



The Objective

The objective of this Policy is to procure quality precious metals in a cost-effective and timely manner so as to meet the operational requirements of Sovereign Metals Limited (“SML”), while remaining aligned with the Company’s business objectives and upholding the highest standards of ethics, integrity, and responsible sourcing.

Introduction

Sovereign Metals Limited (SML), incorporated in 2012, is engaged in the refining and production of precious metals and minerals. The Company strives to conduct its business in a profitable, lawful, and responsible manner, ensuring full compliance with all applicable laws, regulations, and internal policies.

SML is committed to ensuring that all precious metals procured by it originate from legitimate, ethical, and verified sources, and are not associated with criminal activities, armed conflict, or human rights abuses. It is the Company’s policy to engage only with reputable and law-abiding counterparties and to deny its products and services to any entity failing to meet these standards.

All employees and business partners, including miners and metal traders, are required to adhere to this Policy and uphold the same ethical values and standards that SML applies to its own operations.

Risk assessment, evaluation, monitoring, and control form an integral part of SML’s business culture. The Company is committed to combating systemic or widespread human rights abuses, avoiding any direct or indirect support to non-state armed groups or illegally operating security forces, and ensuring that its activities do not contribute to conflict. SML further maintains strict compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) requirements, avoids bribery and fraudulent misrepresentation of the origin of precious metals, and ensures adherence to all applicable United Nations sanctions and domestic laws.

These commitments are implemented through the establishment, maintenance, and continuous improvement of robust systems, processes, and internal controls.

SML acknowledges the inherent risks associated with the extraction, trading, handling, and export of minerals, particularly from conflict-affected and high-risk areas, and remains vigilant to avoid any direct or indirect involvement in illegal or unethical practices.

Our Policy

SML endeavors to maintain the highest standards of ethics in its procurement practices and to deal with all suppliers in a fair, transparent, and consistent manner.



The Company strictly prohibits and does not condone or facilitate any form of money laundering. Where SML identifies a reasonable risk of money laundering arising from or connected with the extraction, trade, transport, or export of minerals—particularly involving illegal taxation or extortion—it shall take appropriate steps, including discontinuation of business relationships where necessary. SML does not accept cash transactions or direct cash deposits; all payments must be made through recognized banking channels or approved financial modes.

SML ensures that all taxes, duties, fees, and royalties related to mineral extraction, trade, and export are duly paid to the appropriate authorities. Where required, SML commits to disclosing such payments in accordance with applicable regulations and international guidelines.

The Company requires all suppliers to provide appropriate undertakings confirming that the materials supplied are free from legal encumbrances and that the supplier has clear and lawful title to such materials.

While safeguarding its commercial interests, SML seeks to establish and maintain long-term, mutually beneficial, and ethical relationships with its suppliers.

Definitions

For the purpose of this Policy:

AML-CFT refers to Anti-Money Laundering and Combating the Financing of Terrorism. Contribution to Conflict refers to any form of support to armed aggression involving governments, militias, organized criminal groups, or terrorist organizations that leads to human rights abuses.

Money Laundering refers to the process of concealing or disguising the origin of proceeds derived from criminal activities in order to make them appear legitimate.

Gold Origin refers, in the case of mined gold, to the location of the mine, and in the case of recycled gold, to the point in the supply chain where the material is first delivered to the refiner.

Gold-Supplying Counterparty refers to any entity directly supplying gold to a refinery, including its affiliates, subsidiaries, or related entities.

Human Rights shall have the meaning assigned under the International Bill of Human Rights, including the Universal Declaration of Human Rights and related covenants.

Mined Gold refers to gold extracted directly from mining operations, whether large-scale or artisanal, and which has not yet been fully refined.



Recycled Gold refers to gold recovered from end-users, scrap, industrial waste, or by-products of other refining processes.

Politically Exposed Persons (PEPs) refer to individuals entrusted with prominent public functions, whether domestic or international, including senior political, governmental, judicial, or military officials.

ASM refers to Artisanal and Small-Scale Mining operations.

Detailed Procedure and Understanding

Mined gold refers to gold extracted from the earth through various mining processes such as open-pit, underground, or placer mining. The process involves extraction of ore, followed by crushing, grinding, and chemical processing to separate gold, typically resulting in the production of dore bars for ease of transportation and handling.

SML ensures that its supply chain partners facilitate the lawful and transparent movement of gold from its origin to aggregation points without bypassing any applicable local laws, including those related to taxes, duties, and royalties. The Company also ensures that at no stage is the material associated with armed groups, illegal operators, or non-compliant processing entities.

SML Commitment for Ethical Sourcing

While sourcing from conflict-affected and high-risk areas, SML adopts a zero-tolerance approach towards any form of human rights abuse. The Company will neither tolerate nor profit from, contribute to, assist with, or facilitate any acts of torture, forced labour, child labour, sexual violence, or other serious violations of human rights or international humanitarian law.

SML will immediately suspend or terminate its relationship with any supplier where there is a reasonable risk of involvement in such abuses.

The Company strictly prohibits any direct or indirect support to non-state armed groups, including through procurement, payments, or provision of logistical support. This includes situations where such groups illegally control mining sites, transportation routes, or trade points, or engage in extortion or taxation.

Similarly, SML does not support any public or private security forces that engage in illegal activities such as extortion or unlawful control of mining operations or transport routes. Where security forces are engaged, their role must be limited to maintaining law and order, protecting personnel and assets, and must comply with internationally recognized standards, including the Voluntary Principles on Security and Human Rights.



SML refuses to source precious metals from illegal mining operations or from counterparties that fail to comply with applicable laws, environmental standards, or ethical practices. The Company ensures compliance with all applicable United Nations sanctions and refrains from any activity that may contribute to conflict financing.

Due Diligence

SML has established a robust due diligence framework aligned with OECD Due Diligence Guidance and LBMA Responsible Gold Guidance. The Company undertakes comprehensive verification processes to ensure that all sourced materials are free from association with conflict, human rights abuses, or illegal activities.

This includes thorough KYC procedures, transaction monitoring, and maintenance of records relating to counterparties and transactions. A dedicated operations and compliance team reviews all new counterparties and transactions, and any discrepancies or risks are escalated to Compliance Committee/senior management for appropriate action.

SML maintains a zero-tolerance approach towards sourcing from World Heritage Sites, sanctioned entities, or counterparties involved in money laundering, fraud, terrorism, or human rights abuses.

Environmental, social, and governance (ESG) factors are also integrated into the due diligence process, and SML avoids sourcing from operations that violate environmental laws, compromise worker safety, or involve child labour or hazardous practices such as mercury misuse.

The Company conducts detailed background checks and obtains declarations from counterparties regarding the origin, ownership, and compliance status of the materials supplied.

SML also promotes responsible sourcing practices across the supply chain by engaging with suppliers, including ASM operators, and encouraging continuous improvement in their compliance standards.

Responsibility, Training, Accountability and Traceability

SML assigns responsibility to all employees to ensure strict adherence to this Policy. Regular training programs are conducted to enhance awareness and ensure compliance with due diligence requirements.

The Company maintains comprehensive records of all transactions for a minimum period of five years and has established systems to ensure traceability across the supply chain.



A designated Compliance Officer is responsible for overseeing the implementation of this Policy and monitoring due diligence activities.

KYC – Know Your Counterparty

SML conducts detailed KYC of all counterparties using reliable and independent sources.

This includes verification of business registration, ownership structure, management details, licenses, tax registrations, and compliance policies.

Suppliers are categorized based on risk factors such as geographic location, nature of business, and material origin. Enhanced due diligence measures, including site visits and independent verification, are applied for high-risk counterparties.

Re-KYC is conducted periodically based on the risk classification, annually for high-risk suppliers and every 2 years for low-risk suppliers.

Risk Identification, Reporting and Mitigation

All identified risks are reported to the Head of Compliance Committee or Management for evaluation and appropriate action. SML reserves the right to discontinue relationships with any counterparty where risks cannot be adequately mitigated.

In cases of suspicion, the Company may terminate business relationships at its discretion without obligation to provide reasons.

Grievance Mechanism

SML maintains a confidential and transparent grievance mechanism through the email address: grievance@sovereignmetals.in.

This mechanism is accessible to employees, suppliers, and other stakeholders to report concerns without fear of retaliation. All grievances are reviewed by the Compliance Department and reported periodically to the Board.

Disclosure and Awareness

This Policy shall be made publicly available along with relevant compliance disclosures, in accordance with applicable LBMA requirements.

Other Guidelines

SML promotes fair and transparent procurement practices, ensures equal opportunity for suppliers, and adopts environmentally responsible sourcing methods. The Company strictly prohibits bribery or acceptance of improper benefits in any form and requires all contractual relationships to be formally documented.



Change Control

UPDATED BY	DATE OF UPDATE	KEY CHANGES MADE	VERSION
JAY RATHOD	17-04-2023	Supply Chain and Business Practice Policy	V.1
JAY RATHOD	25-04-2024	Re-draft	V.2
JAY RATHOD	25-04-2025	Annual Revision and Changes made as per RGG 9 LBMA.	V.3

For SOVEREIGN METALS LIMITED

VIRAL P. LODHYA
MANAGING DIRECTOR