

## **Conflict Minerals Policy**

### **Introduction**

Conflict minerals are formerly defined as tin, tungsten, tantalum, and gold (“**3TG**”). The aim of this Conflict Minerals Policy (the “**Policy**”) is to reflect the principles and guidance set out by the OECD in their “*Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas*,” which aims to assist companies in recognising the risks of significant adverse impacts that may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas.

For the purposes of this Policy we have adopted the OECD definition of “**conflict-affected and high-risk areas**”: conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.

We recognise that we have a responsibility to respect human rights and not to contribute to conflict, and we commit to refraining from any action which contributes to the financing of conflict and to comply with relevant United Nations sanctions resolutions and, where applicable, domestic laws implementing such resolutions.

We view activities which could cause or contribute to human rights violations, or that may directly or indirectly support non-state armed groups, as unacceptable. We aim to purchase 3TG from responsible sources and work with our suppliers to perform appropriate due diligence so that we can identify, and remove, any suppliers from our supply chain that do not adhere to these standards. We commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers’ risk awareness from the point of extraction until end user.

### **To whom does it apply?**

This Policy applies to ArrowResources AG and its affiliated companies (“**Arrow**”) as well as all persons who act on Arrow’s behalf, including employees, officers, directors, consultants, and agents (collectively “**Representatives**”).

All Representatives must read, understand and adhere to this Policy. Failure to adhere to this Policy can lead to disciplinary action and in serious cases, dismissal.

All suppliers who act on behalf of Arrow must follow the process as set out in this Policy. Arrow reserves the right to immediately terminate a contract where the supplier fails to comply with any of the obligations set out in the standards under this policy.

## **Conflict minerals**

If sourcing any 3TG from conflict-affected and high-risk areas it is Arrow's policy to source solely from Conflict Free Sourcing Initiative ("CFSI") approved assurance schemes such as the ITRI Tin Supply Chain Initiative ("ITSCI"). Arrow does not and will not buy any 3TG material from conflict-affected and high-risk areas unless certification is provided by ITSCI or a similar CFSI-approved scheme. This Policy as well as any information required under our due diligence processes is to be communicated to all 3TG suppliers operating in conflict-affected and high-risk areas.

Set out below are risks which can be found when sourcing 3TG from conflict-affected areas and high-risk areas. Each risk also states they will be managed by Arrow in accordance with the OECD's guidance.

## **Serious abuses associated with the extraction, transport or trade of 3TG minerals and metals from conflict-affected and high-risk areas**

While sourcing from, or operating in, conflict-affected and high-risk areas, Arrow will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:

- i) any forms of torture, cruel, inhuman and degrading treatment;
- ii) any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii) the worst forms of child labour;
- iv) other gross human rights violations and abuses such as widespread sexual violence; or
- v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

## **Risk management of serious abuses**

Arrow will immediately suspend or discontinue any commercial engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in the above. Engagement with upstream suppliers will remain suspended until a credible and independent third-party auditor approves the source as free from the abuses identified.

## **Direct or indirect support to non-state armed groups**

Arrow will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals.

For the purposes of this Policy, "**direct or indirect support to non-state armed groups**" means: direct or indirect support to non-state armed groups through the extraction, transport, trade and handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to, or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

- i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
- ii) illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
- iii) illegally tax or extort intermediaries, export companies or international traders.

### **Risk management of direct or indirect support to non-state armed groups**

Arrow will immediately suspend or discontinue engagement with upstream suppliers 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.

### **Public or private security forces**

Arrow agrees to eliminate direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain who illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded or illegally tax or extort intermediaries, export companies or international traders.

Arrow recognises that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

Where Arrow or any company in our supply chain contract public or private security forces, we will conduct reasonable steps as part of the due diligence process and we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, 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.

### **Risk management of public or private security forces**

In accordance with the specific position of the company in the supply chain, we will devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

### **Bribery and fraudulent misrepresentation of the origin of minerals**

Arrow's Bribery and Improper Payments Policy strictly prohibits the offering or making of Improper Payments, whether directly or indirectly through a third party. Parties should refer to Arrow's Code of Conduct and Bribery and Improper Payments policies for further details.

### **Risk management of bribery and fraudulent misrepresentation of the origin of minerals**

Specific to the trade in 3TG material, we will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

### **Money laundering**

In accordance with Arrow's Code of Conduct we will not condone, facilitate or support money laundering. We will support efforts, or take steps, to contribute to the effective elimination of money laundering

where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

### **Risk management of money laundering**

Arrow's Compliance team will carry out comprehensive due diligence prior to engaging with any new supplier of 3TG from conflict-affected and high-risk areas.

### **Payment of taxes, fees and royalties due to governments**

We will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (<https://eiti.org/>).

### **Risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments**

In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organisations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

Further to the risk management processes set out above, the following internal controls enhance our commitment to responsibly source 3TG from conflict-affected and high-risk areas:

#### **(i) Enhanced due diligence**

Arrow's senior tin trader or head of tin trading engages with the Compliance team to onboard and approve any new business. The team will be informed of any new counterparties in the supply chain, and where the trader identifies any issues he/she will inform the Compliance manager immediately. Arrow only engages with suppliers that are approved by ITSCI themselves and who adhere to the ITSCI rules and OECD guidance. All supplies will be traced by the presentation of all mine tags including the mine name list, ownership, middlemen and the supplier themselves.

#### **(ii) Grievance mechanism**

Arrow encourages the reporting of all suspicious activity found throughout our business model, which is subject to investigation or where necessary whistle blowing. Where early warning signs are discovered in the supply chain process, they will be reported to the Compliance team who will investigate and report on any findings. Training on whistle blowing is given to relevant teams alongside Arrow's Whistle Blowing Policy.

#### **(iii) Site visits and third-party audits**

Arrow's senior tin trader or head of tin trading sends out a questionnaire to existing suppliers to complete annually regarding their supply chain and due diligence processes. They also conduct site visits when deemed appropriate. Where necessary, they may liaise with other institutional bodies to obtain further information on upstream suppliers and engage in an audit to be carried out by a third party.

**(iv) Training**

Relevant trading teams receive training on the OECD's guidance to ensure they are aware of their role in the supply chain and are able to identify any early warning signs of risks which may need to be reported.

**(v) Regulatory bodies/organisations**

Arrow will engage with other ITSCI members and associated bodies such as the CFSI scheme under the Responsible Minerals Initiative. Where applicable, Arrow will become members of these organisations to further enhance its processes and commitment to responsible sourcing in conflict-affected and high-risk areas. Information sharing obtained from interaction with other bodies will enable us to enhance our procedures and processes around supply chain due diligence.

**(vi) Reporting**

Arrow aims to expand the scope of our sustainability, corporate and social responsibility and publicly report information on mineral supply chain due diligence.

**(vii) Records**

All records will be kept for a minimum of 5 years.

**(viii) Management oversight**

Arrow's management are aware of this Policy and approves the procedures and processes in place to ensure compliance with the OECD guidance when sourcing 3TG from conflict-affected and high-risk areas.

Any grievances reported or risks identified in the supply chain will be reported to management as part of Arrow's governance processes.

**Periodic review**

The Policy is subject to a compulsory periodic evaluation and review.