



Strategy in Action Sustainability

Creating Long-term Sustainability

During the year we rolled out our Sustainability Framework across the Group including revised sustainability policies, technical and management standards, with a particular focus on alignment to ensure that all new projects are carried out as per this new framework.

The pillars of our Sustainability Framework

1. Responsible stewardship

Responsible stewardship is the foundation on which we build our business – the way in which we respond to and manage, our business. This includes; how we manage our employees and their health and safety, the management of our land and our environmental impact and our supporting business processes.

2. Building strong relationships

We work hard to engage with our stakeholders to understand their key concerns and expectations of our business and practices. Proactive engagement also enables us to identify opportunities and mitigate risks by understanding and responding to issues rather than reacting to them.

3. Adding and sharing value

We seek to add and share value through everything that we do. As a business we make a considerable economic impact; through employment, the payment of taxes, royalties and other contributions to local, state and national governments. We also, however, build local infrastructure that benefits local communities in the form of roads, schools and health care centres.



Sustainability is integral to the way we operate and this Annual Report includes a comprehensive overview of our non-financial performance. We provide more detailed information on our sustainability performance in our separate Sustainable Development Report which can be found on our corporate website.



Main image: Ball Mill, VAL-Lanjigarh.

Responsible Stewardship

Within our Sustainability Framework, responsible stewardship is the foundation pillar that defines how we operate. All the businesses in the Group are required to have management systems in place to achieve our goals. 38 of our 44 major plants have systems certified to ISO 9001, 14001 and OHSAS 18001. Our plant at Lanjigarh is the first in our industry in India to receive ISO 50001 and one of our companies, Sesa Goa, has achieved SA8000.

Performance Highlights

Health and Safety

Health and Safety remains a key priority and whilst we work in an inherently risky business, it is with regret that we have to report the loss of six employees and sixteen contractors during the year. We have renewed our management commitment to a structured programme to reduce fatalities by eliminating unsafe conditions through our business. Quarterly results show that we are making progress but more needs to be done. Our Lost Time Injury Frequency Rate ('LTIFR') continues to fall – it is down 48% over the last five years but we continue to seek ways to drive this further.

Environment

During the year, HZL added another 103MW to its existing 171MW wind power generation capacity, making Vedanta one of the largest wind power producers in India.

Our integrated carbon strategy is beginning to yield results. To date, we have registered five Clean Development Mechanism ('CDM') projects, which have enabled us to accrue around 335,000 Certified Emission Reductions ('CERs') or carbon credits.

Waste Management

We are committed to minimising the impact of waste from our operations, using water and energy more efficiently and recycling wherever possible. During the year, 3.6 million mt of the ash was used in cement and brick manufacturing and in raising the height of ash pond dyke. Energy efficiency initiatives by subsidiary companies saw significant reductions in energy consumption and good progress was made in reducing water consumption.

Building Strong Relationships

We engage with a large number of different stakeholders on a regular basis through our investor relations, human resources, community relations and government relations departments.

Our engagement process uses a three-pronged approach – keeping the stakeholders informed, engaging with them and forging partnerships to address their needs and concerns.

Performance Highlights

Throughout the year around 3,000 stakeholder engagement meetings took place, with community leaders, Non-Governmental Organisations ('NGOs'), governments and government bodies, academic institutions and private hospitals and 147 partnerships are now in place. We have always placed great importance on supporting local communities and the number of villages we cover in India are over 1,000 in FY 2012.

Adding and Sharing Value

How we contribute to the lives of the people we affect is important in maintaining our social licence to operate over the long term and thus making our business sustainable.

Performance Highlights

As a significant employer we are committed to the development and well-being of our workforce.

Our current employee attrition rate is low and stable at around 5% and employees benefited from over 52,000 man days of training, over 14 hours on average per employee.

Our community investment hit US\$38 million this year, reaching 3.1 million people and providing support for schools, hospitals, health centres and farmers.