

## Vendor Blacklisting, Suspension and Blocking Policy

### 1. Objective

In line with the group buying and governance philosophy, this policy document aims to define types of vendor restrictions and reinstatement procedures.

### 2. Definitions

- a. **Blacklisting:** Permanent stoppage of business with the vendor across all group companies due to ethical violations or severe incidents related to HSE (Category-5, as per Vedanta MS11 standards). Not recommended for reinstatement in future.
- b. **Suspension:** Stoppage of business with the vendor at a particular business or across all group companies for a definite/ indefinite time period, as the case maybe, due to, say, non-performance of existing contract, non-honouring of their quotes during RFQ process, pending reconciliations or investigations etc. Maybe reinstated with due procedures.
- c. **Code Blocking:** Vendor code block in respective BU SAP due to code duplicity, change in name of the company, takeover/ merger of the existing vendors, no transaction in specified time period/ inactivity, or missing details etc. Maybe reinstated with due procedures.
- d. **Non-Commercial Vendors:** Category of vendor where the partner selection is not led through a techno-commercial process are termed as Non-Commercial Vendors. e.g.:
  - Professional charges for experts/ trainings (lawyers, guest speakers, trainers, advisors, educational institutes etc.)
  - Statutory government vendors for payments towards royalty, GST, income tax etc.
  - Sponsorships, seminar participation, donations, subscriptions etc.

Balance all vendors will be considered as commercial vendors.

It is recommended to have a separate vendor code series along with department tagging in SAP for non-commercial vendors.

### 3. Mandatory Requirement

- a. Indian entities: As PAN number is the basic common identifier, any actions recommended in this policy, should be accompanied with the PAN number and organization name. It is mandatory to keep PAN numbers updated in all vendor codes in the system.
- b. International Entities: Any government issued unique identifier like PAN/ TAX/ VAT number or similar issued by a competent authority to be maintained.

### 4. Blacklisting

- a. Blacklisting Process:
  - i. **Due to Ethical violations:** All matters to be brought to the Group Ethics committee, which will decide appropriate actions. Can be initiated by any person.

- ii. **Due to severe HSE reasons:** BU ExCo and Group HSE ManCom to jointly decide on vendor blacklisting for severe HSE violations. The respective CCO to propose and recommend.
- iii. All the blacklisted vendors to be blacklisted in SAP and made inactive in Ariba or other systems as well.
- b. Reinstatement Process:
  - i. Although not recommended, in the extreme circumstances of reinstatement requirement, the Business Exco to recommend to the Ethics committee or HSE ManCom (whichever is relevant) to un-blacklist. The resulting decision to be communicated to all CCOs and commercial ManCom by the respective BU CCO.

## 5. **Suspension**

- a. Suspension Process:
  - i. All contracts are suggested to have a structured SLA/ KPIs/ deliverables/ monitoring mechanism.
  - ii. Before recommending for suspension, the BU needs to issue written warnings to the vendor and provide chance for rectification. If the issue persists, then recommend for suspension.
  - iii. Suspension to be recommended after exhausting all contractual remedies.
  - iv. In the relevant cases, the BU CCO to record the case with justifications/ supportings and seek suspension from BU ExCo.
  - v. BU CCO to recommend action, along with time period/ group-wide or business level suspension in the justification note. In case of group wide suspension, the BU CCO to present the case in Commercial ManCom.
  - vi. In case of HSE reasons, in addition to above, the HSE ManCom to be notified.
- b. Reinstatement Process:
  - i. If a vendor needs to be reinstated, the BU CCO to approach Business ExCo with a written justification note for approval. BU CCO to communicate to all CCOs in case of reinstatement.
  - ii. In case vendor was suspended across the group, for reinstatement, the case to be presented by the respective BU CCO in Commercial ManCom.
  - iii. In case suspension was approved for a definite time period, once the period is over, the vendor can automatically be reinstated based on the original approvals.

## 6. **Vendor code blocking:**

- a. Vendor codes of commercial vendors to be blocked in SAP in the following cases.
  - i. It is mandatory to maintain PAN for all Indian Vendors in Vendor Master.  
**Vendors not having PAN in vendor code to be blocked**
  - ii. Duplicate vendor codes.
  - iii. If the name of company has changed or company has closed, vendor codes of old company to be blocked. Fresh vendor codes to be registered for new companies.

- iv. Any vendor code not having any SAP transaction (PO issuance/ Open PO having validity in future, GRN, SES, Open Invoice) in last 6 months to be blocked.
- b. For non-commercial codes, relevant BU Exco member to decide the blocking and unblocking in the system. It is recommended that the review be done by the relevant teams every 6 months.
- c. Reinstatement Process
  - i. In case of unblocking of vendor codes, justification note to be prepared. The relevant buyer to propose and get approval from BU CCO. BU Exco to be notified on a monthly basis.

**7. Responsibility and Communication:**

- a. The initiating BU CCO is responsible for proposing, taking actions, processing, recording and internal/ external communication in all applicable cases.
- b. In cases of blacklisting/ suspension/ reinstatement, the BU CCO to ensure efficient flow of communication to all other BUs/ stakeholders.
- c. The relevant ExCo member would be responsible for all the activities for non-commercial vendors/ POs covered in the policy.

**8. Implementation:**

- a. Detailed execution SOP in accordance with this policy to be instituted by each BU CCO as per BU structure/ designations.
- b. BU CCO should nominate a team member for aligning/ configuring the respective BU SAP/ Ariba system in accordance with this policy.
- c. Every blacklisting/ suspension/ reinstatement etc. to be done in the respective BU SAP by the originating BU CCO/ nominated team member. The central Disha dashboard, which is connected to BU SAPs will send automated emailer to all BU CCOs (generic ids) for information and action.

9. **Residual Power:** In respect of matters not specifically covered by the provisions of this policy, the power would remain with the Commercial ManCom to decide the appropriate course of action.

10. **Exclusion of routine management:** This Policy does not cover issues and actions within the purview of routine contract management

**11. Abridged vendor registration in other BUs only for blacklisting/ group level suspension purposes**

- a. If vendor's code does not exist in other BUs, abridged registration with PAN number to be done and blacklisted/suspended accordingly. The responsibility lies with the respective BU CCOs.