STONEX METALS LTD

Responsible Supply Chain Policy

Version 1
September 2024

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Version 1.0	*September 2024*	*September 2024*

Contents

1 Responsible Supply Chain Policy

1.1 Introductory Scope

This Policy provides framework for support of worldwide efforts and active cooperation with stakeholders to ensure that precious metals come from legitimate, ethical sources, and that they have not been associated with crime, armed conflict or human rights abuse. It is our firm conviction and policy to refuse any business proposal which might be connected with any illegitimate activity.

StoneX Metals Ltd ("SML") supply chain due diligence and commitment, policies and practices, are consistent with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas and the LBMA Responsible Silver Guidance.

We employ this policy by having implemented a program of strict due diligence procedures, with our commitment to conduct our activities and business:

- With Honesty and transparency;
- To not support fraud, corruption or any other illegal activity;
- Maintaining high moral, ethical and social standards;
- Cultivating proper business relationships with all counterparts; upstream and downstream;
- Seeking good and transparent relations with governmental and non-governmental organisations; Having fair and responsible relations with employees and all other stakeholders.
- To build and continually improve our due diligence practices across each of the key areas

1.2 Organisation and Responsibilities

SML internal management system will collect and maintain documentation regarding the sources of Mined or Recycled Silver, or any other feedstock within the scope of the LBMA Responsible Silver Guidance ("the Guidance"), in order to mitigate the risks that we do not finance conflict, have not participated in abuse of human rights or money laundering, nor financed terrorism at any point in the supply chain. The general outline of a best practice for such a structure is as follows:

- SML will assign authority and responsibility to Senior Management with the necessary competence knowledge and experience to oversee the supply chain due diligence process;

- SML will ensure availability of resources necessary to support the operation and monitoring of these processes;

- SML have put in place an organisational structure and communication processes that will ensure critical information, including the company policy, reaches relevant employees and Silver-supplying counterparts;

• SML will ensure internal accountability with respect to the implementation of the responsible silver supply chain due diligence process;

• Senior Management retains the ultimate control and responsibility for the silver supply chain. Senior Management will carefully select and supervise the Compliance Officer and give them the necessary means to perform their duty.

• Senior Management will approve each new supply chain assessed as high-risk and will revisit each year the decision whether to continue with these business relationships or not.

• Senior management will review the effectiveness and performance of our supply chain due diligence procedures annually and document the results of these reviews, any corrective action will be implemented via a corrective action plan.

• SML have established strong internal system of due diligence, controls and transparency over silver supply chains, including traceability and identification of other supply chain actors.

2 Our commitments

2.1 Introductory Scope

SML implements this policy through an effective and comprehensive management system which is based on strong local and international KYC due diligence practices and reference “Annex II OECD model for a responsible global supply chain of minerals from conflict-Affected or high-risk areas (Annex II)” in order to identify our upstream and downstream partners and, if necessary, even our partners’ partner. In that regard, we are strongly committed:

2.2 Commitments

2.2.1 Commitment #1 (Annex II)

Not to tolerate nor profit from, contribute to, assist or facilitate the commission of:

- Torture, cruel, inhuman and degrading treatment;
- Forced or compulsory labour;
- The worst forms of child labour;
- Human rights violations and abuses; and
- Genocide, war crimes, violations of international humanitarian law or crimes against humanity.

2.2.2 Commitment #2 (ref Annex II)

Not to engage with, and to immediately discontinue engagement with, customers or upstream suppliers where we identify a reasonable risk that they are committing, or are sourcing from or linked to, any party committing abuses described above, or any other illegal party

2.2.3 Commitment #3 (ref Annex II)
Not to tolerate direct or indirect support to non-state armed groups, including, but not limited to, producing precious metals from, making payments to or otherwise providing assistance or equipment for, non-state armed groups and / or their affiliates who illegally:

- Illegally control mine or refining sites, transportation routes, precious metals trade or any other factors in the supply chain; and / or
- Illegally tax or extort money or precious metals at mine sites, along transportation routes or at points where they are traded, or from intermediaries, extort companies or international traders.

2.2.4 Commitment #4 (ref Annex II)
Not to engage with, and immediately to discontinue engagement with, any upstream business opportunity or upstream business partner where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as described above.

2.2.5 Commitment #5 (ref Annex II)
Not to tolerate direct or indirect support to public or private security forces who illegally:

- Control mine or refining sites, transportation routes or upstream actors in the supply chain; and / or
- Tax or extort money or minerals at points of access to mine sites along transportation routes, or at points where they are traded, or from intermediaries.

2.2.6 Commitment #6 (ref Annex II)
To support efforts to engage with public or private security forces in accordance with the Voluntary Principles on Security and Human Rights, recognising that the role of such security forces at the mine sites and /or surrounding areas and / or along transportation routes should be solely to maintain the rule of law.

2.2.7 Commitment #7 (ref Annex II)
To support efforts to engage with local authorities, international organisations and civil society organisations to avoid the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public of private, on mine sites.

2.2.8 Commitment #8 (ref Annex II)
To adopt a risk management plan with upstream suppliers & other stakeholders to prevent or mitigate the risk of direct or indirect support to non-state armed groups, public or private security forces which illegally control mine or refining sites, traders, other intermediaries, transport routes through the supply chains or illegally tax or extort money or minerals through the supply chain as noted by the UN Office of the High Commission on Human Rights.

2.2.9 Commitment #9 (ref Annex II)
To suspend, or discontinue, engagement with upstream suppliers that support public, or private, security forces for illegal activities, if the attempts at mitigation fail within six months from the adoption of the mitigation measures.

2.2.10 Commitment #10 (ref Annex II)
Not to offer, promise, give or demand bribes or kickbacks in any form to / from individuals, including government officials, customers, contractors and suppliers or any other organisation.

2.2.11 Commitment #11 (ref Annex II)
Not to misrepresent taxes, fees and royalties paid to governments for the purposes of extraction, refining, trade, handling, transport & export of Silver. Likewise, we will not conceal the origin of precious metals

2.2.12 Commitment #12 (ref Annex II)
To support efforts, and contribute to the avoidance & disclosure of money-laundering and financing of terrorism, tax evasion or tax fraud resulting from, or connected to, the supply and distribution chain of Silver

2.2.13 Commitment #13 (ref Annex II)
To cooperate fully and transparently with government authorities and provide full access to records and information as appropriate

2.2.14 Commitment #14 (ref Annex II)
Strengthen company engagement with Silver-supplying counterparts and, where possible, assist Silver-supplying counterparts in building due diligence capacities

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

3 Supply Chain Traceability System

SML has established a supply chain traceability system that collects and maintains supply chain information for each lot refined, including assigning a unique reference number to each input and output in a manner that tampering or removal will be evident. Such information should include:

- Type of Silver received (Mined or Recycled);
- Weight and assay (declared and processed);
- Reference to the Silver supplying counterpart due diligence file;
- Date of arrival at the refinery and date of finalisation of the refining process

4 Ongoing Monitoring of Transactions

SML will conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship so as to ensure that the transactions are consistent with the our knowledge of the supply chain and risk profile. Monitoring of transactions is undertaken by applying a risk-based approach.

In this context, SML will receive and document the following information for each lot received:

For Mined Silver (if applicable):
Estimated weights and assay results (from counterpart);
Shipping / transportation documents (waybill / airway bill, pro-forma invoice, if applicable); or Export and import form for high-risk transaction, if applicable.

For Recycled Silver:
Estimated weight (from counterpart); Shipping/transportation documents (waybill/airway bill, pro-forma invoice, if applicable);
Export and import form for high-risk transaction (if applicable);
SML will verify that the documents and materials are consistent with each other and with its knowledge of the supply chain based on the due diligence performed;
SML will verify that the shipment received is in conformance with the shipping/transportation documents.;

The background of transactions which are not consistent or are in any way suspicious should be examined and the findings established in writing and reported to Compliance Officer/Senior Management.
The Silver must be physically segregated and secured until the inconsistencies are resolved. These findings will be reported to the appropriate authorities as applicable.

5 Maintaining Records

SML maintains adequate records of the supply chain documentation, these records are maintained for at least five years following the end of the fiscal year. (April-March)

Records kept:

- Customer KYC information
- Customer Transaction History
- Training
- Internal and External SARs
- Internal Audits and Business Level Risk Assessments
- Financial Crime Management Information
- Annual Public Supply Chain Due Diligence Report

- LBMA Responsible Sourcing Audits

6 Training

SML perform annual & ad hoc training with relevant employees and partners, encouraging them to raise any suspicious relation and /or transaction to direct line management and / or the compliance/Senior Management.
We require our employees, agents, consultants, and business partners to comply with our policy, and will, wherever possible, enforce it with appropriate measures, up to and including termination of, employment or contracts.
Relevant employees will undertake annual Anti-Money Laundering and Counter Terrorist Financing on-line training, passing of this training is recorded on the employees training file along with additional knowledge of and understanding of ad-hoc and red flag training, including reading and acknowledging to act within the LBMA Global Precious Metals Code.
All training is undertaken by new relevant employees during their induction and probationary process and new personal training file opened.

7 Recognition of Other Certifications to Demonstrate Compliance with the LBMA Due Diligence requirements

The following certificates may be used by SML to assist in demonstrating compliance with the requirements of the Guidance:

- Mined and /or Recycled Silver bearing material for which a Responsible Jewellery Council (RJC) Chain of Custody Transfer Document has been issued by a RJC certified Entity; or
- Mined Silver-bearing material where a Management Statement of Conformance document is issued which accompanies the Silver shipments or Silver shipments over a period of time.

8 Due Diligence for the Supply Chain

8.1 Relevant Factors

SML obtain identification and Due Diligence information on all actors in the supply chain, including, but not limited to:

- Silver producers;
- Intermediaries;
- Traders;
- Aggregators;
- Scrap Suppliers;
- industrial Waste Suppliers;
- Silver traders; Exporters and re-exporters; and
- Third party service providers handling the Silver (e.g. logistics, processors, security services and transportation companies).

8.2 Identification of the Relevant Actors

The identification of the above should comprise of the following measures (on a risk-based approach):

- the identification of the ownership (including beneficial ownership) of the companies and corporate structure, including the names of corporate officers and directors;
- checking of all relevant persons for Politically Exposed Persons (PEP's) via third party search,
- the identification of the related businesses, subsidiaries, parents, affiliates;
- the verification of the identity of the companies using reliable, independent source documents, data or information (e.g. business registers extract, certificate of incorporation);
- Obtaining business and financial details with regard to the Silver-supplying counterpart, and
- information on the purpose and intended nature of the business relationship;
- Checking government watch list information (e.g., UN sanctions lists, OFAC Specially Designated Nationals Lists, World-Check search, OFSI list); and
- The identification of any affiliation of the company with the government, political parties, military, criminal networks or non-state armed groups, including any reported instances of affiliation with non-state armed groups and / or public or private security forces

8.3 Due Diligence for Types of Suppliers

Metal sourced from suppliers varies in volume, form & risk. Based on these factors, suitable models for Due Diligence have been designed. The categorised supplier types that STONEX deal with are as follows:

- Retail Recycled Sources;
- Industrial Scrap Suppliers.
- Banks
- Traders
- Intermediaries
- Mines

9 Site visits

In the interest of effective customer profiling, ensuring adherence to STONEX Policies & Procedures, routine site visits will be conducted, in line with Annex II of the OECD's Responsible Supply Chains Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Guidance, we conduct two types of site visits, each with unique questionnaires – where materials are either Mined or Recycled.
All new customers will incur such a site visit dependent on the outcome of the Supply Chain Risk Rating, either occurring Yearly (High Risk), 3 Yearly (Medium Risk) or every 5 years (Low Risk).
All completed Site Visit Reports are signed and filed within the appropriate account's file for future on-going monitoring reference.

9.1 Recycled visits

The Site Visit Report for those supplying Recycled material covers several topics, based on the LBMA's Site Visit Report for recycled material template. Said report includes in-depth questioning of the following topics:

- Customer Details;
- Business Activity;
- Origin of Metal and Sourcing;
- Regulatory Environment;
- Due Diligence Procedures;
- Workers;
- Security;
- Health & Safety;
- Refining and /or Manufacturing Installations; and
- An overall Relationship Manager Assessment

9.2 Mine visits (If applicable)

The Site Visit Report for mined material template those supplying Mined material covers several topics, based on the LBMA's Site Visit Report template. Said report includes in-depth questioning of the following topics:

- Customer Details;
- Permits;
- Miners;
- Health and Safety;
- Silver Extraction and Processing Methods;
- Artisanal Mining Next to the Mine Site;
- Community;
- Conflict Area and Security;
- Transportation; and
- An overall Relationship Manager Assessment.

9.3 Strengthen Company Engagement with Silver supplying counterparts

SML will attempt to build long-term relationships based on trust and mutual recognition with their suppliers.

We will encourage Silver-supplying counterparts to commit to, and acknowledge in writing their compliance with, a supply chain policy consistent with Annex II of the OECD Due Diligence Guidance Model Policy for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for all interactions with SML.

Where appropriate, SML will define a process to promote responsible sourcing practices throughout the supply chain and assist silver supplying counterparts or prospects in improving their responsible supply chain practices. For example, SML can communicate their expectation and provide guidance or share practices during on-site visits to help counterparts improve their practices.

SML should support the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI).

10 Supply Chain Risk Rating

10.1 Identifying Risks in the Silver Supply Chain

SML identifies in accordance with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Guidance, the following risks associated with the supply chain from the point of origin to the Refinery regarding:

- Systematic or widespread human rights abuses associated with the extraction, transport or trade of Silver, including worst forms of child labour, any forms of torture, inhuman and degrading treatments, widespread sexual violence or other gross human rights violation forced or compulsory labour, war crimes, crimes against humanity or genocide;

- Direct or indirect support to illegitimate non-state armed groups, public or private security forces which illegally control mines sites, traders, others intermediaries, transport routes through the supply chains or illegally tax or extort money or minerals through the supply chains;
- Bribery and fraudulent misrepresentation of the origin of Silver;
- Non-compliance with taxes, fees and royalties due to Governments related to mineral extraction, trade and export from conflict affected and high-risk areas;
- Money laundering or terrorism financing;
- Contribution to conflict.

10.2 Supply Chain Due Diligence

In order to map the supply chain and assess the risks effectively, SML performs supply chain due diligence following a risk-based approach before entering into a business relationship with any Silver- supplying counterpart and ongoing monitoring. The assessment of risk in a supply chain begins with the origin of Silver (including Recycled Silver).
As a minimum supply chain due diligence measure will comprise the following:

- Identifying the Silver-supplying counterpart and verifying its identity using reliable, independent source documents, data or information;
- Identifying the beneficial owner(s) of the Silver-supplying counterpart;
- Checking that the Silver-supplying counterpart and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists;
- Obtaining business and financial details with regard to the Silver-supplying counterpart, and
- Information on the purpose and intended nature of the business relationship;

For Mined Silver from Large/Medium Scale and Base metal Mining:

- Identifying the origin of the silver based on reasonable and good faith efforts; Obtaining mining license for mining operations located in conflict affected or human right abuse high-risk areas, if applicable;
- Obtaining import / export silver license for silver supplying counterpart located in conflict affected or human right abuse high-risk areas, if applicable;
- Collecting and assessing mining practice;
- Obtaining data on mining capacity, if available.
- For Recycled Silver, collecting and assessing the Recycled Silver-supplying counterpart's AM-LCFT policy and practices, if applicable;
- Conducting ongoing due diligence on the silver supply chain.

SML applies each (but not limited to) of the supply chain due diligence measures described above but determines the extent of such measures on a risk-sensitivity basis depending on the type of company, business relationship, transaction type, location of the company or transit zone.

For higher-risk categories, an enhanced due diligence is be performed and the following additional steps (but not limited to) are required:

- On-site investigation / visit (mining sites for Mined Silver and Silver supplying counterpart office for Recycled Silver) for high-risk supply, aimed at substantiating the documentary supply chain due diligence findings, which should be conducted within the first year of the business relationship;
- For Silver from Large / Medium Scale and Base metal Mining: The verification of the identity using reliable, independent source documents, data or information and the

checking of government watch list information should be done for each company involved in the chain located in conflict affected or human right abuse high-risk areas from the mine to the refinery (including silver producers, refiners, intermediaries, Silver traders and exporters, and transporters);
- For Recycled Silver: The verification of the identity using reliable, independent source documents, data or information and the checking of government watch list information should be done for each company involved in the chain located in conflict affected or human right abuse high-risk areas from the Silver-supplying counterpart to the refinery (including transporters

10.3 High Risk Supply Chains

SML determines criteria to define high-risk supply chains.

The following minimum criteria shall be considered high-risk and trigger enhanced due diligence:
- The Mined Silver is claimed to be originated from a country that has limited known reserves, likely resources or expected production levels of Silver;
- The Recycled Silver comes from a country where Silver from conflict-affected and human rights abuse high-risk areas are known, or reasonably suspected, to transit;
- Silver-supplying counterpart or other known upstream companies are located in a country representing high-risk for money laundering;
- Silver-supplying counterpart or other known upstream companies or their beneficial owners with significant influence over the Silver-supplying counterpart are PEPs;
- Silver-supplying counterpart or other known upstream companies are
- active in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, sects and their leaders.

(These criteria are considered utilising the LBMA Supply Chain Score sheet and SML Supply Chain Risk rating)

10.4 SML Supply Chain Risk Rating

This requires completion when effectively assessing the risks involved in regards to new and ongoing monitoring of existing suppliers. When completing the Rating Matrix, information collected during the Account Opening Stage, along with any changes upon re-assessments done on a risk-based approach basis, will be assessed against the factors laid out below:

- Length of Relationship;
- Type of Material;
- Settlement Method;
- Supplier Relationship;
- Quantity Supplied (per annum);
- Mine Size; (if applicable)
- Heidelberg Conflict Barometer;
- Transparency International’s Corruption Perception Index;
- Dodd-Frank Listed Country;
- LBMA Supply Chain Score;

- Sanctions;
- On-Site Visitation;
- Money laundering and Terrorist Financing risks; and
- Social & Environmental Guidance;
- Transportation Risks;
- Conflict of interest, with Annex II of OECD model supply chain policy for a global supply chain of minerals from high risk or conflict affected areas;
- EU CAHRA listed country.

Each factor on the matrix possesses multiple choices, with a specific overall score awarded at the end. Dependent on the final score, taking an average of all other scores, the Supplier Relationship will either be deemed Low Risk, Medium Risk or High Risk. Planned reviews occur on either a 5-Yearly (Low Risk), 3-Yearly (Medium) or Yearly (High Risk) basis.

10.4.1 Length of Relationship
When evaluating risk, new Suppliers invariably pose the highest risk due to lack of trading knowledge with SML. Maintaining an extended relationship allows for more effective profiling and understanding of the Supplier, mitigating the risk based on evidenced and observed activity.

10.4.2 Type of Material
When evaluating risk, mined material is considered the highest due to the environmental impact paired with the less regulated nature of ASM sites that may be attracted. Alluvial attracting ASMs more frequently, but mitigating the environmental impact, procures moderate risk, whereas recycled Silver ensures the lowest risk in the supply chain due to the regulatory chains already traversed from source.

10.4.3 Settlement Method
When evaluating risk, cash payments bring with its considerable inherent risk due to money laundering potential from possibly untraceable and unexplained wealth. As a result, the expected form of payment would be that of Bank Transfer, providing lower risk.
SML accept no cash payments only via official banking channels.

10.4.4 Supplier Relationship
When evaluating risk, dealing with a supplier through an intermediary poses the highest risk. This is due to the indirect line of contact with location being sourced from. An aggregator or Trader possesses lesser, but noticeable risk, due to again not dealing directly with the suppliers itself, though in most cases through a local overseer, normally, incorporating multiple recycling sites. Consequently, direct relationships allow the least risk to be exposed.

10.4.5 Amount Supplied (per annum)
When evaluating risk, the highest stems from those providing larger volume into the supply chain, providing more potential for corruption and enabling of illicit activities. The less volume being processed, naturally reduces such risk.

10.4.6 Mine Size (if applicable)
When evaluating risk, ASM sites pose the greatest concern due to lack of regulatory adherence and formalisation. MSM sites are deemed moderate risk, invariably in the process of formalisation,

with regulatory requirements being implemented alongside increased production. With the most regulation having been applied, LSM are rating accordingly as the lowest risk.

10.4.7 Heidelberg Conflict Barometer Score

When evaluating risk, locations of suppliers residing within specific countries are taken into account with the Heidelberg Conflict Barometer. Those experiencing Limited to outright War pose the highest risk, whereas those experiencing violent crises are of considerable risk, but those experiencing non-violent crisis' and /or disputes are considered the least in terms of risk evaluation.
Source: https://hiik.de/conflict-barometer/current-version/?lang=en

10.4.8 Transparency International's Corruption Perception Index Rating

When evaluating risk, locations of suppliers residing within specific countries are taken into account with the Corruption Perception Index. The upper tier of governmental corruption (70 – 100), considered the least corrupt from Transparency International's report, are deemed low risk. Those with a score residing within the medium tier (30 – 70) are noted for their moderate levels of corruption, whereas those with a low score (0 – 30) are considered as a high risk.
Source: https://www.transparency.org/en/cpi/2023

10.4.9 Dodd-Frank Listed Countries

When evaluating risk, locations of suppliers residing within specific countries are taken into account with the Dodd-Frank Act, Section 1502, consisting of the DRC and neighboring countries. Those within said collection are deemed the highest risk based on the aforementioned Act.
The basis for risk within said countries is due to concerns of fueling some of the world's most brutal conflicts & the weakening of already fragile states.
Source: Conflict Affected and High-Risk Areas (CAHRAs) (responsiblemineralsinitiative.org)

10.4.10 LBMA Supply Chain Assessment Score

When evaluating risk, the completed LBMA Supply Chain Assessment form values the Supplier accordingly, with either the high-risk criteria being met, or not. This evaluation verifies where metal originates from, transits through or if involved parties include PEPs, high risk businesses or money laundering and corruption.
Source:https://cdn.lbma.org.uk/downloads/responsible-sourcing/LBMA_Supply_Chain_Assessment_Form_January_2018.pdf

If high risk criteria is met on the LBMA supply chain assessment this will automatically report a high risk score on the rating matrix and enhanced due diligence will be implemented.

10.4.11 Sanctions

When evaluating risk, locations of suppliers residing within specified countries are taken into account with the sanctions applied from, but not limited to, OFAC / US, OFSI / UK, the EU and the UN. Those with considerable sanctions in force are deemed that of high risk, with those possessing a moderate number of sanctions receiving an appropriate score. Those with little to no sanctions incur low risk.

10.4.12 On-Site Visit

When evaluating risk, completed visitations to the Supplier denote low risk, whereas those unvisited non-high risk pose moderate risk those noted as high risk procure highest ranking (LBMA Supply chain assessment score sheet). Once completed, a much more in-depth and personally verifiable structure of the supplier is able to be documented and assessed.

10.4.13 Money Laundering (M/L) and Terrorist Financing (T/F) risk.

When evaluating M/L & T/F risk, locations of suppliers residing within specific countries are taken into account. Those within the UK / EU / EEA are deemed low risk, with members of FATF and those in compliance with FATF-Style Regional Bodies deemed moderate risk. Those outside of the previously outlined acquire the highest risk due to lacking M/L and T/F regulatory regimes being adhered to.

Source: http://www.fatf-gafi.org/about/membersandobservers/

10.4.14 Responsible Silver Social and Environmental Guidance

When evaluating risk, how the operation of mineral extraction, refining and suppliers is conducted varies. Although LBMA's Responsible Silver Guidance is due to cover such topics in the near future, the lowest risk comes from those countries formally aligned with the International Cyanide Management Code, Minamata Convention on Mercury or those utilising Placer Mining (Concentration Methods). Those not adhering, are considered moderate risk if appropriate use of Tailings is utilised, avoiding contamination and destabilisation of eco systems – especially locations away from water sources and within hot climates. Those using mercury or not displaying effective systems to mitigate environmental damage, especially locations within cold climates or near main water sources, are deemed that of high risk.

10.4.15 Transportation Risk.

When evaluating transportation risk the following criteria is to obtain transparency of the transportation of material, location of the origin of the material to be supplied, the transportation routes used, if material is weighed on arrival at SML or off site weigh bridge (additional risk analysis completed on external weigh bridge(s) , supplies outside UK are flown or driven via Channel Tunnel or Ferried, cross check of pre determined weight of material leaving source and weight on arrival at SML or Weighbridge.

In addition, SML shall undertake analysis on all suppliers, Risks in the supply chain of Minerals from Conflict Affected or High Risk areas in line with Annex II of the OECD's Responsible Supply Chains Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Source: https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264185050-en

If high risk criteria are met for transportation risk assessment this will automatically report a high-risk score on the risk matrix.

10.4.16 EU CAHRA listed countries

When evaluating risk, locations of suppliers residing within specific countries are taken into account with the EU CAHRA listed countries. Those within said collection are deemed the highest risk based on the aforementioned Act.

The basis for risk within said countries is due to concerns of fueling some of the world's most brutal conflicts & the weakening of already fragile states.

Source: CAHRAs (cahraslist.net)

If high risk criteria are met for transportation risk assessment this will automatically report a high-risk score on the risk matrix.

10.4.17 Conflict with: Annex II model supply chain policy for a responsible global supply chain of minerals from conflict-affected and high-risk areas.
Annex II outlines clearly recognizing risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected or high-risk areas, SML shall undertake analysis on all suppliers, Risks in the supply chain of Minerals from Conflict Affected or High Risk areas in line with Annex II of the OECD's Responsible Supply Chains Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas.

If high risk criteria are met for transportation risk assessment this will automatically report a high-risk score on the risk matrix.

11 Supply Chain Grievances and Whistleblowing Policy

11.1 Introductory Scope

This Policy provides framework for receiving, investigating and responding to grievances, promoting mutual confidence and trust with all relevant parties. Its application relates to collective and individual grievances/complaints. Those raised are inclusive of both external and internal allegations. All evidenced grievances/complaints shall be investigated.

11.2 Incident Report Guidance

Any whistleblower wishing to raise a complaint / grievance must adhere to the following reporting guidance that provides information on how to report an incident to facilitate its resolution.

11.3 Definition of Malpractice

This Policy encourages the reporting of any abuses, risks and / or behaviour that does not comply with the authorities, or Company Regulations, including but not limited to, the following:

- Corruption/Bribery
- Fraud
- Property Damage/Theft
- Employee Misconduct
- Health & Safety Violation.
- Inadequate Working Conditions
- Inadequate Security (People, Metal, Property). Environmental Impacts
- Child Labou.

- Human Rights Violations

11.4 Anonymity

The whistleblower does not need to be named if anonymity is necessary for privacy / protection. However, information and evidence needs to reach a satisfactory level to substantiate any claim.

11.5 Evidence

Information provided must include, whenever possible / applicable:

- Name(s) of affected person, community and / or organisation;
- Factual description;
- Witnesses;
- Date;
- Time;
- Location; and
- Identity of buyers of minerals from the stated location.

Insufficient information may hinder any prevalent investigations, providing as much information as possible is strongly advised.

11.6 Stakeholder Intelligence

Information as to those informed about the grievance / complaint, other than SML, needs to be relayed. Stating who was informed, with contact details (e-mail address, phone number, postal address, etc.) and all correspondence had with them. These may include those from the below list:

- Local/Provincial / National Authority Non-Governmental Organisations Lawyers
- Members of Parliament
- Media
- Other (Please specify)

11.7 NGO Reports

When informing SML of incidents pertaining to the Supply Chain in which we are associated with, include clear research methodology highlighting your educational and professional experiences, precise locations as to where the research was conducted and include those of which who were interviewed. Also ensure accurate referencing to all sources with correct and accurate dates. Sources need to avoid being concentrated, as to avoid weakly supported reports. Should confidentiality of sources be of concern, an appropriate system to mask, but still link them, should be adopted. Victim viewpoints should be included wherever possible, ensuring protection of all vulnerable interviewees in the process. Lastly, it’s vital that information generating a link to the actors within the supply chain need to be established to aid in such reports, specifying where the incident took place, or who the trader/exporters were, or if any actors were members of a cooperative (with specifics to which one), etc.

11.8 Internal Reporting

Internal grievances / complaints are to be reported to their relevant manager. Should the individual(s) not find it possible / appropriate, grievances / complaints can be filed through the formal whistleblowing process detailed within Section 11.9.

11.9 Formal Reporting

Any whistleblower may make written or electronic disclosures via the following means:
· The dedicated mailbox: Compliance.SML@StoneX.com
· Postal disclosures may be posted to:

StoneX Metals Ltd
Data Protection Officer
Argentor House,
Oldbury Road,
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11.10 Assimilation Management

The Compliance Department is responsible for processing all incoming communications and of keeping Senior Management informed about newly identified risks and / or concerns.

Dependent on the complaint, appropriate Senior Management / departments will be assigned to determine appropriate action for its resolution and for the engagement process with the interested parties.
Assignments will be made according to the type of complaints as follows:

- Commercial Issues: Head of Sales
- Sourcing Issues: Head of Sales and Compliance Department
- Civil society & NGOs: Compliance Department and Directors
- Authorities/Associations: Compliance Department and Directors
- Internal stakeholders: HR, Compliance Department and Directors

10.11 Report Processing

10.11.1 Step 1: First Contact
Within two weeks, an initial acknowledgement of receipt and explanation to the proceeding actions will be provided to the relevant parties, also including timeframes within which the relevant parties can expect the complaint / grievance to be reviewed,

10.11.2 Step 2: Analysis
Within the indicated timeframe, an assessment will be made whilst taking into consideration the relevancy to this policy, the type of complaint / grievance, and whether the evidence provided establishes a foundation or not. Consequently, SML will notify the relevant party as to the timeframe governing its resolution.

10.11.3 Step 3: Resolution
Within an acceptable period of time, any updates pertaining to the timeframe governing its resolution, or closures / resolution of the complaint / grievance, will be provided to all relevant parties.

10.11.4 Data Collection
SML will ensure that all communication is recorded appropriately and tracked through to its closure / resolution. This information will include the:

- Senior Management / department(s);
- Registration date;
- Status – Open (Founded), Rejected (Unfounded) & Closed (Concluded)

10.12 Definitions

Whistleblower: Any employee, customer, contractor &/or third-party that raises a complaint / grievance related to the company or its contractor's activities and / or impacts;

Affected Persons: Any individual or group of individuals affected by malpractice;

Relevant Parties: Affected persons and / or whistleblowers;

Complaints: Negative feedback raised in regards to the company and / or the activities and impacts of its contractors;

Grievances: Formal concerns/allegations brought forward as a result of malpractice, resulting in corrective action and / or a response;

Grievances and Whistleblowing Mechanisms: Processes to support implementation of this policy

11 Management Strategy to Respond to Identified Risks

The objective of this section is to evaluate and respond to identified risks in order to prevent or mitigate adverse impacts to the supply chain.

Where appropriate, SML will seek to enhance supplier engagement and our own systems of information collection and transparency.

1. Report Findings to Designated Senior Management

Where appropriate, information gathered and actual and potential risks identified in the supply chain risk assessment will be communicated to Senior Management.

2. Devise a Strategy for Risk Management of an Identified Risk by either (i) Mitigation of the Risk while Continuing Trade, (ii) Mitigation of the Risk while Suspending Trade or (iii) Dis-engagement from the Risk

If the result of the silver supply chain due diligence concludes that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group, or fraudulent misrepresentation of the origin of minerals or if the possibility of the same is deemed too high, SML will stop immediately to refine silver from this provenance / supplier and report it to the appropriate authorities if applicable.

However, in case of indirect support to non-state armed group carried out by extortion of good faith miners, refiners or other supply chain actors, SML may continue to refine silver coming from this source provided that it adopts an improvement strategy.

If the result of the silver supply chain due diligence concludes that it is possible that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group or fraudulent misrepresentation of the origin of minerals, SML should suspend refining silver from this provenance / supplier until it can obtain additional information/data confirming or refuting the preliminary assessment.

Where the result of the due diligence is not fully satisfactory or when the result of the due diligence concludes that there is direct or indirect support to illegitimate public or private security forces, bribery, non- fraudulent misrepresentation of the origin of minerals or non-compliance of taxes fees and royalties due to government, but the assessed company in the supply chain is using reasonable and good faith effort, SML may continue to refine silver coming from this source provided that it adopts an improvement strategy, devised with input and engagement from the supplier, which clear-ly defines performance objectives within a reasonable timeframe.

3. Where a Management Strategy of Risk Mitigation is undertaken, it will Include Measurable Steps to be Taken and Achieved, Monitoring of Performance, Periodic Reassessment of Risk and Regular Reporting to Designated Senior Management.

The principles of risk mitigation that underpin this section focus on good faith efforts to make meaningful improvements on the supply chain where SML does not terminate their relationship with suppliers.

The improvement strategy described in section 2 above shall state clear performance objectives, including qualitative and /or quantitative indicators in order to measure improvement. Significant and measurable improvement towards eliminating the risk within six months from the adoption of the risk management plan must be identified. Additional measures will then be defined in a revised improvement strategy, based on the progress achieved within the first six months. If no such measurable improvement can be demonstrated within the six-month period, SML shall suspend the relationship until the supplier has responded to the improvement plan.

Risk mitigation plans and their effectiveness are subject to on-going monitoring with regular reports made to senior management. SML shall consider suspending or discontinuing engagement with a supplier after failed attempts at mitigation within six months from the adoption of the risk management plan.

Where appropriate, SML will consult and or monitor progress with stakeholders on the risk mitigation plan and make use of leverage over the actors across the supply chains who could contribute to risk mitigation.

Where appropriate SML will cooperate and /o r consult relevant stakeholders (such as local or central authorities, upstream companies, international or civil society organisations and affected third parties). SML may also benefit from the creation or support of community-based monitoring networks to facilitate monitoring of risk mitigation measures.

On the deadline, an assessment will be performed in order to determine if the measures have been properly undertaken. Senior Management shall be informed of the results and make a decision as to whether to continue dealing, disengage or suspend the supply chain in question. The decision-making process will be documented

12 Compliance Officer

The Compliance Officer is responsible for all matters regarding the silver supply chain. In particular, they review the silver supply chain due diligence, assesses if the due diligence is adequate and request additional documentation or information if necessary. They ensure that appropriate measures are executed in case of high-risk supply chains or transactions. They are also responsible for the training of the employees with respect to the responsible supply chain, to prepare and update the silver supply chain policy, and to give proper information to the Senior Management in order for them to perform their duties.

13 Audit

SML will publicly report on their silver supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors.
SML will publicly report on their compliance with the Guidance on an annual basis, which will cover activities over a 12-month reporting period.
SML will place a copy of the audit via our website https://www.stonex.com/en/compliance-library/sml-documents/

13.1 Audit Corrective Action Plan

Auditors may make recommendations to SML to improve their silver supply chain practice.

SML will submit a Corrective Action Plan if there is a Medium / High-Risk / Zero Tolerance non-compliance and / or if SML fails to satisfy one or more of the requirements as set out in Steps 1 to 5 of the Guidance.
Copies of the Corrective Action Plan must be reported to the LBMA.

SML's Corrective Action Plan will include (for each Medium / High-Risk / Zero Tolerance non-compliance identified):

- A description of the issue;
- Reference to the relevant section in of this Guidance;
- Assigned risk rating of the non-compliance;
- Corrective actions to be taken for each non-compliance identified;
- The timeframe for completion of corrective actions for each non-compliance identified;
- The person responsible for the implementation of each corrective action.

14 Environmental, Social and Governance (ESG)

14.1 Introductory Scope

This Policy provides framework for support of worldwide efforts and active cooperation with suppliers and stakeholders to ensure that precious metals are sourced ethically through our responsible sourcing policy which is also aligned with SML's environmental, social and governance policy.

Our supply chain due diligence and congruent commitment, policies and practices, are consistent with the 5-step framework of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas and the 3-step framework ESG requirements of the LBMA Responsible sourcing performance programme. (As follows)

- Step 1: SML's responsible supply chain due diligence includes a policy that extends to ESG requirements. Under this step SML strengthen ESG engagement with silver suppliers and where possible, assist silver supply counterparties build due diligence capacities, to include but not limited to use of mercury in Artisanal and small-scale mining (ASM), with the expectation that SML assist in establishing processes to eliminate its use.

- Step 2: SML asses the risk in the supply chain, this includes assessing the environmental policies and practices of the suppliers both in relation to ASM and large-scale mining (LSM).

- Step 3: Once SML have assessed the risks, SML shall implement its management strategy to respond to identified ESG risks and shall provide evidence of the sustainability policy and its effect on any associated initiatives thought the supply chain.

14.12 Environment and social standards

Assessment and Management of Environmental and Social Risks and Impacts
SML sets out the responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of supply, in order to achieve environmental and social outcomes consistent with its Environmental and Social Standards (ESSs).
(SML Environmental, social and governance policy)

Labour and Working Conditions
SML recognises the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Suppliers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions.
(SML Human rights policy)

Resource Efficiency and Pollution Prevention and Management
SML recognises that economic activity and urbanisation often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. This ESS sets out the requirements to address re-source efficiency and pollution prevention and management throughout the project life-cycle, through request of environmental policies and/or environmental certification from suppliers within its supply chain.
(SML Environmental certification)

Community Health and Safety
SML addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of suppliers to avoid or minimise such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.
(SML Modern anti-slavery and human trafficking statement)

Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
Involuntary resettlement should be avoided. Where involuntary resettlement is unavoidable, it will be minimised and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented.
(SML compliance and ethics policy)

Biodiversity Conservation and Sustainable Management of Living Natural Resources
SML recognises that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development and it recognises the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. ESS also addresses sustainable management of primary production and harvesting of living natural resources and recognises the need to consider the livelihood of project-affected parties, including Indigenous Peoples, whose access to, or use of, biodiversity or living natural resources may be affected by a project.
(SML Responsible supply chain policy)

Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

SML ensures that the development process fosters full respect for the human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods of Indigenous Peoples / Sub-Saharan African Historically Underserved Traditional Local Communities. ESS is also meant to avoid adverse impacts of projects on Indigenous Peoples / Sub-Saharan African Historically Under-served Traditional Local Communities, or when avoidance is not possible, to minimise, mitigate and/or compensate for such impacts.
(SML human rights policy and SML anti-corruption and bribery policy)

Cultural Heritage
SML recognises that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. ESS sets out measures designed to protect cultural heritage throughout the project life-cycle.
(SML Human rights policy)

Financial Intermediaries (FIs)
SML recognises that strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. FIs are required to monitor and manage the environmental and social risks and impacts of their portfolio and FI subprojects, and monitor portfolio risk, as appropriate to the nature of intermediated financing. The way in which the FI will manage its portfolio will take various forms, depending on a number of considerations, including the capacity of the FI and the nature and scope of the funding to be provided by the FI.
(SML supply chain policy - subsection 2: Our commitments)

Stakeholder Engagement and Information Disclosure
SML recognises the importance of open and transparent engagement between the supplier and stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.
(SML responsible supply chain policy subsection 3: SML whistleblowing policy)

References

Internal References

The following Policies are incorporated by reference into, and form part of, the Responsible Supply Chain Policy

SML Compliance Manual;

SML Supply Chain Grievances & Whistleblowing Policy:

SML Compliance & Ethics Policy;

SML Human Rights Policy;

SML Financial Crime Policies & Procedures;

SML Modern Anti-Slavery & Human Trafficking Statement.

SML Environmental, social and governance

External References

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas; (note: Annex II)

LBMA Responsible Silver Guidance, Version 2;

UN Guiding Principles on Business & Human Rights, 2011;

The Conflict-Free Sourcing Initiative: Five Practical Steps to Support SEC Conflict Minerals Disclosure, 2015;

FATF Reports.

The Extractive Industry Transparency Initiative 2019 ;

Minamata Convent on Mercury 2013 ;

International Cyanide Management Code 2005.
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