



TITAN COMPANY

INTERNAL MANAGEMENT REPORT

DUE DILIGENCE REPORT

In Accordance with EBMC Risk Bases Due Diligence Version 1/2021

For the Period:	1 st April,2024 to 31 st March , 2025
Date of Report:	01.10.2025
Name Of Compliance Officer	Ms. Sowmya Chandrasekar

1. COMPANY BRIEF & MANAGEMENT STRUCTURE

a) Objective:

This self-assessment aims to evaluate Titan Company Limited's compliance with the **Emirates Bullion Market Committee (EBMC) Rules for Risk-Based Due Diligence in the Gold Supply Chain (Version 1/2021)**.

The assessment covers all five rules under Part C of the EBMC framework and focuses on the company's policies, procedures, records, and implementation effectiveness relating to responsible sourcing of gold bars and recycled gold purchased from end consumer through its retail network.

b) Company Profile:

Titan Company Limited (Tanishq) operates under the Tata Group 'Governing Policies on Ethical Conduct' (Code of Conduct) which establishes anti-bribery, whistleblower and supplier conduct obligations applicable to all operations and suppliers. Evidence: Titan Governing Policies (Dec-2022).(
https://www.titancompany.in/sites/default/files/2023-08/Governing%20Policies_01-Dec-2022.pdf?utm_source=chatgpt.com)

Quality Controls And Product Authentication: Tanishq issues Certificates of Authenticity for finished product, uses in-store testing and follows national hallmarking/regulatory requirements for gold purity and fineness. Evidence: Tanishq product information and BIS hallmarking standards." **Tanishq**

Responsible Sourcing & Due Diligence: Titan discloses its supplier due-diligence approach and sustainability performance through its Business Responsibility & Sustainability Report (BRSR), with commitments to supplier evaluation, traceability and remediation mechanisms." (
https://www.titancompany.in/sites/default/files/2025-06/SEnoticeofbrsr.pdf?utm_source=chatgpt.com)

HSE And Worker Protection: HSE programs are implemented across manufacturing and retail sites and HSE performance forms part of Titan's annual BRSR disclosures

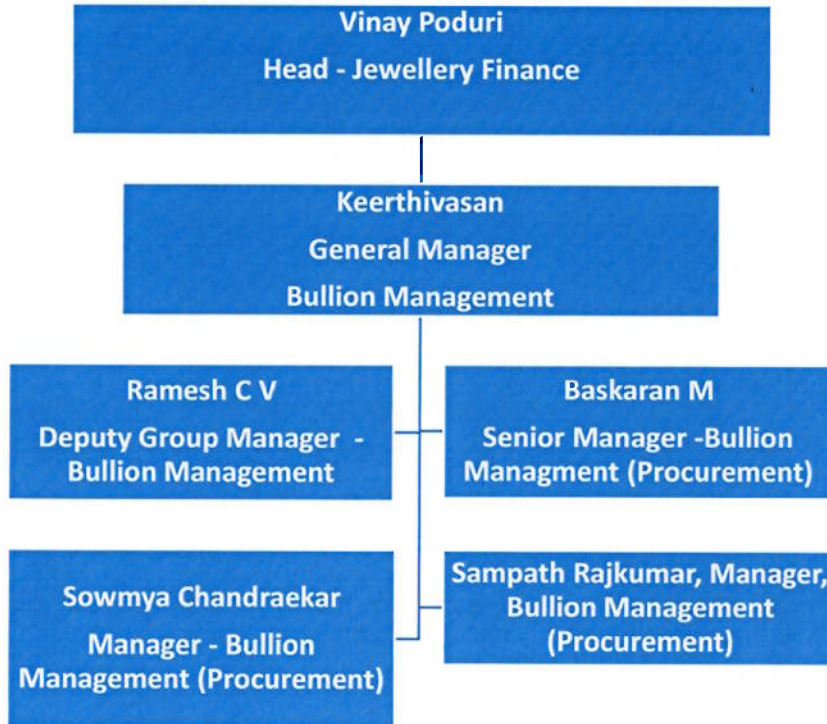
Governance & Assurance: Internal audit, external statutory audit and publicly available Governance and Sustainability disclosures are provided to support compliance verification.

c) Management Structure:

Titan company limited is a SEBI listed Public limited company having various business verticals such as Titan Watch division and Tanishq jewelry division. The audit scope includes the bullion purchase, trade and processing of gold purchased by Procurement department.

- Board of Directors (strategic, governance, compliance oversight)

- Senior Executives (MD, CEO Jewellery, CFO, Company Secretary) — these are responsible for business-divisional and corporate compliance, finance, legal.
- Jewellery division under Titan (brands Tanishq, Carat Lane, etc.) — which is the plausible umbrella for any bullion / gold-coin / jewellery-metal operations.
- The Bullion Department is responsible for ensuring EBMC compliance. See the structure below



d) Audit scope:

The refining facility location at **No.29, Sipcot Industrial Complex, Hosur, Tamil Nadu 635126, India** is the physical boundary and covers all the gold purchase by the Titan company limited

Compliance Assessment Summary			
EBMC Rule	Title	Compliance Status	Remarks
Rule-1	Supply Chain Management Systems	Compliant with Low-Risk	Nil
Rule-2	Supply Chain Risk Identification & Assessment	Compliant with Low-Risk	Nil
Rule-3	Risk Control Plan	Fully compliant	Nil
Rule-4	Independent Third-Party Audit	Fully compliant	Nil
Rule-5	Annual Reporting on Responsible Supply Chain Due Diligence	Fully compliant	Nil

2. Detailed Self-Assessment

Rule 1 – Supply Chain Management Systems

1.2 SUPPLY CHAIN

The company's gold supply chain is broadly categorized into two segments:

- **Upstream Supply Chain:** This includes procurement of bullion from reputable and regulated entities such as **Banks, Bullion Suppliers, and Refiners** who are compliant with national and international due diligence standards.
- **Reverse Supply Chain:** This encompasses the purchase of **scrap and old gold jewelry** directly from end consumers through Titan's **owned retail stores and franchised showrooms**, typically as part of exchange or buyback transactions.

Through these structured processes, Titan ensures full traceability, transparency, and compliance with ethical sourcing principles, preventing any association with high-risk or conflict-affected sources.

1.3 SUPPLY CHAIN POLICY AND PROCEDURE IMPLEMENTATION

Reference Document: Supply Chain Policy – Titan/Supply Chain/Pol/01, Version 01, Dated: 01/07/2025

Titan Company Limited has formally implemented its **Supply Chain Policy**, developed in accordance with the **EBMC Rules Version 1/2021** and aligned with global best practices for responsible and ethical gold sourcing.

The **Supply Chain Policy** has been **published on the company's official website** to ensure transparency and accessibility for all relevant stakeholders, including supply chain partners, regulated refiners, and other interested parties.

The policy is reviewed by the **Compliance Officer** or earlier if necessitated by regulatory updates, operational changes, or risk findings. It clearly defines the **scope of the gold supply chain**, covering both upstream and reverse supply channels.

The document outlines the **roles and responsibilities** of key personnel, including the **Compliance Officer, Supply Chain Officer, and Bullion Compliance Team**, ensuring accountability for ethical sourcing practices.

Additionally, the policy establishes the framework for **risk assessment, due diligence, and monitoring mechanisms** to identify and mitigate potential ethical, legal, or reputational risks within the supply chain. It also specifies the **training frequency and competency requirements** for compliance and operational staff involved in responsible sourcing and supply chain oversight (**Titan supply chain POL/01 & 02**)

Through this structured implementation, Titan reinforces its commitment to maintaining integrity, transparency, and accountability in its gold supply chain operations.

As a principle decision Titan Company does not deal in mined gold directly and purchased bullion bars from the LBMA/ DGD approved refineries only.

1.4 MINIMUM KYC REQUIREMENTS

Titan Company Limited operates under the regulatory framework of the **Prevention of Money Laundering Act (PMLA), 2002**, and has fully adopted the **Know Your Customer (KYC)** procedures in alignment with both **PMLA requirements** and the **Emirates Bullion Market Committee (EBMC) Rules**.

The company has established **minimum KYC criteria** applicable to all categories of supply chain partners, including **Banks, Bullion Suppliers, Franchise Partners, and End Consumers**. These standards ensure the identification, verification, and ongoing monitoring of all counterparties based on their respective risk profiles.

Titan ensures that **KYC and Ultimate Beneficial Ownership (UBO)** information is reviewed at **defined intervals**, and the **risk classification** of each counterparty is updated **annually or as warranted by material changes** in their profile or ownership.

A structured **Re-KYC protocol** is implemented, with frequency determined by the assessed risk level of the partner. All KYC and Re-KYC records are securely maintained and readily available for audit or regulatory review.

Reference Document: KYC Procedure – Titan/Supply Chain/Pol/02, Version 01, Dated: 01/07/2025

1.5 IMPLEMENTATION OF KYC SYSTEM AND PROCESSES

As part of its due diligence framework, **Titan Company Limited** ensures the **identification and verification of the Ultimate Beneficial Owners (UBOs)** of all supplier entities. During the KYC review process, details of each UBO holding **25% or more ownership or control** are mandatorily obtained and documented in accordance with **PMLA guidelines** and **EBMC Rule requirements**.

Titan Company mainly deals with RBI approved Bullion Banks, who are regulated by RBI. This considering the compliance framework as Nationalized bank, certain KYC compliance Relaxations has been provided such as KYC of Directors etc. (As no individual UBO and all directors as per Banking rules and SEBI regulations only). However details of executive board of directors etc is checked and records are maintained.

The company conducts **PMLA screening** for each bullion supplier and its qualifying UBOs to assess ownership transparency and potential compliance risks. For suppliers assessed as **Medium or High Risk** during the KYC risk evaluation, **Enhanced Due Diligence (EDD)** is implemented.

The EDD process includes a comprehensive review of **financial and legal structures**, along with verification of **income tax filings, financial compliance records, and source of funds** to ensure legitimacy and regulatory adherence. Findings from these assessments are duly recorded, and suppliers' compliance statuses are updated in the company's internal due diligence database.

1.6 SPECIFIC KYC REQUIREMENTS

Titan Company Limited has established **specific Know Your Customer (KYC) requirements** for each category of its gold supply chain partners to ensure compliance with **EBMC due diligence standards** and the **Prevention of Money Laundering Act (PMLA), 2002**.

The company's gold supply chain is structured into two primary categories:

1. **Bullion Supply Chain** – Procurement from regulated upstream partners such as **Banks, Bullion Suppliers, and Refiners**.
2. **Reverse Supply Chain** – Purchase of **scrap or used jewelry** from end consumers through Titan's **owned retail stores and franchise outlets**, typically in exchange for new jewelry purchases.

For each supply chain category, **minimum KYC documentation requirements** have been defined and implemented. These include:

- Verification of the **legal entity's identity and registration documents**.
- Collection and verification of **Ultimate Beneficial Ownership (UBO)** details for all individuals holding **25% or more ownership/control**.
- **PMLA-based screening** of the entity and its UBOs against relevant sanction and watchlists.

All KYC documentation is collected, verified, and securely maintained by the company's **Compliance Team**, which ensures periodic reviews and updates as per the defined **risk-based re-KYC schedule**.

For **bullion suppliers**, Titan sources only from **LBMA-accredited or Dubai Good Delivery (DGD) approved refiners** through regulated banking and bullion trading channels. Since these bullion bars are directly supplied to **Titan's jewelry manufacturing contractors** or occasionally traded in the **bullion market/MCX**, and not processed at Titan's EBMC-approved refinery, the company obtains and review the sub-suppliers (**refiner's compliance and certification status**) status as part of its due diligence. No KYC data collected for sub-suppliers that is regulated refineries and its compliance status is monitored on ongoing basis.

In the **reverse supply chain**, every transaction involving the purchase of **scrap or used jewelry** from retail consumers is subject to **mandatory KYC verification**. The following documents are obtained prior to acceptance of the gold:

- **Photo identification proof and Permanent Account Number (PAN)** (as per Indian Income Tax regulations).
- A **signed customer consent form** confirming the **source and ownership of the gold**, declaring it as **used jewelry or inherited (“grandfather”) gold**.
- Detailed TEP & GEP procedure followed by each retain entity during exchange of gold with end consumer and basic KYC is obtained for end consumer as specified in the above said procedures,

Titan Company Limited does **not engage in the purchase or processing of Dore bars or mined gold**. Accordingly, the company’s supply chain has **no exposure to Artisanal and Small-Scale Mining (ASM), Medium-Scale, or Large-Scale Mining sources**, thereby minimizing risks associated with conflict-affected or high-risk mining operations.

1.7 RECORDS KEEPING AND UPDATING OF INFORMATION

Titan Company Limited has established a robust **record-keeping and information management system** to ensure the integrity, completeness, and traceability of all due diligence documentation in line with the requirements of **EBC Rule 1.7**.

The company maintains **comprehensive KYC records** for each supplier, including the **legal entity, Ultimate Beneficial Owners (UBOs)**, and relevant **authorized representatives**. All KYC data is systematically recorded, indexed, and stored in secure physical and digital copies are maintained.

Each supplier record includes:

- Verified KYC documents of the entity and its UBOs (e.g., incorporation certificates, licenses, passports, driving licenses, and identification cards).
- Details of **UBO shareholding percentages and control structure**.
- **PMLA screening records**, including results from sanctions and adverse media checks.
- Lists of **authorized personnel** permitted to sign or acknowledge official documents and receive consignments on behalf of the entity.

Titan has implemented an **active monitoring process** to track the **validity and expiry** of key documents such as business licenses, agreements, and identity proofs. The compliance team ensures **timely renewal and replacement** of expired records through systematic follow-ups with suppliers.

All KYC and due diligence records are retained for a **minimum of five (5) years**, as stipulated under **EBMC Rules**, and may be preserved for a **longer duration** where required under **Income Tax regulations** or for **business continuity and audit purposes**.

This structured record management framework ensures that Titan maintains **complete, current, and verifiable documentation**, enabling effective regulatory compliance, traceability, and risk management across its gold supply chain.

1.8 KYC REQUIREMENT FOR PEP EXPOSURE

PEP Identification and Management

a. Procurement from Banks (Approx. 65% of Total Gold Supply):

- Titan sources the majority of its gold from **Indian government-recognized banks**, which are **publicly listed financial institutions** regulated by the **Reserve Bank of India (RBI)**. SEBI registered public limited banks.
- These banks operate under **strict governance and compliance frameworks**, where the ownership structure is institutional, and no individual Ultimate Beneficial Owners (UBOs) exist.
- Banks' boards and key executives are **elected or nominated** through transparent and regulated processes, minimizing the risk of undisclosed PEP involvement.
- Titan's compliance team reviews the **list of current executive directors** and key officials, which are publicly available on the respective banks' official websites, and conducts **independent PEP screening** through both **internal databases** and **external compliance platforms** (e.g., regulatory watchlists, sanction lists).
- No PEP association or risk has been identified with any banking counterparty to date.

b. Procurement from Bullion Suppliers (Approx. 2% of Total Gold Supply):

- For all bullion suppliers and refiners, Titan collects and verifies KYC documentation, including signed declarations on PEP status as part of the onboarding process.
- Each supplier is required to submit a periodically updated declaration confirming that neither the entity, its UBOs, nor its directors are PEPs.
- In cases where indirect or potential PEP exposure is indicated, Titan initiates Enhanced Due Diligence (EDD) measures in line with internal policy

Enhanced Due Diligence (EDD) Procedure for Identified PEPs

Titan has defined a formalized procedure to address situations where a counterparty, UBO, or associated person is identified as a PEP. The following measures are undertaken:

- 1. Escalation, 2. Verification, 3. Risk Assessment, 4. Senior Management Approval & 5. Enhanced Monitoring:**

- All KYC and PEP verification records are maintained in digital and physical form, ensuring audit readiness and traceability.
- Periodic reviews and updates are conducted at least **once annually** or upon any significant change in supplier ownership or management.
- Compliance findings are reported during **internal compliance reviews (once in six month)** and reported to senior management.

1.9 -1.12 APPOINT OF SUPPLY CHAIN OFFICER, COMPLIANCE OFFICER AND THEIR ROLES AND RESPONSIBILITIES.

Titan Company Limited operates as a responsible gold supply chain participant, committed to the ethical sourcing of recycled gold. The company's compliance structure is designed to ensure adherence to national laws, international standards, and the EBMC's risk-based due diligence framework.

Titan's governance model integrates **Supply Chain Management, Compliance, and Internal Audit** functions to provide transparency and accountability across the gold sourcing and trading process.

Appointment of Officers and Bullion Committee

a. Appointment of Compliance Officer:

Titan has formally appointed a **Compliance Officer** responsible for implementing and supervising all compliance-related activities under the EBMC and other regulatory frameworks. The Compliance Officer possesses extensive knowledge of **KYC/AML regulations, ethical sourcing standards, and international bullion market compliance practices.** This appointment has been formally approved by senior management and documented in the company's internal governance charter.

b. Appointment of Supply Chain Officer

A Supply Chain Officer has been appointed to ensure operational control, supplier due diligence, and risk management across the gold procurement and transaction chain. The officer coordinates between procurement teams, compliance functions, and suppliers to ensure continuous conformance with DGD and OECD regulations for procurement of bullion bars and recycled gold.

c. Formation of Bullion Compliance Committee:

Titan has constituted a Bullion Compliance Committee (BCC) consisting of members from Bullion procurements who looks after supplier onboarding, reviewing red flags, and endorsing enhanced due diligence (EDD) cases.

The detailed roles and responsibilities of the **Compliance Officer, Supply Chain Officer, and Bullion Compliance Committee** are documented in the company's **Supply Chain Policy (Document Ref:**

A summary of their key functions is provided below:

Competency and Training

Both the Compliance Officer and Supply Chain Officer undergo **regular internal and external training** programs focused on:

- EBMC Due Diligence and Good Delivery Rules
- Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Regulations
- OECD Guidance for Responsible Supply Chains of Minerals
- Ethical Business Conduct and Responsible Sourcing Practices

Training records are maintained as part of the compliance documentation, and refresher sessions are conducted annually or as required by regulatory updates.

1.13 RECORDS OF INTERNAL INVENTORY AND TRANSACTION DOCUMENTS

Titan Company Limited is a responsible participant in the gold supply chain, maintaining full transparency and documentation across its bullion procurement, refining, and jewellery manufacturing operations. The company's record-keeping system encompasses not only gold received for refining but the **entire procurement process**—covering both **bullion bars** for internal consumption and **scrap gold** received for refining and reuse.

This holistic approach ensures end-to-end traceability, integrity of material flow, and compliance with EBMC's record-keeping and auditability standards.

Records and Inventory Management

A. Bullion Bars Procured for Jewelry Manufacturing

All bullion bars received at Titan Company Limited are 100 % sourced from **LBMA or DGD-approved refiners** only.

The **authenticity and compliance status** of each refiner is verified through its **current LBMA/DGD compliance certification** prior to procurement.

Each supply of bullion bar is accompanied by:

- A **refiner's purity certificate and bar serial number**,
- **Cross-verification of bar number and certificate details** against Titan's goods-received notes and purchase orders.

Only verified and documented bars are released to Titan's manufacturing facilities for further processing into jewelry (Both for inhouse and contract manufacturing of gold jeweller)

All records—including supplier invoices, bar certificates, assay reports, and internal transfer notes—are retained in Titan's ERP-based inventory management system, ensuring traceability and audit readiness.

B. Scrap Gold Received for Refining and Reuse

Scrap gold enters Titan's system through two channels:

1. **TEP (Titan Exchange Product):** Consumers exchanging old Titan jewelry for new pieces.
2. **GEP (Gold Exchange Program):** Scrap or used jewelry received from other manufacturers or market sources sold by consumer under exchange of new jeweler purchase.

Each channel follows a defined and documented verification process.

Retail-Level Controls for Scrap Gold (TEP / GEP)

At the **retail store level**, the following steps are undertaken before accepting gold for exchange or refining:

- **KYC of the Consumer:** Full identification of the individual as per company KYC procedure for retail consumers.
- **Signed Consent Form:** Customer confirming that gold is owned by customer and it is sold at his/her discretion and in compliance with applicable laws and regulations.
- **Photograph of Jewelry:** Taken and attached with the exchange record.
- **Old Gold Purchase Invoice issued by original seller of old gold titan/others to consumer:** Collected (where available) and maintained as part of transaction records.

These measures ensure that the origin of received gold is transparent, traceable, and compliant with responsible sourcing standards.

Titan Store-Level Verification Before Refining (Hosur Factory)

Before transferring the collected gold to refining, Titan stores perform the following verification and documentation steps:

- **Weight & Purity Check:** Each item is weighed and tested for purity.
- **TEP Quality Assurance (QA):** QA confirmation of metal authenticity.
- **Assay Lab Verification:** Purity validation through an internal assay laboratory.
- **Aggregation of Day Stock:** Daily consolidation of received gold by category (TEP / GEP).
- **Metal Reconciliation:** Day-end reconciliation between physical stock, system records and metal receipt in store before dispatch to the refinery.

- **Segregated Transfer Records:** Separate documentation and transfer memos for TEP and GEP metal lots to maintain traceability of origin.

Inventory & Transaction Record System

Titan employs an **integrated ERP system** that captures and tracks each transaction from scrap procurement through processing to internal refinery.

All records are maintained for a minimum of **5 years** or as mandated by applicable regulations.

Monitoring and Review

The Bullion Compliance Committee, along with the Quality Assurance team, regularly conducts internal audits to ensure compliance across both bullion and retail supply chains.

1.14 RECORD KEEPING

Titan Company Limited operates as a responsible participant in the gold supply chain, ensuring complete traceability, transparency, and compliance with all due diligence and documentation requirements. The company recognizes record keeping as a critical component of its internal control and compliance framework and has implemented robust systems to manage and preserve documentation in line with EBMC and local statutory requirements.

Record-Keeping Policy and Scope

Titan Company Limited maintains all relevant records and supporting documents for a minimum period of **five (5) years**, or longer where mandated by Indian laws and tax regulations.

The records include but are not limited to:

- **Supplier and Customer KYC Files** (including KYC Documents, ownership structure, and risk classification)
- **Bullion Purchase and Refining Records** (invoices, bar certificates, assay reports, transfer memos)
- **Scrap Gold Receipts and Transaction Records** (TEP / GEP programs, consumer declarations, and consent forms) purchase involved & consumer old gold invoice(where available)
- **Compliance Review Reports, Risk Assessments, and Internal Audit Findings**
- **Training and Awareness Records for Compliance and Supply-Chain Teams**
- **Correspondence and Approvals Related to Enhanced Due Diligence (EDD)**

All records are maintained in accordance with EBMC requirements and applicable **local data-retention and record-keeping laws**.

Titan Company Limited is a responsible gold supply chain participant committed to maintaining a **conflict-free and ethically sourced supply chain**. The company adheres to the principles of transparency, accountability, and continuous improvement in its supplier relationships in accordance with EBMC and OECD guidance.

Titan works closely with all its gold suppliers—including LBMA/DGD-accredited bullion suppliers and scrap gold sources—to ensure full compliance with regulatory and ethical sourcing obligations.

1.15 SUPPLIER ENGAGEMENT AND RELATIONSHIP ENHANCEMENT:

To promote responsible business conduct and strengthen supplier relationships, Titan Company Limited has implemented a structured **Supplier Awareness and Engagement Program** as part of its ongoing compliance framework.

The following key initiatives are undertaken to enhance supplier relationships and awareness:

- **Awareness Communication:**
Regular emails and communication are sent to suppliers explaining Titan's expectations under the **Emirates Bullion Market Committee (EBMC)** and **OECD Due Diligence Guidance** requirements.
- **Ethical Sourcing Policy Publication :**
Company has published policy on the company website.
- **Supplier Training & Capacity Building:**
This activity will be carried out on annual basis.
- **Targeted Supplier Engagement:**
Suppliers whose performance is rated as **medium risk**—based either on **KYC risk rating** or **OECD risk category**—are subject to additional engagement. This includes direct communication, clarification of compliance gaps, and the provision of advisory support to achieve compliance.

1.16 MANAGEMENT OF UNCOOPERATIVE SUPPLIERS

Communication and Clarification:

- The compliance team identifies areas of concern and formally communicates them to the supplier.
- Adequate time and support are provided for the supplier to address the gaps and implement corrective actions.

Enhanced Monitoring and Warning:

- If the supplier's response or corrective actions are insufficient, Titan may issue a final warning and temporarily suspend supplies.

- Additional monitoring and verification may be conducted during this period.

Disengagement and Termination:

- If the supplier fails to cooperate or continues non-compliance after reasonable follow-up, Titan will initiate disengagement procedures and delist the supplier from its approved vendor list.

Corrective and Preventive Action (CAPA):

- Titan has documented various red flag scenarios and corresponding CAPA measures in its Supply Chain Policy (Ref: Titan/Supply Chain/Pol/01).
- Each red flag case requires supplier acknowledgment, corrective action within a specified timeline, and verification before reinstatement.

Note:

- 1) During the year all 7 suppliers were cooperative and no case of noncooperation has been reported .
- 2)One EDD was performed based on OECD Risk assessment and necessary CAPA records are maintained.

1.17 SECURITY REQUIREMENTS

Titan Company Limited operates as a responsible participant in the gold supply chain, adhering to the Emirates Bullion Market Committee (EBMC) standards for secure handling and traceability of precious metals. The company ensures that all gold movements — from procurement to in-store processing — are executed under stringent security protocols and monitored by authorized personnel and trusted logistics partners.

Titan's operations primarily involve the procurement of **refined bullion bars and recycled gold**. The company does **not engage in purchasing or importing gold doré bars**, and therefore, supply chain security risks associated with **ASM (Artisanal and Small-Scale Mining), aggregators, exporters, or customs clearing chains** do not apply to its operations.

Security Management Framework

Titan Company Limited has established a **comprehensive security management framework** designed to prevent any unauthorized access, theft, or tampering across all stages of gold handling and logistics.

Key features of Titan's security framework include:

- **Use of Certified Logistics Partners:**

All gold movement activities are handled exclusively through reputed, professional logistics service providers such as **Sequel, and other approved secure logistics partners**, each of whom are specialized in the transportation of high-value goods.

- **Controlled Handover and Documentation:**

Each transfer of gold is documented with a **chain-of-custody record**, including weight, purity, bar numbers, and serial identification details. Handover acknowledgments and secure delivery confirmations are maintained within Titan's ERP system.

- **Quality Assurance and Authenticity Verification:**

Upon receipt of bullion bars or refined metal, Titan's factory store and quality teams conduct **authenticity and quality assurance tests**, including:

- Visual inspection of bar numbers and refiner certificates
- Purity verification using assay or XRF testing
- Cross-verification with supplier documentation and purchase orders

- **Security of Storage Locations:**

Gold and jewelry stock are stored in **vaulted, access-controlled facilities** monitored by CCTV, electronic locks, and internal audit mechanisms. Only authorized personnel have access, as per Titan's internal security policy.

1.18 COOPERATE WITH LAW ENFORCEMENT AGENCIES

Titan Company Limited operates as a responsible and compliant participant in the gold supply chain, upholding the **highest standards of integrity, transparency, and legal compliance**. The company recognizes its responsibility to fully cooperate with **law enforcement agencies, regulators, and oversight authorities** to prevent illegal activities such as money laundering, terrorism financing, smuggling, or trade in conflict gold.

Titan's compliance philosophy is grounded in ethical business conduct, proactive engagement with authorities, and continuous monitoring of supply chain integrity.

Governance and Compliance Framework

Titan has established a robust **compliance governance framework** to ensure adherence to all applicable laws, EBMC guidelines, and responsible supply chain standards.

Key components include:

- **Appointment of Dedicated Officers:**

Titan has appointed a **Supply Chain Compliance Officer** and a **Supply Chain Officer** with significant experience and training in responsible sourcing, KYC/AML compliance, and international bullion regulations.

- **Published Supply Chain Policy:**

The company's **Supply Chain Due Diligence Policy** clearly defines its legal obligations, ethical standards, and compliance expectations. The policy is communicated to all suppliers and stakeholders.

- **Grievance Handling and Escalation Mechanism:**

A formal **Grievance Redressal Policy** has been implemented and shared with all supply chain partners. This ensures that any stakeholder or employee can report suspected violations, misconduct, or unethical sourcing anonymously and without retaliation.

- **Ongoing Monitoring and Red Flag Identification:**

A structured **monitoring system** has been established for supplier transactions, with risk-based reviews, red flag detection, and escalation procedures. Any suspected irregularities or deviations are recorded and reviewed by the **Bullion Compliance Committee (BCC)**.

- **Information Sharing with Authorities:**

Titan ensures that **all applicable authorities are informed** in the event of a reported or confirmed deviation from supply chain compliance. The company maintains full transparency and provides necessary records and assistance to **law enforcement or regulatory investigations** when required.

Reporting and Cooperation Mechanisms

Titan Company Limited maintains well-defined internal protocols for cooperation with authorities:

1. **Incident Reporting:**

Any potential non-compliance, suspicious transaction, or red flag identified is escalated to the **Compliance Officer**, who evaluates the case and determines whether it warrants regulatory notification.

2. **Regulatory Communication:**

The Compliance Officer ensures prompt and factual reporting to relevant law enforcement or regulatory authorities (e.g., Financial Intelligence Unit, RBI, EBMC, or local enforcement agencies) as per applicable law.

3. **Document Retention and Accessibility:**

All records related to such incidents, including correspondence, investigation notes, and evidence—are securely stored and made available to authorized agencies upon request.

4. **Support During Investigations:**

Titan extends full cooperation by sharing documents, participating in official inquiries, and facilitating access to relevant personnel or systems when requested by regulators or law enforcement bodies.

1.19 GRIEVANCE MECHANISM

Titan Company Limited, as a responsible and compliant participant in the gold supply chain, has established a formal grievance mechanism to address any concerns related to ethical sourcing or compliance. The

mechanism is publicly available on the company's website and is effectively implemented and monitored by the Compliance Office to ensure timely and transparent resolution of grievances.

Rule 2 – Supply Chain Risk Identification and Assessment

2.2 & 2.3 Risk based approach and consideration of risk assessment

Titan Company Limited operates as a responsible and compliant participant in the gold supply chain and has adopted a structured **risk-based approach** in accordance with the Emirates Bullion Market Committee (EBMC) guidelines. The company applies this framework across its two primary supply chain channels:

1. **Bullion Procurement:** Gold sourced from **upstream suppliers** such as banks and recognized bullion dealers. Further bars are traceable to regulated refiners. Titan purchase only LBMA/DGD bars.
2. **Scrap Gold Procurement:** Used or old gold jewelry received from **end consumers** through exchange programs at Titan's retail outlets.

This dual approach ensures that both upstream and downstream supply chains are assessed, monitored, and managed proportionately to their respective risk levels.

Risk Assessment Framework Based on Supply Chain Position

A. Bullion Suppliers – Risk Framework

Titan conducts a comprehensive risk assessment for all bullion suppliers based on the following key parameters:

Risk Factors Considered:

- **Geographical Location:** Country of supplier and sub-suppliers (primarily refiners).
- **Mode of Payment:** Assessment of financial transaction channels and adherence to anti-money laundering (AML) requirements.
- **Conflict or Human Rights Risks:** Review of supplier locations for any history of conflict, human rights violations, or unethical sourcing practices.
- **Criminal or Reputational Risk:** Screening for any association with illicit trade, smuggling, or financial crime.
- **Sanctioned Countries:** Verification against international sanctions lists and embargoed jurisdictions.

Control Measures Implemented:

- Procurement restricted to **approved and compliant refiners** only (i.e., **LBMA** or **DGD** accredited refiners). This significantly reduces risks related to human rights abuse, financial misconduct, sanctions, and social non-compliance.

- **100% of bullion transactions** are conducted through **official banking channels**, with **no cash dealings**, ensuring traceability and compliance with financial regulations.
- **Continuous monitoring** of supplier compliance through documentation review, certification verification, and supplier declarations.
- Periodic review of refiner status on LBMA and DGD compliance listings to confirm validity of sub-suppliers

B. Scrap / Used Gold Jewellery – Retail Exchange Programs

Titan manages the exchange of old or used gold jewelry through structured programs such as the **Titan Exchange Program (TEP)** and **Gold Exchange Program (GEP)**.

These processes involve sourcing gold directly from end consumers in exchange for new jewelry and therefore are subject to separate risk controls.

Risk Factors Considered:

- Source of gold (consumer or third-party manufacturer).
- Authenticity and verification of ownership.
- KYC verification of the seller/exchanger.
- Documentation supporting the transaction (invoices, consent forms, photographs, and assay verification).

Control Measures Implemented:

- **KYC documentation and consumer declarations** collected at the retail point of sale.
- **Purity and weight verification** conducted before accepting the metal.
- **Transaction records** maintained in Titan's ERP system for traceability.
- **Periodic reconciliation and internal audit of retail stores** to verify compliance and detect anomalies.

Risk Categorization and Mitigation Framework

Titan Company Limited has implemented an effective **risk classification model** that combines **KYC risk levels** and **supply chain risk parameters** to categorize suppliers and transactions into:

- **High Risk:** Exposure to conflict areas, sanctions, or unverifiable supply chain documentation.
- **Medium Risk:** Moderate risk identified based on transaction monitoring or KYC Status change.
- **Low Risk:** Fully compliant suppliers operating under recognized regulations and international standards.

Each risk category has defined **mitigation procedures**, including escalation steps, enhanced due diligence (EDD) requirements, and ongoing monitoring measures.

The **effectiveness of the risk framework** is periodically reviewed through internal audits, supplier reviews, and compliance committee oversight to ensure continuous improvement. As per internal policy at least once in 12 months compulsory review is carried out.

2.4 TO 2.8 (IDENTIFICATION, TYPES, AND PROCEDURES RELATING TO RED FLAGS):

Titan Company Limited operates as a responsible and compliant participant in the gold supply chain. The company has established a **structured red flag identification and escalation mechanism** to monitor and address any potential risk indicators arising from its bullion or scrap gold supply chains.

Red flags are identified through:

- Market information and industry updates
- Media screening and background checks
- Continuous transaction monitoring of bullion and scrap jewelry supplies

Identification of Red Flags

Red flags are detected through the **Titan Store Department Factory**) across all four operational zones. When a potential risk or anomaly is identified, a **Red Flag Alert** is immediately raised and communicated to the **Supply Chain Officer**, who coordinates further review and action. Material related to unresolved red flags is **not in-warded** and remains **on hold** until the issue is resolved or clarified. If necessary, consignments may be **returned to the supplier concerned**.

Types of Red Flags

A. Location-Based Red Flags

- Supplier or transaction linked to countries with ongoing conflict, political instability, or human rights abuses.
- Operations or transit through regions listed under international **sanctions or embargoes**.
- We are currently dealing with Indian Suppliers (purchased of scrap from end consumers) in non CAHRA region and all Bullion bars are procured from Bank and ensure that refineries used for supplies are regulated refineries only so risk of CAHRA is ruled out.
- Supply chain routes through high-risk areas or jurisdictions with weak AML/CFT enforcement.

B. Supplier-Based Red Flags

- Suppliers have **complex ownership structures** or unverified UBOs.
- Non-cooperation in providing KYC or due diligence documentation.
- Suppliers are involved in adverse media, legal actions, or regulatory investigations.

- Supplier's refiner not listed under **LBMA** or **DGD** approved list.
- Titan only procure LBMA and DGD approved refiners only.

C. Circumstance-Based Red Flags

- Transactions inconsistent with normal business patterns or declared capacity.
- Discrepancies in purity, weight, or documentation.
- Frequent changes in supply route or declared origin of gold.
- No circumstance-based risk has been reported during the year.

Procedure Relating to Red Flags

Titan has established a **documented procedure** for handling red flags as part of its **Supply Chain Due Diligence Policy**:

- **Identification:**
Factory Store or compliance personnel identify anomalies or suspicious indicators during documentation review, transaction monitoring, or receipt verification.
- **Escalation:**
Red flag details are immediately communicated to the **Supply Chain Officer** and **Compliance Officer** for investigation.
- **Investigation:**
The Compliance Officer reviews transaction history, supplier background, and supporting evidence. Additional documents or clarifications are sought from the supplier.

When a red flag is raised, Titan Company Limited follows a **structured and evidence-based investigation process** to determine the validity, cause, and impact of the identified concern. The **Compliance Officer**, in coordination with the **Supply Chain Officer**, conducts a thorough review using a combination of methods designed to ensure transparency, traceability, and factual accuracy.

The investigation process includes the following key steps:

1. **Desk-Based Review:**
2. The Compliance Officer performs an in-depth desk review of all related records, including transaction documentation, supplier KYC files, invoices, delivery notes, and communication trails. This step also includes:
 - Verification of supplier registration, ownership details, and beneficial ownership structure.

- Review of historical transactions with the same supplier to identify any abnormal volume, frequency, or pricing pattern.
- Cross-verification of supporting documentation (e.g., bar certificates, transport documents, assay reports) for consistency and completeness.

3. **Media and Market Information Search:**

An open-source and subscription-based media screening is carried out to identify any negative news, legal actions, sanctions, or reputational risks related to the supplier or its associated entities.

- Search includes government databases, sanction lists (e.g. PMLA screening & OFAC,) Search)
- Market intelligence and trade association alerts are also reviewed to capture any relevant compliance or ethical sourcing concerns.

4. **Supplier Discussion and Clarification:**

Direct communication is established with the supplier to discuss the raised red flag and to provide them with an opportunity to explain or clarify discrepancies.

- The supplier may be asked to furnish additional supporting documents, such as shipment invoices, assay reports, refinery certificates, or clarifications on country of origin and transport route.
- Discussions are documented to maintain transparency and traceability of responses.
- If required, senior management or compliance representatives from the supplier are engaged to resolve critical issues.

5. **On-Site Visit (if required):**

For medium- or high-risk cases where documentary verification is insufficient, Titan may conduct or commission a **site visit** to the supplier's premises or operations.

- Site visits help verify operational legitimacy, workplace conditions, and compliance with responsible sourcing and human rights standards.
- Observations are recorded and reported to the Bullion Compliance Committee for review and decision-making.

6. **Regulatory and Peer Consultation (if applicable):**

In certain cases, Titan may consult industry peers, local trade associations, or relevant regulatory authorities for additional information or cross-verification. This ensures that decisions are based on a wider perspective and credible data sources.

7. Analysis and Evaluation:

All collected information—documentary, verbal, and observational—is analyzed to assess the **nature and severity of the risk**. The investigation determines whether the red flag is substantiated, mitigated, or unfounded.

- A risk score is assigned based on the findings, aligned with Titan's internal risk rating framework (High, Medium, Low).
- Recommendations for corrective or preventive actions (CAPA) are documented.
- **Decision & Action:**
 - If concerns are resolved, normal operations resume.
 - If unresolved, the **material remains on hold** or is **returned to the supplier**.
 - High-risk cases are escalated to the **Senior Management** for final decision.

Titan ensures that potential supply chain risks are identified, investigated, and resolved before any transaction proceeds—thereby upholding a conflict-free and ethically responsible gold supply chain.

2.9 POLICY UPDATE AND SUITABILITY:

Policy Review and Update Mechanism

Titan Company Limited ensures that its **Supply Chain Policy** remains current and effective through a structured review process.

- The **Compliance Officer** and **Bullion Compliance Committee (BCC)** conduct a detailed policy review **every 12 months** or earlier if triggered by significant operational, legal, or regulatory changes.
- The review includes evaluation of:
 - Effectiveness of current risk assessment methods
 - Adequacy of red flag escalation and closure procedures
 - Applicability of control measures and supplier screening processes
 - Compliance with new EBMC or international sourcing guidelines
- Updates are approved by **senior management** and communicated to all relevant departments and supply chain partners.

Stats of Red Flag

During the year few transaction based red Flags has been reported and closed immediately by the respective suppliers.

Continuous Suitability and Effectiveness

- The policy's **suitability** is ensured through ongoing feedback from compliance reviews, internal audits, and stakeholder engagement.
- The **effectiveness** of implementation is validated through periodic risk assessments, training programs, and internal monitoring reports.
- Any identified gaps or improvement areas are incorporated into subsequent policy revisions.

Rule 3 – Risk Control Plan

3.1. TO 3.3 RISK CONTROL PLAN

Titan Company Limited operates as a responsible and transparent participant in the gold supply chain. The company has developed a structured **Risk Control Plan (RCP)** covering both:

- **Bullion Supply Chain Risks** – risks associated with sourcing gold bars from banks and recognized bullion dealers.
- **Recycled Gold Supply Chain Risks** – risks linked to used or scrap jewellery exchanged at Titan retail stores.

The plan is aligned with EBMC guidance, OECD due-diligence expectations and Titan's internal supply-chain policy.

The Risk Control Plan addresses:

- Identified incidents and historical compliance findings.
- Risks observed during routine monitoring and audits.
- Emerging risks based on market intelligence, regulatory updates, and geopolitical developments.

Key Elements of the Risk Control Plan

A. Risk Identification:

- Risks are identified through continuous transaction monitoring, supplier assessments, internal audits, and red-flag alerts.
- Both operational and reputational risks are captured in the **Risk Register (Red Flag)** maintained by the Compliance Officer.

B. Risk Evaluation and Prioritization:

- Each risk is rated as **High, Medium, or Low** based on likelihood and impact.

- High-risk items are prioritized for immediate mitigation and management review.

C. Risk Mitigation Measures:

- For bullion supply, control measures include purchasing only LBMA/DGD-approved gold, ensuring all payments are through official banking channels, and verifying supplier compliance certificates.
- For recycled gold, controls include strict KYC checks, documentation review, and purity verification at store level.
- Enhanced Due Diligence (EDD) is applied for any supplier or transaction exhibiting unusual or high-risk characteristics.

D. Monitoring and Review:

- The **Supply Chain Officer** tracks implementation of risk-control actions and reports progress to the **Bullion Compliance Committee (BCC)**.
- Regular reviews are carried out Six monthly, and findings are incorporated into Titan's continuous-improvement plan.

E. Corrective and Preventive Actions (CAPA):

- When non-conformities or red flags are identified, CAPA measures are initiated with clear timelines.
- Effectiveness of CAPA is verified during internal audits and subsequent compliance reviews.

Rule 4 – Independent Third-Party Audits

4.1 – Appointment of Independent Third-Party Auditor

Titan Company Limited has formally appointed Bureau Veritas Quality International (BVQI) as an independent and accredited third-party auditor to conduct external assurance for DGD and EBMC compliance. BVQI possesses the required competence and independence to evaluate Titan's supply chain due diligence system, risk controls, and responsible sourcing practices.

4.2 – Scope and Frequency of Assessment

The third-party assessment conducted by BVQI covers all operational areas relevant to EBMC compliance, including KYC processes, supplier due diligence, red flag management, and responsible sourcing controls. External audits are performed annually or more frequently if significant changes occur in Titan's supply chain or risk exposure. The assessment ensures alignment with EBMC, OECD, and DGD requirements.

Current Engagement is assessment for supply chain audit for the period of 1st April,2024 to 31st March,2025

4.3 – Accessibility and Maintenance of Records

Titan Company Limited maintains comprehensive and traceable records of all compliance activities, policies, supplier due diligence files, and transaction data. These records are securely stored within the company's ERP-based compliance management system and are **readily available for BVQI auditors** during review or verification.

All documentation is retained for a minimum of **five years**, in accordance with EBMC Rule 1.14 and applicable legal requirements.

4.4 – Auditor Independence and Cooperation

Titan fully cooperates with BVQI during all audit phases by providing unrestricted access to facilities, personnel, and documents. The appointed auditor functions independently, with no conflict of interest, ensuring objectivity and impartial evaluation. Titan's Compliance Officer and Bullion Compliance Committee oversee coordination with BVQI to ensure a smooth audit process and timely resolution of any findings or recommendations.

4.5 – Continuous Improvement and Corrective Actions

Findings and recommendations from BVQI's audits are reviewed by Titan's Bullion Compliance Committee (BCC) and senior management. Where non-conformities or improvement opportunities are identified, corrective and preventive actions (CAPA) are defined with clear responsibilities and target dates. Periodic follow-up reviews are conducted to verify implementation, ensuring ongoing improvement in Titan's responsible gold supply chain practices and sustained compliance with EBMC standards.

4.6 – Audit Reporting and Management Review

Titan Company Limited ensures that the results of the independent third-party audit conducted by Bureau Veritas Quality International (BVQI) are formally documented in a comprehensive audit report. The report includes details of the audit scope, methodology, observations, non-conformities, and recommendations for improvement. Upon receipt of the final report, Titan's Compliance Officer reviews all findings and presents them to the Bullion Compliance Committee (BCC) and senior management. Corrective and preventive actions (CAPA) are assigned with defined responsibilities, completion dates, and verification methods. Follow-up reviews are conducted to confirm closure and evaluate the ongoing effectiveness of implemented measures.

4.7 – Communication and Disclosure of Audit Findings

Titan Company Limited maintains transparency in its responsible gold sourcing practices by communicating relevant audit outcomes to stakeholders

A summary of key audit findings, corrective actions, and improvements is shared internally with relevant departments and, where applicable, externally with regulatory bodies or the Emirates Bullion Market Committee (EBMC) Upon request. The company ensures that confidential business information is protected while demonstrating its continued compliance and commitment to responsible sourcing. All communication related to audit results and compliance status is documented and retained for verification during subsequent EBMC or BVQI reviews.

Rule 5 – Annual Reporting on Responsible Supply Chain Due Diligence

5.1 – Public Disclosure and Transparency

Titan Company Limited is committed to maintaining transparency in its responsible gold supply chain operations. The company publishes its Responsible Sourcing and Supply Chain Policy and key elements of its due diligence framework on its official website, ensuring that stakeholders, customers, and regulators have access to relevant information. This includes disclosure of Titan’s ethical sourcing commitments, compliance structure, and adherence to EBMC, OECD, and DGD standards. All public communications are reviewed and approved by the Compliance Officer to ensure accuracy and alignment with regulatory and confidentiality requirements.

5.2 – Annual Reporting and Continuous Disclosure

Titan Company Limited prepares an annual internal compliance report summarizing the implementation of its risk-based due diligence, audit outcomes, and corrective actions. Key highlights and progress updates are included in the company’s sustainability and compliance summary, which may be shared with relevant authorities or published upon request. The report outlines Titan’s efforts to maintain a conflict-free supply chain, cooperation with third-party auditors (BVQI), and continuous improvement measures undertaken during the review period. All records and disclosures are maintained for verification during EBMC assessments or external assurance reviews.

3. Summary of Findings and Corrective Action Plan

Rule No	Observation	Root Cause	Corrective Action	Person responsible	Target Date
01	Nil	Nil	Nil	Nil	Nil
02	Nil	Nil	Nil	Nil	Nil
03	Nil	Nil	Nil	Nil	Nil

04	Nil	Nil	Nil	Nil	Nil
05	Nil	Nil	Nil	Nil	Nil

4. Declaration

I hereby confirm that the above information and supporting evidence reflect Titan Company Limited's internal self-assessment against the **EBMC Rules for Risk-Based Due Diligence in the Gold Supply Chain** for the specified reporting period.

Name: Ms. Sowmya Chandrasekar

Designation: Compliance Officer



Signature:

Date: 23.10.2025