

# COMPLIANCE REPORT 2026

## 1. ABOUT US

SOVEREIGN METALS LIMITED (SML) is a Responsible business unit, Located at Ahmedabad, Gujarat and managing its affairs from RAJKOT, Gujarat.

We are precious metals refinery and into bullion trading business. We have started our journey from 2017, since then we have been awarded for our responsible efforts toward quality, transparency and sustainability that we follow in our operation of sourcing, refining and supply of precious metals in the Indian Market.

## 2. COMPLIANCE

### 2.1 Money Laundering, Terrorism Financing, Other Financial Offences

- SML operates in precious metal industry, considering the nature and risk involved we have defined policies and procedures in relation to Know Your Customer (KYC) and due diligence practices at time of onboarding of counterparty.
- We have appointed Compliance officer who reports to Risk Committee on compliance status on regular/need basis.
- Know Your Customer (KYC) and other compliance of Due Diligence is followed in line with OECD guidance
- Ongoing monitoring is carried out along with all stake holder.

### 2.2 Anti-Bribery and Facilitation Payment Policy:

- SML supports true and fair behavior and completely prohibits Bribery and facilitation payment across organization.
- SML has published precious metal policy and contact details on website to receive any grievance or complaints.

### 2.3 Ethical Sourcing of Precious metal Policy:

- SML screen its counterparties at onboarding stages by following KYC and Diligence process and identifies risk including sourcing risk from Conflict Affected High Risk Area.
- SML ensures all its supplies are screened for conflict free supplies.
- We have published the OECD based ethical sourcing policy and we are communicating our policies to all the supply chain partners and advising/encouraging them to adopt the same.

Step. 1. Establishing Strong Company Management Systems	
1.A Adopt and clearly communicate to suppliers and the public company policy for the supply chain of mineral originated from conflict affected and high-risk areas.	Our Responsible Precious Metal Policy is fully compliant with the model set out in the Annex II of the OECD due diligence guidance. This sets out in particular our responsibility to establish strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain and, to perform appropriate and risk based due diligence over our counterparties and precious metal supply chain

	The Policy is communicated to all our employees and publicly available on our website.
1. B Structure internal management system to support supply chain due diligence	SML has established strong internal risk assessment to ensure that all its supplies are conflict free and ethically sourced. We have defined KYC and due diligence process which ensures that we screen our counterparties at onboarding stage.
1.C Engagement with Suppliers	We believe in long term relationships based on trust and mutual recognition, and therefore, value and encourage such relationships. Our Agreement specifically refers to and includes our Responsible Precious Metal Policy. Where possible, we assist our precious metals supplying counterparties or prospects and encourage them to improve their responsible supply chain practices
1.E. Establishing company-level or industry wide grievance mechanism as an early warning risk-awareness system.	Grievance mechanism has been established and is part of precious metal policy which is published on the web site of
<b>Step. 2. Identify And Asses The Risk In The Supply Chain</b>	
2. Identify and assess the risks in the supply chain and asses risk of adverse impact	Supply chain due diligence following a risk-based approach is performed before entering into a business relationship and on an on-going basis with precious metals counterparty. All our counterparties and their ultimate beneficial owners are also screened at onboarding and during the course of the relationship against external databases.
<b>Step. 3. Reporting of Identified Risk In The Supply Chain</b>	
3.1. Report findings of the supply chain risk assessment to the designated senior management of the company	Senior Management revisits each year the decision as to whether to continue or not with business relationships categorised as high risk. Relationships considered as high risk are reviewed annually and submitted to Senior Management for validation.
3.2 Devise and adopt risk management Plan	Risk management plan is being devised in case there is identified risk if any.
3.3. Implement the risk management plan and monitor the performance of the risk mitigation efforts.	Compliance officer monitors the effectiveness of Mitigation actions taken on identified risk if any.
3.4 Internal Training	Regular trainings are carried out among all concerned employees.
3.5 Communication	Precious metal Policy is communicated to - and part of our commercial agreements with - all our precious metals counterparties. We also encourage our counterparties to further communicate our Policy to their employees and own supply chain actors.
<b>Step. 4. Optional Information on Step 4</b>	
4.1 RJC COP Audit done on & Done By	ISOQAR (India) Private Limited
4.2 Grievance and recommendation	Nothing reportable.
4.3. Area of concern & Remedial Measures	NIL

## 2.4 Social Compliance

- We conduct our operations with complete transparency, honesty, integrity, and openness and respect for the human rights and interests of our employees, and in compliance with all regulations and laws applicable to us.

- We respect all regulation for child labour, forced labour, non-discrimination, non-retaliation etc.
- All workmen rights are respected and adhere to freedom of association and collective bargaining regulations.
- SML is accredited with SA 8000:2014 which is social certification standard for organization across globe.

## 2.5 Health and Safety

- We are committed to providing safe working conditions to eliminate incidents/ accidents arising out of work activities. We recognize the fundamental right of every person to health and safety in work environment.
- All our staff is being trained in the manner required to adhere to these work practices and drills.
- The hazardous activity carried out are protected by all means and employee's health check-up is done at regular intervals.
- All workplaces are constructed to meet safety standards with local regulations.
- Health and safety committee compromised well balance of worker and management members.
- It is established for continual improvement of health and safety practices in the workplace and periodical health and safety risk assessment.

## 2.6 Human Rights

- We recognize and respect everyone's civil, economic and fundamental rights and fully comply with Labour norms and prevailing fair practices.
- The Company prohibits any form of sexually coercive, threatening, abusive or exploitative behaviour.
- Any reported incidents relating to direct or indirect physical, sexual, racial, religious, psychological, verbal, or any other form of harassment or abuse, or any other form of intimidation or degrading treatment is not tolerated by the company. POSH committee is formed to ensure such cases are reported to them and investigate the cases wherever observed.
- We do not employ child labour in our organization.

## 2.7 Environment Protection

- SML adheres with applicable environmental laws and regulations
- The impact of our operations on the environment are studied systematically and assessed for compliance with appropriately defined standards and reviewed periodically to mitigate or eliminate such impact.

## 3. SUSTAINABLE IMPROVEMENTS:

- We address our own environmental and societal responsibilities including climate change concern by following noble duty and Indian environmental laws in our operation.

**MR. VIRAL P. LODHIYA**  
**Managing Director**

Date : 20<sup>th</sup> April, 2026