOND ITS CLOSURE. WE WILL MONITOR THE SITE FOR AN EIGHT TO 10-YEAR PERIOD AND MAINTAIN ACCOUNTABILITY FOR UP TO 30 YEARS.



ALIGNING INTERESTS

Every business is a multi-stakeholder entity and stakeholders have diverse priorities, sometimes with conflicting interests. Dialogue is the tool we use to build consensus and ensure that all stakeholders are conversant with the larger picture. We constantly align our business goals so as to deliver on the myriad expectations of our stakeholder spectrum. While our goals may get redefined, our operational philosophy of protecting human rights is unshakeable.

42,200
TRAINING HOURS ON
HUMAN RIGHTS

HOSTED THE
1ST
SUSTAINABLE DEVELOPEMENT
DAY IN LONDON



4,176
COMMUNITY STAKEHOLDER
ENGAGEMENTS CONDUCTED

BUILDING STRONG RELATIONSHIPS

STAKEHOLDER ENGAGEMENT

Launched an online stakeholder engagement and grievance redressal recording system

Conversation builds the foundation for convergence. The symbiotic relationship that we share with our stakeholders stems from our zest to constantly engage with them in a constructive dialogue. With a view to understand expectations, align interests and update them on intentions and actions, we interact with our stakeholders, internal as well as external, across the project life cycle. Not only does it build winning synergies, we also reap the benefits of improved risk management and better on-ground outcomes. Our key stakeholders can be segmented in the following groups:



Just like the diversity of our stakeholders, our modes of engagement too are multifarious. From information disclosures to participatory sessions, from feedback forms to one-to-one discussions, from satisfaction surveys to performance scorecards, from top-management discourse to public hearings - we deploy a host of engagement channels depending on the need and nature of a stakeholder.

Strategic Communication is the fourth pillar of our Sustainable Development Model. It helps us create synergies, combat misrepresentation, mitigate risks and reinforce our reputation.

For more details, refer page 59

OUR ENGAGEMENT APPROACH

ASK	ANSWER	ANALYSE	ALIGN	ACT
Our dialogue begins with questions to 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 answerable. Equal attention is laid on providing a constructive response.	We have established a robust investigation process for complaints reported via the Whistle-Blowing Mechanism, Sustainability ID and Group Communications ID, involving senior management and other function personnel.	We work hand-in-hand with our stakeholders like governments, communities, industry bodies and NGOs, and align our goals and actions with high priority areas of the nations. The feedback of all engagements becomes part of our materiality identification exercise.	There is no stronger proof of commitment to the cause, than demonstrable action. We back our words with acts that move the needle towards promised outcomes.

We regularly engage with sustainability analysts to benchmark our performance with peers.

RESPONDING TO STAKEHOLDER CONCERNS

We have a dedicated public email address - sustainability@vedanta.co.in - available for sending grievances and queries regarding Vedanta Group or any of the Group Companies. It is being managed by the Group Sustainability Head and team, who respond to stakeholders at the business and operational levels as appropriately guided by our Framework.

Similarly, all emails and correspondence regarding our sustainable development initiatives received by corporate functions like Corporate

Communications and Investor Relations teams are being forwarded to the sustainability team.

All the issues, feedback points and grievances raised are recorded, and contribute to our continual monitoring of stakeholders' interests, and ultimately become part of stakeholders' feedback in our materiality identification exercise.



Below is a synopsis of the engagement modes deployed by us during the reporting period:

Mode of Engagement	Identified Material Aspects	Outcomes
COMMUNITIES		
Community group meetings, village council meetings, community need / social impact assessments, public hearings, grievance mechanisms, cultural events, engaging philanthropically with communities via the Vedanta Foundation	<ul style="list-style-type: none"> • Community engagement initiatives • Infrastructure projects • Land and resettlement • Local employment 	<ul style="list-style-type: none"> • Completed the social impact studies for HZL and Cairn India operations • All projects are aligned to need-based assessment approach • Site-specific stakeholder engagement process involving annual engagements, activities and communication • Around 2.25 mn beneficiaries via integrated development programmes • US\$ 37 mn invested in community development • Community grievance process followed at all operations • All land and resettlement practices follow the process laid down in the Framework
EMPLOYEES		
Chairman's workshops, Chairman's / CEO's town hall meetings, feedback sessions, performance management systems, various committees at the plant level, mentor programme, event management committee and welfare committee, women's clubs etc.	<ul style="list-style-type: none"> • Employee health & safety • Training & leadership development • Gender diversity • Succession planning 	<ul style="list-style-type: none"> • 757,000 man-hours safety training, and 1.53 mn man-hours HR and skill development training delivered to employees and contract workforce • Rolled out the technical external assessment (ACT-UP) process for other jobs apart from mining & smelting • Identification of top talents and future leaders through workshops • More than 15% female hiring
STAKEHOLDERS, INVESTORS & LENDERS		
Regular updates, investor meetings, sustainable development day site visits, annual general meeting and conferences, dedicated contact channel ir@vedanta.co.in and sustainability@vedanta.co.in	<ul style="list-style-type: none"> • Economic performance • ESG (Environmental, Social and Governance) performance • Adherence to international standards for new projects • Sustainability risk management 	<ul style="list-style-type: none"> • US\$ 10.7 bn revenue with a final dividend of 30 US cents per share • Maiden Sustainable Development Day hosted in London • Round table workshops and meetings with Socially Responsive Investors & Lenders • All new projects carried out as per the Sustainable Development Framework and International Finance Corporation standards • Sustainability assurance audits conducted through Vedanta Sustainability Assurance Programme (VSAP) • Completion of Environment & Social Review of VSAP
CIVIL SOCIETY		
Partnerships with and membership of international organisations, working relationships with organisations on specific projects, engagement with international, national and local NGOs, conferences and workshops, dedicated contact channel sustainability@vedanta.co.in	<ul style="list-style-type: none"> • Project partnerships • Community development • Human rights compliance - child labour and forced labour 	<ul style="list-style-type: none"> • Membership of international organisations including the United Nations Global Compact, TERI, CII, The World Business Council for Sustainable Development (WBCSD) and Indian Biodiversity Business Initiative (IBBI) • More than 250 partnerships with non-government organisations, schools, academic and government bodies • Focus towards implementing Sustainable Development Goals and other community need-based projects
INDUSTRY (SUPPLIERS, CUSTOMERS, PEERS, MEDIA)		
Customer satisfaction surveys, scorecards, in-person visits to customers, supplier and vendor meetings	<ul style="list-style-type: none"> • Contractual integrity - payments • Partnerships 	<ul style="list-style-type: none"> • SAP-based Supplier Relation Management system in place to facilitate transparency • Hotline service and email ID to receive whistle-blower complaints • Internal preparedness to implement the UK Modern Slavery Act requirements
GOVERNMENTS		
Participation in government consultation programmes, engagement with national, state and regional government bodies at business and operational level	<ul style="list-style-type: none"> • Economic performance • Community development • Environmental initiatives 	<ul style="list-style-type: none"> • US\$ 37 mn invested in community development • US\$ 39 mn spent on environmental improvement and operational projects • US\$ 3.2 bn payments to exchequers

BUILDING STRONG RELATIONSHIPS



HUMAN RIGHTS

MATERIAL ASPECT



Human Rights ranks high on our priority list and we consider it a fundamental responsibility. With majority of our operations in developing countries, we are acutely sensitive about upholding human rights and it has been a material aspect 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 (Code) commits us to comply with all relevant national laws and regulations, underpinning our approach to protect the fundamental rights of all our direct and indirect employees, communities and immediate supply chain.

DIRECT & INDIRECT WORKFORCE

We foster constructive relations with all employees and labour unions. There is zero room for human rights violations at our operations. Unfortunate cases of non-compliance, if they occur, are dealt with severely as we have proper mechanisms like employee grievance processes, collective bargaining and contract labour management cell at all our operations.

Collective Bargaining

We uphold worker rights to freedom of association at all our operations. Collective bargaining is a key mechanism through which we engage with our workforce, and ensure fair remuneration and working conditions. It offers the opportunity to create a better work environment in terms of improving productivity, health and safety, working conditions, remuneration, allowances, incentives and bonuses.

We have a collective bargaining mechanism at our various operations and the percentage of workforce covered by the mechanism include:
HZL **49%** | Zinc International **47%** | KCM **86%** | CMT **38%**
Sesa Iron Ore **69%** | BALCO **56%**

We aim to have constructive relations with all employees and labour unions, in the locations where we operate and ensure that compensation for workers meets or exceeds, the legal requirements.

The collective bargaining agreements are negotiated and agreed by the management and union representatives. The agreements include clauses relating to remuneration, allowances, working conditions, incentives and bonuses, health and safety, manpower productivity etc.

Other locations which do not have collective bargaining agreements, have adequate systems and processes for employee development, appraisal, remuneration and grievance redressal. A mechanism is in place to make employees aware of any significant operational changes like restructuring, mergers and acquisitions, expansions and the like.

Notification periods for such events are contained in collective bargaining agreements and certified standing orders of respective entities. For example, in India the notification period is 21 days, in Zambia and Namibia it is 30 days, whereas in South Africa it is 90 days.

Child and Forced Labour

Be it direct or through a contractor - child, forced or compulsory labour is a non-negotiable offence at Vedanta. We have proper systems at all our operations. Further, we carry out periodic inspections of our remote mine locations and require proof of age for all contract workers. Our Suppliers' Code of Conduct ensures that all our suppliers also commit to the same norms. Our significant suppliers and contractors generally include well-reputed and well-governed organisations, with systems and practices, comparable to our own.



At Sterlite Copper, we use a fool-proof radiological age identification process to assess child labour violations.

Supplier Diligence

Although all our significant suppliers have adequate systems to safeguard the human rights of their workforce, we ensure due diligence by conducting inductions, screenings, inspections and audits on a case to case basis.

We respond to concerns raised by interested parties on any of our key suppliers by undertaking an independent assessment.

We encourage suppliers to adopt principles and practices comparable to our own. The Supplier Code 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 as well as the Policy clearly communicate our expectations from our suppliers: to operate in compliance with all relevant legislations and follow our policies while executing work for or on behalf of Vedanta.

The Supplier and Contractor Technical Standard further includes a Supplier Screening Checklist to evaluate contractor compliance relating to key issues e.g. legal compliance, HSE management, labour management, human rights and child labour. This checklist is used by operations to screen suppliers and contractors as part of a prequalification process prior to awarding work.

Last year, 100% of our new suppliers were assessed on health, safety, environmental, human rights & labour rights related aspects.

The organisations that engage with us to supply raw materials or provide processing services are primarily well-established, reputable organisations with robust human rights and fair practice mechanisms.

100%
security guards
underwent training

LOCAL COMMUNITIES

We respect the norms, culture and heritage of local communities. Our Cultural Heritage Standard, Land & Resettlement Management Standard, and Indigenous People and Vulnerable Tribal Groups Standard have been developed in alignment with international good practices including ICMM and IFC standards, and are implemented across the businesses.

Indigenous Peoples and Vulnerable Tribal Groups (IPs/ VTGs)

The Group's standards and guidance note on the subject was rolled out to support the implementation of our related technical standard. The core aim of the standard is to enable our project teams to engage, negotiate and partner with these vulnerable groups in a manner that avoids negative impacts and risks for all stakeholders, especially the indigenous peoples and vulnerable tribes.



We have made special provisions for minorities and marginalised groups. To safeguard their rights, we follow the principle of Good Faith Negotiation (GFN), Informed Consultation and Participation (ICP) and/or Free, Prior Information and Consultation (FPIC).

Land Acquisition and Resettlement

We have never enforced any involuntary resettlement on any local community. We have committed to not mine bauxite at Niyamgiri without the consent of local communities. The current planned expansion of the refinery has no potential impact on indigenous people and vulnerable tribal groups. The public hearing was organised by the government officials as per the regulatory framework in which consent for expansion was provided by the local community. Bauxite is abundantly available in other parts of Odisha and we continue our engagement with the State Government to secure alternative supplies supporting ramp-up of our Lanjigarh refinery.

Security Practices

Human Rights training is an integral part of our Sustainable Development Framework implementation, and is part of training on our Code of Business Conduct and Ethics provided to our employees and contract workforce. Last year, 42,240 man-hours of training was provided towards this end. The employees who received this training range from our on-site security guards to our transport workforce, wherein we have previously identified some risks of child labour.

We have also defined training and competency requirements for security personnel addressing community health, safety and security, and other human rights requirements, where appropriate.

In 2016, all security guards in the Group received training on these aspects. It is worth noting that across the Group, we generally work with private and professional security companies (rather than local security forces or military). Our security personnel are not typically armed and we have not experienced significant human rights abuses involving our security personnel.

Last year, we conducted an internal assessment of human rights practices. Businesses across geographies mapped their practices against the UN Guiding Principle on Business and Human Rights. The assessment confirmed that the Human Rights Policy is being effectively implemented by all units. However, the need for periodic internal capacity building around implementing our human rights standards is required. The review also helped us in strengthening our existing systems and delivering focussed training for our staff.

The outcomes of this assessment which include best practices and suggestions, are serving as guide posts for all our businesses to enhance their compliance status.

MODERN SLAVERY ACT 2015

Modern Slavery Act has been constituted by the UK parliament to tackle the issues of slavery and trafficking. It directs corporations to prepare a Slavery and Trafficking Statement mentioning the steps taken by them to ensure that slavery and human trafficking is not taking place, either in their business or across any of their supply chains.

The law will help improve investor confidence as well as protect and grow the organisation's customer base as more consumers seek out businesses with higher ethical standards. It will also manifest in greater staff retention and loyalty, based on values and respect, and facilitate development of more responsive, stable and innovative supply chains. Most importantly, it will help us protect and enhance our reputation and brand.

At Vedanta Resources, we propose to incorporate the Modern Slavery Act 2015 in our operations through:

- **Inclusion of modern slavery act as an element in the Code of Business Conduct & Ethics**
- **Revision of Group's Human Rights Policy and Sustainability Supplier & Management Policy**
- **Rolling out of a uniform sustainability screening checklist for all new suppliers and contractors**
- **Uniform implementation and usage of screening checklist by commercial teams**
- **Verification and audit of Sustainability Supply Chain programme, and internal and external periodic assessment of supply chain**

BUILDING STRONG RELATIONSHIPS



NEIGHBOURHOOD DIALOGUE

📌 MATERIAL ASPECT

We are privileged visitors to some of the world's most remote and underdeveloped regions. We have a duty to respect, learn from and create a shared understanding with those who host us. Connecting with the neighbouring communities and garnering their consensus is vital for us.



We conduct an Environmental and Social Impact Assessment (ESIA) before every new project and continue to engage with communities throughout the project life cycle. As part of the ESIA process, we identify potentially affected community very early in the project development stage and engage with them to identify, assess and manage environmental and social risks. This goes a long way in building trust, respect, legitimacy and earns us the social licence to operate.

Our approach is based on the global principle of Free, Prior Informed Consent (FPIC), wherein disclosure of relevant project information, consultation and participation of all affected communities, and arriving at mutually acceptable solutions addressing matters of material concern to stakeholders, including affected communities, is done.

This approach is fully set out in our manual 'Technical Standard: Conducting ESIA's to International Standards', which is supported by a Guidance Note and other Technical Standards addressing specific aspects requiring further, more detailed consultation e.g. land and resettlement, cultural heritage, and stakeholder engagement. These standards are applied in conjunction with the ESIA process, to inform our team's understanding of their responsibilities to host communities.

As highlighted in the previous section on stakeholder engagement, all operations are required to identify stakeholders, develop Stakeholder Engagement Plans, and record and respond to stakeholder enquiries and grievances. Across the Group, our community relations team comprises around 80 employees and more than 500 community field officers, who work with local communities to ensure effective consultation and information sharing, to mitigate environment, social and health related risks, and to encourage informed participation by local communities.

COMMUNITY NEEDS ASSESSMENT

Understanding community needs and expectations is a complex and sensitive process. Last year, we completed our most comprehensive, structured and collaborative community engagement to date, to develop medium and long-term development plans in participation with our stakeholders. This was done in partnership with government and non-government organisations (with a focus on those active in remote regions of India), for every community adjacent to our sites.

As on date, all of our subsidiaries and divisions have completed the study or are in the process of completion and the rest have committed to work on it.

Each community group (including women and marginalised individuals) had the opportunity to speak separately and voice their opinions without fear or shame. The main concerns we heard were around livelihoods (in terms of either employment or supplier opportunities with Vedanta). This was a valuable feedback for our businesses, many of which are now developing projects around vocational training for them.

Based on the results of the assessment, we have arrived at pivotal needs of the communities and are spearheading projects to address the needs. For example, in locations where we cannot provide employment, we are exploring vocational training (for example, in brick manufacturing), entrepreneurship options (focussing on women) and other employability routes. In the current year, we also initiated Nand Ghar Project for the hinterlands of India as well as implemented the Goat Project in the rural areas of Southern Namibia. Both these programmes concentrate on providing significant fillip to income generation for the rural populace.

For details, refer page no. 57-58 of Communities section.



We want Vedanta to run its plant and expand. This will create employment opportunity and business opportunity in the area. This is why we supported Vedanta during public hearing for expansion. The public hearing and the decision was unanimous from impacted stakeholders.

Mr. Binod Goud | President - Youth Club, Lanjigarh Yuvak Sangh

NEIGHBOURHOOD DIALOGUE IN ACTION

case study

ENGAGEMENT & BEYOND

A blend of awareness and action to reduce water stress - a pressing need of the community



With per capita water availability below 1,000 m³/year, the state of Rajasthan in India faces severe water shortage. This issue gets compounded by people's ignorance towards use of safe drinking water, leading to health concerns.



Cairn India aims to address this double-edged challenge with a two-pronged intervention. This year, the Company initiated a programme to deliver safe drinking water to more than a million lives in parched villages of Rajasthan through two steps: **enhancing access to safe drinking water by establishing water treatment plants, and raising awareness to consume safe drinking water over untreated water.**

1 Enhancing Access

Cairn India, in association with its implementing partners is establishing 331 water treatment plants at Kharantiya, Bodwa and Seoniyala villages of Barmer District. These plants will make water, free of excessive chemicals and contamination, enabling better health for the community; particularly benefiting pregnant females, children and elderly. Over the coming years, the capacity of the water treatment plants will be ramped up from 1,000 to 3,000 litre per hour, depending on the need of the community. Post this, the ownership of these plants will be transferred to Public Health Engineering Department, Rajasthan.

2 Raising Awareness

In order to ensure that the water infrastructure gets well utilised, Cairn India organised an awareness programme on using safe drinking water for both drinking and cooking purposes in the vicinity. The programme was organised at Government Schools in the respective villages. Various members of the community including students, teachers, villagers and panchayat members attended the programme and learned about the benefits of using safe drinking water over untreated water, through interesting acts of magical tricks, songs and a play.

COMMUNITY GRIEVANCE MECHANISM

Grievances, if unaddressed can escalate into significant issues or disputes, which at times could jeopardise viability of operations.

A total of 904 community grievances were recorded across our businesses, of which 882 were actionable and were resolved in a timely manner.

Robust grievance mechanisms, benchmarked to international good practices, are operational at all our facilities and in nearby communities. We continue to strengthen these mechanisms to ensure more efficient handling. We provide quick response and fast track resolution of grievances when received. Any unresolved grievances are escalated to senior management for their direction and decision-making.

External grievances regarding Vedanta and its subsidiaries can also be logged at sustainability@vedanta.co.in. All community incidents (social

and labour) and grievances are recorded and categorised as negligible (1), minor (2), moderate (3), serious (4) or disastrous (5).

Further a SAP-based programme management tool for community grievance management and stakeholder engagement has been rolled out this year which will aid in speedy resolutions of grievances.

How We Performed

Out of all the registered grievances, we didn't observe any significant incident related to violation of human rights.

Further no category 4 or 5 social and labour incidents were recorded in FY 2015-16, although lower-level incidents such as village road blockages and strikes were recorded, particularly related to employment and contractor issues, infrastructure projects and some operational issues including land and traffic management.

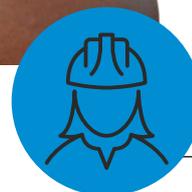
NURTURING INTERDEPENDENCIES



Generating revenue and distributing wealth. Breaking societal walls and bridging the economic divide. Investing in employees and unlocking hidden potentials. Nurturing communities and raising their standard of living. Empowerment and economic independence instead of dole & philanthropy. We stay committed to give back to our stakeholders who play a pivotal role in powering us ahead. We are acutely aware that higher the return they get, the more invested in us they remain.

1,200%

DIVIDEND BY HZL,
LARGEST EVER PAID
IN THE INDIAN
PRIVATE SECTOR



~15%

FEMALE
TALENT
HIRING

MoU

WITH THE MINISTRY OF WOMEN & CHILD
DEVELOPMENT TO DEVELOP NEXT-GEN
CHILD CARE CENTRES IN INDIA



ECONOMIC RESPONSIBILITY

The commodities that we produce and the energy that we generate constitute the building blocks of the modern world. However, the value we create is not limited to these outputs but extends across society in a meaningful and effective manner.

We understand that as a global company we have a broader role in society than merely bringing resources to market. This is particularly true when considered in the context of operating in the developing world. With operations predominantly in India and Africa, we believe that our Group can and should add and share value in order to facilitate the development of the economies and communities where we operate.



I am confident that our talented team of professionals, who are committed to a sustainable future, will ensure that Vedanta continues to create significant value for all shareholders and benefit communities wherever we operate.

Anil Agarwal | Chairman - Vedanta Resources plc

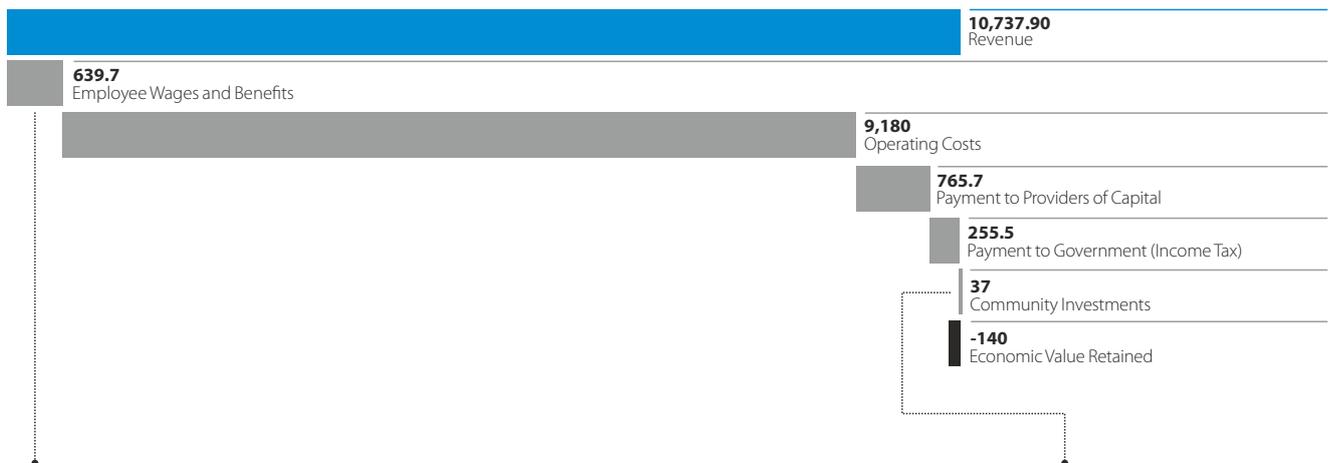
We pursue a three-pronged approach to value. We add value to countries' exchequer by discovering natural resources and processing them so that they are fit for use. We enhance the value of our assets through technically and technologically advanced processes that help us tap more resources per pound. And we expend value by driving direct and indirect positive economic impact in the form of payment of taxes & royalties, and investments towards our employees and community.

We believe in generating, sharing and cascading value - both financial as well as non-financial in the form of employment, community development, etc.

ECONOMIC VALUE GENERATED & DISTRIBUTED (ECG&D)

FY 2015-16 Direct Economic Contribution

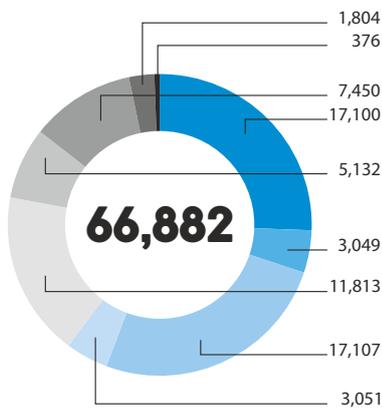
in US\$ mn



Total Employees

(By Business)

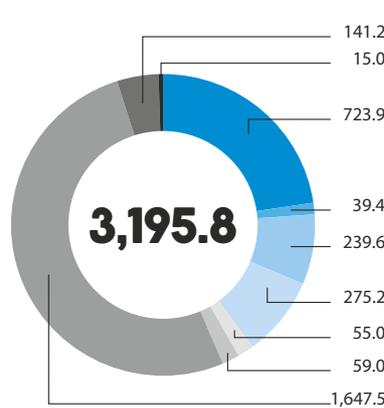
in Nos.



● Zinc India ● Zinc International ● Aluminium
 ● Copper India & Australia ● Copper Africa
 ● Iron Ore ● Oil & Gas ● Power ● Others

Payment to Exchequer

in US\$ mn

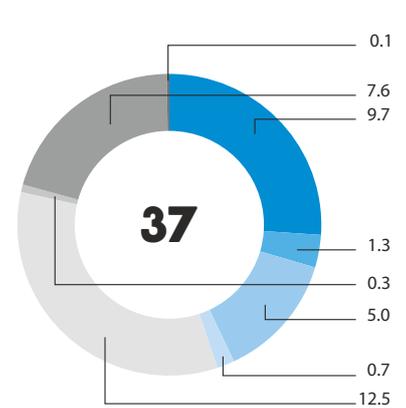


● Zinc India ● Zinc International ● Aluminium
 ● Copper India & Australia ● Copper Africa
 ● Iron Ore ● Oil & Gas ● Power ● Others

CSR Investment

(By Business)

in US\$ mn



● Zinc India ● Zinc International ● Aluminium
 ● Copper India & Australia ● Copper Africa
 ● Iron Ore ● Oil & Gas ● Power

ADDING AND SHARING VALUE

ECONOMIC PERFORMANCE

It is our endeavour to add value to each category of stakeholder we engage with. Here is a snapshot of our economic performance across the stakeholder spectrum.

SHAREHOLDERS & LENDERS

Commodity prices continued to fall in FY 2015-16. Prices of major metals like Iron, Zinc and Copper, that are central to our businesses, fell by 7% to 15% on an average. The underlying reasons for this continuing trend more or less remain the same: oversupply, weaker growth prospects in emerging economies (especially China) and a resurging US\$.

The Government of India's vision of higher domestic production to reduce India's dependence on imports and the 'Make in India' programme, are expected to accelerate demand in the Indian metal market, creating a positive environment for Vedanta in its domestic market in the near-term and globally in the medium-term.

Dividend

Since our IPO in December 2003, we have maintained a progressive dividend policy. Over the years, our shareholders have seen a total shareholder return of over 200% and we have paid a progressive dividend that was increased in nine out of ten years and held constant for one year.

Over the last ten years, Vedanta has returned US\$ 1.6 bn to shareholders, an average return of 8% per annum. In FY 2015-16, the Board proposed a dividend of 30 US cents per equity share.

On March 30, 2016, Hindustan Zinc Limited declared a special Golden Jubilee dividend of 1,200% i.e. INR 24 (US\$ 0.37) on an equity share of INR 2 (US\$ 0.03) each. This is the largest ever dividend paid by any company in the private sector in Indian history.

GOVERNMENT

At Vedanta, we believe that the best way to sustain our long-term profitability is by contributing to and ensuring the prosperity of the countries we operate in. The nature of our business necessitates that we understand the aspirations of men and women who surround the areas we operate in.

We make a direct, positive economic contribution to national and state government budgets through the taxes and royalties we pay. Indirectly, we contribute towards developing industry sectors by participating in industry organisations and international bodies, protecting the environment by working closely with host governments, and by providing direct and indirect employment opportunities to 67,000 people across geographies.

In FY 2015-16, the Vedanta Group cumulatively contributed US\$ 3.2 bn to host governments by way of taxes and royalties. This excludes significant withholding taxes and social security contributions.



Paying fair share of taxes in the countries where companies operate is increasingly being seen as a 'social licence' to operate by various stakeholders. At Vedanta, we've been ahead of the curve by putting out a Tax Transparency Report in advance of any statutory requirements. We will now take this reporting to the next level by complying with the UK Report on payments to Governments Regulation 2014.

Pallavi Bakhru | Sr. Vice President and Group Head -Taxation

We have not received any direct financial assistance from governments, although as part of various direct tax holidays and similar exemptions, Vedanta did benefit by US\$ 311 mn during FY 2015-16.

in US\$ mn

Financial Assistance received from Government	FY 2015-16	FY 2014-15
	311	239

In accordance with the UK Bribery Act, it is a Vedanta Board policy that neither the Group nor its subsidiaries will make donations or contributions to political parties within the United Kingdom or European Union. In India, political donations or contributions made within the context of legitimate business operations are made only with the approval of the Board. Last year, no political donation was made by any of our businesses.

Tax Transparency

In recent years, Tax Transparency has gained a lot of importance in public eye. A range of initiatives have been launched worldwide addressing stakeholder requirements for transparent disclosure of revenues and tax arrangements.

Transparency is the core principle, as we firmly believe it is a pre-requisite to build trust which is the foundation for long-term sustainable value creation. We practice a tax strategy which conforms to our Code of Business Conduct & Ethics with zero tolerance on corruption and bribery. Our tax teams around the world are required to operate in accordance with clearly defined principles, including integrity and open communication. Management of tax affairs and tax risks is led by tax professionals who work in accordance with our established governance framework.

We remain at the forefront of tax reporting by managing the tax affairs in a succinct and straightforward manner. Therefore, in FY 2014-15, to ensure proactive transparency in tax reporting and greater accountability towards our stakeholders, we voluntarily produced our first Tax Transparency Report even before it became a mandate. The detailed report shows the contributions we made to the public finances in the countries we operate in.



To view our Tax Transparency Report 2015-16, visit sustainabledevelopment.vedantaresources.com/sustainable-development/performance-and-reports.html

EMPLOYEES

Our employees are our biggest assets. It is their passion, determination and professionalism that sets us apart. It is both our privilege and prerogative to invest in developing and retaining key talent. The remuneration and other benefits extended to our employees not only meets the laws of the land but also competes with the best in the industry. Being an organisation that upholds merit in hiring as well as career progression, we provide ample scope and a conducive work environment that nurture talent as well as motivate them towards long-term retention.



For more information about our employee-centric initiatives, please refer to the Employees Section on page 51.



In the weak commodity price environment, we remain committed to optimising our operations, leveraging our high quality asset base and proactively managing our balance sheet. I am encouraged to see the positive results of our cost reduction programme gaining momentum and believe that this relentless focus on efficiency will not only make our business more resilient through the cycle, but position us favourably for any future improvement in market conditions.

Tom Albanese | CEO - Vedanta Resources plc

SOCIETY

Our community investment focusses on health, education, livelihoods and environment. In FY 2015-16, we invested US\$ 37 mn, benefitting more than 2.25 mn people globally through building hospitals, schools and infrastructure, developing employability skills and supporting community programmes. Rural livelihood was our priority during the year.

We have observed four dimensions of indirect economic development in the local area, state and country at large:

Development of Local Skills | We aim to enhance the capacity of the local people through skill development programmes; thereby developing local support services and alternative income streams.

Development of Local Markets | Skill development augments purchasing power, increases the cash flow movement in the market and eventually, develops the market on the whole.

Development of Aspirations | With right skills and education, people aspire to grow and lead a happy life.

Development of Livelihood Opportunities | We have undertaken livelihood projects both in farm as well as non-farm sectors to provide sustainable livelihood opportunities to the local community.



For more information about how we are making a positive impact in the society, please refer to the Communities section on page 54.

INDUSTRY, SUPPLY CHAIN & CUSTOMERS

Sourcing locally not only benefits local economies and governments, but also contributes to reducing the carbon footprint. In addition, due to the scale of our operations, we generate opportunities for the downstream industries and support services such as transportation. We work with local suppliers wherever possible, contributing to local market development. Importantly, this relationship extends to non-financial benefits such as skills development and training in areas such as health and safety, as well as making improvements to local infrastructure.

Customers

We have defined systems and practices in place to understand and meet customer expectations and regularly engage with them through our marketing and customer relationship personnel.

All our activities are focussed on ensuring that customer needs are met in an appropriate and timely manner, including assisting our customers with technical issues and product development for first use. Customer satisfaction surveys are conducted periodically by external third parties.

No cases of non-compliance with relevant regulations, anticompetitive behaviour, anti-trust, monopoly and voluntary codes concerning the health and safety impacts of our products and services were observed or reported. Similarly, no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services were reported.



For details, refer this section of our comprehensive SD Report, sd.vedantaresources.com/SustainableDevelopment2015-16/

IN SYNC WITH THE EVOLVING CUSTOMER NEEDS



Hindustan Zinc Ltd. is today one of the most reliable and preferred suppliers of Zinc, Lead and Silver not just in India but globally. In part, this is because of the marketing efforts undertaken by the HZL team.

Over the years, the team kept its focus on consistency in quality, incorporation of modern best practices and understanding the pulse of the market.



• **As the market preferences matured from loose Zinc & Lead bundles without strapping, we set up automated packaging facilities for slabs**

• **There has been a conscious change from a basic sales and distribution model to greater customer orientation, with periodic customer satisfaction surveys, market surveys and focus on prompt deliveries, faster account settlements and extensive technical customer service**

• **Keeping in mind the needs of the market, a number of innovative new products like Jumbo & CGG (Continuous Galvanising Grade) have been introduced**

The Commercial function has also played a pivotal role in making HZL a world-class asset. There has been a paradigm shift in the procurement policy from the lowest cost price procurement (L1) to first, lowest Total Cost of Ownership (TCO) and then on to Full Impact Value (FIV) in accordance with international best practices.

ADDING AND SHARING VALUE



EMPLOYEES

It is the passion, perseverance and sheer ingenuity of our ~67,000 workforce that drives the success of Vedanta. Our people ensure that our business operations are effectively executed, sustainability commitments responsibly rendered and ambitious plans turned to reality. They are crucial cogs in driving each of the triple bottom lines.

Apart from sharing value in terms of attractive remuneration, we empower them with the freedom to learn, lead, explore, experiment, innovate, and evolve as a professional and as a person.

OUR PRIORITIES

ORGANISATION GROWTH

We continue to attract talent from top engineering institutes, business schools and graduate colleges. This is an important step in sourcing a strong talent pipeline for the future. We also focus on effectively utilising and grooming talent by appropriately rotating them across businesses for experience in new roles and to prepare them to take up various key positions in the future. In particular, this year, due to volatile market conditions and owing to disruptions in our business, we have redeployed and optimised appropriate resources to other businesses.

Women Diversity



With an operational footprint as wide as four continents, our focus on diversity remains unflinching. Our workforce is an eclectic mix of people of different regions, nationalities, gender and age. Apart from bringing on board multi-cultural individuals, we are firmly committed to usher in gender equality. We are signatory to the 'CEO Statement of Support' that expresses our commitment to the United Nations' Women's Empowerment Principles - 'Equality Means Business'.

Across the Group, both men and women are recruited on the premise of 'equal remuneration, equal opportunities'. In recent years, Vedanta has witnessed the appointment of women to a number of key positions including Non-Executive Director - CEO - Zinc International, Group President - Sustainability, CSR and Communications, Group Head of Treasury, Head CSR - HZL and Group Head - Taxation.

Our recruitment drives focus on identifying women candidates for key roles and offering them career advancement. We have witnessed an upward inclination in percentage of women in total workforce ratio, i.e. from 8.1% in FY 2012-13 to 9.4% in FY 2015-16.

9.4% ▲

full time female employees
(FY 2014-15: 8.6%)

1.53 mn ▲

training hours delivered to
workforce (FY 2014-15: 1.24 mn)

At all our operations, we ensure the ratio of entry level wages meets or exceeds the legal requirements and that we do not discriminate in anyway in terms of gender by maintaining a ratio of 1:1 for standard entry level.

Over the reporting period, across our businesses, the total percentage of locally hired senior management personnel were: **India (97%), Australia (100%), Zambia (63%), Namibia (100%), Ireland (100%) and South Africa (56%).**

We invest significantly in developing and retaining key talent to drive innovation and efficiency within the business. In this regard, **our attrition rate has remained stable and this year it was reported as 5.38%.**

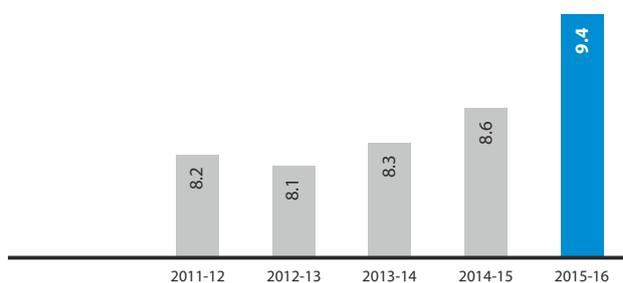
To enable women to work with dignity and without fear, a sexual harassment prohibition policy and sexual harassment committee is in place in each business.

- We have established gender diversity targets at the Board-level as well as Business-level.
- We have already achieved our business-level target of hiring 15% women professionals and remain committed towards fulfilling the target of more than 33% female representation on the Board by FY 2019-20.

Women in Workforce

in %

15% ▲ Increase in % of women in workforce as compared to FY 2011-12



	Male	Female
No. of employees who have taken parental leaves in FY 2014-15	251	184
No. of employees who returned to work after parental leave ended and who were still employed next 12 months after their return to work	233	171
Retention %	92.83%	92.93%

Retention % is calculated on the basis of the no. of employees who returned and were in continuous service for next 12 months / no. of people who went on parental leave



I am thankful to Vedanta for not defining my role based on my gender, but based on my capabilities.

Sadhna Verma | Manager - HSE, BALCO



EMPLOYEE ENGAGEMENT

We pursue the philosophy of 'open doors, open ears' and encourage employees to voice their views. Employee satisfaction is measured through multiple yardsticks and necessary action is taken to fulfill their needs and expectations. Our myriad employee engagement platforms include:

- **External surveys such as Aon Hewitt's 'Great places to work' programme and periodic in-house 'dipstick' surveys**
- **Monthly, large-scale interaction programmes helmed by Business Head, Functional Heads, Head HR, Location Heads etc.**
- **Quarterly town hall meetings addressed by Chairman, CEO, COO and CFO**
- **Weekly one-on-one meetings plus the ubiquitous suggestion and employee grievance boxes**
- **Whistle-blower procedure to anonymously report unsafe or unethical practices** (Refer page no. 43 for details)
- **Collective bargaining** (Refer page no. 43 for details)
- **100% of total workforce represented in the formal joint management-worker health and safety committee**
- **Ethics Committee that oversees issues including concerns of discrimination and harassment**



For more details, please refer page 42

case study

CAIRNFIT WELLNESS PROGRAMME

Creating a Healthier Workplace



Better health is central to human happiness and well-being. It not only allows us to be disease free, but helps us lead a more fulfilling life. But while the benefits of a healthier lifestyle are well known, bringing sustainable change requires changing mindsets.



With this view in mind, Cairn India launched the Cairnfit Wellness Initiative in 2015, under which employees are offered in-house programmes such as Transformational Yoga, Functional Fitness, Couch to 5K Running and Nutritional Awareness Sessions.

The programme was launched through an employee town hall meeting where the CEO and senior leadership spoke about the importance of health and fitness. The team also ran a multimedia campaign to build awareness and enthusiasm towards holistic well-being.

With classes being conducted every week in office premises for 2-3 months, the uptake for the programmes has been very good with slots filling up within a few hours.

All participants also undergo a pre and post medical check - measuring their BMI and other health indicators which are then tracked for progress at the end of the programme.

The participant feedback has been more than satisfactory and the results on the health indicators have been dramatic - some people have lost as much as 11 kg in a matter of 3 months. Spreading the importance of fitness and building a culture of healthy living, have been significant contributors to the success of this programme.

I have attended yoga earlier but the programme offered at Cairn was very well structured and all the participants ramped up on the skills in a short duration

Akanksha Vohra | Employee

Apart from raising awareness about wellness, the programme has served as an excellent engagement initiative demonstrating care and enhancing camaraderie.

ADDING AND SHARING VALUE



Vedanta's Global Internship Program (GIP) is designed for high achievers to apply their academic knowledge, analysis and business acumen to some of the most challenging projects in a real-life environment.

Suresh Bose | Head - Group Human Resources, Vedanta Limited

PERFORMANCE MANAGEMENT

In line with our philosophy of being a high performance organisation, we have a strong performance management system in place. All our employees participate in a reward-linked annual appraisal programme, where performance is gauged against key performance indicators. Three key tenets of our performance management approach are:

1 | **Appraisal based on annual goals measured against a pre determined five-point scale**

2 | **Feedback and identification of areas for improvement**

3 | **Individual key performance indicators linked to sustainability outcomes**



For more details on Performance Management, refer Remuneration Report in our Annual Report.

TALENT DEVELOPMENT & MANAGEMENT

We continued to add strength to the calibre of our talent across cadres through various development enablers such as:

- **Expert-led training on issues including behaviour and technical skills**
- **Orientation programme to facilitate new recruits' transition from 'campus to corporate'**
- **Chairman's workshops: attended by more than 2,500 people in the last five years**
- **Initiatives like Technical ACT UP, Club 100 and Leadership Workshop**
- **Work Integrated Learning Programme - offering B-Tech and M-Tech education while on-the-job**

We offered 1.53 mn training hours to our team members, with an average of 31 hours per full-time employee.

Our Group-wide 'Star of Business' programme is a unique initiative that identifies high potential talent early in their career and puts them on a fast growth track through enhanced roles and responsibilities. Our Global Leadership Programme empowers the high potential employees to gain global exposure by working overseas for six to twelve months. Such career advancement platforms have empowered thousands of employees to climb the corporate ladder, speedily and fruitfully.

We also conduct structured programmes to assist employees for smooth transitioning from work to retirement such as computer literacy programmes, wealth management, tradesman skill building programmes, retirement workshops & employee assistance programmes.

Employee Training

man-hours

Full Time Employees		Contract Employees	
Male	Female	Male	Female
664,625	75,480	779,476	16,597

INITIATIVES

SHAPING FUTURE LEADERS AT ZAMBIA



As an endeavour to plug skill gaps in Zambia, Konkola Copper Mines (KCM) has spearheaded a two-pronged initiative.

- **A scholarship programme that awards selected trainees, scholarships to study at universities in India and Namibia before being employed by the Company**
- **A structured in-house management training programme, where trainees inculcate good work culture, get acquainted to attributes of sound management skills & work efficiency, and gain exposure to global best practices**

In 2015, the Company recruited over 35 university graduates in mining engineering, human resources, business and metallurgy, as management trainees. Over 240 management trainees have been recruited, since the programme commenced in 2006.



To view more of such initiatives, refer our comprehensive SD Report, sd.vedantaresources.com/SustainableDevelopment2015-16/



COMMUNITIES

US\$ 37 mn ▲

0.35% of revenue spent on social investment (FY 2014-15: 0.33%)

2.25

million lives benefited

Businesses and communities depend on each other to create an empowered and a prosperous society. To nourish and nurture this interdependent relationship, we consistently invest time and resources in community development.

We go beyond the customary role of business of paying taxes, generating employment and complying with the law of the land. We seed interventions in areas that act as development multipliers - child and maternal welfare, sanitation and hygiene, public infrastructure development and skill building, for creating long-term value for our host communities. The aim is to make a holistic improvement in the quality of life of the local communities.

The majority of our initiatives are carried out in collaboration with community organisations and are developed in partnership, utilising a needs-based approach to community investment, underpinned by the use of 'Public-Private-People-Partnership' (4Ps) model.

Our community engagement process, together with baseline studies and needs assessments, helps us to develop initiatives for local communities in pressing areas of need.

Our CSR Policy and Social Investment Standard guide our community engagement journey.



Outreach:

578

core villages

1,010

peripheral villages

Codli mine, Goa

Continued CSR

despite suspended operations

A first-of-its-kind corporate partnership with the Ministry of Women and Child Development, India to develop

4,000

next-gen Anganwadis

Social Impact Assessment study concluded at HZL and Cairn

Peer benchmarking study on our 'Licence to operate' in partnership with Indiana University

Alignment with **UN Sustainable Development Goals**

Extending **WBCSD - WASH pledge** to community

Beneficiary Count*

in mn

FY 2015-16

2.25

FY 2014-15

4

FY 2013-14

4.1

FY 2012-13

3.7

The value shared with communities is proportional to the economic value generated by the business and we have responded resiliently to the current macro-economic scenario. We have looked closely at our programmes to understand what contributes to our social licence to operate and realigned the scope and objectives of our programmes. While this has led to a reduction in our footprint, our programmes have a sharper focus and stronger alignment with business imperatives.

Based on the results of need-based assessment and social impact assessment studies, we are aligning our projects with priority needs of the communities and countries. Accordingly, some of the projects have been discontinued, few interventions have been expanded and new programmes are being launched.

*Some of the beneficiaries could be engaged in more than one project.

We have prioritised the Sustainable Development Goals (SDGs) based on our material issues as well as operational competency, and are now in the process of chalking out an action plan to address the relevant Goals.



I am deeply overwhelmed and applaud Vedanta's efforts in the field of education which is a great investment for the generations to come.

Mr. Laxmikant Parsekar | Chief Minister of Goa, India

AREAS OF FOCUS

Our programmes address specific priority areas of the community we operate in. Due to the nature of our business, most of our operations are located in hinterlands of developing nations and our intervention focus has broadly been in the following areas:

Education | Health - Water & Sanitation

Women Empowerment | Skill Enhancement

Farming & Animal Husbandry

Last year, we conducted a comprehensive community needs assessment exercise covering every location in the vicinity of our operations. Based on the inputs, 'Women & Child Development' and 'Vocational Skills' were identified as high priority areas. Hence in the reporting year, majority of our interventions were focussed in this domain. However, we continued to add value in other focus areas as well.

We believe that contributions in 'Women & Child Development' and 'Vocational Skills' can have a multiplier effect on the quality of life of the entire community.

EDUCATION

Education is a bridge between an individual's potential and progress. Ensuring right to quality education for every child is a mammoth task and calls for collaboration from all quarters. Vedanta has been joining forces with various government bodies and thought leaders to facilitate bona fide learning avenues for children of marginalised communities.



Under the Vedanta Bal Chetna Anganwadi (VBCA) programme, we run 3,100+ Anganwadis in partnership with the Indian government across several parts of India. This year, about 71,000 children availed preschool level education in these child care centres. We also operate five centralised kitchens serving fresh, nutritious and delicious meals to 96,800+ children every day to support the Government's midday meal programme.

To provide access to higher education, we run 16 schools and colleges, most of them close to our operations. Over 211,000 students studied in these schools this year. In the reporting year, Sesa Iron Ore partnered with Goa's Sarva Shiksha Abhiyan programme to develop textbooks in local language for primary schools of Goa. This intervention will go a long way in facilitating learning for children across the state.

In rural households, due to scant financial resources, young boys and girls often lose out on educational opportunities. Vedanta addresses this issue by providing scholarships to girls who opt for higher education. This year, over 900 such scholarships were granted.

Cairn India works in Rajasthan and Gujarat, covering 150+ schools in order to train the teachers and offer better learning tools to students.

Konkola Copper Mines (KCM) runs two schools in Africa reaching out to over 2,100 pupils from preschool to A-levels. Scholarships are offered to 15 top performers from these schools to study at universities abroad. In addition, each year, KCM also provides scholarships to 40 students from government schools. Over 260 scholarships have been facilitated for students in Africa so far.

INITIATIVE

LEARNING IS FOR LIFE



Age is just a number, for those willing to learn and earn with dignity. At KCM Zambia, adult education classes first began as a 50th independence anniversary gift, but the response was so massive that the programme was subsequently scaled up. **So far, 1,000+ adults have been taught to read and write by the KCM staff in collaboration with the Zambian Ministry of Education.** Several of them have passed certificate exams organised by the Ministry and are now equipped to work as teachers or administrative staff.



HEALTH

Poor access to sanitation is a major cause of illness in India. Our goal is to create a lasting change in the health quotient of our communities through our two flagship hygiene & sanitation programmes: **WASH Pledge for Action and Improving Sanitation Infrastructure**. Both these initiatives are aligned to the sixth SDG - 'Clean Water and Sanitation' and also echo the clarion call for Swachh Bharat (Clean India) given by India's Prime Minister, Mr. Narendra Modi.



WASH Pledge for Action

In FY 2014-15, Vedanta signed WBCSD's WASH (Water & Sanitation Hygiene) Pledge, which seeks commitment from companies to ensure access to safe water, sanitation and hygiene for all employees. Going a step ahead, we have aligned our actions to secure safe sanitation for our communities. Action has been initiated on a war footing in the below three areas:

1 Awareness

- Internal training to create awareness among permanent and contract employees
- Signage and public meetings to spread the message in communities

2 Infrastructure

- Construction of 650+ washrooms in schools and communities
- Training housekeeping staff for efficient maintenance of facilities

3 Monitoring

- On-ground scoring and audit of the infrastructure and community buy-in
- Monthly review

Executing this initiative is not a mean task as the local communities lack basic awareness on sanitation and hygiene. This challenge is compounded by the topographic complexity of Rajasthan, an arid, water-scarce region. But our impassioned team is ready to convert the roadmap into reality and WASH has already been implemented across two of our large subsidiaries, Hindustan Zinc Ltd. (HZL) and BALCO. This programme, will also be adopted by the rest of our businesses in the next reporting year.

WOMEN EMPOWERMENT

Self Help Groups (SHGs) are a powerful medium to empower women in the deepest rural pockets through socio-economic independence.

We supported 2,800+ SHGs, reaching 38,000 women, which is more than twice the number, a year ago.

SHGs supported by Vedanta offer training in tailoring, stitching, local crafts, animal husbandry and organic farming, with an aim to open doors to income generation opportunities. Market linkages are also provided, wherever possible. SHGs also provide women the opportunity to socialise with other women, share their concerns and learn from others' experiences. This leads to their holistic well-being.

Improving Water & Sanitation Infrastructure

We target to build 50,000 toilets for households and schools in Rajasthan, in the next 3 years.

With their intervention so far, Cairn and HZL have together freed 8,800+ families from open defecation in Rajasthan. In addition, we have ensured 24*7 access to potable water for the residents of Barmer and Sanchore, Rajasthan, by installing ATW (Any Time Water) machines with RO plants. More than 35,000 families in Rajasthan benefit annually through our water programmes.

In Tamil Nadu, Sterlite Copper has partnered with the Thoothukudi District Administration to promote total sanitation in schools and panchayats.

Along with sanitation, we also run targeted nutrition programmes for women and children with an aim to treat anaemia, malnutrition and locally prevalent, treatable illnesses. We have setup 44 health clinics, where villagers receive prompt healthcare support.

To ensure outreach in isolated hinterlands, we deploy mobile health vans. Sterlite Copper operates 'Healthcare on Wheels' in 28 neighbouring villages providing free primary and secondary healthcare access to 50,000 people.

Our approach to healthcare delivery transcends offering curative support. We strive to usher in behavioural change by spearheading health awareness drives and also aid in building infrastructure such as toilets, drainage lines and garbage disposal facilities.

Direct Economic Impact through SHG support

FY 2015-16

Total number of SHGs	2,840
SHGs engaged in income generation activities	570
Total members in SHGs	38,099
SHG members engaged in income generation activities	4,207
No. of women who established micro enterprises	180

TRANSFORMING THE ANGANWADI MODEL

Nand Ghar - the New-gen Childcare Centre

In India, the role of Anganwadi (childcare centre) is critical in combating malnutrition, promoting pre and postnatal care, immunisation and early childhood education. Though the nation is home to over 1.37 mn Anganwadis, their impact is far from what's desired. The need of the hour is to enhance the efficacy and efficiency of Anganwadis.



Project Nand Ghar is designed in line with Prime Minister of India's vision of Beti Bachao Beti Padhao, Startup India, Swachh Bharat and Skilling India.



With an aim to modernise the Anganwadi infrastructure in the country, Vedanta signed an MoU with the Ministry of Women & Child Development to construct 4,000 new age Anganwadis across India.

Our model reimagines existing Anganwadis and enhances their role. To be developed in high-burden districts, they will be called Nand Ghars and shall be equipped with state-of-the-art infrastructure including access to nutritious food, clean water, sanitation and perennial solar power supply.

They will enhance capacity utilisation of the infrastructure by being an access point for primary healthcare and hosting women's skill development programmes, in the free hours after the children's education.

50 Nand Ghars are operational as of now and other 50 will become operational by June 2016. Once all 4,000 Nand Ghars get constructed, 400,000+ children and women will benefit every year. With this endeavour, we hope to significantly transform the lives of women and children in rural India, and impact the prosperity of villages at large.

Education

- Smart learning kit for children
- Interactive e-learning

Primary Healthcare

Each cluster of 25-30 Anganwadis to have a medi-clinic and a mobile medical unit, which will provide free OPDs, free medicines, and diagnostics for maternal and childcare

Nutrition

Supplementary nutrition to be provided to children from 6 months to 6 years, and to pregnant and lactating mothers

Livelihoods

- Hosting women's skill development programmes
- Creation of micro enterprises to promote entrepreneurship

SKILL ENHANCEMENT

Skill building equals nation building. Skilling empowers the youth to integrate with the mainstream economy, plus it gives a significant fillip to the economy itself by providing trained manpower to industry.

In the reporting year, we continued to focus on developing employability among youth by imparting skills in a wide range of trades.

Direct Economic Impact through Youth Empowerment

5,800+ youth were provided vocational skills training in FY 2015-16 vis-à-vis 3,800+ youth in FY 2014-15

2,900+ youth linked to earning opportunities in FY 2015-16 vis-à-vis 2,200+ youth in FY 2014-15

375 youths engaged under micro enterprise development



We are transforming the fate of villages by empowering their future custodians - mothers & children.

Roma Balwani | President, Group Sustainability CSR and Communications

INITIATIVE

EMPLOYABILITY DEMANDS MORE THAN JUST SKILLS

Cairn Enterprise Centre and Cairn Centre of Excellence



Cairn Enterprise Centre (CEC) was established in 2009 with a view to provide opportunities to the local populace of the region. In FY 2015-16, 900+ youth underwent training, with 75% placement rate. Buoyed by the success of this centre, a US\$ 10 million Cairn Centre of Excellence (CCOE) has been established at Jodhpur, to offer training in advanced disciplines.

Cairn signed an MoU with the Rajasthan Skills & Livelihoods Devp. Corp. (RSLDC) in the presence of the Rajasthan Chief Minister, Ms. Vasundhara Raje. Initially, RSLDC extended support to 200 students per annum; witnessing the success, support has been expanded to over 600 students per year.



Interesting interactions with young trainees under various skills development courses at the Cairn Enterprise Centre



FARMING & ANIMAL HUSBANDRY

Agriculture is the main source of income in rural India and Africa. Not only is it subject to vagaries of monsoon and problem of pests, but also largely impacted by malpractices of middlemen.

To help improve yields and fetch a fair price for their produce, we reach out to farmers in villages close to our operations. We distribute high-yield seeds, offer training, encourage adoption of new scientific technologies as well as help market their produce.

In FY 2015-16, we assisted 7,000+ farmers. Below are a few success stories:

- **Trained Indian farmers in 'Systematic Rice Intensification Technique' achieving milestone outcomes. 17 farmers increased their crop yield by as much as 40%.**
- **In 2010, KCM, Zambia flagged off a 5-year cattle empowerment project with 40 beneficiaries. By the end of 2015, about 600 cattle have been given out to 300 farmers under this project and beneficiaries have begun to barter goods for milk.**

INITIATIVE

TURNING THE COMMUNITY'S INDIGENOUS KNOWLEDGE INTO BUSINESS



Skorpion Zinc operates in Karas region, which is a home to a section of marginalised households. Leveraging communities' indigenous knowledge of goat keeping, the Company worked with the Namibian Ministry of Agriculture to implement a Goat Project.

A total of 16 households received 30 ewes (female sheep) and a ram (male sheep) each. A total of over N\$ 700,000 (US\$ 50,761) has been invested in this project.

Over 60% of the beneficiaries of the project were women, a deliberate intervention to assist the women-headed households in rural Namibia.



TRANSFORMING RURAL INDIA

We have adopted 5 villages in India with an aim to transform them into model villages, through focussed intervention on women and child development. We mapped the results of the local needs assessment study with The National Policy for Children and SDGs to arrive at the following areas of intervention.

Sanitation	Health	Education	Empowerment
100% coverage of households through individual household toilets	100% coverage of households for access to primary healthcare	Reducing dropout rate of girls, post class 8th Behaviour change through gender sensitisation trainings	Increasing participation in decision-making at Panchayat level Training programmes for creation of microenterprises

Our CSR teams have activated a host of interventions and the outcomes will start manifesting from the next reporting year.

REINFORCING TRUST

Trust is a manifestation of delivering on expectations. To ensure that our stakeholders, especially external stakeholders such as the community, the media, civil society and government, have realistic expectations and are always kept abreast of our performance, intent and operating philosophies, we have intensified our focus on strategic communications in the last couple of years. It helps us communicate the reality transparently and reinforce confidence.

CHAIRMAN'S VIRTUAL
TOWN HALL MEETING
FOR EMPLOYEES
CONNECTING

30 VEDANTA
LOCATIONS
IN FIVE COUNTRIES



ACTIVE ADVOCACY
INVOLVING GOVERNMENTS,
INDUSTRY AND OTHER
STAKEHOLDERS



INVESTOR RELATION SOCIETY
INDIA - BLOOMBERG AWARD
TO VEDANTA LIMITED



COMMUNICATING CONSTRUCTIVELY

We introduced strategic communications as the fourth pillar of our Sustainable Development Model, in order to reflect the proactive communications with stakeholders, understand their needs, shape their expectations as well as share our intentions, commitments and actions.

We operate with the belief that businesses are not isolated entities, and the growth of our stakeholders is instrumental for the growth of the business. In every decision, we emphasise on our principles of stakeholder dialogue and mutual respect.

We prepare communication strategies and plans to achieve outcomes and continually measure the perceptions created by our transparent communication with all stakeholders. This communication roadmap guides our employees on what, how and whom to communicate with, and ensures a robust two-way engagement with our stakeholders.

We communicate consistently with all our stakeholders through carefully chalked-out platforms which are best suited for each stakeholder profile. Illustrated below is a cross section of our engagement interventions carried out for various stakeholders.

COMMUNITIES

Listening to the communities, understanding their concerns and resolving issues is key to pre-empting and avoiding social conflicts.

We have adopted a dual approach to community engagement - we undertake focussed CSR activities to create a positive social impact, and ensure that the benefits of these activities are well-communicated to the community and the linkage to Vedanta is well-established. We also proactively engage with communities to negate any trust deficit issues.



CIVIL SOCIETY

Civil society plays an important role in shaping the nation's governance and development agenda. In our industry, they are partners in the process of identifying and resolving the challenges. We engage with the civil society in numerous ways through various forums.



The Nand Ghar model will provide targeted delivery of supplementary nutrition services along with related healthcare services for both mother and child including skill training for women.

Mrs. Maneka Sanjay Gandhi | Union Cabinet Minister - Women & Child Development, India

UNIFIED BRAND

ONE VISION. ONE VEDANTA

Unified branding has strengthened the linkage between our global businesses, communities and stakeholders, and is a significant milestone that promises a united vision and aligned identity. It empowers us to work in an integrated manner, leverage internal synergies, and create additional value for all stakeholders.

Leveraging the Public-Private-People-Partnership model

In a first-of-its-kind corporate partnership with the Ministry of Women and Child Development to develop 4,000 next-generation Anganwadis in India, we spearheaded Project Nand Ghar with an aim to modernise the Anganwadi infrastructure in the country.

50 Nand Ghars have already been set up this year. The first one was inaugurated by Mrs. Maneka Sanjay Gandhi, the Union Minister for Women and Child Development, India.

Industry

Leveraging Industry Platforms

Mining Indaba is the world's largest mining investment conference and Africa's largest mining event. Vedanta first attended the Mining Indaba in 2013 with the objective of raising awareness about Vedanta in Africa. Since then, we have enlarged our presence and visibility at the conference. Mining Indaba provides us an excellent platform to engage with multiple stakeholders such as governments, investors, financial institutions, suppliers plus the media, which augurs well with our goal to expand our footprint in the continent.

STRATEGIC COMMUNICATIONS

Demonstrating Thought Leadership

The Queenstown Rotary Club organised West Coast Industry Conference with focus on industry's future in the region. Copper Mines of Tasmania (CMT), Australia participated as a presenter and as a sponsor of the event. All the major industries operating on the west coast including mining, tourism, aquaculture, etc. participated. The conference attracted over 150 delegates, bringing together business, industry and government representatives.

Talking the Walk at the Technical Forums

We participated in a variety of technical forums organised by us and third party organisations including:

India CII-ITC Centre of Excellence for Sustainable Development | The Energy Research Institute (TERI) | Federation of Indian Mining Industries (FIMI) | Indian Institute of Metals | Federation of Indian Chamber of Commerce and Industry (FICCI)

Zambia Extractive Industries Transparency Initiative (EITI) | Chamber of Commerce and Industry | Chamber of Mines

South Africa International Zinc Association | Chamber of Mines

Namibia Chamber of Commerce and Industry | Chamber of Mines

Ireland Irish Business and Employer's Confederation | Irish Mining and Exploration Group

Our leadership team addressed various events as speakers and panellists such as The Responsible Extractive Industry Summit - London, Mining Africa Summit, CII's Safe in India 2016 Panel, TERI's Chief Sustainability Officer Conclave, and FICCI's India Sustainability Conclave.

We also contributed to the 'Business and Biodiversity in India: 20 Illustrations' report published by Confederation of Indian Industries (CII), with support from GIZ in 2014, through our provision of biodiversity case studies from HZL and Sesa Iron Ore.

Partners

Vedanta has signed the World Business Council for Sustainable Development (WBCSD) WASH pledge and is committed to provide safe drinking water to all communities near its operations.



With the objective of making people aware about the benefits of safe drinking water, CAIRN India, along with its partners, organised an awareness programme at Kharantiya, Bodwa and Seoniyala villages of Barmer District. The programme organised at Government Schools in the respective villages was attended by students, teachers, villagers and



Let's work together to ensure that we set an example for investment in a healthier workforce and making our business better.

Roma Balwani | President, Group Sustainability CSR and Communications

panchayat members. Other business units like BALCO, HZL and TSPL are also following a similar approach to drive awareness on hygiene and sanitation in their neighbouring communities.

We also engage with the WBCSD on climate change and actively attend relevant meetings and support relevant aspects of its agenda. This year, we provided input to the WBCSD on behalf of Indian corporates for Paris Climate Change conference - COP 21.

Media Engagement

Strategic communication has created a positive impact with media primarily because we engage with them in a transparent manner. This focus has given us an opportunity to ensure that the right and complete information is shared with the media and the flow of the narrative is credible.

EMPLOYEES



Communication is vital for good human resource management. Engaging with employees makes us more productive, better aligned and more committed. It also manifests in smooth and effective functioning of the organisation. We maintain an ongoing communication with our employees through multiple programmes at various levels with multiple communication tools such as ezines, internal newsletters and social media.

Chairman's Town Hall Meeting

A virtual town hall meeting was chaired by Anil Agarwal, Founder and Chairman - Vedanta Resources, where he spoke to employees about the Company's 50-year vision to continue operations in Zambia.

The interactive session was held using tele-presence and video conferencing system connecting 30 Vedanta locations in five countries. More than 300 Konkola Copper Mines employees and about 5,000 from all Vedanta subsidiaries and businesses participated in the meeting.

Employees were encouraged to ask questions and the Chairman patiently and meticulously answered them all.

INVESTORS & LENDERS

Both investors and lenders seek return on their investment. Volatility in the commodity markets, increased competition and resultant decrease in profit margin affects their returns. Thus, it is critical to communicate with them our plans, actions, outcomes and prospects, so that they can make informed investment decisions. While we continue to communicate with them through an array of statutory and proactive media vehicles, this year we added a new focussed engagement mechanism to communicate with SRIs, the Sustainable Development Day.



Rajasthan offers a huge opportunity for copper and gold mining in India. Exploration and innovation represent the future of the mining industry.

Tom Albanese | CEO - Vedanta Resources plc

SUSTAINABLE DEVELOPMENT DAY

Sustainable Development is at the core of all the business decisions and processes at Vedanta Resources. To showcase this commitment as a key business imperative, we hosted our first Sustainable Development Day in London in July 2015.



Our senior management provided insights to Socially Relevant Investors (SRIs) on how sustainability is embedded across our global operations and updated them on the progress made in the past one year. During the event, the entire senior team was in attendance to present to the investors and address their queries.

Euan Macdonald

Chairman of Vedanta's Sustainability Committee and Non-Executive Director made a presentation on committee's progress and focus areas over the year

Tom Albanese

Chief Executive Officer, Vedanta, spoke about the approach to Sustainable Development and elaborated his priorities across the triple bottom line

Roma Balwani

Vedanta's Sustainability, CSR and Communications President shared how we are putting the Sustainable Development Model into practice

The Sustainable Development Day also included case studies on sustainable development initiatives at Vedanta's operations.

Abhijit Pati | CEO - Aluminium Business

Explained how aluminium division is partnering with communities, local government and NGOs to benefit the societies in Odisha, which has the richest mineral resources of any state in India.

Deshnee Naidoo | CEO - Zinc International

Talked about the action taken to protect regional biodiversity during the development of the Gamsberg Project in South Africa, and the best practice mine closure at Lisheen in Ireland.

Steven Din | CEO - Konkola Copper Mines

Discussed the much improved relationship with the Government of Zambia which has resulted from continual engagement, and an important educational programme to reduce the prevalence of HIV/AIDs in communities and the workplace.

This was followed by a Q & A session which saw an active participation with investors sharing feedback, clarifying doubts and offering suggestions. The entire event was very well received - the participants not only recognised the virtue of organising this event but also the value of the positive impact being created by Vedanta.

GOVERNMENT

Approval and regulation of mining and resource activities sit with the government and hence it is an important stakeholder. We continue to engage with the government right from the early stages of discovery to mine closure and beyond.

Resurgent Rajasthan Partnership Summit

Top management represented Vedanta Resources at the Resurgent Rajasthan Partnership Summit, a two-day global investor meet organised by the Government of Rajasthan in association with the CII and aimed at inducing investments in the state.

STRATEGIC COMMUNICATIONS



Advocacy involving governments, industry and other stakeholders is one of our key strengths. Our team comprises many individuals with significant experience in this area.

We have clearly established objectives that guide our approach to policy advocacy. These include:

Build enduring and collaborative relationships with government and support shaping of public policies

Represent metal & mining industries' interests at policy and regulatory forum meetings

Share our knowledge on metal & mining industries with policy makers

Anticipate policy and regulatory trends relevant to the sectors we operate in

Showcase our investments in the areas of education, health and livelihood for maintaining and improving communities and strengthen our partnership with the Government in developmental programmes

Following actions illustrate our advocacy efforts in the reporting period:

Prepared and executed the advocacy campaign for Cairn India with focus on encouraging domestic production

Initiated advocacy in India to safeguard the Aluminium business from cheap imports from China

We are at the forefront to drive conversations and engagements with the government in a proactive manner that can lead to reforms which can enable the country to have robust energy security and reduce its dependence on imports of commodities.



Continuing the tradition, this year too we won laurels for our actions in almost all spheres of sustainability. Listed below are a select few:

SUSTAINABLE DEVELOPMENT & CSR

CII-ITC Sustainability Award to Hindustan Zinc Ltd.
Outstanding Accomplishment Award for Excellence in CSR

CII-ITC Sustainability Award to Cairn India
CSR Domain Excellence

CII-ITC Sustainability 2015 Award to Vedanta Ltd. - Jharsuguda
Environment Management Excellence

Genentech Environment Award to Vedanta Ltd. - Jharsuguda
Gold category, Metal & Mining Sector 2015

Guinness World Record achieved by Talwandi Sabo Power Ltd. (India)
Most trees (208,751) planted simultaneously at a single location

Frost & Sullivan Award 2015 to Hindustan Zinc Ltd.
(Chanderiya Smelting Complex) Green Manufacturing Excellence

Frost & Sullivan Award 2015 to Vedanta Ltd. - Jharsuguda
Certificate of Merit in Challengers category

Srishti Good Green Governance Award to Sesa Iron Ore (Pig iron Division), Talwandi Sabo Power Limited and BALCO (Smelter II and CPP)
Under various categories (Environment protection and conservation of natural resources, runners-up, etc.)

Asia Best Sustainability Report 2015 Award to Vedanta Ltd. by World CSR Congress

World CSR Congress Award to Hindustan Zinc Ltd. - Chanderia
Sustainable Business of the Year

Frost & Sullivan's Green Manufacturing Excellence Award 2015 to Vedanta Ltd. - Lanjigarh
Certificate of Merit in Challengers category

India CSR Award to Vedanta Ltd. - Lanjigarh
Best CSR Community Health Initiative Award - 2015

Best CSR Award to Vedanta Ltd. - Lanjigarh
For the Green Concrete Project

Finalist Award in Qimpro Convention under Sustainable Manufacturing to Sterlite Copper
For utilisation of Copper Slag for sustainable applications

OTV CSR Award to Vedanta Ltd. - Lanjigarh
For Best Health Practices

FAME Excellence Award 2015 to Vedanta Ltd. - Jharsuguda
Gold category, Outstanding project on 'Women Empowerment'



We are honoured to receive the prestigious National Energy Conservation Award for the third consecutive time. Further, we aim to spearhead innovation projects in different spheres of our operations to emerge as one of the national leaders in energy conservation
Abhijit Pati | CEO, Aluminium Business, Vedanta



ENERGY CONSERVATION

National Energy Conservation Award to BALCO (Smelter)
1st Prize for energy reduction initiatives

National Energy Conservation Award to Hindustan Zinc Ltd. (Zawar mine CPP)
2nd Prize in thermal power stations sector

National Energy Conservation Award to Vedanta Ltd.
2nd Prize for superior energy management

National Energy Conservation Award 2015 to Vedanta Ltd. - Jharsuguda
1st Prize in thermal power plant category

Excellent Energy Efficient Unit Award to Sterlite Copper by CII
for the year 2014-15

CII's 16th National Award to BALCO & Vedanta Ltd. - Jharsuguda (CPP & Smelter 1)
For Energy Efficient Unit and Excellence in Energy Management

Global Water Award to Hindustan Zinc Ltd.
Global Water Intelligence

CORPORATE

Golden Peacock HR Excellence Award to Sterlite Copper
For the overall excellence in HR and people management practices

Investor Relation Society India - Bloomberg Award to Vedanta Ltd.
Under 'Large-caps' category as 'Stars of the Sell-side'

Significant Achievement in HR Excellence Award to Vedanta Ltd. - Jharsuguda
6th CII National HR Excellence Awards

Best Public Relation Award to Vedanta Ltd. - Lanjigarh
Public Relation Council of India

CORPORATE GOVERNANCE

CII-ITC Sustainability Award to Hindustan Zinc Ltd.
Outstanding Accomplishment Award for Corporate Excellence

The Institute of Directors Award to Vedanta Ltd.
For 'Excellence in Corporate Governance'



LEADERSHIP

Platts Industry Leadership for Base Metals Award to Hindustan Zinc Ltd. for leadership

L&OD Roundtable Best Practices in Developing Top Leaders' Award to Vedanta Ltd.
For contribution of the Company's 'Leaders Connect Team'

Businessworld India's Fastest Growing Companies No.1 - Vedanta Ltd.
Heavyweight category

Businessworld India's Fastest Growing Companies No.1 - Cairn India
Middleweight category

L&D Leadership League Award 2015 to Vedanta Ltd. - Jharsuguda

OPERATIONAL EXCELLENCE

India Manufacturing Excellence Award to BALCO
'Gold' category under 'Mega Industries' sector

Six Sigma Convention Award (4 Golds and 1 Silver) to Sterlite Copper
For six sigma improvement projects

8th National Cluster Summit 1st Prize to Sterlite Copper
Under 'Green Manufacturing' category

ECGC-D&B Indian Exporters Excellence Award to Vedanta Ltd.
For being the Best Diversified Exporter

Golden Peacock Award to Cairn India Ltd.
For Risk Management

Golden Peacock Business Excellence Award to Sterlite Copper
For the best Business Excellence practices and policies across the country

National Energy Conservation Award to Hindustan Zinc by Bureau of Energy Efficiency, Ministry of Power, Govt. of India
2nd Prize in the Thermal Power Stations Sector

Best Performing Wind Firm Award to Hindustan Zinc by Indian Wind Power Association

SHE Excellence Awards by CII Eastern Region to BALCO
For Significant Improvement in SHE Systems

INNOVATION & TECHNOLOGY

SAP ACE Award to Vedanta Ltd.
Jury 'Special Recognition Award' for large scale and complex implementation

CII Top 25 Innovative Organisation in India - Sesa Goa Iron Ore, Value Addition Business for innovation



ASSURANCE STATEMENT



The Management and Board of Directors

Vedanta Resources Plc

16th Berkeley Street, London, United Kingdom, W1J 8DZ

INDEPENDENT ASSURANCE STATEMENT

Ernst & Young LLP (EY) has been engaged by Vedanta Resources Plc (the 'Company') to provide independent assurance on its Sustainable Development Report 2015-16 (the 'Report') covering the Company's sustainability performance during the period 1st April 2015 to 31st March 2016.

The development of the Report, based on G4 Sustainability Reporting Guidelines (GRI-G4) of the Global Reporting Initiative, its content, and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the Report's content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2015 to 31st March 2016. We conducted, on a sample basis, review and verification of data collection/ measurement methodology and general review of the logic of inclusion / omission of necessary relevant information / data and this was limited to:

- Review of consistency of data / information within the report as well as between the report and source;
- Review the level of adherence to GRI G4 Guidelines, the reporting framework followed by the Client in preparing the Sustainability Report, alignment with United Nations Global Compact (UNGC), International Council on Mining and Metals (ICMM) and Sustainable Development Goal frameworks for the Company;
- Review and execution of audit trail of selected claims and data streams to determine the level of accuracy in collection, transcription and aggregation processes;
- Review of Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the Report provides a fair and honest representation of the Company's activities;
- Verification of the sample data and information reported at the following units / locations and Corporate Office at Gurgaon:

- | | |
|--|--|
| <ul style="list-style-type: none"> 1 Hindustan Zinc Limited (Chanderyia smelters) Rajasthan 2 Hindustan Zinc Limited (Rampur Agucha mine) Rajasthan 3 Vedanta Limited (Sterlite Copper) Tamil Nadu 4 Bharat Aluminium Company Limited (smelters & power plants) Chhattisgarh | <ul style="list-style-type: none"> 5 Vedanta Limited (Jharsuguda smelters & power plants) Orissa 6 Zinc International, Black Mountain mine, South Africa 7 Cairn India Limited, Corporate Office, Gurgaon 8 Vedanta Resources Plc, Corporate Office, Gurgaon |
|--|--|

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2015 to 31st March 2016);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;
- Data, statements and claims already available in the public domain through Annual Report, Corporate Social Responsibility reports, or other sources available in the public domain.

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Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

What we did to form our conclusions

In order to form our conclusions, we undertook the following key steps:

- Interviews with select key personnel and the core team responsible for the preparation of the Report to understand the Company's sustainability vision, mechanism for management of sustainability issues and engagement with key stakeholders;
- Interactions with the key personnel at the Company's head office and units/locations in order to understand and review the current processes in place for capturing the relevant data disclosed in the Report;
- Verification of the reported data, on a sample basis, at the Company's corporate office and units/locations as mentioned in the 'Scope of Assurance and Methodology' above;
- Review of relevant documents and systems for gathering, analysing and aggregating sustainability performance data in the reporting period;
- Review of selected qualitative statements and sample case studies in various sections of the Report.

Observations and opportunities for improvement

During the review process, we observed that:

- The Company has compiled the Report as per the 'in accordance' core criteria of GRI G4 Sustainability Reporting Guidelines. The Report presents a fair description of the Company's materiality assessment and includes performance disclosures under the aspects identified as material;
- The Company has demonstrated a structured approach towards data management for sustainability performance reporting in line with GRI G4 Guidelines. However, it may further improve on the accuracy, compilation and completeness of reporting on certain indicators viz. safety and human resource data;
- The Company may further strengthen internal review of the sustainability performance data for increasing reliability as well as auditability of the same.

Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on sustainability issues materially significant to its business and its stakeholders.

A handwritten signature in blue ink, appearing to read 'Sudipta Das', is positioned above the printed name.

Ernst & Young LLP
Sudipta Das
Partner

16-06-2016
Kolkata, India



EXTERNAL INDICES

UNITED NATIONS GLOBAL COMPACT (UNGC)

We continue to uphold the ten principles of the UNGC. Our Sustainable Development Report communicates our progress in implementing the ten principles, and below we have mapped the principles against our various sustainability aspects and specific report sections.

Aspect	UNGC Principle	Report Reference	Page No.
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights	43, 44
	Principle 2: make sure that they are not complicit in human rights abuses	Human Rights	43
Labour Rights	Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining	Human Rights	43
Child and Forced Labour	Principle 4: the elimination of all forms of forced and compulsory labour	Human Rights	43
	Principle 5: the effective abolition of child labour	Human Rights	43
	Principle 6: the elimination of discrimination in respect of employment and occupation	Employees	51
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	Global Context Environment	09 27
	Principle 8: undertake initiatives to promote greater environmental responsibility	Environment	28, 29
	Principle 9: encourage the development and diffusion of environmentally friendly technologies	Environment	27
Ethics and Integrity	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Governance	18

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

In September 2015, the UN member states agreed on a set of 17 Sustainable Development Goals (SDGs), to end poverty, fight inequality and injustice, and tackle climate change by 2030. We believe natural resources companies like us have the potential to become leading partners in achieving the SDGs. This year, we have prioritised the Sustainable Development Goals (SDGs) based on materiality issues and operational competency. We are now in the process of chalking out targets and action plans to address the relevant Goals. The below table states our endeavours which naturally align with the said goals.

SDGs	Report Reference	Page No.
Poverty	Global Context	10
Zero Hunger	Community Relations	55
Good Health and Well-being	Safety and Occupational Health Community Relations	22, 52 56
Quality Education	Community Relations	55-57
Gender Equality	Employees Global Context Community Relations	51 10 56
Clean Water and Sanitation	Community Relations	56
Affordable and Clean Energy	Environment	32
Decent Work and Economic Growth	Employee Global Context	48-53 10
Industry, Innovation and Infrastructure	Strategic Communications CEO's Statement	59-63 07-08
Reduced Inequalities	Global Context	10
Sustainable Cities and Communities	Community Relations	54
Responsible Consumption and Production	Environment	27
Climate Action	Global Context Environment	09 27
Life on Land	Biodiversity	33
Peace, Justice and Strong Institutions	Governance	18
Partnerships for the Goals	Advocacy Stakeholder Engagement	62 41



ABOUT THIS REPORT

This is our eighth Sustainable Development Report and coincides with the publication of our Annual Report. Combined these two documents provide an overview of our approach and our achievements in FY 2015-16, outlining our actions over the past year to achieve our mission to be a world-class diversified natural resource company.

REPORTING SCOPE AND BOUNDARY

Covering the financial year 2015-16, the report is structured around our Sustainable Development Model's pillars of Responsible Stewardship, Building Strong Relationships, Adding and Sharing Value, and Strategic Communications.

All group subsidiary companies except Fujirah gold have been reported in full as though they were 100% wholly owned as we recognise the level of control and sphere of influence the Group has over these operations.

The aspect boundaries and content of this Sustainable Development Report have been defined using reporting principles prescribed in the GRI G4 guidelines and is prepared 'in accordance' - Core criteria of the Global Reporting Initiative (GRI) G4 Guidelines.

We followed the approach described in GRI implementation manual for designing the report content. The material aspects that have been covered in the report are clearly brought out in the materiality matrix. In the report, the DMA (Disclosure on Management Approach) describes the Company's approach to the subjects relevant to it and the indicators provide details on performance on the specific subjects.

There are no specific restatements of the information provided in the previous reports and no significant changes in terms of acquisition and physical boundaries from the previous reporting periods in the scope and aspect boundaries.

The report is also mapped to the United Nations Global Compact (UNGC) and United Nations Sustainable Development Goals (UN SDGs) principles. It reports our approach and disclosure towards triple bottom line principles - people, planet and profit over the financial year 2015-16.

GRI G4 CONTENT AND DISCLOSURE DOCUMENT

The GRI G4 detailed content index and Vedanta GRI G4 Disclosure Document FY 2015-16 includes the core and additional indicators including the Mining and Metal and Oil and Gas supplements disclosure is available on our website at:



<http://sustainabledevelopment.vedantaresources.com/sustainable-development/performance-and-reports.html>

ASSURANCE AND DISCLOSURE

Assurance of this report was carried out by Ernst & Young LLP under 'limited assurance' services in accordance with the ISAE 3000. There is an internal approval system in the Company for appointment of external assurance provider for the sustainability report.



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GET IN TOUCH

We value your feedback and welcome comments on this report or any aspect of our approach to sustainability reporting.
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MORE ONLINE

View our online Comprehensive SD Report
sd.vedantaresources.com/SustainableDevelopment2015-16/



View our online Annual Report
<http://www.vedantaresources.com/investor-relations/results-and-reports/annual-interim-reports.aspx>