



REINVENT



RESPECT



REMITALISE

REGENERATE



# Highlights

## Profile And Governance

Sold over 15 million tonnes during 2008-09 and currently accounts for nearly ~14 percent of India's iron ore exports.

Central business focus is maintaining long-term relationships with its customers mostly located in China, Japan, Europe and Pakistan.

India's largest private sector exporter of iron ore with mining

operations in the states of Goa, Karnataka and Orissa.

The Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities.

## Economic Performance

Highest-ever annual iron ore despatches of 15.103 million tonnes, up 22 percent.

Highest-ever annual sales of Rs 4,926 crore, up 31 percent.

Highest-ever annual Profit After Tax of Rs 1,988 crore, up 29 percent.

Highest-ever annual Earnings Per Share of Rs 25 per share (of Re 1 each), up 29 percent.

Dividend of 225 percent/Rs 2.25 per equity share (post bonus/post split) of Re 1 each.

Strong balance sheet with cash and cash equivalents of Rs 4,143 crore.

Gross addition of 54 million tonnes to reserves and resources through successful brown field exploration and drilling.

## Environmental Performance

Won the CII-ITC Sustainability Award 2008 (Commendation for Strong Commitment among Large Business Organisations for 2008).

Sesa Industries Limited won the National Award for Excellence in Water Management 2008, conducted by CII-Godrej Green Business Centre.

Hot blast stoves have been identified as a potential Clean Development Mechanism project under the United Nations Framework Convention on Climate Change.

Most water requirements are met through rainwater harvesting, or through recycling systems.

## Social Performance

Programmes aligned, in principle, with the Millennium Development Goals of the United Nations.

In line with sustainability principles, it is proposed that in 2009-10 the company will become a signatory to the United Nations Global Compact.

Planning and implementing sustainable, self-reliant and independent community-owned programmes.

Overall 1st prize for Corporate Social Responsibility, received during the 6th National Conference on Occupational Safety, Health and Environment.

Won the Golden Peacock Award 2008 for Excellence in Occupational Health and Safety from World Environment Foundation.



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statement by the managing director

## “... Sustainability Makes Tremendous Business Sense”

It is a truism that, in this era of globalisation, what happens in one corner of the planet affects every corner of the planet we live on. Late last calendar year, the world was stunned by the news of economic turbulence. It was not long before the repercussions of the global financial meltdown reached Asia. Towards the end of October, investors hammered mining and energy stocks on renewed fears that a global recession would further slash demand for commodities.

There was some good news in the midst of this mood of despair, however. The mining sector posted a positive growth rate.

Sesa's continuous endeavour to increase stakeholder value and our proactive approach to respond to such sudden change in business environment has enabled the Company to partially mitigate the impact of the sharp fall in commodity prices. The global downturn underscored further the need to formulate a sustainable model of business growth for the industry.

The current global challenges and market dynamics have redrawn corporate strategies for growth. At Sesa, we have constantly reinvented ourselves by infusing new vigour into corporate paradigms. Our policies renew our global connection, as well as our support for economically and environmentally sound governance.

We have always believed in long term strategic horizons in business. And in being flexible enough to revitalise systems and practices in step with global trends. Respect for all our stakeholders, including employees, and for the communities we work in, forms an important cornerstone of our corporate philosophy.

Sesa has, in principle, aligned its programmes in line with the Millennium Development Goals – eight goals to be achieved by 2015 that respond to the world's main development challenges. Sesa supports educational and health care programmes for children; promotes gender equality and empowers women through vocational training and self-help groups; supports maternal health and nutrition initiatives; and endeavours to ensure environmental sustainability by integrating principles of sustainable development into its policies and programmes.

In our dictionary, to mine means to mine respect-

fully. We attempt to constantly minimise the potential negative impacts of our operations, and mine in environmentally responsible and cleaner ways. We give the earth the opportunity to renew and regenerate itself. We believe that not to protect the planet's biodiversity is to, ultimately, doom ourselves.

Sesa has, over the years, been working in line with sustainability principles. During the current year, in 2009-10, the Company has also become a signatory to the United Nations Global Compact programme. The Company has traditionally been addressing the relevant issues in its policies. The Global Compact is a policy platform as well as a practical framework for companies that are committed to sustainability and responsible business practices. It is not a regulatory instrument; but a voluntary initiative that relies on public accountability, transparency and disclosure, to complement regulation and to provide a space for innovation.

Sesa has a regular mechanism to monitor various sustainability issues. On the safety front, a stringent mechanism to review the safety metrics against challenging year on year targets is in place. Motivational tools also exist to involve each and every member of the Sesa Family to improve safety scorecard, while safety is an important parameter in the annual performance appraisal of line functionaries. We continued our thrust on safety, and completed safety culture assessment of the organisation through the world renowned DuPont Safety Services. In spite of our best focus and efforts we regret to inform you that there were two fatalities during the year. However, our overall safety records have significantly improved over the previous year.

On the environment front, a similar approach is driven top-down in respect of specific energy and water consumption. Sesa continues with the philosophy that all Sesa's mining areas are not left with any scars; instead a man-made forest and reservoir of harvested water with pisciculture are created. Even the mining infrastructure (when the mining is over in a particular place) is put to beneficial use for society – Sesa has already created demonstrable examples in this regard in Sanquelim, Goa.

On the community development front, the annual and mid-term plans are firmed up by involving community and experts. At the same time, Sesa also takes a proactive role in involving other mining

companies to collectively address various social issues in the surrounding communities of the mining areas. On certain burning issues Sesa is also taking the initiative of creating social infrastructure to find long-term solutions. 'Gram Nirman', in association with Government of Goa and Mineral Foundation of Goa, is an unique example of involving the grass-roots of society to build permanent infrastructure in villages to cater to basic needs, which adds a lot of value to the life style of villagers.

Besides the above initiatives, Sesa continues to benchmark itself by participating in various competitions on HSEC (Health, Safety, Environment and Community) aspects which enables the Company to finetune the focus and delivery on these fronts.

During the year the Company was honoured with many awards – notable among them were CII-ITC Sustainability Award for the year 2008, British Safety Council Award for Pig Iron Plant and Overall First Prize for Corporate Social Responsibility, awarded jointly by Inspectorate of Factories and Boilers, Government of Goa, Ministry of Labour, Government of India and Green Triangle Society, Goa.

In spite of such focus and delivery on various sustainability issues and due recognition thereof by

third parties, Sesa is also painted with the same brush along with other irresponsible entrepreneurs, by some groups and organisations with vested interests. This is grossly unfair. None of us can live without using various metals in our daily life and hence, minerals are an inseparable part of our lifestyle. And minerals need to be extracted where mines are; unfortunately mines can't be shifted to deserts where there is no inhabitation nearby. The challenge is how responsibly one does the mining and Sesa needs to be benchmarked on that scale. We at Sesa are committed to live up to that challenge so as to make our business sustainable. At Sesa we believe sustainability makes tremendous business sense.

I am presenting to you the fourth Sustainability Report prepared as per the principles and methodology of the GRI-G3 Guidelines and have prepared the Report in fulfillment of the A+ application level criteria of GRI. Our report has been provided independent assurance by KPMG; the assurance statement is included in the report


I thank you for all the support and encouragement in our sustainability efforts, and would earnestly look forward to your suggestions to improve our efforts further.



**P.K. Mukherjee**  
Managing Director







“ How can we guarantee the safety of our employees in an opencast mine? ”

Strict compliance with proper bench slope, width and height keeps opencast mines secure. Equipment such as wireless systems in dumpers, specially designed and fabricated structure for filling air in dumper tyres, fire extinguishers, use of shock tubes to reduce ground vibrations and noise levels guarantee employee safety. Transport equipment is regularly checked, and drivers trained routinely. Regular reviews and training programmes ensure that every one is updated on safety standards. The Company is certified for OHSAS: 18001-2007 for Occupational Health and Safety Management System.








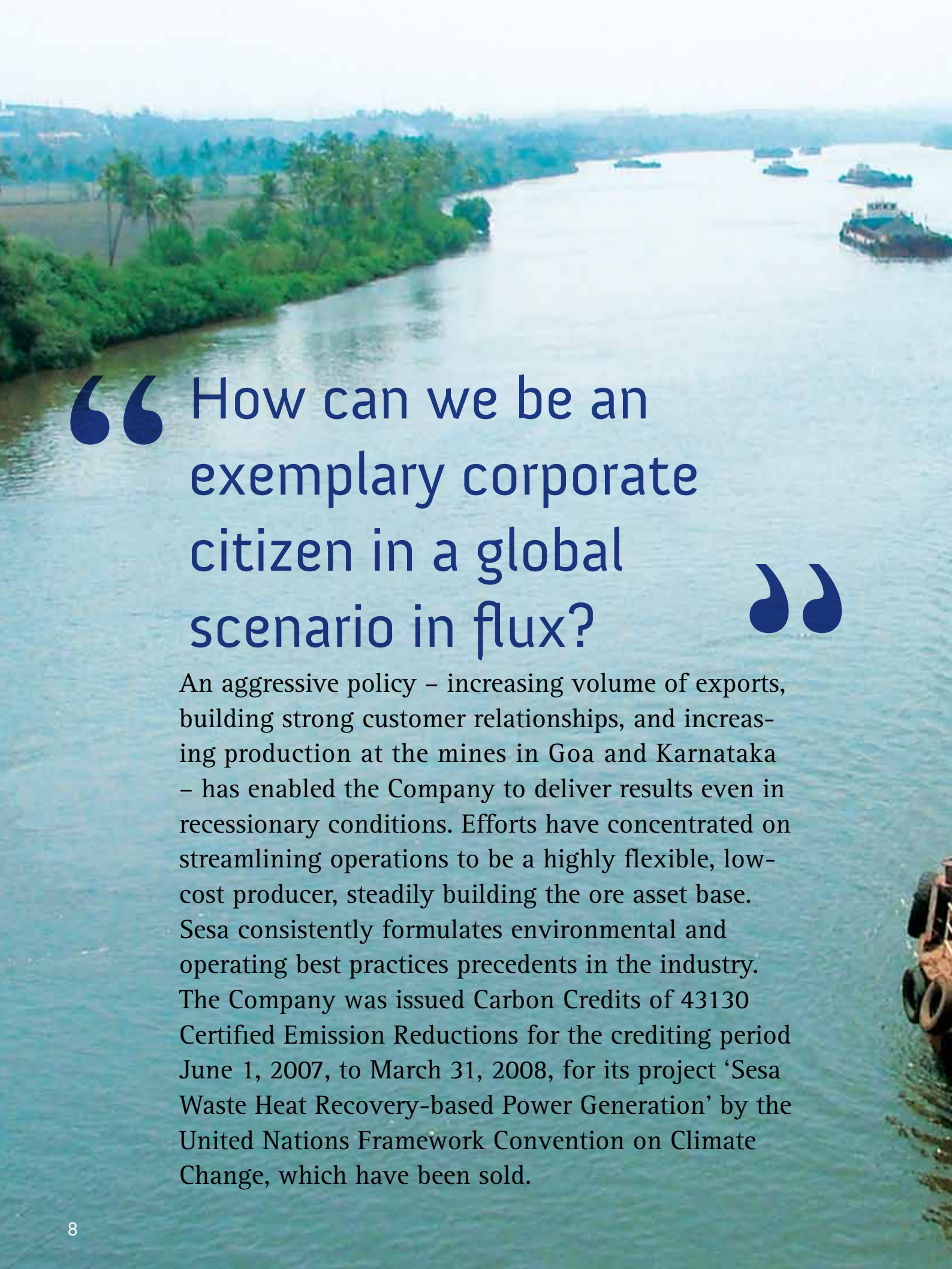






“How can we  
guarantee the safety  
of employees at 1200  
degree Celsius?”

Good maintenance practices prevent any calamity due to equipment damage. Temperature is regularly monitored on sites. The use of proper and appropriate heat-resistant safety ware and apparatus is strictly enforced. A work permit system during maintenance of equipment operating at high temperature areas is followed. Regular training regarding safety and handling the requisite equipment is also provided. Training programmes and refresher courses guide people in handling emergency situations which could arise while working at such high temperatures. The Company has implemented an Occupational Health and Safety Management System, certified since 2002.



# “ How can we be an exemplary corporate citizen in a global scenario in flux? ”

An aggressive policy – increasing volume of exports, building strong customer relationships, and increasing production at the mines in Goa and Karnataka – has enabled the Company to deliver results even in recessionary conditions. Efforts have concentrated on streamlining operations to be a highly flexible, low-cost producer, steadily building the ore asset base. Sesa consistently formulates environmental and operating best practices precedents in the industry. The Company was issued Carbon Credits of 43130 Certified Emission Reductions for the crediting period June 1, 2007, to March 31, 2008, for its project ‘Sesa Waste Heat Recovery-based Power Generation’ by the United Nations Framework Convention on Climate Change, which have been sold.










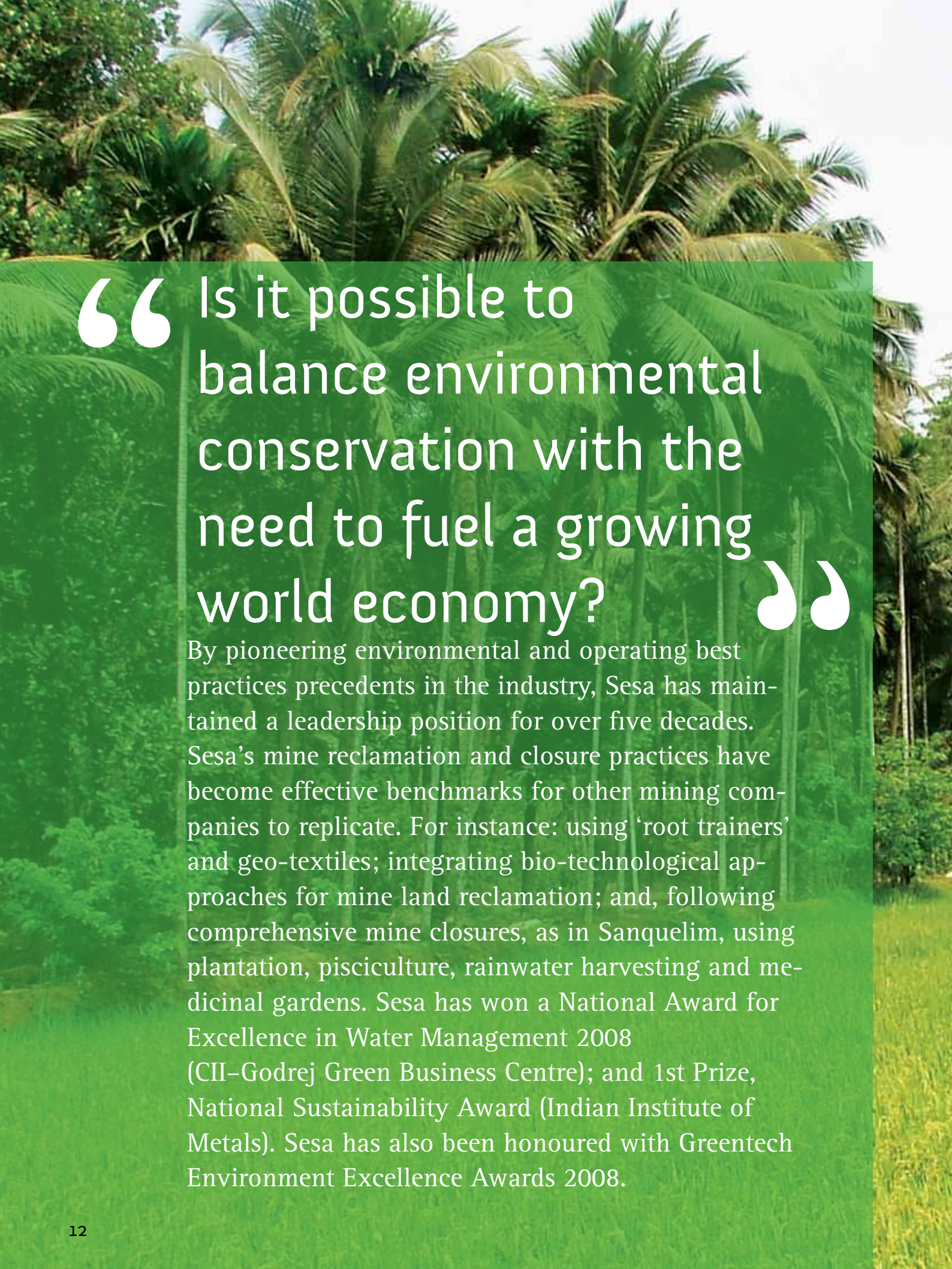




“ Can we deliver stakeholder value given the current economic slowdown? ”

In spite of demand downturn, the Company's tonnage sales increased from 12.4 million MTs in 2007-08 to 15.1 million MTs in 2008-09. The Company has delivered results even in recessionary conditions due to its aggressive policy and efforts for successfully increasing production at its mines. The financial performance of the Company in 2008-09, under difficult times, bears testimony to its ability to efficiently execute business and deliver results even in extremely challenging business environments. In recognition of its ability to generate sustained returns to shareholders over a period of time, Sesa Goa received recognition as 'Best Value Creator' (in the Large Cap Category) at the Outlook Money-NDTV Profit Awards 2008.





# “ Is it possible to balance environmental conservation with the need to fuel a growing world economy? ”

By pioneering environmental and operating best practices precedents in the industry, Sesa has maintained a leadership position for over five decades. Sesa's mine reclamation and closure practices have become effective benchmarks for other mining companies to replicate. For instance: using 'root trainers' and geo-textiles; integrating bio-technological approaches for mine land reclamation; and, following comprehensive mine closures, as in Sanquelim, using plantation, pisciculture, rainwater harvesting and medicinal gardens. Sesa has won a National Award for Excellence in Water Management 2008 (CII-Godrej Green Business Centre); and 1st Prize, National Sustainability Award (Indian Institute of Metals). Sesa has also been honoured with Greentech Environment Excellence Awards 2008.













“Can we help communities engage constructively with the world around them?”

Sesa's business practices are value driven. Protecting and developing the communities, which are directly or indirectly related to its operations, lie at the heart of all Corporate Social Responsibility (CSR) initiatives. The emphasis is on planning and implementing sustainable, self-reliant and independent community-owned enterprises. Programmes are aligned, in principle, with the Millennium Development Goals of the United Nations. In line with sustainability principles, it is proposed that in 2009-10 the company will become a signatory to the United Nations Global Compact. The Company received the 1st prize for Corporate Social Responsibility, at the 6th National Conference on Occupational Safety, Health and Environment.



A photograph of a plant with vibrant red, glossy leaves and thin, coiled tendrils. The plant is growing on a branch in a natural, outdoor setting with a blurred background of trees and foliage. A large, white, sans-serif text overlay is positioned in the upper right portion of the image.

# REIN



# VENT



Global challenges and market dynamics have redrawn corporate strategies for growth. We keep renewing our global connections by reinventing ourselves: infusing new vigour into corporate paradigms and supporting sound governance. Our vision is not merely to be a good corporate citizen, but to be a good corporate neighbour. We believe that what we do in our corner of the planet affects every corner of the planet we live on.





## BOARD OF DIRECTORS



**S.D. Kulkarni**  
**Chairman**  
(Non-Executive Director)



**K.K. Kaura**  
**Director**  
(Non-Executive Director)



**G.D. Kamat**  
**Director**  
(Non-Executive Director)



**P.G. Kakodkar**  
**Director**  
(Non-Executive Director)





**P.K. Mukherjee**  
Managing Director

- Finance and Accounts
- Secretarial and Legal
- Information Technology
- Marketing and Chartering Iron Ore



**A.K. Rai**  
Director, Production and Logistics

- Mining, Goa
- Mining, Karnataka
- Mining, Orissa
- Shipping and Ship-building



**H.P.U.K. Nair**  
Director, Iron and Coke

- Pig Iron Plant
- Met Coke Division
- Coke Technology
- Pig Iron and Met Coke Marketing



**M.D. Phal**  
Director, Resources

- Human Resources
- Environment & CSR
- Safety
- Medical Services



**Amit Pradhan**  
Director, Services

- Purchase and Contracts
- Projects
- Business Development



A group of young children, likely in a classroom, are sitting in blue plastic chairs. They are wearing red school uniforms. The background shows a window with vertical bars and a warm, orange-toned wall. The children are looking towards the camera with neutral expressions.

## OUR VISION

**“To be one of the top four iron ore mining companies in the world.”**

- To maximise stakeholders' wealth by exploiting core skills of iron ore mining, coke and iron-making.
- To constantly seek high levels of productivity and technical efficiency; to maintain technological superiority over competitors.
- To aggressively seek additional resources.
- To maintain costs in the lowest decile.
- To be an organisation with best-in-class people and a performance driven culture by attracting and retaining quality manpower.
- To continue to maintain our pre-eminent position in safety, environment and quality control management in the respective industry sectors.
- To contribute to the development of the communities that we operate in or have influence on our business activities.



## The Year That Was

The year gone by has indeed been one of the most challenging for the world economy. The unprecedented financial crisis, acknowledged today as the worst since the Great Depression, has brutally shaken the foundations of some of the strongest economies in the world. Though governments across continents have responded speedily and in rare unison, the path to recovery is expected to be long and arduous. The Indian economy was also not immune to this shock. While at the macro level, our country has displayed remarkable resilience sustaining relatively high growth rates, several sectors have been adversely impacted.

As per the International Monetary Fund's latest forecast, the global economy is beginning to pull out of recession – global economic growth during 2010 is projected at 2.5 percent, against a negative growth rate of 1.4 percent in 2009. The survey of professional forecasts conducted in the backdrop of the first-quarter review of the monetary policy by the Reserve Bank of India, indicates that the Indian economy is projected to grow by 6.5 percent during the current financial year, against 6.7 percent in 2008-09.

**Iron ore:** During 2008-09, the Company has recorded highest iron ore sales ever – 15.1 Mt as against 12.4 Mt in the previous year, representing 22 percent increase over the previous year. Higher sales were possible due to strenuous efforts by the Company to increase production from mines in Goa and Karnataka, supported by well-managed logistic activity. The Company has surpassed all past records in terms of tonnages handled at mines and by trans-shipper vessel MV Orissa.

Though the long-term contract benchmark price was settled with an increase of 79.88 percent for fines and 96.5 percent for lumps, long-term customers did not adhere to schedules of off take, citing deteriorating market conditions. Therefore 86 percent of the Company's direct export quantity was sold on spot basis as against 54 percent in the previous year. The spot prices, which peaked during the second quarter of the financial year, crashed to less than 50 percent of the long-term price by the year's end.

The year 2008-09 saw a series of increases in rail freight and drastic increase in truck transport cost which resulted in higher logistic costs, although rail freights were reduced for some sectors in the last quarter. The export duty had also undergone frequent changes during the year, adding some uncertainty to the Company's business plan.

**Metallurgical coke:** The production during the period under review was 224,216 MT – down by ~11 percent; sales were 217,357 MT – down by ~16 percent. Production was curtailed from December 2008 to February 2009 owing to inventory built up in the pig iron plant being a major outlet and also due to slowdown in the foundry industry.

**Pig iron:** During 2008-09, SIL produced 217,114 MT as against 271,492 MT in the previous year. The production was lower because of scheduled shutdown of one of the blast furnaces for 48 days during the first quarter for maintenance and relining. Subsequently, one of the blast furnaces had to be shut-down for over three months in the second half due to built-up in pig iron inventory as a result of deteriorating market conditions. Nearly 224,478 MT of pig iron was sold during the year as against 266,497 MT in the previous year.

## The Road Ahead

### Iron Ore

Over the longer term, steel demand is likely to go up driven by growing investment in infrastructure, need for new housing and increasing levels of urbanisation in Asian countries, particularly China and India.

However, the World Steel Association forecasts that worldwide apparent steel use is expected to decline by – 14.9 percent to 1,018.6 million metric tons (mmt) in 2009 after declining by – 1.4 percent (1,197 mmt) in 2008. However, steel demand is expected to stabilise in the latter part of 2009, leading to a mild recovery in 2010.

The Company has started working on its medium term vision to achieve a volume of 50 Mt from its Goa, Karnataka and Orissa operations. Logistic ca-



pability building and long term marketing strategy are also getting focussed attention. The Company continues an aggressive drilling programme in 2009-10 and pursuing acquisition of new mines for augmentation of resources.

The annual iron ore negotiations have been concluded between the three big suppliers and buyers (except Chinese buyers) with reduction of 32.95 percent for fines and 44.47 percent for lumps, for Australian ore and 28.2 percent for Brazilian fines. China is still holding on to its expectations of higher price reduction while no suppliers are inclined to accept the same. The recent trend of gradual increase in spot prices has been encouraging.

While sharper-than-expected cut in iron ore prices, slippage in Chinese demand and a spike in freight rates remain a risk for the Company's business, a low cost structure gives the Company some competitive advantage. The new royalty regime on iron ore @10 percent ad-valorem announced recently would impact the profitability of the Company. The unending debate on imposing restrictions on export of iron ore and frequent changes in rail tariff for export of iron ore adds to uncertainty in the business.

### Metallurgical Coke

The metallurgical coke business is expected to continue to face cost pressure with the margins thinning between the end product price and price of coal.

### Pig Iron

The Indian economy is relatively more dependent on domestic consumption and will slowly but surely return to the growth trajectory. The monsoon rains, vital to India's huge farm economy, picked up in the southernmost parts of the country but remain weak in some parts, which will slightly dampen the growth rate. However, with liberal budget provision for rural infrastructure, the construction and infrastructure sectors are likely to be main drivers for the domestic steel industry along with the auto and FMCG sectors. Demand for all segments is bound to grow with general improvement in consumer sentiment and the expected revival in the economy in the next few months. The Company is viewing the

outlook in 2009-10 with cautious optimism.

With consistent quality, timely deliveries and by catering to specific needs of customers, Sesa has developed its own customer base in wide sectors and regions, which gives it an edge over its competitors.

### Environmental Impact

The very nature of Sesa's business, that is, mining, is publicly perceived as unfriendly to environment. However, Sesa has been able to demonstrate that mining and environment development can coexist. The main impacts on the environment due to Sesa's operations concern: (a) land degradation due to breaking open of areas; (b) effects on water due to ore beneficiation and working below ground water table; (c) reducing the tree cover; and (d) generation of solid wastes and greenhouse gas emissions, leading to global warming.

#### Land degradation and reducing the tree cover:

It's necessary to break the earth's surface for mining minerals which are the building blocks of modern civilisation. However, Sesa has been conscious of this fact, and has been proactively incorporating various methods to minimise its impacts.

For instance, software is used to plan mine development so that the entire area is not opened up at a time and sequential mining and concurrent reclamation is followed. Sesa has set up the nursery for growing plant saplings of native species.

Till date, more than 3.5 million trees are grown on different mining sites of the Company. The Company has received approval for plantation management plan of Sanquelim mine from the Forest Department of Goa. The plan will be implemented in the next three years. The biotechnological approach developed in collaboration with National Environmental Engineering Research Institute (NEERI) is now well established and being replicated at other mining sites. Geo-textiles and grass seeding on overburden dumps has helped not only in reducing erosion but also in establishing ground vegetation.

**Water conservation:** Sesa Goa recognises that water is a limited resource available. All efforts are made



for its efficient utilisation and conservation. Water is reused at most ore beneficiation plants, and pig iron and met coke plants. Rainwater harvesting is undertaken at the exhausted mining pits in Sanquelim, and about 1,500 KLD of water from these pits is used at pig iron and coke plant.

Sesa is in the process of constructing a 'bund' on a river, just before it meets saline water, to store and use fresh water for expansion projects. Rainwater harvesting and water storage in village ponds is undertaken in Chitradurga district, known for low rainfall. This has helped villagers in getting drinking water for cattle and also resulted in increase in ground water table.

**Solid waste management:** Mining is a business of selection and, therefore, there is always a rejection. Sesa has developed a mining programme that ensures minimum possible rejects handling. All the waste dumps are stacked systematically and efforts are made to rehabilitate them in the best possible manner. As described earlier, geo-textiles and biotechnological efforts are under way for rehabilitating waste dumps.

A Memorandum of Understanding has been signed with the Department of Microbiology, Goa University, Goa, to develop 'mycorrhiza' for faster growth of plants on mine dumps.

All the slag generated in the pig iron plant is sold to cement manufacturers.

**Global warming:** The Company has developed a two-pronged strategy to tackle greenhouse effects:

- Reduce specific energy consumption in operation through improved technology and process. The Company had set a target of reducing 3 percent specific energy consumption across all the units for 2008-09 – this was achieved.
- Create carbon sequestering, especially carbon dioxide, through plantation. The Power Plant is registered with the United Nations Framework Convention on Climate Change (UNFCCC) as a Clean Development Mechanism (CDM) project that has potential Certified Emission Reductions (CERs) of 1.13 lakh/annum. Over 42,000 CERs generated and issued have been sold.

## Social Impacts

Sesa Goa has been discharging its corporate social philosophy through three channels:

- Sesa Community Development Foundation, which manages Sesa Technical School and Sesa Football Academy.
- Need-based community development programmes.
- Mineral Foundation of Goa, a non-governmental organisation formed by the mining industry to address social and environmental issues in the mining belt of Goa.

Sesa Goa has launched a programme called 'Gram Nirman 2010' for total village development in association with the Mineral Foundation of Goa and the Government of Goa. This programme is planned and approved in the 'Gram Sabha' [village panchayat].

This programme, initiated by Sesa, will help around 25,000 people. It is a three-way partnership between the Company, Mineral Foundation of Goa and Government of Goa. The Company has also started a formal stakeholder engagement process in Goa, where the community is involved in the planning, implementation and subsequent ownership of development projects.

## Sesa At A Glance

Sesa is India's largest exporter of iron ore in the private sector. The Company is a majority owned and controlled subsidiary of Vedanta Resources plc, the London-listed FTSE 100 diversified metals and mining major. For over five decades, Sesa has been involved in iron ore mining, beneficiation and exports. Over the last two decades, it has diversified into the manufacture of pig iron and metallurgical coke. Sesa has mining operations in Goa, Karnataka and Orissa; it also operates a 322,000 TPY metallurgical coke plant and a 292,000 TPY pig iron plant in Goa.

Vedanta Resources plc ("Vedanta") is a London-listed FTSE 100 diversified metals and mining major. The group produces aluminium, copper, zinc, lead, iron ore and commercial energy. Vedanta has opera-



tions in India, Zambia and Australia.

The Company has three major inter-related business segments:

**Iron ore:** This is Sesa Goa's core business, and it binds together all its other businesses. Sesa exports to leading clients in Asia and Europe besides sale to domestic customers. The Company sold over 15 million tonnes during 2008-09 and currently accounts for nearly ~14 percent of India's iron ore exports.

**Pig iron:** The Company entered the pig iron sector in the early 1990s. This was an initiative in forward integration to go up the iron ore value chain and introduce value added products to its basic iron ore business. This business is carried out through its subsidiary Company Sesa Industries Limited (SIL) located in Amona village of Bicholim Taluka in North Goa. The Company produces several grades of pig iron, including basic grade, foundry grade and spheroidal (nodular) grade.

**Met coke:** The metallurgical coke business, located in Amona, Goa, was launched as a backward integration initiative to streamline met coke supply for the pig iron plant. Today, while it transacts with SIL on an arm's length basis, this business also caters to primarily an Indian client base.

Sesa Goa Limited has developed a world leading 'energy recovery technology' to manufacture coke, compliant with advanced global emission norms. This technology enables production of high quality coke with superior levels of energy recovery.

## Capital Structure And Ownership

As of March 31, 2009, Sesa's authorized share capital was Rs 100 crores with shares of Re 1 each. The issued and subscribed capital is Rs 78,72,40,400 with 78,72,40,400 shares of Re 1 each. During financial year 2008-09, shares were subdivided from face value of Rs 10 to face value of Re 1 per share, and Bonus shares were allotted in the ratio of 1:1. Sesa is listed on two stock exchanges – the Bombay Stock Exchange and the National Stock Exchange. The pattern of shareholding in the Company as of March 31, 2009, is as given in *Figure 1*.

## Market And Customers

Sesa Goa predominantly exports iron ore. Its customers are large iron and steel making industries across the world. The pig iron plant caters to steel rolling mills, foundries and other allied industries. The met coke division primarily caters to SIL's requirement (~65 percent during 2008-09). The balance quantity is sold to local clients.

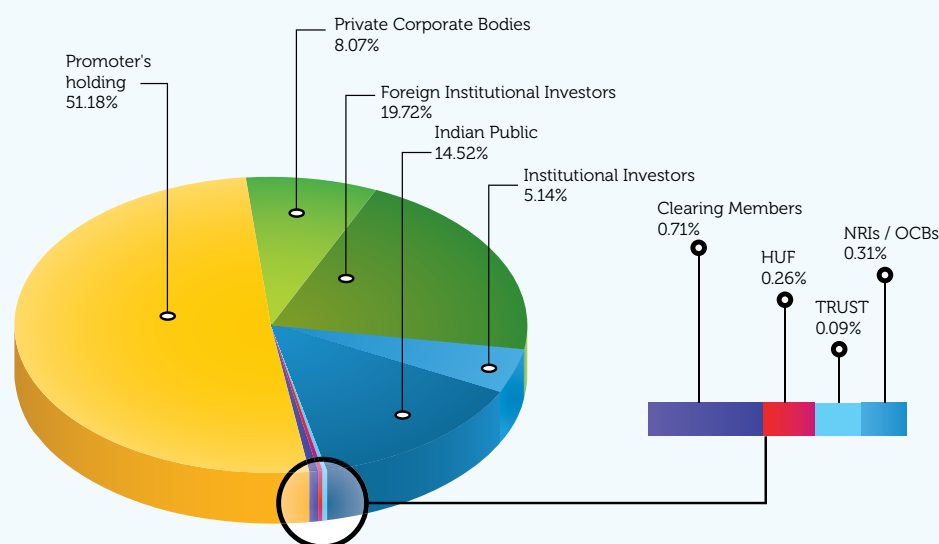


Figure 1: Pattern of shareholding



Out of Sesa Goa's annual sale of 15.1 million tonnes (Mt) of iron ore during 2008-09, 14.494 Mt was exported (including indirect exports) and 0.61 Mt was sold in the domestic markets.

Sales are long term contracts and spot basis (18 percent sales on long term contract in 2008-09 as against 45 percent in 2007-08).

Sesa Goa's central business focus is maintaining a long-term relationship with its customers mostly located in China, Japan, Europe and Pakistan. This has been achieved with emphasis on quality, timely deliveries and customer satisfaction.

SIL's pig iron business is concentrated primarily in India – especially foundries and other allied industries in the west and south-west. Some of the domestic buyers are world-renowned industries. During 2009-10, SIL has also exported to Saudi Arabia, Indonesia, the Netherlands and Sri Lanka.

## Market Presence

The business segments of the Sesa Group consist of iron ore, low ash metallurgical coke and pig iron. The activities of iron ore mining and manufacture of low ash metallurgical coke are carried out by Sesa Goa Limited, the flagship Company of the Group. The subsidiary Company, Sesa Industries Limited, manufactures pig iron. The share of the iron ore segment in the segment-wise revenue contribution on a consolidated basis has remained at 84 percent due to the continued buoyancy in the international iron ore market.

Iron ore is the Company's primary business, with a share of 85 percent in total consolidated external revenue from operations, net of duties and freight. Pig iron accounts for 12 percent of the business, while metallurgical coke contributes the remaining 3 percent. However, the size of the met coke business is larger than that indicated above, essentially because around 70 percent of its sales are captive, being utilised by the pig iron business (recorded as inter-segmental transactions) and are not captured in external sales. *Figure 2* shows the iron ore sales in million tons; pig iron and coke sales are shown in metric tons.

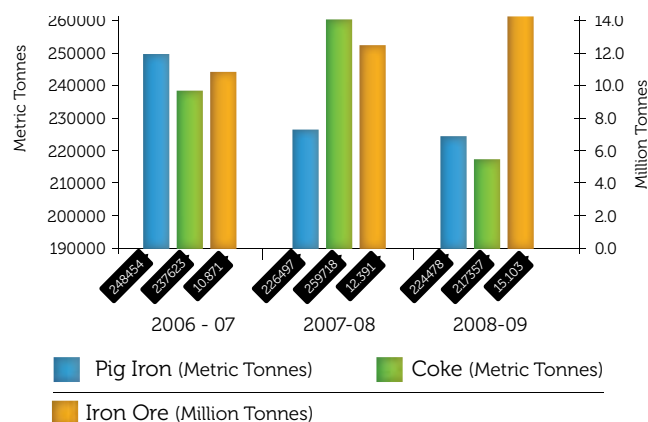


Figure 2: Sales volumes

The Company is India's largest private sector exporter of iron ore with mining operations in the states of Goa, Karnataka and Orissa, exporting over 15 million tons of iron ore annually. The sales mix comprises exports of around 96 percent (including indirect exports) and the balance quantity is local sales. The major exporting destinations are China, Japan, Pakistan, South Korea and Europe. Low ash metallurgical coke is manufactured from imported coal through the energy recovery coke-making technology. The Company holds a patent for the process which produces excellent quality of coke for a given coal blend and has the lowest pollution levels of comparable technologies. This 'Sesa Energy Recovery Coke-making Technology' is marketed worldwide through licensing agreements. Pig iron business is concentrated primarily in India – especially foundries and other allied industries in the west and south-west, although a small quantity was exported to Saudi Arabia, Indonesia, Sri Lanka and the Netherlands.

## Report Parameters

### Report Profile

The reporting period is April 2008 to March 2009 (financial year 2009). Sesa plans to publish the Report annually. In order to ensure comparability, the performance indicators are reported using financial year criteria as per the core indicators of GRI-G3 Guidelines.

This is the fourth Sustainability Report of Sesa Goa



Ltd. The earlier Report covered the period 2007-08. The reporting principles and methodology are in accordance with GRI Guidelines 3rd revision – G3. Economic, environmental and social performances have been reported by following the relevant technical protocols for the core as well as additional indicators. For further information, you may visit the Sesa Goa website at [www.sesagoa.com](http://www.sesagoa.com) or contact Mr Mahesh Patil, General Manager, HSEC, at the Company's corporate office: Sesa Goa Ltd, 'Sesa Ghor' 20 EDC Complex, Patto, Panjim, Goa 403 001, or e-mail him at [mpatil@sesagoa.com](mailto:mpatil@sesagoa.com)

### Report Scope And Boundary

This Report covers mining units in Goa, Orissa and Karnataka, the pig iron plant and the met coke division in Goa. This is the fourth report of the Company in the series prepared according to GRI Guidelines and assured by a third party.

This Report provides glimpses of the environmental and community development initiatives undertaken by the Company.

The Report has been audited by a third party auditor, KPMG, who have provided the External Assurance Statement.

## Governance And Management

### Visionary Board Of Directors

In line with the tenets of corporate governance, Sesa's Non-Executive Directors comprise key personalities and experts in various fields such as finance, law, etc, and other independent technical experts in related fields of operations of the Company. Directors are appointed after the approval of the shareholders and are usually appointed for a duration of three years or less as per Board resolution.

The Company has a Non-Executive, non-promoter Chairman. As on March 31, 2009, the Company has nine Directors on its Board, of which five are Executive Directors and four Non-Executive Directors. Three of the Non-Executive Directors are independent. Independent Directors are not related to any of the Executive Directors of the Company. They are

also not members of any Company whose interests are in direct conflict or in similar fields as those of the Company.

The Board is responsible for the overall direction for all business operations and has holistic control over activities. As members of the Board, individuals have the necessary technical or functional expertise, experience, human skills and knowledge of business to ensure necessary guidance and direction to the business. The Managing Director, through the powers delegated by the Board of Directors, is responsible for the regular business of the Company.

With the constitution of various committees as listed in the Governance Structure – such as the Audit Committee, Remuneration Committee, Investors Grievance committee, etc, for more focussed attention – the Board audits performance and reviews business operations.

### Company's Philosophy On Corporate Governance

Sesa Goa is committed to executing sustainable business practices and creating long-term value for all its stakeholders. To pursue this objective, the Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities.

The Company continues to focus on its commitments towards the development of the community where it operates. It has adopted best practices towards preserving the environment, and adherence to the highest safety standards remains a focus area across all operations. Sesa Goa's value systems are based on fair and ethical practices in all its dealings with stakeholders including customers, vendors, contractors, employees and all others who are part of the Company's business value chain.

All Directors and senior management are committed to the Company's Code of Conduct.

### Code Of Conduct

The Company has adopted the Sesa Goa Code of Conduct for Executive and Non-Executive Directors, senior management personnel and other executives

## Governance Structure

### Managing Director

- Finance and Accounts
- Secretarial and Legal
- Information Technology
- Marketing and Chartering of Iron Ore

### Director, Production and Logistics

- Mining, Goa
- Mining, Karnataka
- Mining, Orissa
- Shipping and Ship-building

### Director, Iron and Coke

- Pig Iron Plant
- Met Coke Division
- Coke Technology
- Pig Iron and Met Coke Marketing

### Director, Resources

- Human Resources
- Environment and CSR
- Safety
- Medical Services

### Director, Services

- Purchase and Contracts
- Projects

SESA GHOR



of the Company. The Company has received confirmations from the Executive and Non-Executive Directors, as well as senior management personnel regarding compliance of the Code during the year under review. The Business Conduct Rule is posted on the website of the Company.

The Company has a policy to deal with sexual harassment complaints and a Whistle Blower Policy to deal with any complaints relating to fraud and any other financial irregularities.

### Shareholders' Feedback

The Annual General Meeting, held once a year, provides a major platform for shareholders to congregate and provide feedback and recommendations to the management of the Company.

The Company has constituted a Shareholders/Investor Grievance Committee of Directors to look into the redressal of complaints of investors, such as transfer or credit of shares, non-receipt of dividend, notices, annual reports, etc. The Committee reviews investor related issues and recommends measures to improve investor services. Minutes of the Shareholders/Investors Grievance Committee Meetings are circulated to the members of the Board.

The Investors Relation Committee provides for direct access to shareholders to express their views and other related opinions. The Company encourages shareholders to write to the Company on such issues and valid recommendations are taken into consideration.

## Stakeholder Engagement

Stakeholder engagement is the foundation of corporate social responsibility. It is a special concern given the current downturn in the global economy and plunging profit lines. Effective and systematic stakeholder engagement helps Sesa to understand the perceptions and expectations of its stakeholders and open up a dialogue with them about appropriate responses (see pages 30-31 for details).

As a growing organisation with ambitious plans of mining and conducting business beyond Goa, Sesa

Goa recognises the importance of all its stakeholders – government and statutory bodies, shareholders, customers, employees, suppliers, contractors, local communities and society, everybody who is affected by the Company's operations – for the success of its plans. This is because stakeholder insight equips the Company to pinpoint and manage not only current but also emerging social and environmental risks to the Company.

Sesa Goa consistently strives to anticipate emerging stakeholder expectations. The Company's various businesses have evolved and institutionalised a structured system to formally review and update an understanding of stakeholder expectations. The Company has started a formal stakeholders' consultation process in two major locations, one each in South Goa and North Goa, catering to the needs and expectations of the community around the business units. The committee includes members from across all sections of society, that is, local panchayat members, educationalists, eminent persons, self help groups, and corporate social responsibility groups of the Company. This has helped Sesa to better understand the community's needs, as well as to involve communities in planning, implementing and owning the programmes.

Sesa makes timely disclosures of relevant and reliable information on its financial performance, activities relating to environment, occupational health and safety, and social initiatives. The Company believes that the disclosure of appropriate and useful information with regard to all Company activities that can impact stakeholders is at the heart of good governance.

### Implementing Environmental Health And Safety

It is only under astute and visionary leadership that a corporate entity can fulfill its vision and mission. The Executive Directors formulate policies on quality, environment, occupational health and safety. They also provide guidance for policies and assessment or audit systems.

The Corporate Environment and Safety Departments, with the help of unit level representatives, are responsible for the implementation and moni-

toring of these systems. They are also responsible for necessary periodic reviews and corrective measures implemented from time to time. The Corporate Human Resource Department, with the help of unit level teams, is responsible for the coordination and monitoring of issues related to human rights, human resource practices and other social issues.

### Social And Quality Systems

Sesa Goa is a founder member and the largest contributor to the voluntary initiative of Goa's mining industry – the Mineral Foundation of Goa. The Foundation undertakes environmental and social programmes that benefit the communities in the state of Goa.

Sesa Goa Ltd is a member of Sustainable Miners Club, an initiative of the Federation of Indian Mineral Industries. The Company is also an active member of various national and local industry and trade associations, such as the Confederation of Indian Industries (CII), the Federation of Indian Mineral Industry (FIMI), the Goa Mineral Ore Exporters Association (GMOEA), Mineral Foundation of Goa (MFG), and Goa Chamber of Commerce and Industry (GCCCI), among others.

All the units (except for mining operations in Orissa) of the Company – that is, mining in Goa, Karnataka, the met coke division of Sesa Goa Limited, and the

pig iron plant of Sesa Industries Limited – are certified to ISO:9001-2000, ISO:14001-2000 and OH-SAS-18001:1999 systems for quality, environment and safety, respectively, through a third party certification agency, Bureau Veritas Certification (India) Pvt Ltd, formerly known as BVQI.

### Awards

The Company's individual mines have received several awards at the 'Mines Safety Week' and 'Mines Environment and Mineral Conservation Week', events that are organised in the respective regions. Notable among them are: (a) Codli Mines which received the 'Rising Sun Rolling Shield by Salgaocar Mining Industries Ltd & Trophy by Council', in overall performance, 1st prize, in very large mechanized mines; and (b) Sanquelim mines received 'Trophy by Council' in overall performance, 2nd prize, in medium mechanized mines.

The Company also won other prestigious awards and accolades during 2008-09:

- Overall 1st prize for Corporate Social Responsibility, received during the 6th National Conference on Occupational Safety, Health and Environment, organised by Inspectorate of Factories and Boilers, Government of Goa, Ministry of Labour, Government of India and Green Triangle Society, Goa.
- Won the CII-ITC Sustainability Award 2008 (Commendation for Strong Commitment among



*Mr P.K. Mukherjee receiving the CII-ITC Sustainability Award 2008.*



Large Business Organisations for 2008).

- Sesa Industries Limited won the National Award for Excellence in Water Management 2008, conducted by CII-Godrej Green Business Centre.
- Sesa Industries Limited won the Golden Peacock Award 2008 for Excellence in Occupational Health and Safety from World Environment Foundation.
- Sesa Goa Limited, Mining Division, was declared winner of the Greentech Environmental

Excellence Gold Award.

- Sesa Industries Limited was selected as the 1st prize winner in National Sustainability Award by Indian Institute of Metals in Pig Iron and DR Plant Category.
- Sesa Goa Limited won the prestigious Outlook Money NDTV Profit Awards 2008 in the Best Value Creator (Large Cap) category.
- Sesa Goa Limited ranked 10th in the country's most investor-friendly companies in the survey conducted by *Business Today*.

Stakeholder and Mode of Engagement	Significance	Key Sustainability Concerns	Initiatives by the Company
<b>Shareholders</b> Annual General Meeting Written communications	Owners Providers of capital	Profitability and growth	Announcing and publishing quarterly results of the company within the completion of the quarter. Declaring audited annual results within the stipulated time. Posting results on the Company's website ( <a href="http://www.sesagoa.com">www.sesagoa.com</a> )  Posting information related to shareholding pattern, compliance with corporate governance norms, etc, on the company's website  Making Sesa's corporate website a comprehensive source of information on its portfolio of business, social responsibility activities and environment, occupational health and safety performance:  (a) The entire Report and Accounts, as well as quarterly and half-yearly financial results, are now available in downloadable formats under the section 'Investors Information'  (b) The 'News Corner' section provides press releases from the Company and relevant press clippings  (c) Clarifications as and when provided to institutional investors and analysts, including presentations (if any), are also posted on the Company's websites
<b>Non-governmental organisations</b> Founder and contributor to the NGO 'Mineral Foundation of Goa'	Watchdog of the community	Socio-economic upliftment of the community  Trust and confidence	Undertaking many environmental and social initiatives such as health camps, educational aids, scholarships, agricultural improvements, watershed development, etc
<b>Government</b> Regular meetings and structured communication on key (a) economic; (b) environment, occupational health and safety; (c) social issues; and (d) regulatory trends	Regulators Policy-makers	Regulatory issues and community interest	Proactively and periodically fulfilling all formalities and procedures

Stakeholder and Mode of Engagement	Significance	Key Sustainability Concerns	Initiatives by the Company
<b>Employees</b> Regular interaction through elected unions and delegates Direct interaction at the workplace Implementation of suggestion schemes Representation of employees in EHS and Social Committees, and other social initiatives	Main resource for business operations and growth	Health and safety Growth prospects Employee satisfaction and commitment Ethical standards in business Attracting and retaining talent Career development opportunities	Organising EHS training programmes Conducting awareness programmes Encouraging systematic innovation Discovering and promoting leadership talent Creating an organisational culture that combines a warm and caring ambience with a high performance ethic Establishing a Code of Conduct Publishing <i>Staff Handbook</i>
<b>Communities</b> Public hearing for new projects; surveys through non-governmental organisations; need-based discussions/ written communications; meetings with community representatives	Meeting needs and expectations of the community	Environment quality Mine land reclamation Education and training Health and hygiene Overall socio-economic development of villages	Conducting public awareness programmes on EHS for communities Organising water supply to nearby villages, if needed Conducting health camps, for instance, pulse polio and eye camps, as well as cataract operations Providing infrastructural support, for example, building roads and improving school buildings, community halls, etc Actively supporting local non-governmental organisations' initiatives in public health, sewerage and community development Improving quality of life in the community Giving educational support, such as supply of books and other educational aids Creating community medical centres and initiating formal stakeholders' processes
<b>Customers</b>	Main source of existence of the business	Quality Price/cost Committed delivery Customer satisfaction	Personal interaction Market/sales ISO-9000 certification R&D in process improvement
<b>Suppliers</b>	Partners in progress	Material quality Cost, and delivery schedules	Participating in personal interaction – purchase and materials Setting up a vendor rating system Initiating quality improvement programmes Establishing joint partnership programmes

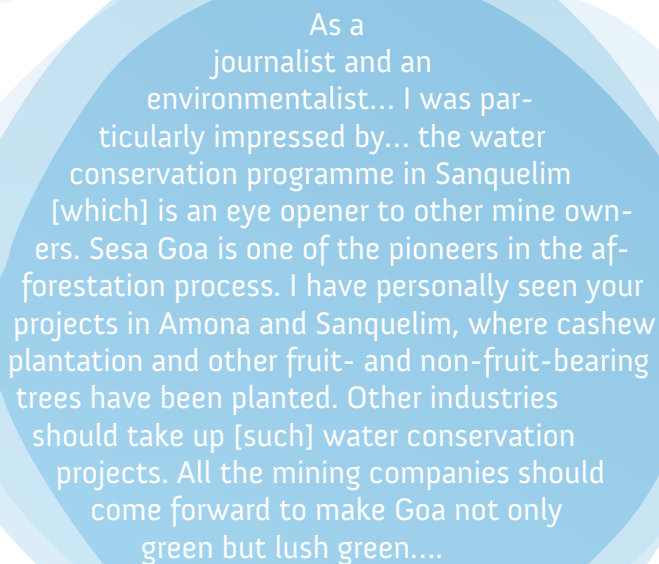


## OUR STAKEHOLDERS SAY



We...  
are delighted that Sesa Goa  
is participating in a very big way in a  
major eco restoration and biodiversity enrich-  
ment programme in the campus. In the last three  
or four years we have covered more than 10 acres of  
land, where indigenous Western Ghat plants have been  
planted and looked after. This is done in association with  
the NGO Western Ghat Kokum Foundation. Sesa is also  
participating in and sponsoring ectomycorrhiza, where  
mycorrhizal plants are raised and used for eco restoring  
in mining areas. By giving farmers inputs crucial to their  
work – that is, certified seeds, fertiliser, power tiller,  
crop compensation, among others – Sesa has sup-  
ported farmers to increase their paddy yield and  
help them prosper.

Prof D.J. Bhat  
Goa University

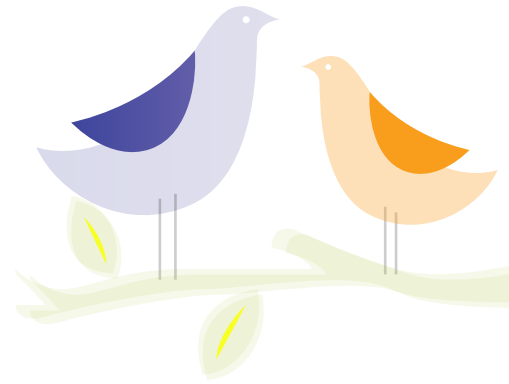


As a  
journalist and an  
environmentalist... I was par-  
ticularly impressed by... the water  
conservation programme in Sanquelim  
[which] is an eye opener to other mine own-  
ers. Sesa Goa is one of the pioneers in the af-  
orestation process. I have personally seen your  
projects in Amona and Sanquelim, where cashew  
plantation and other fruit- and non-fruit-bearing  
trees have been planted. Other industries  
should take up [such] water conservation  
projects. All the mining companies should  
come forward to make Goa not only  
green but lush green....

(Late) Mr Jagdish Wagh  
Journalist

Work-  
ing for Sesa Goa  
was a great experience....  
The parents and teachers were  
very happy to have this comprehensive  
education programme [which] included...  
improving communication skills, infra-  
structure, enhancing children's study skills,  
planning of their future, career-oriented  
programmes and many other things. In  
many rural villages the young children  
would be the first generation to be  
educated...

Ms Ranjana Kakodkar  
Educational Counselor



I am  
extremely happy at the  
initiative taken by the MFG and Sesa  
Goa together to take active part in the Gram  
Nirman programme. It is essentially meant to show-  
case... the ideal development [that] should take in villages  
and also to showcase how corporates can help to bring about  
nirman at village [level]. ...I am also happy that many programmes  
have been successfully completed. These villages will now show-  
case how ideal development will take place. It will also help other  
panchayats to take up similar initiatives with the help of industry.  
...I am extremely happy at the manner in which Sesa Goa in partic-  
ular [has] discharged its responsibility towards the environment.  
I have personally seen the way they have reclaimed the unused  
mine and greenery which has been brought about. I think this  
is an example of how [mining companies] can ensure that  
proper reclamation of land is done and environmental  
degradation does not persist. ...I congratulate them  
and hope that other mine owners follow  
these initiatives.

J.P. Singh  
Chief Secretary, Goa





REVIT

# ALISE

“

The financial turbulence in global markets in 2008 had a significant impact on the demand for metals and minerals. Careful management of economic issues and a commitment to sustainable development is necessary to revive global markets. We have always believed in long term strategic horizons in business. And in being flexible enough to re-vitalise systems and practices in step with global trends.

”



The Indian economy, which was on a robust growth path up to 2007-08, averaging at 8.9 percent during 2003-04 to 2007-08, witnessed moderation in 2008-09, with the deceleration turning out to be somewhat sharper in the third quarter. While the growth deceleration was primarily driven by the knock-on effects of the global economic crisis, it also reflected to some extent the slowdown associated with cyclical factors. Sesa Goa was not immune to this slowdown; Sesa's market capitalisation came down to Rs 78.41 billion as on March 31, 2009, against Rs 124.05 billion as on March 31, 2008.

### Management Approach

The Sesa family is committed to high levels of productivity and technical efficiency with innovative practices, timely delivery of quality products to all its customers, and the best treatment to all its vendors and contractors who are partners in the value chain of Sesa's business.

Having been in the iron ore business for several decades, Sesa Goa has had the experience of dealing with different phases of a business cycle. The Company has always recognised that, being a commodity producer, it will remain a price taker in international markets. Thus, efforts have always been concentrated on streamlining operations to become a highly flexible, low cost producer – one that can cater to an upturn as quickly as it can hedge the risks of a downturn. There are three elements to its business approach:

- Increasing the scale of operations.
- Continuously focussing on cost reduction.
- Steadily building the ore asset base.

This three-pronged approach to executing business in the mining sector and dealing with market cycles has helped Sesa Goa deliver relatively good results even in such adverse business conditions. This is reflected in the financial performance of the Company in 2008-09.

### Policy

The Company's policy regarding economic performance is driven by a vision to be one of the top four iron ore mining companies in the world. Sesa has

pursued an aggressive policy of enhancing production from all its operations, exploiting core skills of iron ore mining, coke and iron making. Sesa also contributes to the development of the communities it operates among and the Indian economy at large.

### Goals And Performance

At the Group level, the Company's goals include achieving leadership in each of its business segments within a reasonable time frame, driven by the mission of enhancing production capacity in all its segments.

The economic performance of the Company is commendable, particularly given the fact that the entire world has been going through a severe financial crisis that has led to a global recession. In the year under review, the Company has set new records for annual iron ore dispatches, annual sales revenue, net profit and dividend payout. Besides, an aggressive exploration and drilling programme in Karnataka and Goa had significant success and led to increased reserves and resources.

### Climate Change: Strategy And Action Plan

India has taken many response measures that contribute to the objectives of the United Nations Framework Convention on Climate Change. India's development plans balance economic development and environmental concerns. The planning process is guided by principles of sustainable development. Climate change is an important component of the Company's corporate strategy. It has already taken steps to measure its impact on the environment by mapping its carbon footprint. The Company is in the process of establishing CDM potential with road-map, timeline and vision.

All businesses and units actively pursue greenhouse gas (GHG) emission reductions through energy conservation and large-scale tree plantations through farm and social forestry initiatives.

These concerted efforts provide the Company an opportunity to not only minimise its environmental footprint and energy costs but also gain from CDM Certified Emission Reduction (CER) sale.

Table 1: Direct economic value generated and distributed (Rs. in crore)

Direct economic value generated (A)	2006-07	2007-08	2008-09
Net turnover (net of ocean freight and duties)			
- Iron ore	1754.76	3208.80	4235.47
- Metallurgical coke	79.54	114.83	142.47
- Pig iron*	446.89	582.70	655.91
- Other income**	41.92	69.77	222.45
	<b>2323.11</b>	<b>3976.10</b>	<b>5256.30</b>
Economic value distributed (B)			
Cost of materials, goods and services	1147.49	1275.85	2071.47
Personnel expenses	63.60	68.46	99.93
Interest Charges	0.34	0.03	0.99
Taxes and royalties	437.24	1054.45	1051.31
Dividends	157.45	177.13	177.13
Community contributions ***	6.17	10.92	11.69
	<b>1812.29</b>	<b>2586.84</b>	<b>3412.52</b>
Economic value added (A-B)	<b>510.82</b>	<b>1389.26</b>	<b>1843.78</b>
Production by principal commodities			
Iron ore (million tons)	6.06	7.75	10.69
Metallurgical coke (tons)	212774	258805	224216
Pig iron (tons)	243337	271493	217114
Sesa Community Development Foundation	0.80	1.00	5.12
Community contributions	5.37	9.92	6.57

Notes: Direct economic value generated and distributed.

\* Includes amount of excise duty.

\*\* Includes income from investment and profit/loss on sales of investment.

\*\*\* Excludes donation to political parties.

One of these initiatives, 'Waste Heat Recovery Project', has already been registered with the CDM Executive Board. The Company has successfully availed 42,267 CERs during 2008-09. Another 63,294 CERs, accrued for 2008-09, are being processed for realisation. In addition, the Company is evaluating the registration of its initiative on hot blast stoves regarding the pig iron plant. More details have been given under the heading 'Greenhouse Gas Emissions' in the section on Environment. (See page 48 for details.)

Currently there is no predicated risk or opportunity that is posed by climate changes that have potential financial implications for the organisation.

## Defined Benefit Plan Obligation

The Company believes that its employees are its competitive edge and, hence, its policies are defined with the objective of ensuring and retaining the best talent. All its human resource policies and procedures aim at providing the right opportunities to exercise this talent and enhance, not merely realise, productive potential. The Company administers various funds for employees' benefit and retirement schemes through duly constituted and approved trusts, except for Family Pension where contributions are made to the Provident Commissioner.

The Company believes that people are its best assets



and investing in them is a fundamental responsibility. The Company offers its employees benefits under defined contribution plans in the form of Provident Fund, Family Pension Fund and Annuity Fund – which cover all regular employees. Contributions are paid during the year into separate funds under certain statutory/fiduciary type arrangements.

While both employees and the Company pay predetermined contributions into the Provident Fund and Pension Fund, contributions to the Annuity Fund are, however, made only by the Company. Contributions are normally a certain proportion of the employee's salary.

**Provident Fund:** The Company contributes to the recognised Provident Fund, Pension Fund and Employees' Deposit Linked Insurance Scheme. The Provident Fund is a statutory benefit and is governed by the Employee's Provident Fund Act, 1952. Employees contribute 12 percent of their monthly basic salary; the Company contributes a matching contribution, out of which 8.33 percent – subject to maximum of Rs. 541 – is contributed to the Central Government's 'Family Pension Scheme'.

**Gratuity Fund:** The Company accounts for the net actuarial liability of its obligations for gratuity benefits based on an independent actuarial valuation, determined on the basis of the projected unit credit method carried out annually. Based on this determined obligation, the Company contributes to funds managed by insurance companies.

**Annuity Fund:** The Company has a defined contribution plan for certain categories of employees – it annually contributes a predetermined proportion of an employee's salary to an insurance Company which administers the Fund.

## Financial Assistance Received From Government

The Company availed of a custom duty credit of Rs 9.16 crore on import of capital goods and spares during the year. In addition, custom duty savings of Rs 1.19 crore on imports and excise duty savings of Rs 0.87 crore on indigenous purchases under the continuing Export Promotion Capital Goods scheme, were also made.

Apart from this, the Company has not received any other government subsidy, tax break, duty drawback, government benefits, etc, during the reporting period. Also, it may be noted that the central or state governments do not have any shareholding in the Company, as shown in the shareholding pattern.

## Suppliers

Generally all raw materials, equipment and spares are procured from local Indian manufacturers. Metallurgical coal (with low ash content) and specialised production machinery is sourced globally. Construction and other services for upgrades are carried out by competent Indian contractors.

Besides its own iron ore mines in Goa and Karnataka, the Company also operates mines in Goa, Karnataka and Orissa, which are third party leases. Ore produced in these mines is purchased. Payments to suppliers for iron ore, goods and services are made as per agreed terms and conditions.

The main raw materials used in the manufacture of pig iron are iron ore, coke, limestone and dolomite. Coke and low-grade iron ore are also supplied from within the Sesa Group, while limestone, dolomite and high grade lumpy ore are procured from suppliers in Karnataka.

**Table 2: Pay roll (in numbers) and contribution to Benefit Plan (Rs. in crore)**

Particulars	2006-07	2007-08	2008-09
Number of Employees (Self)	1,822	2,142	2,228
Salaries, Wages, Bonus and Allowances	52.01	57.34	83.40
Contributions to Provident and Other Funds	2.56	3.06	3.72
Contributions to Gratuity and Annuity Funds	5.99	3.34	6.76
Staff Welfare Expenses	3.03	4.72	6.05
<b>Total</b>	<b>63.59</b>	<b>68.46</b>	<b>99.93</b>

Table 3: Import position (*Rs in crore*)

Particulars	2006-07	2007-08	2008-09
Raw material	193.32	173.42	151.85
Components and spares	11.34	14.55	15.69
Capital goods	9.31	21.12	15.40
<b>Total</b>	<b>213.97</b>	<b>209.09</b>	<b>182.94</b>

All purchases and payments are made against stipulated contracts.

Hard metallurgical coal with low ash content, which is the primary input for manufacture of low ash metallurgical coke, is imported from either Australia or China against letters of credit. Some softer varieties are also imported to reduce the cost of coal input blend without compromising on desired coke properties.

It is the basic objective of the purchasing policy to assure continuous supplies of necessary materials, when they are needed, at lowest total cost of ownership, from the best suppliers available. However, as an ethical practice, Sesa encourages all segments of society, and gives them the opportunity to participate, by demonstrating support for small, disadvantaged, and minority-owned businesses. The value of imports on CIF basis is given in [table 3](#).

### Local Hiring And Senior Management From Local Population

Recruitment for all positions in the Company is governed by a well-defined recruitment policy. The policy aims at attracting the best talent to the organisation ensuring an optimum mix of characteristics, skills, demographics, experience and aptitude. The policy lays down specific guidelines on qualifications, job specifications, and selection processes and procedures to ensure fairness in the recruitment process, equal opportunity to all aspirants and the selection of meritorious and deserving candidates.

Though the policy does not mention local hiring specifically, the Company is focussed on ensuring preference to adequately capable, qualified and meritorious candidates from the local and surrounding areas. More than recruitment itself, the Company is focussed on ensuring that local candidates

are equipped to be selected in such recruitment efforts. Various community development efforts undertaken by the Company are aimed at providing and developing local youth with requisite skills and capabilities.

The Company operates in more than one geographical location; the management team thus comprises individuals from different backgrounds, cultures and regions, ensuring the right mix of strategic talent, operational leadership and requisite experience. The Company adopts a clear and unambiguous policy of meritocracy, which provides equal opportunities to people from all backgrounds and capabilities.

### Impact Of Infrastructure Investment

Sesa views its initiatives as a part of its social responsibility and as an investment in improving social capital. The Company continues to support activities of Sesa Community Development Foundation (SCDF). SCDF has continued with its tradition of delivering high quality technical trainees from Sesa Technical School and young footballers from Sesa Football Academy (SFA). A new wing of senior players of SFA was started at Sirsaim during the year with a focus to develop a team of young players. The Sesa Group made a contribution of Rs 5.12 crore in 2008-09. Further details have been given under the heading 'Community' in the section on Society. (See page 69 for details.)

### Context

Please refer to the 'Directors' Report' and 'Management Discussion and Analysis' section of our Annual Report 2008-09 for the detailed discussion of the business environment, opportunities, key challenges, etc, pertaining to each of the Company's business (available at [www.sesagoa.com](http://www.sesagoa.com)).



A vibrant, high-angle photograph of a lush tropical forest. The scene is filled with a variety of green plants, including several tall palm trees with slender trunks and large, broad-leafed plants like banana trees. Sunlight filters through the dense canopy, creating a dappled light effect on the foliage. The overall atmosphere is one of a healthy, thriving natural environment.

# REGEN



# ERATE



In our dictionary, to mine means to mine respectfully. To minimise the potential negative impacts of our operations. To mine in environmentally responsible and cleaner ways. To give the earth the opportunity to renew and regenerate itself. To protect the planet's biodiversity. Because we too are a part of it.





Sesa Goa is committed to mining in environmentally responsible and cleaner ways. The Company uses the best available technological resources to actively minimise the negative environmental impacts, wherever possible, of its activities. Comprehensive recycling and reuse practices ensure further compliance.

## Management Approach

### Policy

The Corporate Environment and Safety Department and/or the Management Review Committee frame policy and guidelines on Environment, Health and Safety. They also monitor and review the effectiveness of the system periodically.

At present, Sesa Goa has a defined policy on SHEQ for its mining and manufacturing units.

### Goals And Performance

Broadly speaking, the Company has adopted the following goals in the area of Health, Safety, Environment and CSR (HSEC):

- Go beyond compliance.
- Work in harmony with nature.
- Strive for resource conservation and waste minimisation.
- Sustain appropriate reclamation of mined out areas.
- Ensure healthy and safe working conditions.
- Adopt safe working practices and minimise exposure to risks.

The Company has achieved the following during the previous years:

- Going beyond compliance, Sesa has set tougher standards for itself.
- Most water requirements are met through rainwater harvesting, or through recycling systems.
- Hot blast stoves have reduced consumption of resources and have been identified as a potential Clean Development Mechanism project under the United Nations Framework Convention on Climate Change.

### Responsibility

The dept/section heads of all the units and depart-

ments are responsible for the implementation of the SHEQ policy. Unit heads may, in turn, form committees and designate specific responsibilities to committees or individual members in their respective divisions to ensure effective implementation and monitoring.

The Corporate Environment and Safety Department and/or the Management Review Committee are responsible for reviewing and updating SHEQ Policy Guidelines. They also provide the necessary guidance and support for effective implementation.

### SHEQ Management

All the mines and their support services in Goa and Karnataka, and the manufacturing units in Goa, are certified according to ISO:14001-2004 Environment Management System, ISO:9001-2000 Quality Management System and OHSAS:18001-1999 Safety and Health Management System (the pig iron and met coke units in Goa are certified according to OHSAS:18001-2007). It is planned to implement the SHEQ system in Orissa's mining operations during 2009-10.

Regular internal audits are conducted by a trained and experienced team of internal auditors from the units, and by the Corporate Environment and Safety Team. Audits not only help to ascertain the effectiveness of implementation of policies, but also provide necessary guidance or assistance required. This leads to further improvement in the SHEQ performance.

### Additional Contextual Information

Sesa is in the process of identifying and quantifying the tangible and intangible benefits derived due to the implementation of its various environmental and community development initiatives. These will be presented and reported in subsequent years.

## Materials

Mining operations do not consume raw materials. Such operations, on the contrary, involve the excavation of raw material, that is, mineral ore from the ground. Sesa Goa constantly endeavours to optimise the consumption of materials in all its operations and processes.

The major materials used in the process of mining

operations – steel for structural fabrication; lubricants for HEMM operation; explosives for breaking hard strata; and paint – are quantified and presented in *figures 3 and 4*. This also includes steel and paint used in the ship-building unit and the logistic support division of the mining division.

Except for paint all other materials, that is, lubricant, explosives and steel consumption has increased as compared to the previous year, due to an increase in iron ore production from 8.906 million tons to 14.033 million tons.

At Sesa Industries, the major raw materials used are iron ore, met coke and fluxes. Iron ore is supplied

partly from the mining division; the balance is purchased from the open market. Coke is supplied by the met coke division of the Company. Fluxes are purchased from outside.

The Company makes continuous efforts to bring down specific coke consumption. During the reporting period, raw material, fluxes and coke consumption decreased due to installation and effective use of hot blast stoves, due to reduction in the quantity of pig iron production. *Figures 5 and 6* show consumption patterns of raw materials at the pig iron plant during the last three years. The major raw material in coke-making is low ash coal, which is imported.

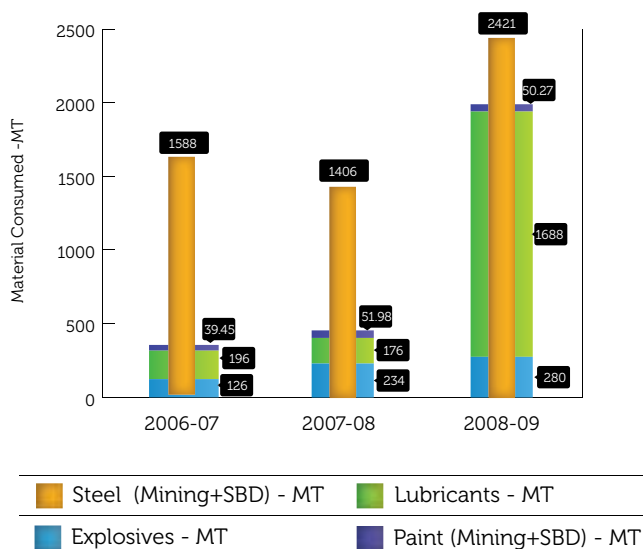


Figure 3: Materials consumed: Mining

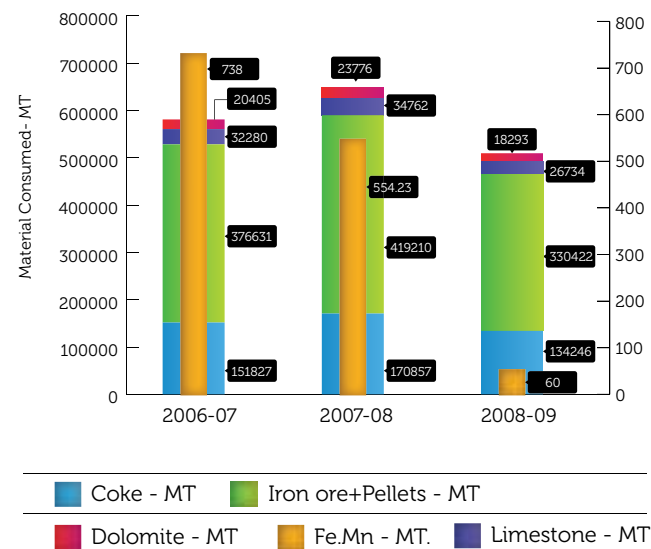


Figure 5: Materials consumed: Pig iron plant

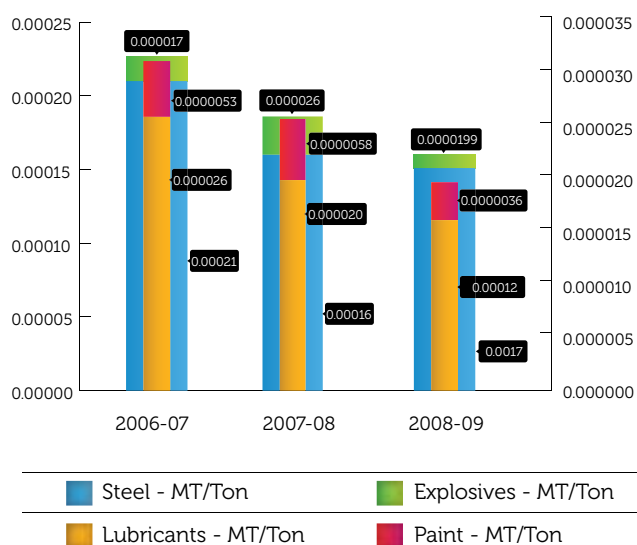


Figure 4: Specific material consumption: Mining

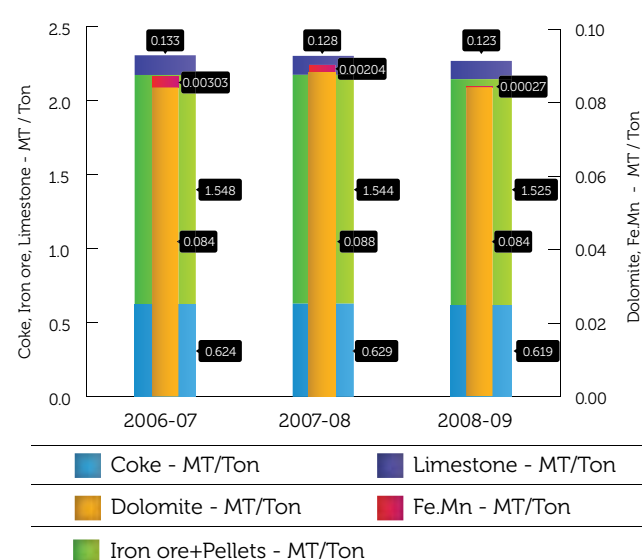


Figure 6: Specific material consumption: Pig iron plant



Figures 7 and 8 show the raw materials' consumption pattern of the met coke plant during the last three years. Coal consumption has reduced from 0.340 million tons to 0.291 million tons in line with reduction in production, from 0.253 million tons in 2007-08 to 0.214 million tons during the reporting period.

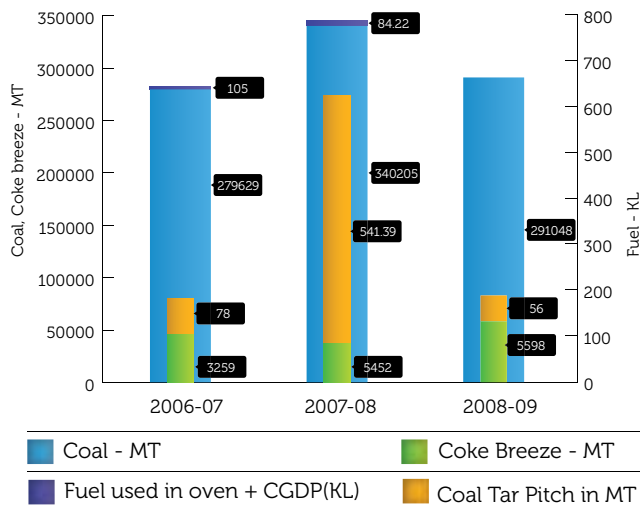


Figure 7: Material consumed: Met coke plant

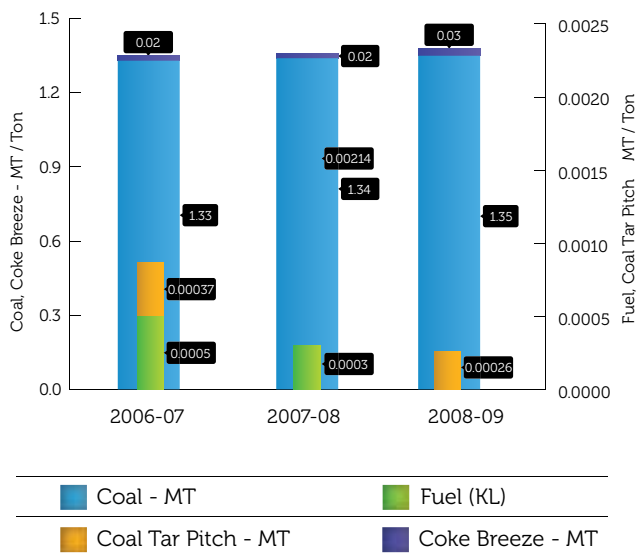


Figure 8: Specific material consumption: Met coke plant

## Wastes As Raw Materials

Sesa Goa does not have any processes or operations which can utilise industrial waste as raw materials.

## Direct, Indirect And Total Energy

Sesa has robust environment management systems in place. To ensure that energy conservation is al-

ways a top priority in all Sesa Goa units, the Company has established and implemented clear objectives under environment management systems. In fact, there has been a reduction of 3.28 percent in total specific energy consumption in comparison with the previous year as a result of the implementation of energy conservation measures, improvement in operational efficiency and increased production.

Energy calculations, regarding fuel consumed for transportation, have been made using specific gravity and calorific value of the fuel and converted into

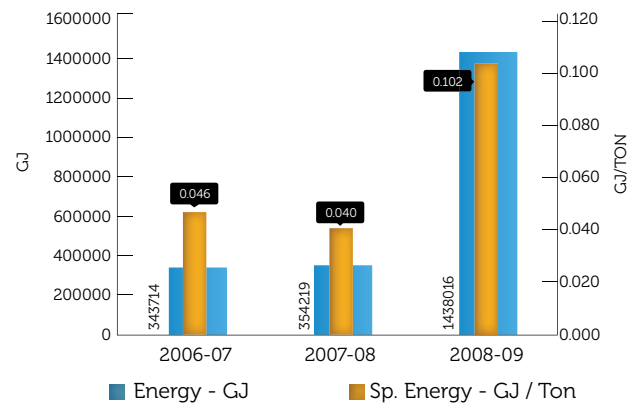


Figure 9: Direct energy: Mining

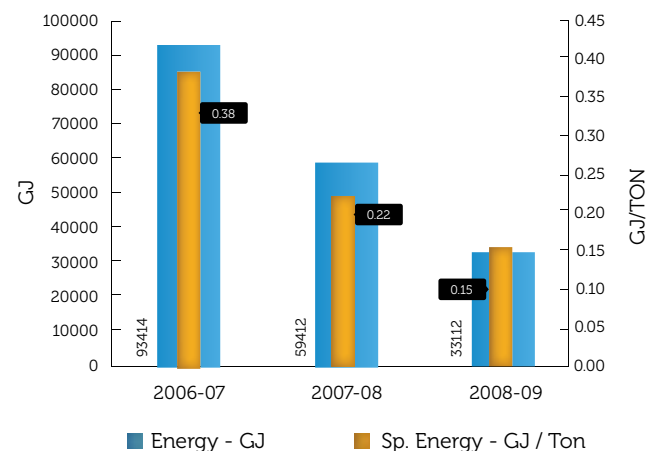


Figure 10: Direct energy: Pig iron plant

GJ. Electrical energy directly accounted in terms of kWh has been converted into GJ.

Most mining operations – such as mineral exploration, loading and transportation – are carried out through mechanical procedures. Therefore electrical energy is not required for most processes. For instance, HEMM and vehicles are operated on fuel oils. In the mines, electrical energy is required for operat-

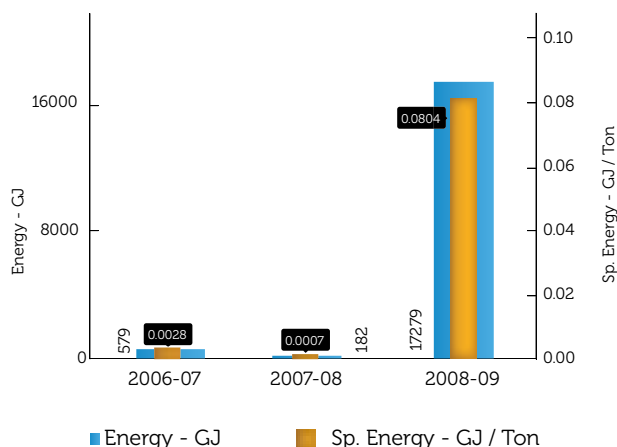


Figure 11: Direct energy: Met coke plant

ing the beneficiation plants and auxiliary consumption. Therefore, the fuel consumed by HEMM and vehicles directly involved in the production process, vehicles used for transportation of ore from mines to discharge points or the nearest loading points and the power produced through DG sets at site, are considered and reported as direct energy. In case of Karnataka operations, fuel consumed for transportation up to the nearest loading point, that is, railway

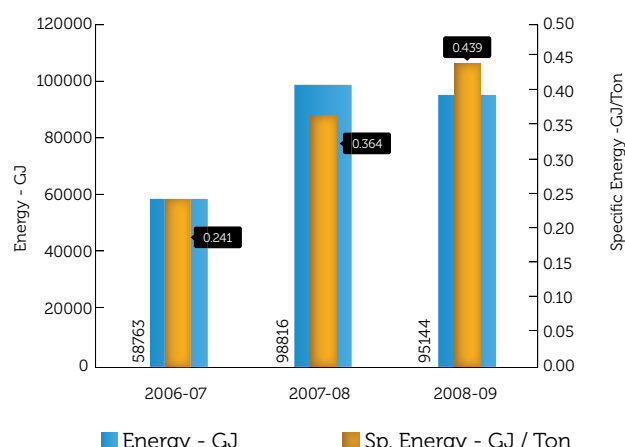


Figure 13: Indirect energy: Pig iron plant

operating plant and machinery and for auxiliary consumption. This requirement is met through DG sets, GEPL and a captive power plant that is operated on blast furnace gas. Power produced through DG sets, captive power plant and the fuel used for transportation of goods and services within the plant premise have been considered as direct energy sources (Figures 10); power drawn from GEPL has been reported as indirect energy (Figures 13).

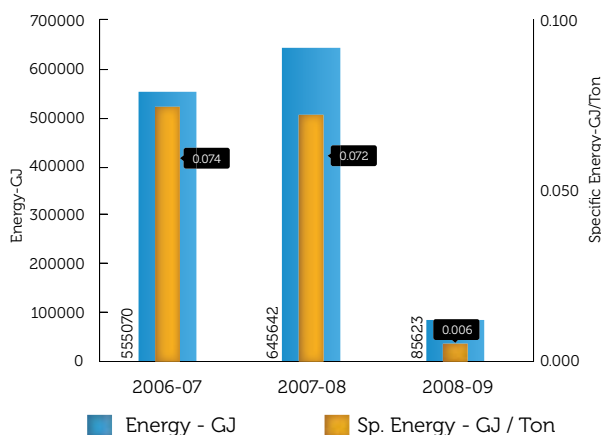


Figure 12: Indirect energy: Mining

siding, is considered and accounted for. Consumption by rake has been excluded since it is difficult to compute. (Figures 9). Only the electrical power drawn from the state grid has been converted into GJ and has been reported as indirect energy (Figures 12).

The direct, indirect and total specific energy consumption in GJ/ton for the mining division is 0.102, 0.0061 and 0.108, respectively.

At the pig iron plant, electrical energy is used for

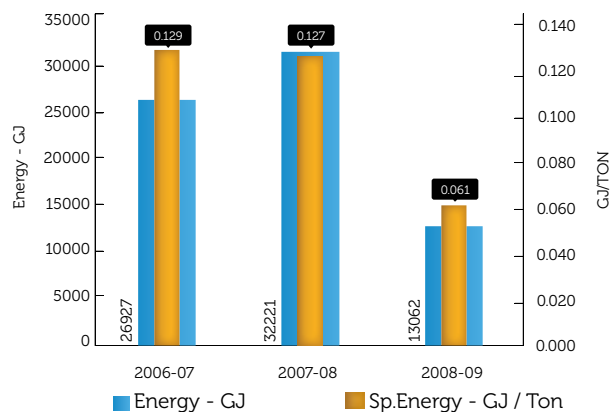


Figure 14: Indirect energy: Met coke plant

The direct, indirect and total specific energy consumption in GJ/ton for the pig iron division is 0.15, 0.439 and 0.592, respectively.

The met coke plant mainly operates on energy supplied by the pig iron plant, and on power supply from GEPL. Power drawn from the above two sources has been considered as indirect energy (Figures 14); whereas power produced by the standby DG set and the fuel used for transportation of goods and services within the premises have been considered and reported as direct energy (Figures 11).



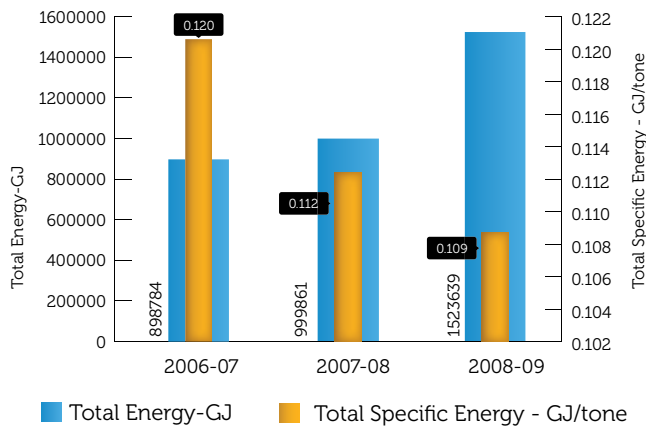


Figure 15: Total energy: Mining

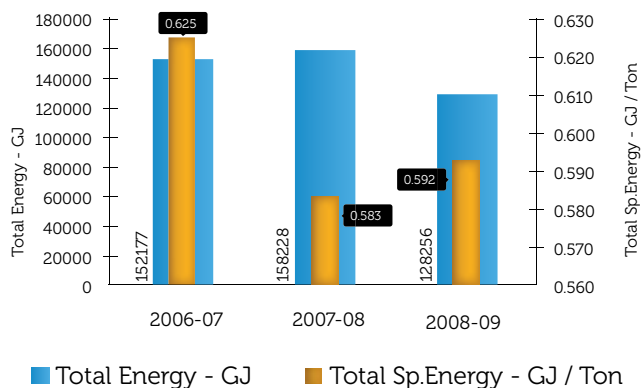


Figure 16: Total energy: Pig iron plant

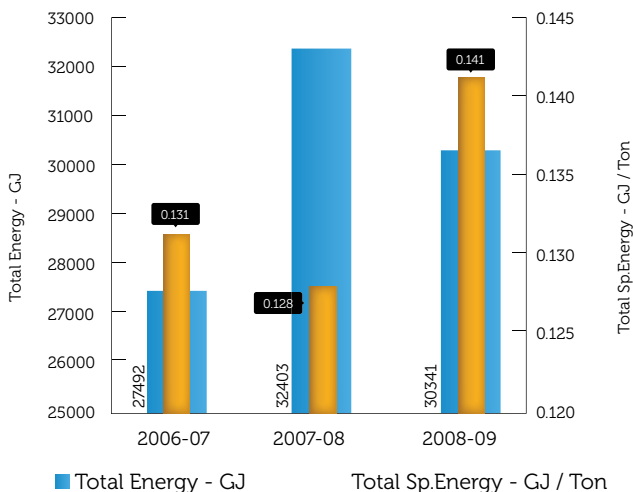


Figure 17: Total energy: Met coke plant

The direct, indirect and total specific energy consumption in GJ/ton for the met coke plant is 0.0804, 0.061 and 0.141, respectively.

Figures 15, 16 and 17 indicate the trend of total energy in GJ and the specific energy consumption in GJ/ton for all the three units for last three years.

## Water

Water is vital for sustaining life. It is, however, equally important in various operations of the Company. Sesa Goa realises the importance of this natural resource. The Company, as a responsible corporate, adopts recycling practices and reuses water, wherever possible, and optimises water consumption at all its facilities.

Most water requirements for mining operations in Goa are met either through rainwater harvesting in mine pits, or through recycling or reusing treated tailing effluents generated from beneficiation plants. For instance, the water requirement of the pig iron and met coke plants is met from rainwater harvested in the exhausted Sanquelim mine pit and partly through government supply.

In case of Karnataka operations, ground water is used to meet dust suppression requirements. This is supplemented by rainwater harvesting in ponds during the monsoon, and used for the nursery as well.

Specific water consumption in KL/ton of product for the mining division, pig iron division and met coke plant is 0.707 KL/ton, 2.02 KL/ton and 0.80 KL/ton, respectively.

Figures 18, 19 and 20 indicate the trend of total water consumption in KL and the specific water consumption in KL/ton for all the three units for last three years.

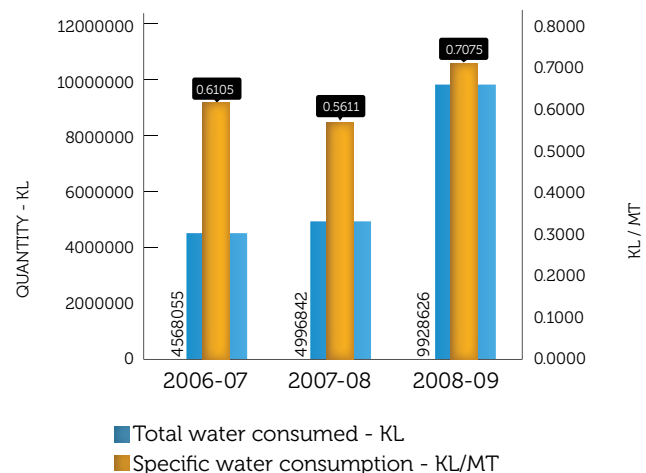


Figure 18: Specific water consumed: Mining

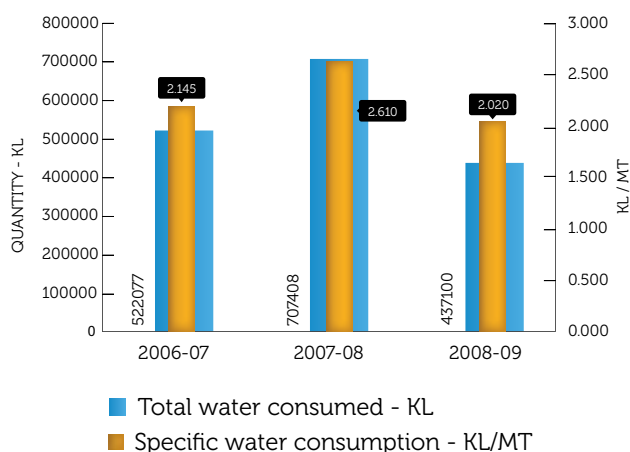


Figure 19: Specific water consumed: Pig iron plant

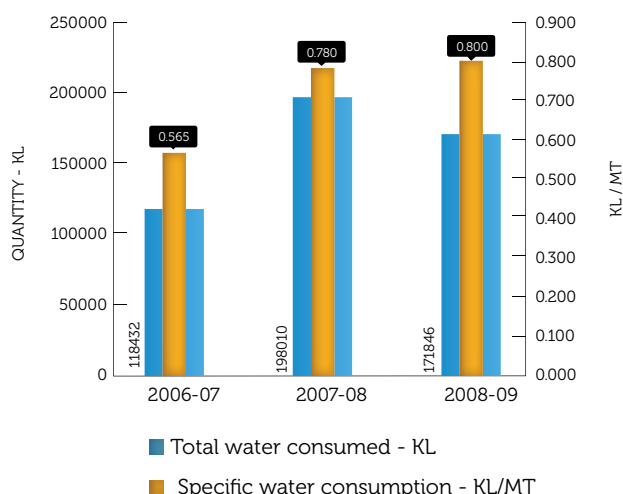


Figure 20: Specific water consumed: Met coke plant

## Land And Biodiversity

The Company's activities or operations are not situated in biodiverse or ecologically sensitive zones. The pig iron and met coke manufacturing facilities are located in an industrial area. The mines in Goa do not fall in forest areas. However, mines in Karnataka and Orissa form part of forest areas. All the necessary Forest Clearances have been obtained from the Ministry of Environment and Forests, Government of India, for operating these mines (Figure 21).

The Company has not conducted any specific study to determine the major impacts of its products or services on the biodiversity of the areas around its operations. However, detailed Environment Impact Assessment studies and hydro-geological studies have been conducted for the mining operations, and

an Environment Management Plan has been prepared. Reports do not indicate any major impact on biodiversity due to the Company's activities, products or services. However, mitigating measures as suggested by the studies conducted are being implemented:

- A. Narrain Mines, Chitradurga, Karnataka: The Company has initiated various rehabilitation measures in the 19-hectare wildlife protection area under the watershed and forestry management programmes, including construction of check dams, plantation of agave and fruit-bearing trees, creation of water ponds, provision of watchtower, and watch and ward arrangements with adequate manpower.
- Reclamation and rehabilitation in mines: The Company initiates 'Green Belt Development Programme' every year with the onset of monsoons, usually on World Environment Day on June 5. Tree plantation drives are undertaken at all the Company's units; saplings are donated to educational institutions and people in the communities located around Sesa's business areas.
- During the reporting period, 68,482 saplings were planted covering an area of 14.929 hectares at various mining locations, including pig iron and met coke units.
- The Company has made significant progress in protecting and sustaining the natural environment around its mine and plant

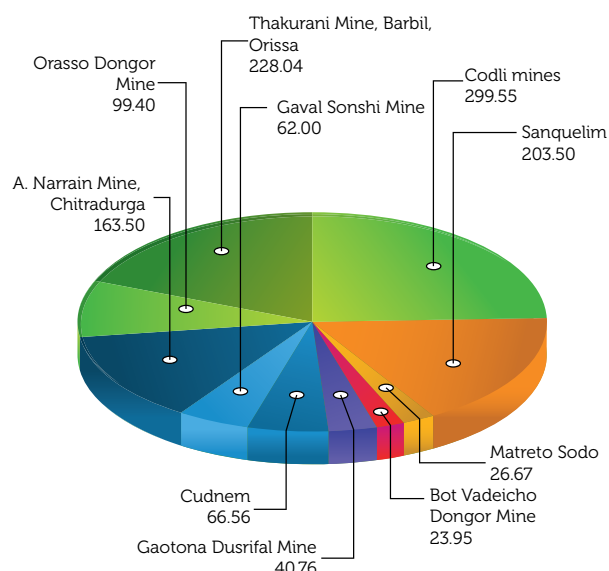


Figure 21: Mining lease area (Ha)



locations. The Plantation Management Plan prepared for the reclaimed Sanquelim mine has been approved by the Department of Forests, Government of Goa. The action plan for implementation is under progress, involving experts from the field. According to the approved plan, selected trees (which had been planted after the completion of mining activities as part of mine reclamation) would be selectively cut and replaced with native species. This Plan would be implemented in a phased manner, over three years, to improve the biodiversity status of the area, as well as to add educational value.

- The ongoing Research Project for the identification of fungus for effective mine land reclamation – conducted in association with the Microbiology Department of Goa University, Goa – has now reached the field trial stage. It is expected to be implemented in regular plantation programmes from 2008-09.

The land area rehabilitated and trees planted during the reporting period is shown in [figure 22](#).

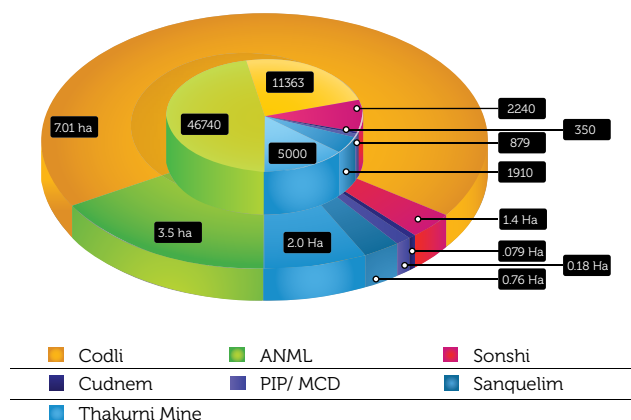


Figure 22: Land area rehabilitated (ha) and trees planted (nos)

## Greenhouse Gas Emissions

The Company has taken up several initiatives of formal monitoring of CO<sub>2</sub> emissions. Carbon footprint assessment studies have been conducted across all Sesa Goa units by a third party during the reporting period and the data is presented in [figure 23](#).

A 30 MW power plant based on waste heat of the met coke plant and the flue gas of blast furnaces,

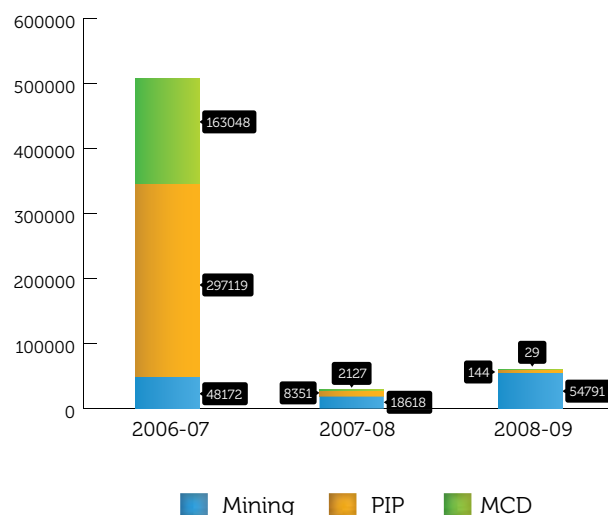


Figure 23: Greenhouse gas emissions Tons-CO<sub>2</sub>e

which is a CDM project, began operations during 2007-08. About 63,294 CERs have been accrued during the reporting period.

The installation of hot blast stoves at the pig iron plant has resulted in a significant reduction of coke rate in the blast furnaces which, in turn, has reduced CO<sub>2</sub> emissions. The Project is being worked out as a potential CDM initiative.

## Ozone Depleting Substances

The ozone layer is a layer in the Earth's atmosphere which contains relatively high concentrations of ozone (O<sub>3</sub>). This layer absorbs 93-99 percent of the sun's high frequency ultraviolet light, which is potentially damaging to life on earth. Over 91 percent of ozone in earth's atmosphere is present in the ozone layer. It is mainly located in the lower portion of the stratosphere, from approximately 10 km to 50 km above the Earth's surface, though the thickness varies seasonally and geographically.

The Montreal Protocol, adopted in 1987, is an international treaty designed to protect the ozone layer by phasing out the production of a number of substances believed to be responsible for ozone depletion. India is one of the signatories to the Protocol; it has formulated rules and committed a schedule to phase out ozone depleting substances' (ODS) production and use in India. Sesa Goa is proud to state that it has adopted a Policy on Ozone Depleting Substances. Its main tenets are:

- Purchase of new equipment that is free from

CFCs, halons and methyl chloroform (MCF).

- Third party services used for repair or for servicing of airconditioners, coolers, refrigerators, fire extinguishers, etc, use substances which are not banned under ODS Rules.

The Company practices an approved policy on the use of ODS substances.

## Significant Air Emissions

Sesa Goa has state-of-the-art pollution control systems and monitoring facilities at all its locations. An in-house environmental laboratory, approved by the Ministry of Environment and Forests, monitors and analyses environmental parameters.

This laboratory can monitor and analyse source emissions and ambient air samples for Suspended Particulate Matter (SPM), Respirable Suspended Particulate Matter (RSPM), Sulphur dioxide (SO<sub>2</sub>) and Oxides of Nitrogen (NO<sub>x</sub>). The laboratory is well equipped to carry out physical and chemical – including heavy metals and bacteriological analysis of water/wastewater.

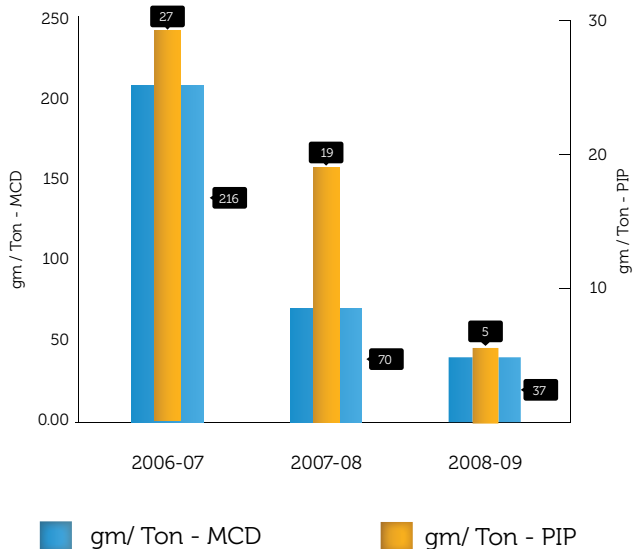


Figure 24: Specific SPM load to atmosphere

Regular monitoring of desired environmental parameters is carried out at all locations according to specified conditions and reports submitted to the concerned statutory and regulatory authorities. The monitored values have always been well within the stipulated norms.

Figure 24 shows the source emission monitoring trend

at the pig iron and met coke plants for the last three years. There has been a significant reduction in the SPM load from the pig iron plant in comparison with the previous years due to only one source of emission, that is, connected to the boiler unit. The installation of energy-efficient hot blast stoves in place of the earlier metallic blast pre-heaters has been exempted from monitoring since they are operated on cleaned BF gas.

In the met coke plant also, source emission has drastically reduced due to diversion of hot flue gases (waste heat) to GEPL for power generation. Monitoring done during the time when the flaps were open to the atmosphere for a short period during the month has been monitored and presented.

## Ambient Air Quality

The Company also regularly monitors the ambient air quality around its mining and manufacturing locations. The annual average values of SPM for the last three years are shown in figures 25 and 26, and it is clear that all the parameters are well within the stipulated limits.

## Solid Wastes

Waste management is one of the major issues of concern in our country. The Municipal Solid Wastes (Management and Handling) Rules were enacted in 2000 by the central government.

The majority of the solid waste generated in the mines is the overburden and tailings. Overburden waste is properly stacked and subsequently either backfilled into the exhausted mine pits or rehabilitated. The Company has adequate facilities and trained manpower to handle and manage these wastes effectively. Rehabilitation is done initially with planting fast-growing trees on the dump and then replaced with local species once the dump is stabilised. Geo-textiles are used for stabilisation of dumps and as erosion control measures.

Tailings are treated with adequate dosing of flocculants and then sent to exhausted mine pits for settling. The supernatant is recycled in the beneficiation plants for the wet processing of ore. Thus, the Company reduces about 70 per cent of fresh water usage. Once the pits are filled with tailings, they are



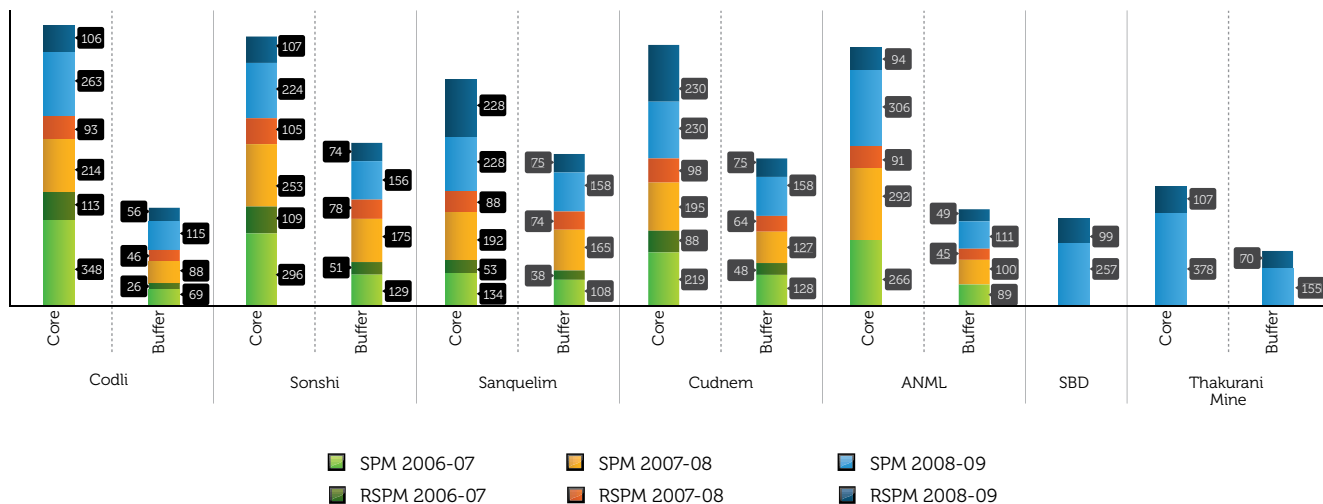


Figure 25: AAQM in and around mines ( $\mu\text{g}/\text{m}^3$ )

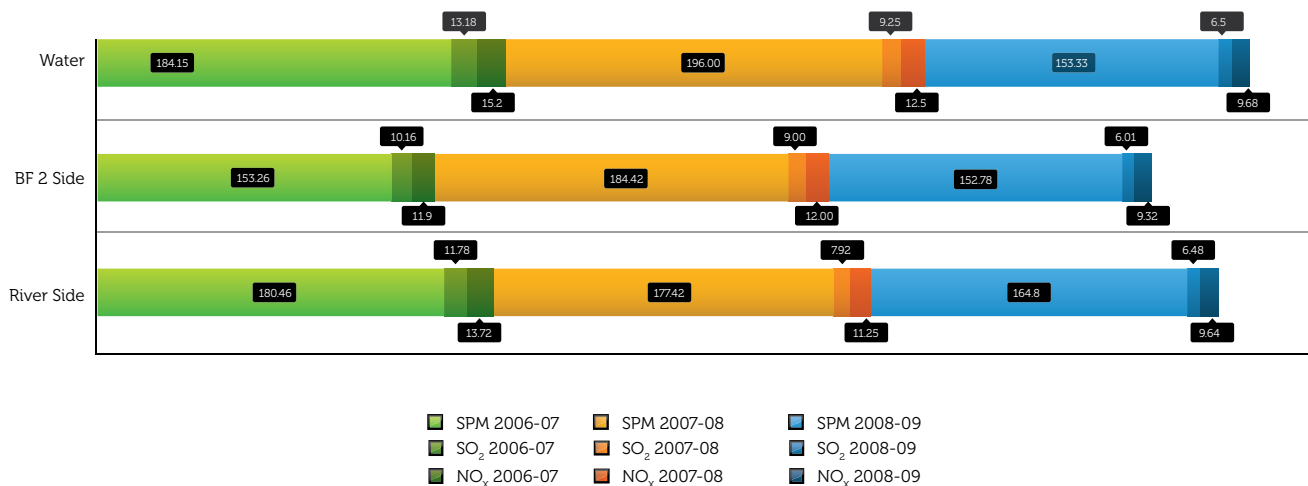


Figure 26: AAQM in and around PIP/MCD 2008-09 ( $\mu\text{g}/\text{m}^3$ )

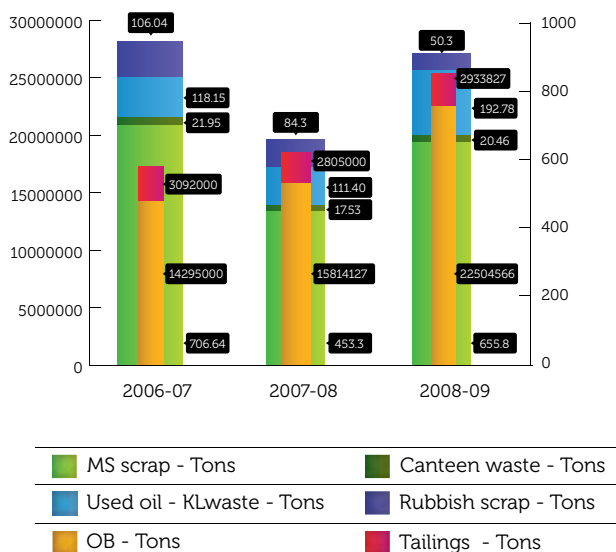


Figure 27: Wastes generated in the mining division

covered with overburden material and suitably rehabilitated.

Canteen waste is converted into vermi-compost and used as manure. Mild steel (MS) scrap is disposed through sale for recycling. Used or spent oil is disposed off to authorised recyclers and rubbish waste is segregated and disposed suitably. Figure 27 indicates the comparative generation of the different wastes during the last three years.

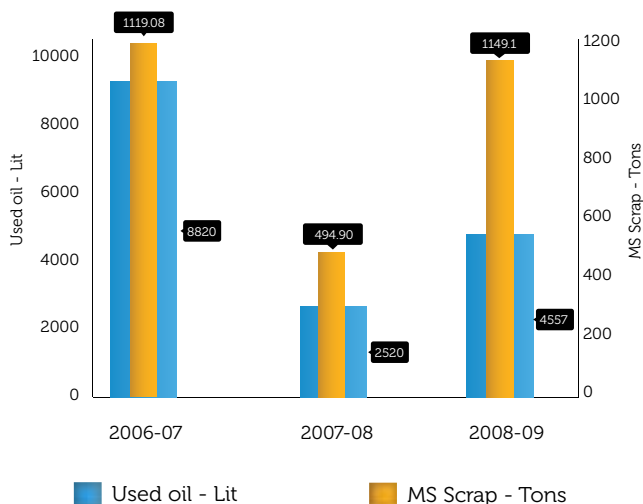
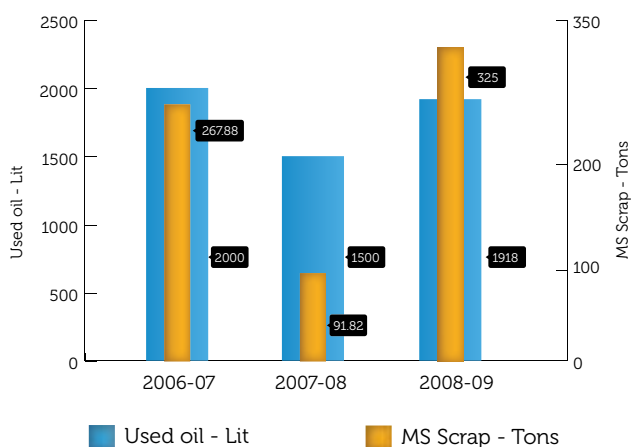
The major solid wastes generated at the pig iron plant are granulated slag, sludge from the thickener and dry dust from gas cleaning plant. Granulated slag is sold to cement manufacturers. Thickener sludge and the dry dust are currently not quantified. However, they are blended with iron ore fines and sold.

**Table 4: Oil Soaked Cotton Waste for 2008-09 (in Tons)**

	Mining	PIP	MCD
Oil Soaked Cotton Waste -Tons	5.0562	0.45	0.35

Other wastes at the pig iron plant and the met coke plant include used or spent oil and metallic scrap. Metallic scrap is sold to scrap traders and used or spent oil is disposed off to authorised recyclers.

The waste generation trends in the pig iron and met

*Figure 28: Wastes generated in the pig iron plant**Figure 29: Wastes generated in the met coke division*

coke plants during last three years are shown in *figures 28 and 29*, respectively.

## Significant Wastewater Discharges

Closing the water loop in any operation helps to optimise water consumption and prevents water pollution. Sesa also recycles and reuses process water in

all its locations and facilities.

The Company continues to use recycled water for its mining operations and for beneficiating iron ore, thereby reducing about 70 per cent of freshwater consumption. Wash water generated from the vehicle washing ramp is passed through oil separators and reused for spraying or gardening.

A major pollutant of concern from the mines are 'suspended solids' which occur mostly during the monsoons, due to run-off water carrying silt from the overburden dumps. Sesa endeavours to meet standards before the dump run-offs join the natural courses. Monitoring is carried out regularly for specified parameters, as shown in *figures 30 and 31*.

In the pig iron plant, the entire process wastewater is treated and recycled and reused after necessary treatment. Wastewater from the pig casting machine is diluted with slag granulation water and reused.

Storm water is diverted through drains, collected in a pond, and allowed to settle. Clear water overflow from the pond, if any, is allowed to join the natural course of water.

A similar philosophy is followed in the met coke plant – the entire water used for quenching is cooled and recycled.

### Rainwater Harvesting

The Company harvests rainwater at its exhausted mine pits and reuses it for process and operations. Rainwater harvested from the exhausted mine pits in the Sanquelim mine, for instance, is one of the major sources of water supply for the pig iron and met coke plant operations.

## Significant Spills Of Chemicals, Oils And Fuel

The Company has framed guidelines for the effective control of spills and to quantify significant spillages, if any. These guidelines are made to create awareness among the employees and contractors to avoid and minimise spillages of chemicals, oils,



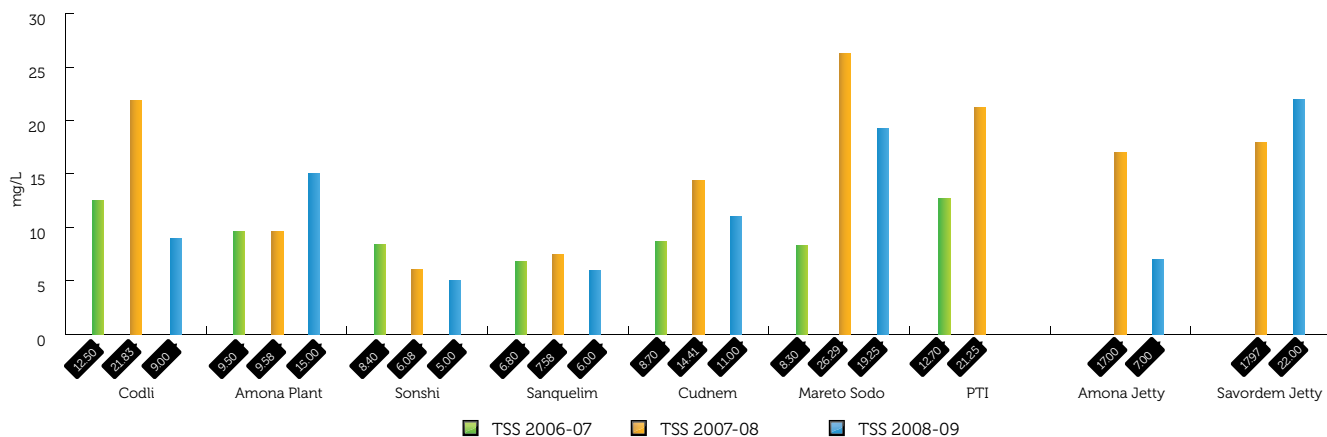


Figure 30: Effluent characteristics, mines TSS in mg/l

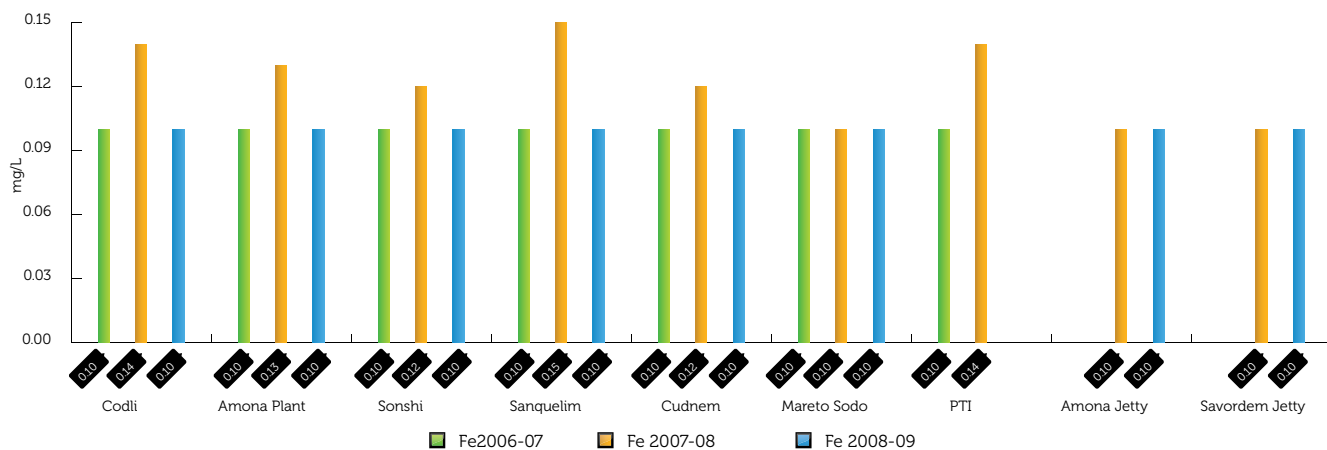


Figure 31: Effluent characteristics, mines Fe in mg/l

fuels and hazardous substances, thereby preventing adverse impacts on the environment.

Sesa follows standard practices and prescribed control measures such as impervious flooring, dyke walls, etc, while designing storage facilities for fuels, oils and hazardous substances.

Before disposal, used or spent oil is stored in suitable containers, and on an impervious surface to prevent contamination due to leakage or spillage.

During system audits, these areas are inspected and observations, if any, are recorded to ensure effectiveness of the measures.

There were no significant spills of chemical, oil, fuel or hazardous substances in any of Sesa's facilities or operations during the reporting period.

However, the total number of spillages and the quantity lost due to spillage is reported in [figure 32](#).

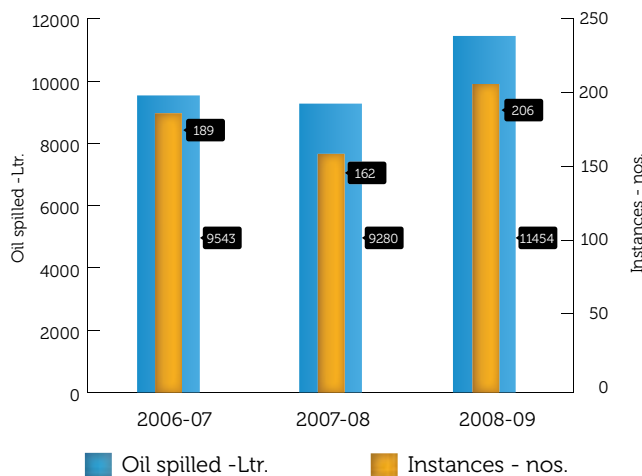


Figure 32: Spillage: Mining

## Products and Services- Environmental Impacts

Principal products and services, and percentage of products sold and packaging material reclaimed: Sesa's principal products are iron ore, pig iron and metallurgical coke. These are either basic raw mate-

rials or intermediates for the manufacture of other products and are 100 percent recyclable or usable. These products do not exist in their normal state, because they become part of other products. As such, it is difficult to keep track of the life cycle of these products. Hence, the Company does not monitor the direct environmental impacts of its products. The Company's activities do not require the use of packaging materials for any of its products.

## Beyond Compliance

Sesa strives to identify and comply with applicable legal and other requirements. The Company has been certified according to system standards on

quality, environment and health and safety, which helps ensure that all units continue to comply with relevant statutes on Environment and Occupational Health and Safety. During the reporting period, internal audits and third party audits conducted on management systems such as ISO:14001 and OH-SAS:18001 have ensured that Sesa units continued to be free of any violations regarding regulatory or voluntary requirements.

The Company did not pay any fines and did not receive any communication for non-compliance from statutory and regulatory authorities during the reporting period.

### Root Trainer: New Technology In Forest Nursery



In a nursery, plants are traditionally grown in polybags. The drawbacks of this method are improper development of root structure, requirement of large amount of soil, difficulty in handling the plants during afforestation, and poor aeration.

Roots of plants grown in polybags also tend to tear the plastic and grow into the ground soil, thus leading to damage of roots when the sapling is lifted. In addition, plastic polybags lead to the gen-

eration of a lot of plastic waste. To circumvent the shortcomings of polybag containers, the root trainer concept has been introduced in the nursery situated in Codli mine.

A root trainer is a more or less conically-shaped container made up of high-density polyethylene. Plants grown in the root trainers have better lateral and tertiary root development with a vigorous fibrous root system.

In this process, the overall surface area of the roots' absorption zone increases.

When planted in the field, the seedlings get established, and start showing growth, faster. They survive the prolonged drought period after planting because the root system development is complete in the nursery itself. These root trainers can be reused for many years, thus preventing the generation of plastic waste.



## Sanquelim Mine Reclamation



Plantation activities in the Sanquelim mine started in the mid-1980s, predominantly encompassing planting fast-growing species such as accacia, eucalyptus, casurina and cashew. An area of around 5 hectares was taken under plantation, adopting a horti-silvicultural approach. Mature accacias grown

in the area were selectively cut. Then, horticultural plants commonly grown in the Goan region – such as mango, coconut, sapota, guava, banana, pineapples and arecanut; spice plants like black pepper and nutmeg; silvicultural plants like rubber, terminalia species, etc – were introduced.

Leguminous creepers, for instance plureria, were also planted as cover crops. Irrigation was provided from rainwater harvested in the exhausted mine pit. The entire area got stabilised in four years. The results have been very successful and have been appreciated by visitors to the site.





### Pisciculture In Mine Pit

In collaboration with National Institute of Oceanography (Dona Paula, Goa), Sesa Goa had converted one of its exhausted mine pits in the Sanquelim mine into a pisciculture pond in 1990. Over the years, fish such as rohu, katla and

common carp have been cultivated in the pond. This pond has become a model of mine pit reclamation for all mining companies.

### Medicinal Garden

To further add value and improve the biodiversity of the area, two

medicinal gardens – Nakshatra Vruksha Devata Udyan and Charak Vruksha Devta Udyan – have been developed in a 2-hectare area on the reclaimed mine site.

Each plant has been named and details provided, to make every visit a learning experience for the visitors.



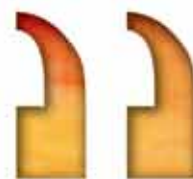


RES

# PECT



Respect for our stakeholders and employees, and for the communities we work in, forms an important cornerstone of our corporate philosophy. Partnerships at various levels enable sustainable livelihoods, self-reliance, and the creation of income. We respect our differences, because they are what make us a robust and productive Company.





## Social Commitments

Social performance measures how well an institution has translated its social goals into reality. For Sesa, social responsibility is enshrined as serving increasing numbers of poor and excluded people sustainably; widening the range of opportunities for communities; and creating benefits for clients.

Sesa looks at the entire process by which social impact is created. The Company therefore rigorously analyses its institutional objectives, the effectiveness of its systems and services in meeting these objectives, as well as related outputs and success in effecting positive changes.

Sesa has, in principle, aligned its programmes in line with the Millennium Development Goals (MDGs) – eight goals to be achieved by 2015 that respond to the world's main development challenges.<sup>1</sup> For instance, Sesa (a) supports educational programmes for children; (b) contributes to the government's mid-day meal scheme for schoolchildren; (c) promotes gender equality and empowers women through vocational training and self-help groups; (d) improves maternal health by conducting various medical camps; (e) endeavours to ensure environmental sustainability by integrating principles of sustainable development into its policies and programmes (for example, watershed programmes, agricultural development, livelihood-based programmes, etc); and (f) enters into partnerships with non-governmental organisations.

Sesa has also been, over the years, working in line with sustainability principles. It is proposed that in 2009-10 the Company will become a signatory to the United Nations Global Compact. The Company has traditionally been addressing the relevant issues in its policies. The Global Compact is a both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. It is not a regulatory instrument,

but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement regulation and to provide a space for innovation.<sup>2</sup>

## Labour Practices And Decent Work Environment

### Management Approach

**Policy:** It is a core goal for Sesa Goa to attract, develop and retain high-quality talent to produce top-quality results. All management positions are considered to be leadership positions, where people are expected to make a meaningful contribution in their respective work areas as well as in the work of the organisation as a whole. There is a well-defined process for the career development of employees whereby challenging assignments with commensurate responsibilities are given to deserving employees, even at a young age.

The work environment encourages initiative and recognises potential and performance. Recruitments are done in a fair manner, in line with well-defined guidelines. Employees are actively encouraged to enhance their knowledge and skill levels; adequate support is given by the organisation for those who wish to do so.

### Goals And Performance

To create a productive and fulfilling work-balance environmental for its employees, Sesa believes in the following ideals:

### HR Vision

To become an employer of choice, for the best talent in the industry, with the best Human Resource (HR) practices.

### HR Mission

- Create a culture to promote excellence.
- Identify and encourage high performance.

<sup>1</sup> In September 2000, leaders of 189 countries met at the United Nations in New York and endorsed the Millennium Declaration, a commitment to work together to build a safer, more prosperous and equitable world. The Declaration was translated into a roadmap setting out eight time-bound and measurable goals to be reached by 2015, known as the Millennium Development Goals (MDGs). For details, see [www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/)

<sup>2</sup> Launched in July 2000, the United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. For details, see [www.unglobalcompact.org/](http://www.unglobalcompact.org/)

- Align Human Resource practices with the best in the industry.
- Develop employees' capabilities and provide opportunities.
- Develop entrepreneurial ability.

## Organisational Responsibility

The Human Resources team at the Corporate Office, along with the teams in the Company's various units, is responsible for implementing HR policies and achieving the outlined HR objectives.

**Training and awareness:** Sesa maintains a variety of communication channels through which employees interact in a transparent manner about the business performance. Forums used for sharing HR policies and initiatives include communication exercises, circulars, pre-placement talks and emails. Besides this, all relevant policies are outlined in the *Staff Handbook*.

Formal processes such as daily departmental meetings, monthly review meetings and management committee meetings also serve as channels of communication.

Sesa also publishes an in-house magazine, *Dhortori*.

**Monitoring and follow-up:** The status of various HR-related activities and initiatives are monitored through the monthly Operational Review meetings organised in the Company. For statutory compliances, there are internal audits that are held every month. Besides these, there are regular audits by agencies that ensure compliances and regularity in departmental activities.

## Additional Contextual Information

In the past year, a number of organisation-wide initiatives were introduced.

### 1. Nav Chetna – Mindset Change Programme

A three-day experiential learning programme targeted at bringing about positive behavioural change among employees was held in Sesa this year. It is a novel programme that aims to rekindle the desire to excel and bring about a cultural transformation within the organisation.

It includes psychometric tests, self-realisation exercises, as well as sessions on self motivation, lateral

thinking, problem solving methodologies, managing conflict, and team and group dynamics. About 250 employees were covered under this programme.

### 2. Communication Exercises

Communication workshops were initiated in the last year to disseminate information about topical Company workshops and the Company's philosophy to a wide cross-section of our employees. The Company's Vision and Mission were also communicated to the employees in these workshops.

Workshops held in different locations facilitated communication and discussion between all levels of employees on general issues, achievements and avenues for improvement.

## Employment

As on March 31, 2009, Sesa had a total permanent workforce of 2,228 employed on its rolls in all its units and operations spread across the states of Goa,

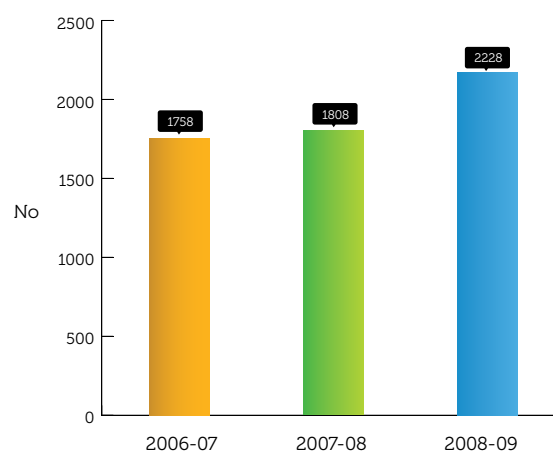


Figure 33: Employee strength (nos)

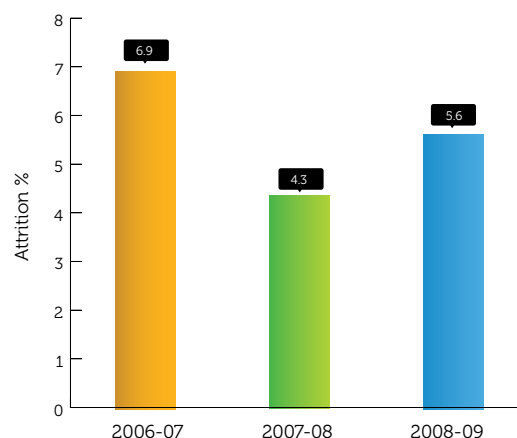


Figure 34: Attrition (%)



All non-executive employees of:	Represented by:
<ul style="list-style-type: none"> <li>Sesa Goa Limited – Goa Mining operations</li> <li>Met Coke Division</li> <li>River Fleet &amp; Shipping Office, Shipbuilding Division</li> <li>Sesa Industries Limited</li> </ul>	Sesa Goa Workers Union
Sesa Goa Limited – Karnataka mining operations	Sesa Goa Limited Employees Union
Barge crew of river fleet and shipping office	United Bargemens' Association
Launch crew of river fleet and shipping office	Goa Labour Union

Karnataka and Orissa. In addition, there were approximately 2,500 contractors' employees.

The number of employees for the period represented in this report is more than the previous year by 420 employees. This figure only reflects the number directly employed by the Company.

### Labour/Management Relations

Of Sesa's total permanent workforce of 2,228 as on March 2009, 1,509 belong to the workmen category. All the non-executive employees are represented by independent trade unions. The names of the trade unions representing various employees are given in the table above. Management staff members, including managers, officers, engineers, etc, do not have any association or union.

**Minimum notice period regarding operational changes, including whether it is specified in collective agreements:** As per Section 9A of the Industrial Disputes Act, 1947, a minimum notice period of 21 days is required before any such change comes into effect.

### Occupational Health And Safety

Safety is always the Company's first priority. The organisation works towards achieving 'zero injuries' and accidents. People are motivated to participate in various safety activities and training programmes so that a culture of safe production is built.

Any accident, incident or minor injury is monitored for necessary corrective actions. All lost time injuries, first aid injuries and near-miss cases of potentially harmful nature are investigated by a team. Recommendations made by the team are circulated for timely implementation. The causes of accidents are discussed during senior management review meetings. The corrective actions are also reviewed

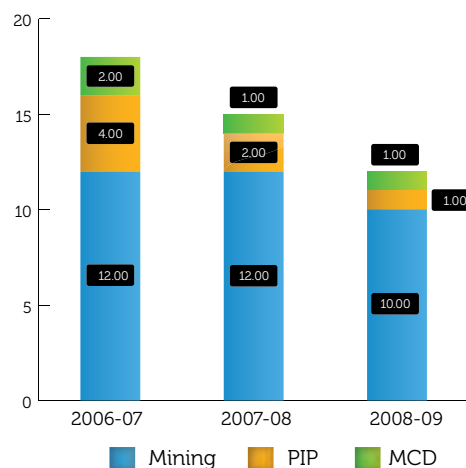


Figure 35: Lost Time Injury Accidents (LTIA)

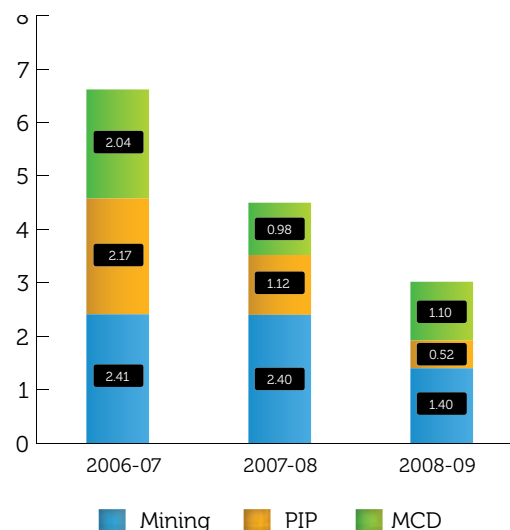


Figure 36: Lost Time Injury Frequency Rate (LTIFR)

using risk assessment tools before implementation. Recurrences are, thus, prevented. The emphasis is on identifying and reporting near-miss incidents. For instance, employees are encouraged, through daily management and Safety, Health and Environment meetings, to identify and report near-miss incidents. This gives the opportunity to review the control measure and thus helps to minimise minor or lost

time injuries. The ultimate aim is a 'zero accident' workplace.

The Sesa Group has an occupational health and safety management system based on the OHSAS 18001 standard. The Company conducts regular internal audits to ensure proper implementation and improvement in the system. In addition to internal audits, external or third party safety audits are also conducted by competent authorities.

Our consistent focus on safety has helped us to reduce the Lost Time Injury Frequency Rate (LTIFR) of the SESA Group by 33 percent, that is, 1.20 in 2008-09 compared to 1.80 in 2007-08. There is an increase in the Group Frequency Severity Incidence (FSI) by 4.6 percent, when compared to last year, due to an increase in the severity rate. For further strengthening the safety culture and improve performance, the Company conducted a safety assessment through the renowned third party agency DuPont,

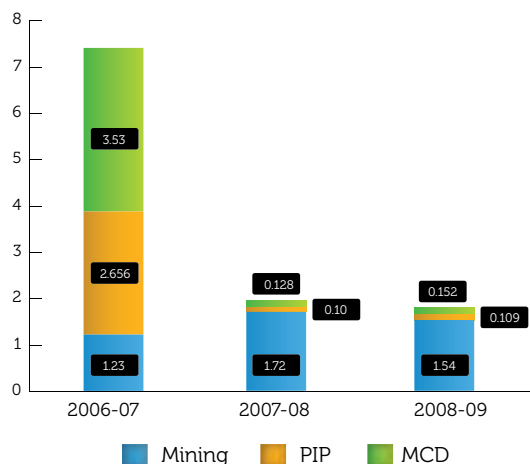


Figure 37: Frequency Severity Incidence (FSI)

during 2008-09. Most of the recommendations resulting from the audit have been implemented. The Company is also in the process of partnering with DuPont to build a strong safety culture.

## Occupational Health And Hygiene

A healthy employee is a productive member not only of the Company but of society as well. In compliance with statutory requirements, the health of all employees is checked annually, across the group, according to Company policy. Food handlers from canteens undergo regular health and hygiene checks. Dust, noise and lighting levels are regularly

monitored to ensure workplace hygiene. In-house facilities for occupational health monitoring are available in the mines and industry sites in Goa. The Company doctors impart awareness about health education and related issues to the employees and local school children around its mining establishments, stressing the need for maintaining health and hygiene and preventing communicable diseases. In 2008-09 there were no occupational illnesses in the Company.

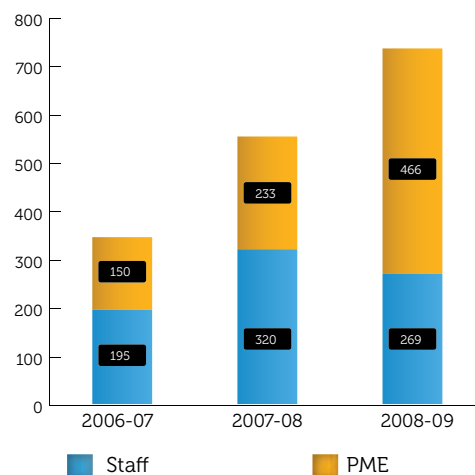


Figure 38: Total medical examinations

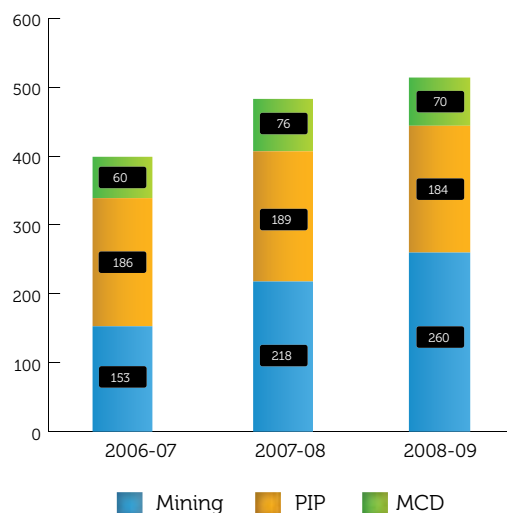


Figure 39: Statutory medical examinations

## Training And Education

At a time when words like 'human capital' have gained more and more coinage, it is apparent that the most valuable assets of any organisation are its employees. Any organisation aiming for growth must first help its employees grow and develop. In the last one year, various programmes were conducted in-



house on Mentoring Skills, Labour Laws, Fire Safety, Health Awareness, along with various technical programmes on the latest mining software, among others. Besides these, employees also attended various seminars and external training programmes on subjects ranging from Carbon Trading to Interviewing Skills. Two of our employees attended the prestigious three-week middle management programme at IIM, Ahmedabad.

As in the previous year, special efforts were made to introduce attitudinal change programmes for employees across all levels – carried out to generate enthusiasm, open communications, initiative and change readiness. The programmes were held in batches that had people from both staff and workmen categories attending together. Apart from this, a well-planned induction programme was conducted for young engineering graduates joining the Company in July-August 2008.

The average training man-days for 2008–09 are 1.4.

### Diversity And Equal Opportunity

Sesa is committed to ensuring that workplaces are free from all forms of discrimination or harassment on the basis of age, caste, sex or religion. Sesa's equality policy is articulated in the employee codes of conduct such as the *Staff Handbook* or the Certified Standing Orders. This policy is communicated to all employees at the time of induction, through circulation of policy documents and through the intranet. The Company believes that discrimination of any kind is detrimental to individual growth and organisational sustainability. Diversity is also in-

dedicated in the composition of senior management in the Company, which is an assortment of various educational and cultural backgrounds.

The Compliance policy of the Company provides freedom and opportunity to employees to approach superior officers other than the reporting officer. Grievance handling procedures in the units provide operational workforce an opportunity to air individual views. The recognised unions are the other forums at the units for grievance redressal.

The grievance redressal procedure, as stated in the Standing Orders, provides for time-bound redressal of all grievances. Immediate supervisors, HR/personnel managers and unit heads are empowered to answer employees' grievances; top management intervenes as a final avenue for redressal. After all avenues are exhausted, the machinery provided under the Industrial Disputes Act, 1947, is used as a final recourse.

Emphasis is laid on equal opportunity during recruitment and career progression. The Company ensures that equal opportunities are given to all employees, helping build a performance-driven culture. To cite an example, Company applications forms for recruitment to various positions do not solicit information about ethnicity, caste, religion and domicile.

In matters related to compensation, Sesa Goa does not distinguish between genders; men and women are compensated solely on the basis of their level in the organisation, their experience and education (while deciding remuneration for new employees), and their performance.

### Keeping Malaria At Bay

Personnel at the Thakurani mines, in Barbil, Orissa Community Medical Centre (run by Sesa) noticed that a lot of patients were coming in for malaria treatment. They were facing problems also because there were no pathological clinics or hospitals in the nearby villages.

Sesa decided to take preventive methods to tackle malaria. Relevant equipment, including a

clinical binocular microscope and a Rapid Diagnostic kit (for very quick analysis of blood for malaria), were purchased to ensure quick diagnosis.

In addition, 350 mosquito nets impregnated with Deltamethrine pesticide, a mosquito repellent, were distributed among the malarial patients. One of India's largest pest management companies, PCI, was

engaged for outdoor fogging, anti-larval spray and indoor residual spray in the villages of Dalki, Kara and Belkundi of Keonjhar District.

The benefits of this initiative, spanning December 2008 to January 2009, to people in the community are manifold. Prevention of malaria will lead to a better quality of life for them.

## Improving Quality Of Life



Food, clothing and shelter are basic human needs. However, three families in Ambedkar wada, of Amona village did not have even a shelter over their heads. They were living in houses which were on the verge of collapsing.

The repair of their houses was an impossibility for them, given their impoverished status.

They then approached Sesa, through the panchayat, for help with the construction of their houses in June 2008.

After a careful needs assessment study, the Company decided to help them. Accordingly, three houses were built and handed over to the respective families.

One of the beneficiaries, Mr Prakash Parwar, proudly says, "Sesa Goa has helped us poor families live a happy social life, at par with others in the community."

Although there was no cost benefit to the Company, this initiative has resulted in tremendous goodwill and appreciation for Sesa amongst the community and stakeholders.

Sesa's senior management team represents a microcosm of Indian cultural diversity. The team is evenly balanced and includes people from different backgrounds and cultures, and from various walks of life. As mentioned above, the Company does not allow discrimination in any form.

**Ratio of basic salary of men to women by employee category:** The ratio of basic salary of men to women in all staff categories is 1:1.

## Human Rights

### Management Approach

**Policy:** Sesa values the rights of individuals, and takes every step necessary to ensure and safeguard human rights. This is demonstrated in its policies and code of conduct for management staff, executives and non-executives.

Though the Group does not have a formal policy

on human rights as per the guidelines laid down by International Labour Organization and other organisations, policies for specific issues attempt to address these concerns.

The Company's *Staff Handbook* underlines respect for human rights and no discrimination between persons on any grounds. Staff must respect each other and ensure an open and comfortable work environment.

**Organisational responsibility:** All employees are responsible for ensuring that there is no discrimination. The Human Resources teams at various locations ensure implementation of this policy.

**Training and awareness:** The Human Rights and Work Environment Policy is clearly outlined in the *Staff Handbook*.

### Investment And Procurement Practices

The Company's focus on human rights and the need



## Sanjivani: Supporting Traditional Livelihoods



Socio-economic development of the villages in and around the Company's areas of operation is a focus area in the CSR philosophy. Sesa thus contributes to the people's educational, health, agricultural and sustainable livelihood development.

One such initiative is the memorandum of understanding that the Company has signed with Betki Khandola Panlot Sangh (BKPS). It began when BKPS approached Sesa to implement developmental projects in the field of agriculture and livelihood development activities for BKPS's farmer members. Hence, based on a benchmark assessment of some projects proposed under the implementation of Sanjivani, Sesa Goa started some work with the participation of, and possible contribution from, the beneficiaries, that is, BKPS members. For

day-to-day supervision of the works and effective implementation, a CSR volunteer from the locality was appointed.

The BKPS is a Watershed Body, in Betki-Khandola villages, registered under the Society Registration Act. The issue was that funding to BKPS by the Central Watershed Ministry had stopped in 2007 – there were still many identified areas of development remaining but no funding. So, Sesa took up three projects in 2008-09 on a sharing basis.

### **Repair Of Retaining Wall (Dhado), Baghwada**

In Baghwada, there are over 50 farmers cultivating paddy and vegetables. The retaining wall protecting the field had collapsed, resulting in crops being destroyed by cattle. This wall was repaired,

and now the fields are protected from cattle.

### **Sidelining Of Bund, Ganapatiwada**

In Ganapatiwada, the bund was useful for commuting between Ganapatiwada and Gaonkarwada, and to prevent cattle from entering the paddy fields. However, the bund had not been repaired for many years and had collapsed at many places. The Company helped the beneficiaries financially to get the work done.

### **Pond-side Wall, Jambul**

In Jambul, two old big ponds acted as water harvesters for the village – the rain water would accumulate in the ponds and was used to water horticulture plantation (kulaghars) during summer,



benefitting 14 households. But these ponds had been neglected and fallen into disrepair, affecting the water holding capacity of the pond. The people, therefore, were facing problems in watering their plantations. With Sesa's help, the beneficiaries themselves repaired the wall.

Since the responsibility of carrying out work was borne by the beneficiaries, they are therefore committed to the work. The work served as a source of employment and income for the beneficiaries. It also motivated the farmers to continue with the traditional means of earning their livelihood.

#### Benefits

These three projects have benefitted the entire community, user groups and self help group members. There has also been a consequent increase in agricultural production, thereby increasing the farmers' income.

to safeguard individual rights is evident from the method of procurement of services from contractors and other suppliers. The terms of contract for services of the Company require the service provider's adherence to all labour laws in letter and spirit. As significant partners to the Company's business, service providers are expected to adhere to standards and ethical practices.

Though there is no formal policy for monitoring a service provider's adherence to such standards, except in the realm of labour laws and practices, the Company seeks to exercise its influence over the service providers to increase awareness and adherence to the maximum extent possible.

#### Non-discrimination

The Sesa Code of Conduct for executives and Standing Orders for non-executives emphasise equal opportunities and non-discrimination. There have been no incidents of discrimination reported in the Company.

#### Freedom Of Association And Collective Bargaining

The Sesa Group's *Staff Handbook* and Certified Standing Orders require Sesa Group and its employees to comply with all laws. The Group encourages freedom of association as enshrined under the Constitution of India in the Trade Union Act. Other than



the registered trade unions, the Sesa Goa Employees Credit Society, entirely an initiative of the employees, is an example of the freedom of association within the Sesa Group.

All our operations provide for the right to exercise freedom of association and collective bargaining.

### Child Labour

Sesa believes in the fundamental rights of a child to pursue education, and does not permit its service providers, contract labour, etc, to engage children at work. The Factories Act 1948, and the Mines Act 1952, specify the minimum age required for employment. The units of Sesa comply strictly with either of these Acts as applicable.

The recruitment process necessitates that candidates furnish appropriate proof of age and school certifi-

cates, where applicable, to ensure that under-age persons are not employed. Contractors are strictly monitored to ensure that child labour is not employed. Frequent checks and other mechanisms are also in place to ensure that there is no non-compliance. Safety managers and the security departments have been suitably empowered to check and monitor this issue.

### Forced And Compulsory Labour

There is no forced and compulsory labour in Sesa Goa and relationships with employees are based on mutual agreement.

## SOCIETY

### Management Approach

**Policy:** Sesa has committed itself to many com-

### Sesa Technical School: Training Winners



"I feel proud that I studied in Sesa Technical School," declared Mr Milind Gawas. He was speaking during the Annual Day celebrations of Sesa Technical School (STS).

Mr Gawas had joined Guala Closures as a trainee worker in 1996. He was then sent to Italy for one year for further training. Today, he is working as a Senior Engineer in Guala Closures.

The multinational corporation (MNC), Guala Closures, regularly

recruits STS students, citing their hard work, honesty, discipline, skill and dedication as preferred employee attributes.

"STS has carved out a man from the boy," added Mr Shirish Kalangutkar, now working as Assistant Manager with Leela ventures. He said STS imbued him with discipline along with technical knowledge. He was recruited by Hindustan Lever Limited (HLL), through a campus interview. He worked with HLL for five years, before joining

Leela Ventures.

STS was started in 1994 to impart technical education to local students. A part of post-mine closure plans of Sesa Goa, the school has been built upon an old iron ore mine in Sankhali.

Over the years, many STS students have been placed in MNCs, through campus interviews. At present 112 students are learning four trades: machinist, fitter, electrician and instrument electrician.

## Improving Nutritional Status Of Children



Many rural children in India, in the age group of 3-10 years, suffer from nutritional deficiencies. Goa is no exception.

In Kirlapale-Dabal, Amona, Navelim, Cudne, Sonshi and Pissurlem, Sesa took the initiative of launching a Nutritional Status Improvement programme for school children around its business areas.

A baseline survey was conducted by CSR volunteers and staff; a Company doctor checked family history, age, height, weight and medical history.

Parents were sensitised about nutritional intakes for both mother

and children. Initial medication plus deworming tablets were provided to all the children. The treatment is offered free of cost till the child ends its schooling from the village.

All the children covered under this programme were checked on a monthly basis for their weight, and those found underweight were treated.

Of the 3,289 children covered under this programme, 42 percent (1,380 children) were treated for undernourishment.

Primary and High School children were also examined and treated.

Anganwadi teachers and mothers were motivated to continue the process. Results over the period of one year have shown improvements in the nutritional status of children.

Incidences of mortality, morbidity and malnutrition have reduced, and school drop-outs have decreased. This programme has supplemented existing ICDS facilities because the mother's capability to cater to the child's nutritional needs have been enhanced.

This programme has been appreciated by the villagers, and has earned the Company tremendous goodwill from the community.



munity development initiatives. Over the years, its community engagement has grown. As stipulated by the Business Conduct Rules, Sesa nurtures excellent relationships with all the stakeholders of the Company.

**Organisational responsibility and follow-up:** All employees are given copies of the *Staff Handbook*,

which spells out the Company's attitude towards social initiatives and corruption. Employees ensure that the Company's Code of Conduct is followed in letter and spirit. Non-compliance with Company guidelines, for instance the policy on Gifts and Favours, may be grounds for termination. The concerned Director's approval must be obtained if any exception is to be made.

### Literacy Classes Organised



Education is a Fundamental Right of every child. Sesa believes that every child should have the opportunity of schooling. However, it was noted that some children of labourers working near the Company areas in Tinaighat were being denied their right to education.

The Company approached an

anganwadi teacher who was willing to conduct evening classes in her free time. Blackboards, stationery, play equipment, educational aids and uniforms were sponsored by the Company. The children are taught the alphabet, numbers, patriotic songs, dramatics and dances. The children are also taught the basic concepts of hygiene. They are served some

refreshments. Some children also bring their younger siblings as there is no one at home to care for the infants. The classes now boast of 20 regular students and some irregular students.

There was a very poor response initially. Awareness about the classes was raised through mukadams (working group leader), and gradually the response improved.

The style of teaching is through informal means. Says the teacher, Ms Lata S. Mithari, "I teach the students the alphabet, singing, dancing, dramatics, etc. Initially the response was very poor, children were not attending the classes willingly. But now if I keep the class closed for some reason the children as well as parents ask me why I have done so. Earlier when the children used to come they were very dirty; now with our efforts they are learning to be clean. Many of the children like to come here because of the freedom, the uniforms, the play equipment and snacks given by Sesa Goa Ltd."

Some children from Sesa's evening classes have joined the local Government Primary School, and are now receiving recognised formal education.

**Management:** Social initiatives are managed by the Environment Department, which assists in implementing and monitoring activities. Periodic monitoring and reviews are also carried out at the Unit Corporate levels. Respective units are responsible for responding to any specific needs articulated by local community members.

A robust stakeholder engagement process ensures community involvement, as well as a long-term, enduring relationship for development.

## Community

Education, health care, women and child welfare, gender equality, empowerment through livelihood-based programmes, improving quality of life, sustainable development – these are but a few of the issues that Sesa focusses on. Sports and cultural activities are also supported by the Company.

Sesa has, in principle, aligned its programmes in line with the Millennium Development Goals (MDGs) – eight goals to be achieved by 2015 that respond to the world's main development challenges. (See page 58 for details.)

A three-pronged approach channels social activities: (a) contributions to the Mineral Foundation of Goa (MFG); (b) work done by the Sesa Community Development Foundation (SCDF); and (c) through need-based community initiatives.

Sesa Goa is a founder member and largest contributor to the MFG, which tackles social and environmental programmes in Goa. The SCDF comprises

Sesa Goa Technical School and the Sesa Football Academy – the latter has already produced some notable Goan football stars! Need-based initiatives are prepared based on feedback received during stakeholder meetings and interactive sessions with local community members. An annual budget, prepared and approved by the management, is used for implementing social initiatives.

Apart from Goa, the states of Orissa, Karnataka and Jharkhand also come within the Company's social development ambit.

Sustainability and self-reliance are the key words in all the Company's social initiatives. It is Sesa's endeavour that the larger community should always be self-sufficient, independent of the Company.

## Corruption

Sesa's Business Conduct Rules state that employees must not get involved in any activity that could conflict with the Company's interest. In addition, employees are also prohibited from offering or accepting any benefit, bribe or advantage, to or from any external party that they deal with, on behalf of the Company.

There has been no formal identification of risk related to corruption reported during 2008-09.

## Public Policy

There is currently no formal policy regarding lobbying or donations. The responsibility to take decisions fairly about such matters rests with the Board.

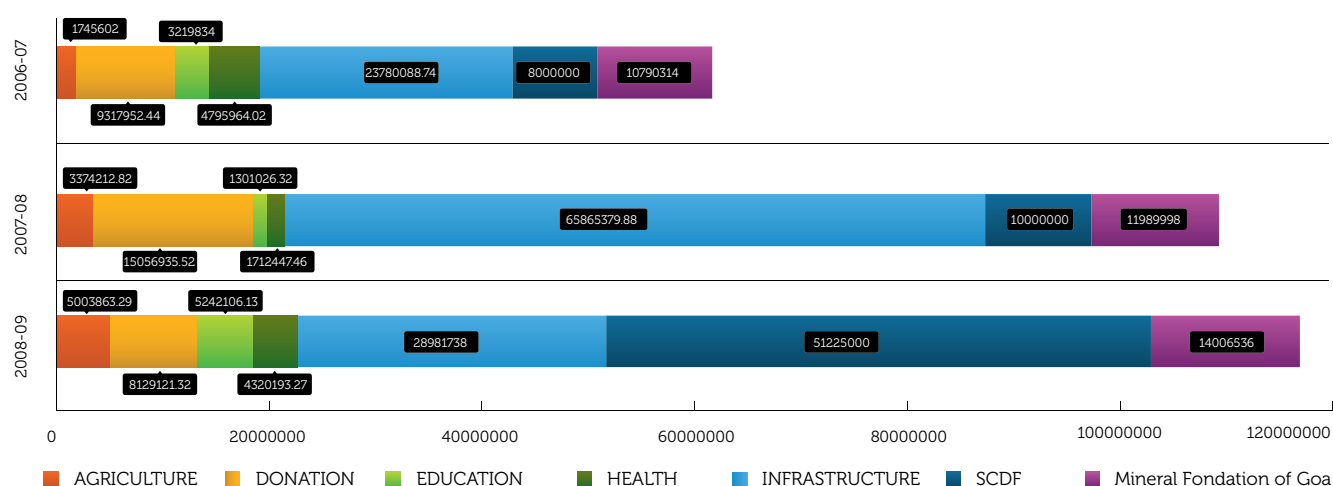


Figure 40: Community development expenses



## Improving Women's Health



Statistics published by the Health Intelligence Bureau of the Department of Health Services (DHS) show that 38.9 percent women in the age group 15 to 49 years (who make 49.6 per cent of the population) are anaemic. In July 2008, Sesa decided to take some steps in improving women's health. The DHS, anganwadi workers, community medical centre and Sesa's CSR team was pressed into action.

The first step was motivating the women to come for the camps. Response was initially poor. With the help of sub-centre staff, the rural medical dispensary of the upgraded Primary Health centre (Curchorem), as well as CSR

and Mineral Foundation of Goa volunteers, awareness was created through cookery competitions, lectures by nutritionists, presentations, etc. Publicity was also generated through printed materials, banners and media initiatives.

Baseline data of many women was collected by doing haemoglobin estimation in different wards, and women with anaemia identified. Camps were, in fact, conducted on a quarterly basis to understand the level of haemoglobin.

Women found anaemic were given Iron Folic Acid supplements for a month, after which they would collect the medicines on a monthly

basis from three sub-centres in the village. All participants of the camp were given handouts in the local language describing the condition, precautions to be taken, and facts about nutrition (including pictures of nutrients rich in iron and vitamins).

The programme reached 6,520 people in three panchayats in Goa – Codli, Amona and Navelim. Of the 2,570 women checked (in the age group of 15 to 49 years), nearly 1,328 were treated for anaemia.

Sesa plans to replicate this programme in other villages near its business areas in 2009-10.

## Political Contributions

There is currently no formal policy regarding political contributions or donations. The responsibility to take decisions fairly about such matters rests with the Managing Director.

## Compliance

There were no instances of non-compliance with applicable laws and regulations and no fines or penalties have been paid during the reporting period.

# PRODUCT RESPONSIBILITY

## Management Approach

**Policy:** Sesa Goa has the core competencies and capabilities to deliver products according to contractually agreed specifications. The Company's product leadership is based on its product quality, manufacturing technology, competitive cost and timely delivery. An effective supply chain management continuously provides products that not only meet, but exceed, consumer expectations.

**Organisational responsibility:** Unit heads or department heads, and other members of the respective units, are responsible for ensuring that the products manufactured or produced are in accordance with the Company's policy.

**Management:** All the units of the Company are certified for ISO:9001, ISO:14001 and OHSAS:18001

management systems.

## Customer Health And Safety

The products manufactured by the Company are materials or intermediates used for manufacturing some other products and utilised in totality. Since they do not pose any health or safety hazard because of their use, the Company has, so far, not felt the need to formalise procedures for assessing the impact of its product and services during its life cycle stages.

## Products And Services

**Labelling:** The Company provides Test Certificates along with delivery *challans* [that is, invoices] to customers, indicating the specification or type of the product being sold. Test Certificates comprise information on physical dimensions and chemical composition of the products.

**Marketing communications:** At present, Sesa does not manufacture consumer goods or any such products which require advertising. However, the Company follows all applicable laws for exporting its product (iron ore) to external customers.

## Compliance

There were no instances of non-compliance with regulations related to the provision and use of the Company's products and services. No fines or penalties were paid during the reporting period.



## SAATH: Foundation Of A Strong Future



It is Sesa's endeavour to improve the quality of life of the community living near its business areas. For instance, remedial classes were organised for students in Kirlapale-Dabal, Amona, Navelim, Cudnem, Pissurlem and Sonshi. However, it was brought to the Company's notice that children from impoverished families faced many problems – no time or money for food or books, no support for schoolwork at home, no exposure to career opportunities or counselling, etc.

The children needed support to continue their studies meaningfully throughout the academic year. Along with help from Directorate of Education, Child Development Programme officers, headmasters and teachers, Sesa decided to implement the following steps:

- Helping in mid-day meal scheme, in partnership with parent-teacher associations and self-help groups. The Company ensured that the meals provided were safe

and of good quantity.

- Stocking books, uniforms and educational aids.
- Renovating school buildings and green-ing school complexes.
- Supporting education for girl children.
- Establishing nature clubs; organising campaigns such as anti-plastic campaign, cleanliness drives, collection of medicinal plants from local areas; and development in extracurricular activities.



Sometimes, convincing local institutions to allow the children to get involved in environmental programmes was also done by Sesa.

- Tracking health status of the school children and providing medicines through the Company's community medical centre till the children continue their education.
- Initiating aptitude tests, career counselling and study skills improvement for students so that they

are able to choose the right career or self-employment.

- Organising motivational workshops for teachers, and parenting skills workshops for parents.
- Giving financially weak students educational support for continuing higher education. Scholarships are provided for professional courses, that is, medical, dental, pharmacy, engineering, etc.
- Introducing the concept of play school and activity-

based learning for toddlers in the rural areas. Special anganwadi buildings were constructed, complete with teaching aids. Teachers are trained in handling the children and making them independent and self-confident.

Students benefitted tremendously: they got materials or aids to support their education and improve their health. This programme is being carried out across the business areas so it will be replicable.



## Visitors' Comments

*It was a unique experience to visit Sanguelim mine area, which provided an excellent example of environment conservation set in green surroundings [and] a water body with fishery culture. We could not imagine that this spot had been... a mining pit. Sesa Goa deserves to be congratulated for this. This venture, I hope, will be replicated...*

**Dr S.S. Siddhu**

Governor of Goa

*It was not to be! Yet it has become so, unfortunately! In this early 21st century, human beings were supposed to be pre-occupied with human issues only. But, sadly, we are living in a time when brands measure a personality and balance sheets alone indicate the 'success' of an enterprise. But Sesa Goa is looking up to the 22nd century. They are rediscovering what 'culture' is.*

*Culture is created only when a man is a friend of Nature. Here is reclamation, regeneration and recreation. Children should be brought to this place to learn friendship. Enterprises should come here to atone their misdeeds. Here is a school for all who are willing to learn.*

*Today is my 75th birthday. This exposure here was great birthday gift for me!*

**Rudraprasad Sengupta**

Kolkata (Sangeet Natak Academy winner and an icon of Indian theatre)

*I am... impressed by the work of plantation done by Sesa Goa [and] innovative approach... is highly praiseworthy. I sincerely wish others... do similar work which will go in a long way in maintaining the ecological balance.*

**Dr M.L. Majumdar**

Chairman, Expert Appraisal Committee,  
Ministry of Environment and Forests

*A wonderful [experience]... I was given a 'youth' medicine. I feel younger.*

**Mr Chris Lancaster**

Sydney, Australia

*A real eye-opener on how a surface mining area could be made environmentally/ecologically friendly. A magnificent example of love and dedication by committed managerial and employee partnership.*

**Prof Edgar F. Riberio**

Member of Task Force for Goa Regional Plan 2021

## Visitors' Comments

*Conservation of natural resources is [a] service to God by human beings, which we get [back] as wealth.*

**Mr Mukesh Sharma**

Assistant Director,  
13th Finance Commission, New Delhi (Government of India)

*Extraordinary what has been achieved here. Most impressive.*

**Mr T.C.A. Srinivasa Raghavan**

Associate Editor, *Business Line*

*...the reclaimed mine is a great effort [at] Sanguelim. It was unbelievable to see [it] after mining in 1980. It has been reclaimed beautifully with the help of fisheries, ponds and plantation, horticulture and Nakshatravana Vatika. I thank all the staff and officers who guided this innovative project. It's [like] 'Mecca and Medina' for reclamation work and worth visiting for every class.*

**Mr V.K. Verma**

IFS, 21st Professional Skill Upgradation Course participant,  
IGNFRI, Dehradun

*A great example of what can be done with wonderful human spirit.*

**Mr Peter Hickson**

UBS London, United Kingdom

*Reclamation work done by the Company deserves commendation. A unique way of development of devastated land. To be emulated by others too. A wonderful and enlightening visit... A good example of sustainable development.*

**Mr C.S. Prasad**

Undersecretary, Ministry of Coal,  
Shastri Bhavan, New Delhi

*A good example [of] how rehabilitation of mined out areas can be put to productive use. Very stimulating and [educative].*

**Mr B.K. Mohanty**

Former Director of Mines, Orissa



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Report Applicaition Level		C	C+	B	B+	A	A+
Standard Disclosures	<div><div>G3 Profile Disclosures</div><div>input</div></div>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	<div><div>G3 Management Approach Disclosures</div><div>output</div></div>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	<div><div>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</div><div>output</div></div>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version





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## Independent assurance report to Sesa Goa Limited

KPMG Advisory Services Pvt. Ltd. was engaged by Sesa Goa Limited to provide assurance over selected aspects of the Sesa Goa Limited ('Sesa') 2008/09 Corporate Sustainability Report ('the Report').

### Assurance scope - reporting and assurance criteria

The assurance is provided for the data and information under the limited assurance scope. We have covered all core indicators and carried out site visits to Pig Iron Plant, Met Coke Division, Sanquelim Mines and Corporate Office at Goa. We conducted our work in accordance with ISAE 3000. We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

### Specific limitations to our work

For the mine and plant that were not visited, we confirmed that the data supplied by Sesa were correctly reported and aggregated at corporate office;

### Conclusions

Based on our review, nothing has come to our attention to indicate that the information contained in the Report is inconsistent with the findings of our work as described below:

- **Review the sustainability governance process at Sesa**
  - There is a strong attention from top management with respect to Environment, occupational health and safety and Social initiatives (giving back to the society).
  - There are clear authorities and responsibilities in relation to the sustainability aspects material to the organization.
- **Review the vision and report scope:**
  - The vision for sustainability is articulated in the report; however it requires clarity on sustainability goals, targets and action plans.
  - The report contents have been derived using The Global Reporting Initiative guidelines (G3) and cover the activities of Sesa adequately.
- **Review of data and information presented in the report**
  - Information systems are reliable for collection and communication of information and data related to environmental, economic and social performance.
  - The report covers core indicators in detail. There is scope to expand indicator universe to include GRI additional as well as metal and mining supplement indicators
- **Assess the applicability level of the report in line with requirements of GRI G3 Sustainability Reporting Guidelines**
  - The Report complies with the GRI-G3 guidelines A+ application level criteria.



### Assurance process

We obtained all the evidence, information and explanations that we considered necessary in relation to the scope of work. Our work included the following procedures using a range of evidence-gathering activities which are further explained below:

- Observations of Sesa stakeholder consultation processes and their methodology for determining the material issues;
- Interviews with the CEO, senior management and relevant staff at site level;
- Checking the Report contents to ensure consistency with the GRI application level requirements of A+;
- Assessment of data collection and collation systems;
- Visits to mines, plant and corporate office;
- Review of the Report to ensure that, there are no disclosures that are misrepresented or inconsistent with our findings.

### Key observations

We provide Sesa management with an internal report outlining our findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations below.

- The report follows a compliance based approach for A+ application level and the flow of the report is based on GRI indicators. This may impact the readability of the report.
- The focus of the Report is primarily on highlights.
- The stakeholder engagement process is satisfactory but ability of the reporting process to incorporate stakeholder interaction in assessing material issues may be improved.
- The management systems are adequate for aspects such as environmental, health and safety (ISO14001, OHSAS 18001). Going forward, Sesa may integrate sustainability risks (material issues) as part of these management systems and integrate the same into its overall risk assessment process.
- It is essential for the Company to prepare a standard protocol for each of the existing indicators for consistent interpretation. Customization and standardization of these indicators will be helpful.

### Responsibilities

The Management of Sesa Goa Limited is responsible for preparing the Report and the information and statements within it. Sesa is responsible for identification of sustainability issues and for establishing and maintaining appropriate performance management and internal control systems from which reported information has been derived.

Our responsibility is to express our conclusions in relation to the above scope. We conducted our engagement with a multidisciplinary team including specialists in ISAE 3000, stakeholder engagement, auditing environmental, social and financial information and with experience in similar engagements in the metal and mining sector.

This report is made solely to the Management of Sesa in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Sesa for matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sesa for our work, for this report, or for the conclusions we have reached.

For KPMG Advisory Services Pvt. Ltd

**Arvind Mahajan**  
Executive Director- Advisory Services  
09 December 2009

## List of Abbreviations

AAQM	Ambient Air Quality Monitoring
BF gas	Blast Furnace gas
BKPS	Betki Khandola Panlot Sangh
Bn	Billion
BVQI	Bureau Veritas Quality International
CDGP	Coke Drying and Grinding Plant
CDM	Clean Development Mechanism
CERs	Certified Emission Reductions
CFCs	Chlorofluorocarbons
CIF basis	Cost Insurance and Freight basis
CII	Confederation of Indian Industries
CO <sub>2</sub>	Carbon Dioxide
CSR	Corporate Social Responsibility
DG	Diesel Generator
EHS	Environment, Health and Safety
Fe	Iron
FIMI	Federation of Indian Mineral Industries
FTSE	Financial Times Stock Exchange
GCCI	Goa Chamber of Commerce and Industry
GEPL	Goa Energy Private Limited
GHG	Greenhouse Gases
GJ	Giga Joules
GMOEA	Goa Mineral Ore Exporters' Association
GRI	Global Reporting Initiative
Ha	Hectare
HEMM	Heavy Earth Moving Machinery
HR	Human Resource
HSEC	Health, Safety, Environment and Community Development
HUF	Hindu Undivided Family
ICDS	Integrated Child Development Scheme
IIM	Indian Institute of Management
ISO	International Organisation for Standardisation
KL/Ton	Kilo litres per ton
KLD	Kilo litres per day
KWh	Kilo Watt per hour
MCF	Methyl Chloroform
MDGs	Millennium Development Goals
MFG	Mineral Foundation of Goa
Mn	Manganese
MNC	Multinational Company
MS Scrap	Mild Steel Scrap

MT	Metric Tonne
Mt	Million tonne
MW	Mega Watt
NEERI	National Environmental Engineering Research institute
NGO	Non-governmental Organisation
NOx	Oxides of Nitrogen
NRI/OCBs	Non Resident Indian / Overseas Corporate Bodies
OB	Over Burden
ODS	Ozone Depleting Substances
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
QEHS	Quality, Environment, Health and Safety
R&D	Research and Development
RSPM	Respirable Suspended Particulate Matter
SCDF	Sesa Community Development Foundation
SFA	Sesa Football Academy
SIL	Sesa Industries Limited
SO <sub>2</sub>	Sulphur Dioxide
SPM	Suspended Particulate Matter
STS	Sesa Technical School
TPY	Tons Per Year
TSS	Total Suspended Solids
UNFCCC	United Nations Framework Convention on Climate Change



## FEEDBACK FORM FOR SUSTAINABLE DEVELOPMENT REPORT 2008-09

■ Relevance to sustainability of the issue covered in the Report:

- ☐ High
  - ☐ Medium
  - ☐ Low
- 

■ Clarity of information provided in the Report:

- ☐ High
  - ☐ Medium
  - ☐ Low
- 

■ The quality of design and layout of the Report:

- ☐ Excellent
  - ☐ Good
  - ☐ Average
  - ☐ Poor
- 

■ Suggest what other issues should be covered in the Report:

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■ Suggest the area, if any, where more details should be reported:

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Name : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Organisation : \_\_\_\_\_  
Contact Address : \_\_\_\_\_

**Please mail your feedback to:**

Mahesh Patil  
General Manager Environment,  
Sesa Goa Limited, 'Sesa Ghor',  
20 EDC Complex,  
Patto, Panjim, Goa 403 001  
Email: mpatil@sesagoa.com



## An Honour For Sesa

The highest honour that a company can receive is the acknowledgment of its work by the industry and its peers. Sesa's commitment towards following business practices that combine environmentally sustainable work has helped the Company deliver relatively good results even in adverse business conditions.



*Mr P.K. Mukherjee, Managing Director, Sesa Goa, accepting the prestigious Outlook Money NDTV Profit Awards 2009 (in the Best Value Creator, Large Cap, Category).*





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