

# CRITICAL SUPPLIER IDENTIFICATION POLICY

## 1.Introduction:

This document is applicable to all business partners that are onboarded by Vedanta Power Limited. 'Business Partner' here refers to suppliers/ service providers/ vendors/ traders / agents/ consultants/ contractors/ joint venture partners/ third parties, who have a business relationship with and provide, sell, seek to sell, any kinds of goods or services to Vedanta Power Limited or any of its subsidiaries, affiliates, divisions.

This document sets forth the basic parameters that we use to assess the criticality of our Business Partners. We have distributed 100 marks into 5 parameters w.r.t which scores are given, and the criticality of the Partner is determined.

## 2.ABC Classification

The following parameters are used to assess the criticality of our Business Partners.

### ***Criteria 1 – Linkage to Business Outcome***

This refers to the % volume of business that is provided by the Partner along with the % cost that is incurred by Vedanta Power Limited from total volume and cost respectively. Production volume, Dispatch volume, RM supply quantity and development parameters are also kept in mind while assigning the marks. If the combined share is more than 20% then 35 marks are awarded, if the share is between 10 – 20%, 25 marks, if share is between 5 -10%, 15 marks and if share is less than 5 % then 5 marks are awarded.

### ***Criteria 2 – Spend***

This refers to the % of vendor spend that a particular Business Partner contributes from the total spend. If the combined share is more than 15% then 20 marks are awarded, if the share is between 5 – 15%, 15 marks, and if share is less than 5 % then 10 marks are awarded.

### ***Criteria 3 – Criticality of Domain***

This refers to the criticality of the Business Partner Function.

Operations (MDO, Refinery, Smelter, Power), Logistics, Raw Materials, OEM / Critical Spares, and consumables are considered highly critical, and 15 marks are awarded.

Security, HSE, CSR, Civil, Spares & Consumables and Capex are considered medium critical, and 10 marks are awarded.

Finance, Digital/IT, HR, Admin/Facilities/Catering, Consultancy and PR are low critical functions, and 5 marks are awarded.

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### **Criteria 4 – Sensitivity**

This refers to the sensitivity of the function in which the business partner is involved. It also includes sensitivity to price, payment terms, policies, etc.

Highly sensitive partners are awarded 15 marks, medium sensitive partners are awarded 10 marks and low sensitive partners are given 5 marks.

### **Criteria 5 – Non-Substitutability**

This refers to the availability of alternate vendors in the function that a particular Business Partner is working in. If there are no alternates available, 15 marks are awarded. In case 1-3 alternates are available, 10 marks are awarded and if there are more than 3 alternatives available, 5 marks are awarded.

### **3. Final Assessment**

After considering all the above parameters, the final scores are calculated.

- If the Partner has more than or equal to 80 marks, they are termed as Class A (highly critical) Business Partners.
- If the Partner has between 60 – 79 marks, they are termed as Class B (medium critical) Business Partners.
- If the Partner has less than 59 marks, they are termed as Class C (low critical) Business Partners.

Please contact the concerned Head Commercial if you have any questions about this Policy.



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