



ENERGY AND RESOURCES COMPANY LIMITED SUPPLY CHAIN AND DUE DILIGENCE POLICY-ADDENDUM

Energy and Resources Company Limited has strategic buying offices and agents across the mining areas in Ghana where we legitimately source gold. At Energy and Resources, we make sure that, our suppliers (an individual, group) that sells the mined product (gold at any processing stage) individually, either collectively, or through agents declare to be able to;

- a) Commit to making verifiable first- or second-party claims about the circumstances under which the product is produced (mined, processed and internally traded), and
- b) Identify risks and make commitments regarding risk mitigation. Through these declarations our suppliers demonstrate a basic understanding of our due diligence process. Miners and agents who sell to us declare how they operate.

Be, or be able to nominate, responsible person to oversee, manage, and communicate all aspects concerning our transaction. For achieving agent status and onwards, the responsible person will be in charge of making the verifiable first- or second-party claims, committing to risk mitigation, and responding to eventual conformity assessment requests by third parties (verification, monitoring, assurance, certification, due diligence, etc.). The responsible person will usually be the member who interacts commercially with our buying agents at our buying centres (office). In situation where the operation involves a group of people, they will usually elect a representative.

The responsible person makes the verifiable first or second-party claims (prepares and signs the documents) as or in representation of our suppliers that sell the gold to us.

Our **internal supply chain** involves mined product in any (as mineral, concentrate, dore or metal) from the individual miner who extracts it, down to our agents who sell(s) it to us at our various buying centres. The internal supply chain does not involve any cross-border transactions of mined products or payments.

Our **Point of assurance** mechanism consists of our suppliers making first-party verification claims (by declaring their area of operation). Furthermore, second-party verification claims (by agents/sellers or by miner's producer support schemes on their behalf, based on first-party claims of miners), that are verifiable at any moment through independent third-party verification (e.g.,

audits by of officers that wish to engage with sellers). The seller that transacts the gold to our buyers ensure that the claims are truthful and verifiable.

OUR SUPPLY CHAIN POLICY.

A. We are committed to adopting to a supply chain policy for identifying and managing risks associate gold.

- 1) We are dedicated to setting forth common principles and standards for responsible supply chains of gold free from any form of risk and conflict-affected, against which the company will assess itself and the activities and relationships of suppliers.
- 2) We have instituted a clear and coherent management process to ensure risks are adequately managed. Our company is dedicated to the due diligence steps and recommendations outlined by OCED and World Gold Council.

B. Structure internal management systems to support supply chain due diligence.

Energy and Resources has;

- 1) Assigned authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee the supply chain due diligence process.
- 2) Ensured availability of resources necessary to support the operation and monitoring of these processes.
- 3) Has in place an organizational structure and communication processes that ensures critical information, including the company policy, reaches relevant employees and suppliers. Trains as appropriate our employees and clients.
- 4) Ensure internal accountability with respect to the implementation of the supply chain due diligence process.

C. Establish a system of transparency, information collection and control over the gold supply chain.

- 1) We have created internal documentation and records of supply chain due diligence processes, findings and resulting decisions. This will include Step 1 due diligence, as well as additional due diligence that may be carried out with regard to gold supply chains associated with high-risk areas.
- 2) Maintain internal inventory and transaction documentation that can be retrieved and used to retrospectively identify gold inputs and outputs and/ or support a chain-of-custody system. This should include:

- a) Information regarding the form, type and physical description of gold and gold-bearing materials, e.g., gold ore, gold concentrate, gold dore and alluvial gold
 - b) Information provided by the supplier regarding the weight and assay of gold and gold bearing materials of input, and determinations of the weight and assay of gold inputs and outputs.
 - c) Supplier details, including "know your counterparty" ("KYC") due diligence information consistent with the Ghana Laws, OCED and World Gold Council.
 - d) Unique reference numbers for each input and output.
 - e) Dates of input and output, purchases and sales.
- 3) Make and receive payments for gold through official banking channels where they are reasonably available. Avoid cash purchases where possible, and ensure that all unavoidable cash purchases are supported by verifiable documentation.
 - 4) Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information regarding all shipments that cross international borders, or to which they otherwise have jurisdiction.
 - 5) Maintain the information collected above for a minimum of five years, preferably on a computerized database.

D. Strengthen company engagement with suppliers

Energy and Resources seeks to influence their suppliers to commit to international supply chain policy. In order to do this, the company has;

- 1) Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them.
- 2) Communicate to suppliers the expectations on due diligence for responsible supply chains of gold. In particular, we communicate our expectation with our suppliers and determine a risk management strategy with respect to identified risks in our supply chain.
- 3) Incorporate the supply chain policy set out in this Guidance into commercial contracts and/or written agreements with our suppliers that can be applied and monitored.
- 4) Consider ways to support and build capabilities of our suppliers to improve performance and conform to our supply chain policy.
- 5) Commit to risk management, which may include designing measurable improvement plans with our suppliers with the involvement, if relevant and where appropriate, of local and central governments, international organizations and civil society when pursuing risk mitigation.

E. Establish a company and/or mine level grievance mechanism.

Depending on our position in the supply chain we:

- 1) Develop an early warning risk awareness mechanism allowing any interested party (affected persons or whistle-blowers) to voice concerns regarding the circumstances of gold extraction, trade, handling and export in a high-risk area. This allow our company to be alerted of risks in its supply chain in addition to our own fact and risk assessments.
- 2) Provide such a mechanism directly, or through collaborative arrangements with other companies or organizations such as an Industry Programme or Institutionalized Mechanism, or by facilitating recourse to an external expert or body.

F. During the export or sells of our product (Gold), we;

- 1) Assign unique internal reference numbers to all inputs and outputs, by bar, ingot and/or batch of gold accepted and produced, and affix and/or imprint that reference number on all outputs in such a manner that its tampering or removal will be evident.
- 2) Coordinate and support physical security practices used by other upstream companies. Promptly report any indications of tampering with shipments, and unseal and open shipments only by authorized personnel.
- 3) Preliminarily inspect all shipments for conformity to the information provided on the types of gold, such as gold dore. Verify weight and quality information provided by the gold shipper, and make a business record of such verification. Report any inconsistency between initial inspection of a shipment and information provided by the shipper promptly to internal security and those responsible in our company for due diligence, with no further action taken until the inconsistency is resolved.
- 4) Physically segregate and secure any shipment for which there is an unresolved inconsistency
- 5) Seek to deal directly with legitimate artisanal and small-scale gold producers or their representatives where possible in order to exclude gold offered by persons that exploit them.

