

Caravel Resources Responsible Sourcing Policy

Caravel Resources Inc. and its subsidiaries (collectively, “**Caravel Resources**”) recognize that the extraction, handling, processing, transportation and trade of coal and iron ore may contribute to or result in adverse environmental and social impacts. Accordingly, we commit to adopt this policy (the “**Policy**”) on responsible sourcing of coal, iron ore and such other commodities as we may from time to time physically trade. This Policy applies to our suppliers of coal and iron ore (our “**Suppliers**”), and all employees, directors and officers of Caravel Resources.

Compliance with laws

Our Suppliers should comply with all applicable laws, including but not limited to laws concerning labour rights, modern slavery, workplace health and safety, product safety, the environment, natural resource management, data privacy and protection, bribery and corruption, money laundering, terrorist financing, competition, market conduct, sanctions, trade controls, criminal tax evasion and fraud.

Where applicable laws and this Policy address the same topic, and are not in conflict, the highest standard shall apply. Should this Policy in any area conflict with applicable laws such that the Policy would result in a breach of applicable laws, the highest standard consistent with the applicable laws shall apply.

Serious abuses

Our Suppliers should not profit from, contribute to, assist with or facilitate the commission by any party of:

- any forms of torture, cruel, inhuman or degrading treatment;
- any forms of forced or compulsory labour, which means work or service that is exacted from any person under the menace of penalty or for which said person has not offered himself voluntarily;
- the worst forms of child labour as defined in [International Labour Organization \(“ILO”\) Convention No. 182 on the Worst Forms of Child Labour \(1999\)](#), including work which, by its nature or the circumstances in which it is carried out, is likely to harm the physical or mental health or safety of persons under the age of 18;
- other gross human rights violations and abuses such as sexual violence; or
- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

Support to non-state armed groups

Our Suppliers should not directly or indirectly support non-state armed groups through the extraction, transport, trade, handling or export of coal or iron ore. “Direct or indirect support” to non-state armed groups through the extraction, transport, trade, handling or export of coal or iron ore includes, but is not limited to, procuring coal or iron ore from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who illegally:

- control mine sites or otherwise control transportation routes, points where coal or iron ore are traded and upstream actors in the supply chain; and/or

- tax or extort money, coal or iron ore at points of access to mine sites, along transportation routes or at points where coal or iron ore are traded; and/or
- tax or extort intermediaries, export companies or international traders.

Public or private security forces

Our Suppliers should not directly or indirectly support public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain, illegally tax or extort money, coal or iron ore at points of access to mine sites, along transportation routes or at points where coal or iron ore are traded, or illegally tax or extort intermediaries, export companies or international traders.

Where our Suppliers contract public or private security forces, such security forces should be engaged in accordance with the [Voluntary Principles on Security and Human Rights](#). We expect our Suppliers to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.

Bribery, corruption and fraudulent misrepresentation of coal or iron ore origin

Our Suppliers should not tolerate bribery, whether to public officials or private individuals, or corruption of any kind, and they should implement effective policies and procedures to prevent bribery and corruption that may arise from their business activities and supply chains. In particular, our Suppliers should not offer, promise, give or demand any bribes, and resist the solicitation of bribes, to conceal or disguise the origin of coal or iron ore or to misrepresent taxes, fees and royalties paid to governments for the purposes of coal or iron ore extraction, trade, handling, transport and export.

Conflicts of interest

Our Suppliers should avoid conflicts of interest in their relationships with us and take steps to declare and manage any such conflicts, including in respect of their workers.

Money laundering and anti-terrorist financing

Our Suppliers should support, and contribute to, the effective elimination of money laundering and terrorist financing and adopt effective policies and procedures to prevent money laundering and terrorist financing where they identify a reasonable risk of these activities resulting from, or connected to, the extraction, trade, handling, transport or export of coal or iron ore.

Payment of taxes, fees and royalties due to governments

We expect our Suppliers to ensure that all taxes, fees and royalties related to coal or iron ore extraction, trade and export are paid to governments.

Health and safety

Our Suppliers should provide a safe working environment for their workers and adopt effective policies and procedures to assess and mitigate the health and safety risks that may arise from their business activities and supply chains. Our Suppliers' products should meet all applicable product safety specifications included in our contracts with them. We expect our Suppliers to understand and address the health and safety risks that may arise from their

business activities and supply chains in a manner consistent with international standards and practices.

Human rights

Our Suppliers should respect internationally recognised human rights, including those of their workers, and adopt effective policies and procedures to assess and mitigate the adverse human rights impacts that may arise from their business activities and supply chains.

We expect our Suppliers to understand and address the adverse human rights risks that may arise from their business activities and supply chains in a manner consistent with international standards and practices. If any of our Suppliers cause or contribute to an adverse impact on human rights in their business activities or supply chains, we expect that they provide for, or cooperate in, processes to enable appropriate remedies.

The environment

Our Suppliers should respect the environment and adopt effective policies and procedures to assess and mitigate the adverse environmental impacts that may arise from their business activities and supply chains. In particular, our Suppliers should use, store and transport waste and hazardous materials, including tailings and coal refuse, safely and responsibly.

We expect our Suppliers to understand and address the adverse environmental impacts that may arise from their business activities and supply chains in a manner consistent with international standards and practices.

Risk mitigation

We use the terms “should” and “expect” in this Policy. The term “should” refers to our requirements. If we become aware that a Supplier has failed to meet any of our requirements in this Policy, we may take immediate action up to and including the termination of our business relationship with such Supplier.

The term “expect” refers to our expectations. If we become aware that a Supplier has failed to meet any of our expectations in this Policy, we propose to engage with such Supplier to understand the reason for such failure. If a Supplier fails to make reasonable efforts to meet our expectations and is unable to provide a reasonable explanation, we may take action up to and including the termination of our business relationship with such Supplier.

Our actions in each case will of course be guided by additional considerations, such as our contractual obligations.

If a Supplier becomes aware of an incident that would result in a breach of this Policy, we expect such Supplier to promptly inform us of the incident, cooperate with our reasonable requests for additional information and take reasonable actions to mitigate the breach.

Annex

International Standards and Practices Relevant to This Policy

We encourage our Suppliers to refer to the following international standards and practices when seeking to comply with this Policy. This list is provided as a resource to be used for guidance only – we do not require our Suppliers to follow the specific standards and practices set out in this Annex.

Health and safety

- [ISO 45001](#)
- [SA8000](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)

Human rights

- [Universal Declaration of Human Rights](#)
- [International Covenant on Economic, Social and Cultural Rights](#)
- [International Covenant on Civil and Political Rights](#)
- [ILO Declaration on Fundamental Principles and Rights at Work](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [SA8000](#)

The environment

- [ISO 14001](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)