

Strategic Framework

Vision

To be a world class, diversified resources company providing superior returns to our shareholders, with high quality assets, low-cost operations and sustainable development.

Strategy

To deliver growth, long-term value and sustainable development through our diversified portfolio of large, long-life, low-cost assets.

Growth

Organic Growth

We focus primarily on extending our resource base and growing our assets organically, investing in projects that expand our capacity and increase production volumes.

Selective and Value Accretive M&A

In addition to organic growth, we look to acquire large proven assets where we can add significant value with our strategic capabilities.

Long-term Value

Optimise Returns

We aim to optimise our cost and operational performance through a culture of continuous improvement to achieve and maintain a low cost position in all our businesses.

Reserves and Resources

We aim to continue to add to our Reserves and Resources ('R&R') at a faster rate than we deplete them through a continued focus on exploration.

Group Structure

Consolidation and simplification of our Group structure remains a strategic objective as we seek to drive synergies from integrating the Group and build long-term value.

Sustainability

Responsible Stewardship

We are committed to providing a safe, secure and healthy workplace for all employees by optimising our specific consumption of inputs and minimising our environmental footprint.

Building Strong Relationships

We aim to forge strong partnerships by engaging with our key stakeholders including shareholders and lenders, suppliers and contractors, customers, employees, governments, communities and civil society.

Adding and Sharing Value

We aim to create and sustain policies and processes that will contribute to the well-being and development of our employees and deliver sustainable benefits to the local communities where we operate.



Delivering on our Strategy

What We Said We Would Do

- > Deliver significant total volume growth
- > Complete the Cairn India acquisition and integrate the Zinc-International assets acquired
- > Seek further organic growth opportunities

- > Grow R&R by exploration
- > Re-invest strong free cash flow and maintain strong balance sheet
- > Focus on cost optimisation
- > Rationalise Group structure

- > Comply with Scott Wilson report and develop a comprehensive sustainability model
- > Continue to focus on health and safety improvement targeting zero harm
- > Manage our plants more efficiently to reduce our environmental footprint
- > Extend our outreach to help the communities where we operate

How We Performed

- > Achieved year-on-year EBITDA growth of 13%
- > Zinc-India delivered 16moz silver capacity
- > Zinc-International and Cairn India successfully integrated
- > Significant iron ore assets acquired in Liberia, West Africa. Feasibility study under way

- > Significant additions to R&R at iron ore, zinc and oil & gas
- > Free cash flow maintained at US\$2.5 billion
- > Low cost advantage maintained
- > Simplification of the Group structure announced. Sesa Goa and Sterlite merged into Sesa Sterlite, combined with the consolidation of VAL and MALCO, forming one of the largest natural resources players by EBITDA¹

- > New Sustainability Framework rolled out
- > Exco sustainability subcommittee formed to focus on performance
- > LTIFR reduced by 10% during the year
- > Doubled water recycling across the Group to 55.72 million cubic metres from 27.91 million cubic metres last year
- > US\$57 million invested in environment management activities
- > US\$38 million invested in community programme reaching 3.1 million people

Future Priorities

- > Ramp-up of oil production at Rajasthan field to 240kbopd by CY 2013 (basin potential of 300kbopd)
- > Recover iron ore volumes and ramp up at Konkola mine and Power operations
- > Focus on future drivers of growth: Liberia, Gamsberg, Zinc-India

- > Continue to add R&R in oil & gas, iron ore and zinc
- > Reduce gearing through strong free cash flow
- > Continued focus on securing coal and bauxite
- > Complete simplification of the Group structure

- > Continue to improve our safety performance
- > Continue to improve our stakeholder engagement
- > Improve process of identifying issues that are material to our stakeholders and to the business
- > Expand our structured educational, healthcare and community programmes

¹ Subject to customary regulatory and shareholder approval.

