

Management Standard – New Projects, Planning Processes and Site Closure

Vedanta Resources Plc

Sustainability Governance System


Management Standard

New Projects, Planning Processes and Site Closure

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1. PURPOSE

The purpose of this Management Standard is to provide a roadmap on how sustainability issues should be considered on new Vedanta projects through their life-cycle. This will include consideration of sustainability issues during exploration, feasibility and evaluation, design and planning for operation, decommissioning, closure and post-closure including rehabilitation. The Standard also aims to ensure that new Vedanta projects are not cancelled or delayed (and therefore subject to additional financial, legal and public relation issues) because sustainability issues have not been considered at the various stages of the project process including public consultation or permitting.

2. SCOPE

This Management Standard is mandatory and applies to all Vedanta subsidiaries, operations and managed sites, including new acquisitions, corporate offices and research facilities. This Standard is primarily focussed on the start up of new projects (including expansion projects) and planning for closure – incorporation of sustainability into the operational phase of a project/site is covered by other Vedanta Group Standards. This Standard applies to Joint Ventures (where Vedanta has a >50% holding in the business) and other businesses where Vedanta has a majority interest and where Vedanta or a Vedanta Company is the named operator. Where Vedanta only has a minority interest in a business and Vedanta or a Vedanta Company is not the named operator, Vedanta will work with other business partners to influence how the requirements of this Standard are adopted and implemented.

3. DEFINITIONS

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

Term	Definition
Closure plan	A document that addresses mine closure planning and includes specific activities, roles and responsibilities, closure criteria and options, timeframes and resource requirements.
ESIA	Environmental and Social Impact Assessment – a formalised process designed to identify, assess and document environmental and social impacts associated with a project, along with the mitigation measures and management arrangements for ensuring such measures are implemented.
ICMM (International Council on Mining)	The International Council on Mining and Metals (ICMM) was established in 2001 and seeks to drive performance improvement through its members which comprise 20 mining and metals companies as well as 30 national

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Term	Definition
and Metals)	and regional mining associations and global commodity associations.
IFC (International Finance Corporation)	Member of the World Bank that finances and provides advice to private sector ventures and projects in developing countries.
Life cycle	The complete life cycle considers the project from exploration, feasibility and evaluation, design and planning for operation, implementation, decommissioning, closure and post-closure.
Management of change	A systematic process to deal with changes that could impact sustainability risks. Changes can include, but are not limited to, personnel and other resources, plant, equipment, documents, legislation, systems and processes etc. In the context of this Standard, management of change is any change not considered to be a new project.
Operation(s)	A location or activity that is operated by a Vedanta Company and is part of the Vedanta Group. Locations could include mines, refineries, ports or transportation activities, wind farms, oil and gas development sites, offices including corporate head offices and research and development facilities.
Site closure	The decommissioning, rehabilitation and on-going monitoring associated with an operation after its operational life has ended.
Stakeholder	Persons or groups that are directly or indirectly affected by a project as well as those that may have interests in a project and/or the ability to influence its outcome, either positively or negatively. This can refer to shareholders, lenders, employees, communities, industry, governments and international third parties.
Sustainability issues	These are issues that Vedanta and its operations are required to manage on an on-going basis and which are part of the Vedanta sustainability model (responsible stewardship, stakeholder engagement and adding value). Issues include, but are not limited to, health, safety, environmental and social risk management, community relations, human rights, biodiversity, water management, HIV/Aids, product stewardship, stakeholder engagement, suppliers and contractor management etc.
New project	A new whole site or plant or an expansion of an already existing plant.
Project owner	Someone with an assigned role and responsibility to manage and oversee the project.
Vedanta Company	A subsidiary of Vedanta Group either fully or majority owned that has its own management structure (e.g. Hindustan Zinc Limited, Vedanta

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Term	Definition
	Aluminium Limited, Sterlite Industries limited, etc.)
Vulnerable Groups	Individuals or groups within the project area of influence who could experience adverse impacts more severely than others based on their vulnerable or disadvantaged status. This vulnerability may be due to an individual's or group's race, sex, language, religion, political, or other opinion, national or social origin, property, birth or other status. In addition other factors should be considered such as gender, ethnicity, culture, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

4. PROGRAMME REQUIREMENTS

All Vedanta subsidiary companies and operations are required to follow the requirements listed below with regards the mechanisms for undertaking new projects, planning, construction and commissioning, decommissioning and site closure. All Vedanta subsidiary companies and operations are also required to ensure the mechanisms for undertaking new projects, planning, construction and commissioning, decommissioning and site closure meet the requirements of international standards (e.g. IFC development/performance standards, IFC EHS Guidelines and ICMM principles) and impact assessment and consultation processes where these apply.

4.1. New projects

Vedanta operations shall ensure all new projects consider and integrate sustainability issues/aspects into the project concept, feasibility, design and development process including closure planning. Where changes to plants or operations are undertaken that are not considered as 'new projects', but they need to undergo a formal ESIA/permitting process, these changes should meet the requirements as set out in the *Management of Change Management Standard*. It should be noted that projects associated with the acquisition of additional sites/plants from outside of Vedanta or the divestment of Vedanta sites are excluded from this Standard and are covered separately under the *Acquisitions, Divestment and Joint Venture Due Diligence Management Standard*.

Vedanta operations shall ensure:

- a) any new project complies with the Vedanta Group Code of Conduct, Policies, Management and Technical Standards (as applicable), national, regional and local regulatory requirements and international standards (e.g. IFC, ICMM, OECD, UNGC etc.);
- b) sustainability-related matters are given equal priority to other business functions when considering new projects;

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- c) a commitment to continual improvement is adopted as part of the project concept that takes into account positive and negative impacts and direct and indirect impacts;
- d) assigned committees and senior management are engaged in considering all sustainability aspects of new projects (including alternative solutions) and meet the requirements of the *Leadership, Responsibility and Resources Management Standard*;
- e) sustainability matters are considered for the full life-cycle of the project including post-closure and rehabilitation, and design decisions shall be taken accordingly;
- f) consultation and feedback is obtained from stakeholders at the earliest opportunity on how sustainability issues associated with the project are being considered and prioritised;
- g) sustainability good practices/lessons learnt are sought and identified from previous projects, within the Vedanta company or within the Vedanta Group and applied to the proposed project such that impacts can be eliminated/mitigated by design.

4.2. Planning processes

A project is expected to go through a number of decision 'gates' such as project definition, pre-feasibility, feasibility, concept, design and procurement. Sustainability shall be integrated into each decision gate and taken fully into account regarding project decision-making. If an identified sustainability risk is regarded as being potentially significant to the success of the project, then a 'go/no-go' decision process shall be taken.

Vedanta operations shall ensure:

- a) Projects shall have an assigned 'project owner' (someone with overall responsibility for the management of the project) who, as part of their role, liaises with Vedanta Group and company sustainability professionals to ensure such issues are fully considered in the project planning process;
- b) All new projects shall be notified to Vedanta Group and, specifically, the Chief Sustainability Officer (CSO) who shall maintain a live register of active projects and assist in sustainability matters including shared learning, as appropriate;
- c) A sustainability risk screening exercise shall be conducted.
 - Depending on the nature and scale of the project, this may involve consultation with external stakeholders (recognising commercial sensitivities may preclude stakeholder engagement early in the project cycle).
 - The sustainability risk assessment process shall identify, analyse and evaluate current and future sustainability scenarios, as far as practical, and identify critical risks to Vedanta and the project. These may include, but not be limited to, resettlement,

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- Indigenous People (Vulnerable Groups), significant loss of cultural heritage, biodiversity including protected land and endangered species.
- The risk screening exercise shall include input from internal or external technical expertise, where required.
 - The sustainability risk assessment shall be reviewed at a defined interval to confirm it remains relevant and to add any new risks identified. The frequency of the review shall be defined by the project owner, and as a minimum shall be no less than quarterly (depending on the anticipated duration of the project planning phase) or when new information (e.g. design changes) becomes available;
- d) All new projects, as part of the above sustainability risk screening exercise, shall consider and identify sustainability-related applicable national, regional and local regulations that might apply at any stage to the proposed project. In addition, the screening shall identify which IFC Performance Standards and HSE Guidelines will apply, assess any differences with local laws and apply the more stringent;
- e) Requirements for sustainability-related operating permits and licences shall be identified and, where applicable, appropriate permits and licences obtained prior to project commencement and in accordance with statutory timelines (where these exist);
- f) New project processes shall consider co-operation and co-ordination with other business partners and parties who have a direct interest in the new project (e.g. Joint Ventures, other businesses where Vedanta has a majority or minority interest and funding agencies/sponsors), where applicable.
- g) A baseline Environmental, Social and Impact Assessment (ESIA) shall be commissioned for each new project. Vedanta companies shall ensure that the requirements of the *Conducting ESIA's to International Standards Technical Standard* are adhered to as part of every potential new project or expansion activity and during the lifetime of every project in order to ensure that environmental, social and health impacts are systematically considered in all business decisions;
- h) Project owners shall ensure sufficient sustainability resources are made available for the successful execution of the project (such as competent staffing, consultancy support, capex budgets and opex budgets);
- i) A design review shall be conducted with reference to IFC and permitting requirements;
- j) An effective management system shall be implemented to manage sustainability issues associated with project commissioning and on-going operational development and allow for the transfer of information, knowledge and lessons learnt throughout the project life cycle;
- k) Contractor procurement processes shall include consideration of sustainability issues and shall ensure that contractors adhere to Vedanta Group and Vedanta Company code of conduct, sustainability policies, standards and procedures and meet the requirements of the *Supplier and Contractor Management Technical Standard*;

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- l) Procurement processes for new projects shall take into account the sustainability credentials of suppliers, equipment, materials and contractors such that the procurement process supports Vedanta's *Code of Conduct, Supplier and Contractor Management Policy, Supplier and Contractor Management Technical Standard* and enhances sustainability performance in the supply chain;
- m) A site safety plan for the operational phase of the new project shall be developed that includes, but is not limited to, key appointments and role and responsibilities, schedule of works, documented site rules, induction requirements, risk assessments and safe work method statements, and monitoring, auditing and review schedules and required documentation.

4.3. Consultation

- a) Vedanta companies shall ensure effective consultation programmes are in place to obtain broad community support in relation to the new project and ensure stakeholders understand the risks, impacts and opportunities associated with the proposed project. Consultation programmes shall include, but not be limited to, the dissemination of information through public hearings and community meetings, distribution of Public Consultation and Disclosure Plans and relevant project documentation and establishing and maintaining an effective grievance procedure. Consultation programmes shall meet the requirements of Vedanta's *Stakeholder Engagement Technical Standard* and *Grievance Mechanisms Technical Standard*.

4.4. Construction and Commissioning

Vedanta operations shall ensure the following during construction and commissioning:

- a) Construction and commissioning plans outline operational requirements and required competencies and also comply with sustainability-related national, regional and local regulatory requirements and other requirements as applicable. Plans to be developed shall include, but may not be limited to, contractor management (including contractor accommodation requirements), plant and equipment reviews, communication requirements, stakeholder engagement requirements, compliance reviews etc. ;
- b) An approved principal contractor shall be appointed for the construction phase of the project. The role of the principal contractor is to plan, manage and co-ordinate sustainability issues while construction work is being undertaken and to liaise with contractors. The principal contractor is usually the main or managing contractor for the work;
- c) Sufficient and appropriate project plans, risk assessments and method statements are in place to manage sustainability issues (including health, safety, environmental, social issues and human and vulnerable social group rights). Key safety priorities shall be considered and adhered to, as a minimum, in relation to vehicle and pedestrian traffic movements, working

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at height, lighting operations, working in confined spaces, excavations and hot work activities;

- d) Vedanta shall assign personnel with project construction phase responsibilities (e.g. project owner or similar) who shall periodically review, inspect, audit and monitor the principal contractor and contractor activities to ensure risk assessments, method statements and project plans are effectively implemented and, where required, control measures are effective in avoiding or minimising identified impacts. This review will also ensure contractor activities meet the requirements of the *Supplier and Contractor Management Technical Standard*;
- e) Progress is communicated to external stakeholders (e.g. regulatory authorities and affected communities and third parties) throughout the project lifetime and where required to meet international standards, national, regional or local regulation requirements and / or obligations to investors or lenders;
- f) No new plant shall be brought on-line and into operation without full commissioning plans being in place to ensure that all new plant and equipment works safely, is within operational tolerances and complies with all relevant codes, standards and legislation, and that these commissioning plans are complied with;
- g) New plant and equipment and buildings shall be subject to appropriate commissioning tests by competent individuals to ensure all plant and equipment and buildings associated with the new project are within operational tolerances and comply with all relevant codes, standards and legislation;
- h) Safety critical facilities such as dams and tailing ponds shall be subject to certification and/or sign-off by an independent qualified engineer.

4.5. Operation

- a) Vedanta operations shall ensure that potential sustainability risks and impacts associated with the new project are managed during the operational phase following the construction and commissioning phase. Operations shall ensure:
 - The operational phase of the new project meets permit and licence requirements and meets local, regional and national regulatory requirements and other international standards (e.g. IFC performance standards, ICMM principles etc.);
 - Operational plans (e.g. environmental management plans (EMPs), site safety plans etc.) and risk management programmes are implemented;
 - Requirements associated with the new project operations are communicated to applicable personnel;

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- Operational activities (including plant, infrastructure and equipment) and the effectiveness of plans (including the implementation of control measures) shall be monitored and reviewed on a periodic basis by competent personnel. Monitoring activities shall be commensurate with the project's identified risks and impacts.
- Changes identified in relation to the project during the operational phase shall be managed through an effective management of change programme. See also Vedanta's Management Standards on *Stakeholder Materiality and Risk Management* and *Management of Change*.

4.6. Site Closure

Vedanta operations shall consider sustainability as an important element to all site closure programmes. For the purposes of this Standard, site closure is referred to as the post-operational phase of a project that could include decommissioning and closure and post-closure considerations including rehabilitation and returning the land to the wider local community.

Vedanta operations will ensure:

- a) Site closure plans are considered and developed during the design and approval stages (e.g. before operational activities begin) of the proposed project, are designed and approved by a competent person and are regularly reviewed and updated to meet changing circumstances and stakeholder expectations;
- b) Documented site closure plans consider sustainability issues and contribute to a positive legacy and meet the requirements of the *Site Closure Technical Standard*;
- c) Sustainability issues associated with site closure meet Vedanta Group sustainability policies and standards;
- d) Site closure plans comply with sustainability-related international standards, national, regional and local regulatory requirements and other requirements as applicable;
- e) Adequate resources have been planned for, and are made available, to implement site closure plans including initiatives to prepare staff for closure e.g. retraining;
- f) Site closure plans are made public and used in Stakeholder engagement activities where appropriate.

5. ROLES AND RESPONSIBILITIES

Vedanta Resources, subsidiaries, businesses, operations and sites shall ensure that roles and responsibilities for implementing and complying with this Standard are allocated. Key responsibilities shall be included in job descriptions, procedures and/or other appropriate documentation.

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6. COMPLIANCE AND PERFORMANCE

Each Vedanta operation shall ensure they comply with the requirements of this Standard. Performance against meeting the requirements of this Standard shall be assessed periodically, documented and, where required, reported to Vedanta Group. The assessment of performance shall include setting and reporting on key performance indicators (KPIs) where these have been established at Vedanta Group level or at a local level and which meet the requirements as set out in the *Sustainability Data Management Technical Standard*.

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

- Senior management have been involved in and participating in new project decision making processes;
- New project designs have considered the full life-cycle of the project including post-closure and rehabilitation;
- A sustainability risk assessment has been undertaken, is documented and has been reviewed at defined intervals;
- An Environmental and Social Impact Assessment (ESIA) has been commissioned for each new project and it meets international standards and complies with applicable legislation with IFC/other international standards;
- All sustainability-related operating permits and licences have been identified and obtained prior to project commencement and in accordance with statutory timelines (where these exist);
- Site closure plans have been documented, maintained and have been developed early in the operational life of new plant/operations (e.g. during the development of a management system and associated elements that consider long-term sustainability issues and during the consideration and development of operational action plans).

7. REVIEW

This Management Standard shall be periodically audited and reviewed to determine its accuracy and relevance with regard to legislation, education, training and technological changes. In all other circumstances, it shall be reviewed no later than 24 months following the previous review.

8. REFERENCES

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Doc. Ref.	Title
MS 01	Leadership, Responsibility and Resources
MS 02	Stakeholder Materiality and Risk Management
MS 07	Management of Change
MS 08	Acquisitions, Divestment and Joint Venture Due Diligence
TS 06	Supplier and Contractor Management
TS 08	Conducting ESIA's to International Standards
TS 17	Site Closure