

# Metals and mining

[Business](#), [Management](#)



Vedanta resources, a LSE listed metals and mining company, places huge importance on its socialresponsibility. As a part of its Corporate Social Responsibility, it publishes a comprehensive report on sustainable development. The report shows their concerns over environmental issues, healthand safety, community works and labor relations. Vedanta Resources also reports their improvements or failures in their actions and policies. An important aspect of their corporate social responsibility is that they not only communicate their CSR, but also devise some proactive policies.

Very often, they show a tendency of measuring their progress through the point of views of their stakeholders. The major industry concern is the environmental effects. On the other hand, the major specific concern seems to be human right issues where a number of acquisitions made against the company for the violation ofhuman rightsin India as well as in UK. Particularly the Church of England has sold off its holdings in the company this year which was worth of around 3. 75 million pound on account of the company's ill treatments towards the tribal population in Orissa.

Overall the operations of Vedanta Resources do not seems to be unethical. They actually put some serious effort to follow some strong ethical codes in their actions. They also extensively report about their corporate social responsibility. They put huge importance on the health and safety of their employees as well as the people living in the neighborhood of their areas of operations, environmental factors, community wellbeing and nurturing their employees. However, they should make some more proactive policies towards securing human rights in the areas of their operations.

Rating: A Scope of activities: Vedanta Resources, India's leading metals and mining company, operates not only in India, but also in Australia and Zambia. It particularly does its businesses in aluminium, copper, lead and zinc. By acquiring 51 percent share of the India's largest producer of iron ore, Sesa Goa, in 2007 it has entered into the business of iron ore. It has also entered into the business of commercial power generation. Specific concerns: In the neighbourhood of any mine, the lives of the people living there become very much dependent on that mine.

It is a responsibility for a company working there to meet the needs of those people and be careful about basic human rights of those people instead of exploiting them and disobeying their basic rights. How concerned has been the Vedanta Resources about the basic human rights of these people?

Vedanta resources has taken several steps towards community development not only in the areas of their operation, but also for larger society. However, in some areas it has fallen short of properly dealing with the issues of human rights.

For example, some accusation has been made against the company for misbehaving with the tribal people living in the neighborhood of aluminium refinery in Lanjiganj and a planned bauxite mine of Niyamgiri hills of Orissa. The church of England has accused the chairman of the company of breaking the human as well as cultural rights. Health Risks: A Mining company has to deal with great health and safety risks of their employees. Thus such a company needs to be very careful about providing required

safety and protection to the health of the labours. Is Vedanta Resources concerned about health and safety issues of their employees?

In the sustainability report, Vedanta expresses their concern regarding this health issues. They have set a goal of achieving zero casualties and zero injuries to their permanent employees as well as to those whom they hire on contractual basis. This is a highly challenging task and therefore, Vedanta is implementing effective practices, monitoring the working of their employees and benchmarking the performances with their global peers. They have created comprehensive health and safety structure across all the units which look after the conditions of health of the employees on regular basis.

It also makes arrangement for independent audit of their practices of safety management. Competition and customer relation: Very often mining companies are found to operate in oligopolistic environment in order to block competition. They are also accused of charging higher prices to the customers. Does Vedanta behave in an anti-competitive way in the market place? Does not it pay attention in building strong customer relation? The company has made an ethical code for all its employees and the management regarding the issue of competition.

This ethical code asks every employee to deal in a fair manner with fellow workers as well as with the customers and the competitors of the company. The employees are prohibited from taking any advantages of unfair type from anyone by manipulation, abuse of any privileged information, camouflage, or misrepresentation of any information. Vedanta is committed to deal with its customers in a fair and honest way and with integrity. It is

also strongly committed to providing free and open competition to its competitors in the market by properly complying with the laws regarding the competitive practices.

Environmental issues: The mining companies very often indulge in such practices that hurt environment badly through the generation of hazardous waste, emission of dangerous chemicals and gases etc. Is Vedanta concerned about environmental issues? Vedanta is very much concerned about environmental issues. The aim of the company is to operate in an environment friendly way. In its sustainability report, the company has made strategic goals of reducing waste generation, increasing recycling and maintaining environment friendly operation. It has also taken some important steps towards achieving these goals.

Privacy: Vedanta holds several confidential information of their customers as well as of its employees. The company should undertake a well defined privacy policy in order to safeguard these confidential information. Is Vedanta careful about its consumers as well as employees privacy? Vedanta has made a ethical code of not disclosing confidential information to any third party. They have created arrangements for secretly storing confidential information. They have also taken steps for reviewing confidential documents at regular interval. They have also take some steps for maintaining privacy on their website.

Labor Mining companies very often suffer from weak labor relations. These companies very often face strikes by their employees on account of their ill-treatment towards the laborer. Very often, in mining companies

opportunities of growth seem to be limited for their employees. Does Vedanta pay attention in maintaining good labour relation? The sustainability report of the company shows that it nurtures its employees with due care. It provides huge growth opportunities to its employees and thus maintain a good labour relation. Legal Does the company meet tax regulations?

As far as the compliance with tax regulation is concerned, the ethical code asks for strict adherence of the company towards tax regulations. However, on some occasions it was accused of avoiding custom duties and tax evasion. There also raised a case of money laundering against the company. Appendices: Reference data: the report has been made with the help of the information from Vedanta's sustainability report for the year 2009/2010 which is available on the website of Vedanta Resources. Apart from this information has been collected from various news on the operation of the company, and its CSR reports.

Scope of operations: Vedanta is a LSE (London Stock Exchange) listed company. It operates a diversified business of metals and mining. In its website it has expressed its huge interest in copper, aluminium, lead, zinc, iron ore and commercial power generation. Although, the prime business of this company is located in India, it also operates in countries like Zambia and Australia. It aims at developing a world class mining and metals group which will generate excellent financial returns. In Australia, CMT, a subsidiary of the Vedanta resources, is a leading producer of copper with a capacity of producing 30, 000 tpa of copper.

On the other hand, in Zambia its another subsidiary KCM has become the largest producer of copper in that country. Now in India, Sterlite, MALCO, BALCO, VAL are its subsidiaries. Sterlite is one of the leading copper producing company in India, whereas MALCO and BALCO are a power plant and leading aluminium producer, respectively. VAL, on the other hand, operates a aluminium refinery in Lanjigarh and a power plant in Jharsuguda. In 2007, the group has also acquired 51 percent share of the largest iron ore producing company of the country, Sesa Goa.

(Vedanta website, 2010) CSR reporting: Vedanta resources has expressed its commitment towards the society in its CSR reports. It has developed a comprehensive CSR section on its website. Being one of the largest metals and mining group in India with its extended operations in Australia and Japan, the group has committed to run its operations in socially responsible ways. It has regarded the management of environmental issues, nurturing employees, providing health and safety to employees, and addressing community issues as central to the success of the group's operation.

The group has developed a Health, Safety and Environment (HSE) framework. It has constructed a HSE management team which is responsible for improving performance in each of these three fields. The group's new investments in the mines of Orissa and Korba, and in the smelter of Tutikorin support improvements in the standards of HSE management across the group's operations. (Corporate Social Responsibility, 2010, p. 1) The groups has set a mission of improving the standard of lives of around 2.5 million children who are under-privileged.

Having this mission, the group is trying to strengthen its CSR programmes throughout all those states in India where it is operating. In the past four years, the group has invested around Rs. 186.5 crore for materializing its CSR plan. For the year 2009-2010, the group has also made a provision of Rs. 125 crore for its CSR plan. CSR plan has become a part of the group's business plan and since last four years it has been publishing its CSR reports. (Saxena, 2010, p. 1) Environmental concerns: In its sustainability report 2009/2010, the group has expressed its concern over environmental issues.

In this report, it has set its aim of developing, implementing and maintaining a system of environment management which is aligned with the group's commitment and consistent with global standard, complying with regulations, conserving natural resources including raw materials, energy and water through technological improvements and process up gradation, reducing waste generation and recycling and reusing those, reviewing targets and assessing environmental performance and finally encouraging the suppliers to align with the principles of the group.

the group has created a comprehensive environment management program in order to look after these issues. The group has been successful in reducing consumption of particular energy through the operations of all its subsidiaries, reduction of water consumption by HZL, increasing investment in environmental programs, reducing waste generation in most of the subsidiaries and ensuring hundred percent reuse of water in four out of eight subsidiaries.

(Sustainable Development Report, 2009, pp. 14-16) Although the group was accused of polluting environment and killing 100 people by the pollution caused by the group's plant in Lanigarh, Orissa, the Court has given a clean chit to the group's aluminium refinery in Lanigarh this year. ("Orissa environment panel clears Vedanta refinery", 2010, p. 1)

Health and safety: The company has developed health and safety management teams for all its units in order to look after the health and safety issues of its employees. The group has been successful in reducing LTEFR in 2009. However, the sustainability report has reported an increase in total fatalities in 2009. the group also conduct external review of its safety management programs by reputed national as well as international consulting agencies. (Sustainable Development Report, 2009, p. 30)