

## RESPONSIBLE SOURCING & SUPPLY CHAIN STANDARDS

ArrowResources AG (“**ArrowResources**”) and its affiliated companies (collectively the “**Group**”) is a rapidly growing, independent, diversified commodities trading house. We are active across the metals and energy spectrum, in particular we trade non-ferrous metals, concentrates, ores, crude oil and oil products, biofuels (including biomass), natural gas, LNG and power.

We are headquartered in Switzerland but have a global presence, with offices in strategic locations around the world.

### **Scope**

The aim of our Responsible Sourcing and Supply Chain Standards (“**Supplier Standards**”) is to set out the standards that we expect our Suppliers to adhere to, in respect of anti-bribery, money laundering, sanctions, health and safety, human rights, ethical and environmental and sustainable practices. The Supplier Standards is influenced by a number of the Group’s policies, not least our Code of Conduct, Anti-Money Laundering and Bribery Policy and Environmental and Social Governance Policy. For these purposes, a Supplier is a person or entity providing goods or services used in our operations, i.e. which cover the entire chain of production, procurement, storage, handling, transportation, testing and purchasing of products.

The Group is active across various stages of the supply chain, which may involve international, regional, national or local suppliers. Accordingly, our Suppliers are vital partners if we are to succeed with our commitment to operate in a responsible and transparent manner without inadvertently exploiting humans and cause undue environmental impact.

### **Ethics**

We are committed to operating in an ethical and transparent manner, and we expect our Suppliers to take responsibility for ensuring their conduct conforms to these Supplier Standards. We request our Suppliers operate, maintain, and enforce a company code of conduct requiring adherence to ethical business practices.

It is ArrowResource’s policy to comply with the laws and regulations in all the countries in which it, or any member of its Group operates. Accordingly, we expect our Suppliers to do the same, not least as regards: anti-money laundering, bribery, sanctions and trade controls and conflict of interest, and the Supplier should have appropriate policies and procedures to ensure compliance with these requirements.

### **Responsible sourcing**

We ensure that the Group does not buy materials and services that do not comply with any national or international laws. To support our control over these aspects, and to guide our due diligence, ESG and sourcing methodologies, we conduct our business in alignment with the:

- London Metal Exchange’s (LME) Responsible Sourcing Standard;
- Nickel Institute’s Joint Due Diligence Standard;
- ISO 20400 guidance on Sustainable Procurement;
- Responsible Minerals Initiative’s standards on ESG and Global Responsible Sourcing; and the
- Responsible Business Alliance’s guidance on the responsible sourcing of goods and services.

Our responsible sourcing requirements address the following aspects.

### **1. Health and safety**

We recognise that our Group’s employees conduct activities that are mainly office-based, and we are committed to ensuring the general wellbeing of our employees and their health and safety at the workplace.

We also recognise that our Supplier’s employees engage in activities and tasks that are not office-based, certain of which work in potentially hazardous and dangerous environments. We require that our Suppliers have in place formalised health and safety policies and management systems that promote and ensure workplace safety including zero lost-time injury management plans to mitigate potential incidents and injury to their employees, sub-contractor employees and members of the public that could be potentially impacted by the Supplier’s activities. We require that appropriate training is given to Supplier’s employees and their sub-contractors (if applicable) to allow them to carry out their specific tasks without harm, and we require them to adhere to all applicable laws governing health and safety at the workplace.

We encourage our Suppliers to be ISO 45001 certified, or to align with this standard or other recognised international standards such as OSHA to formalise management of these issues. Health and Safety management systems must be comprehensive and align with national labour laws and regulations in the jurisdictions in which they operate. Where local regulations are deemed insufficient, Suppliers must default to internationally recognised best practice on health and safety management.

### **2. Human rights**

We support and respect human rights as set out in the *Universal Declaration of Human Rights* and consistent with *the United Nations (UN) Guiding Principles on Business and Human Rights*.

Where we source, procure or produce goods in conflict-affected and/or high-risk areas we align with the OECD’s standard: *Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas*. We recognise that we have a responsibility to respect human rights and not to contribute to conflict, or to conduct business in countries classified as “high-risk” without the appropriate due diligence. In this respect, we review, and where applicable, disengage in business which contributes to the financing of conflict and to comply with relevant United Nations sanctions/resolutions and where applicable, international and domestic laws implementing such resolutions.

We respect the life and rights of all individuals and are committed to promoting these principles with our Suppliers. We require our Suppliers to develop and implement policies and procedures to ensure the respect of human rights in their businesses and throughout their own contractor and supply chains. Those

policies should include processes and mechanisms to enable the remediation of adverse human rights impacts they may cause, or to which they contribute knowingly or inadvertently. Where local laws prevent the Supplier from upholding certain aspects of these Supplier Standards, the Supplier should comply with established international laws, standards and recognised best practices while seeking to respect human rights.

### **3. Labour**

Suppliers must comply with the labour laws in the jurisdictions in which they operate. For jurisdictions that do not have labour laws that adequately protect workers' rights, we request our Suppliers to establish a labour management plan that aligns with international standards and best practice.

We do the following, and expect likewise of our Suppliers:

- we prohibit all forms of unfair or illegal discrimination based on race, nationality, religion, gender, age, sexual orientation, disability, ancestry, social origin, trade union membership, political belief or any other potential bias;
- we have zero-tolerance for any form of modern slavery, including forced, compulsory or child labour;
- we offer fair remuneration, working hours and conditions;
- we have appropriate policies and procedures protecting the labour rights of our workforce; and
- we respect the rights of our workforce to lawful freedom of association and collective bargaining.

### **4. Environment and sustainability**

We recognise that global business is moving towards more sustainable practices, and accordingly integrating environmental performance with sustainable development into our activities is a key component of our business operations to ensure long-term business success.

We have a responsibility to seek opportunities to reduce our environmental footprint and we recognise this by collaborating and partnering with our internal and external stakeholders in environmental improvement projects to enhance sustainability. We also require that our Suppliers embed sustainability and environmental and social governance (“ESG”) into their operations to provide goods and products with a lower environmental footprint, and in line with climate change and greenhouse gas emissions as per the Paris Agreement.

We require our Suppliers to comply with all legislation, regulations, and international best practice, standards and guidelines relating to environmental management and performance and maintain all required permits and management and monitoring documentation in relation to the same.

Where our Suppliers operate in emerging economy countries, and notably in the natural resources extraction sectors, we expect our Suppliers to adopt, align or benchmark their management systems with the International Finance Corporation (“IFC”) Performance Standards 1, 3, 4 & 6, or to adopt similar and recognised management standards content regarding the protection of the environment and the natural capital on which local communities depend.

Environmental management systems that are certified ISO 14001 is highly regarded by the Group and its stakeholders.

## **5. Social and community development and sustainability**

The health, safety and wellbeing of the local communities where we and our Suppliers conduct business is a key element of ESG and Corporate Social Responsibility (“**CSR**”). Where applicable, we work with and encourage our Suppliers to engage in CSR to improve the lives of the local communities where they operate, whether they are directly or indirectly impacted by commercial activities. We encourage communication and socio-economic development programmes for local communities.

Where our Suppliers operate in emerging economy countries, and notably in the natural resources extraction sectors, we expect our Suppliers to adopt, align or benchmark their management systems with the IFC Performance Standards 1 to 8, as well as the IFC guidelines on Stakeholder Engagement. Similar management standards to that of the IFC regarding social and community wellbeing can also be adopted where appropriate.

### **Supplier audits and performance monitoring**

ArrowResources or any relevant member of its Group, on behalf of itself, its customers and/or other stakeholders, may request access to its Suppliers’ management systems, either via the review of specific documentation or physical site visits to review performance regarding the requirements of this standard. In this respect, we request that our Suppliers ensure that their management systems are compliant with the requirements of these Supplier Standards. In some instances we may also engage third parties conduct further due diligence and/or verification of the implementation of these Supplier Standards.

In the event that any non-compliance is identified, we will work with our Suppliers to (i) support them to enhance the relevant capacity to comply with these Supplier Standards and (ii) determine a corrective course of action and (iii) monitor and evaluate the outcomes.

### **Specific training and awareness**

The Group has a mandatory employee training programme in place. Tailored training courses are developed and made available via an online learning platform. Each training module includes a test which each employee must pass; many of the training subjects include aspects of these Supplier Standards.

As part of our Supplier’s ESG performance, we encourage our Suppliers to provide specific job-related training to their employees and to keep records of training programmes and participants.

### **Disengagement**

We reserve the right to disengage from Suppliers that do not meet the requirements of these Supplier Standards or who cannot provide relevant information and data, or who cannot commit to management and improvement plans.

### **Review**

We periodically review our Supplier Standards with respect to their suitability and effectiveness as we strive to continually improve our practices as a business and with our Suppliers.

## Version History

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Date:	Version:	Issued by:	Description:
16.11.2021	1.0	ESG & Compliance	v 1.0 issued
26.01.2022	1.1	ESG & Compliance	v 1.1 issued

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**This Responsible Sourcing and Supply Chain Standards policy has been approved by the Group's Board of Directors.**