

Policy of the Bauer-Walser AG regarding the supply chain for gold, silver and PGM

As a company which processes precious metals, Bauer-Walser AG is aware of its responsibility towards companies, society and the environment. The Bauer-Walser AG has an important role to play in the supply chain for gold, silver and platinum group metals (PGM) and is committed to fulfilling its duty of care.

We therefore support international efforts such as of the OECD to prevent the financing of terrorist activities, military conflicts, corruption, money laundering and human rights infringements in connection with precious metal transactions.

To achieve this, among other things, it is necessary to trace back incoming precious metal-containing material to prevent the purchase of material from conflict-affected and high-risk areas (CAHRAs).

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.

Accordingly, "**conflict minerals**" within the meaning of the **Dodd-Frank Act (USA)** are also included, i.e. material originating from the Democratic Republic of the Congo (DRC) and the neighbouring states. Under this US federal law, companies listed on the US stock market are required to report annually to the US Securities and Exchange Commission (SEC) whether they use certain commodities, including gold, from the DRC and/or neighboring countries (Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, Congo, Central African Republic). If an independent audit shows that a company's supply chain does not allow material to be smuggled in from these regions, the raw material in question is considered conflict-free. **With regard to the Dodd-Frank Act, we can confirm that the raw material gold we use is conflict-free.**

Also in accordance with the **EU Conflict Minerals Regulation of May 2017**, and as set out in the OECD "**Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**", due diligence in the supply chain, i.e. for the entire pathway of minerals, is an ongoing, future-oriented and reactive process through which economic operators monitor and manage their sourcing and sales to ensure that they do not contribute to conflict or its negative impacts. **Here, too, we refer to precious metals, in the case of the minerals covered by Regulation 2017/821 to gold.**

According to the EU regulation, conducting third party audits ensures the credibility of an economic operator's supply chain due diligence procedures.

The RJC-CoC certification is based on such an independent audit and is therefore also recognized by the Responsible Minerals Initiative (RMI), formerly cfsi, as proof of a conflict-free supply chain of raw materials for the electronics industry, as well as by the LBMA "Responsible Gold Programme".

Compliance with fundamental ethical guidelines

We base our business and social activities on generally accepted ethical and humanitarian principles. This requires unconditional compliance with fundamental human rights and absolute respect for cultures or customs and traditions with regard to our employees, but also towards all those who are affected by the activities of the precious metals industry. We are committed to the promotion of human rights. Discrimination based on race, gender, ethnic or social origin, religion, age, disability or sexual orientation, for example, is not tolerated under any circumstances.

We undertake to protect our employees from physical, psychological, sexual or verbal harassment and to punish such incidents. The right to freedom of expression is protected.

Bauer-Walser AG links its policy on the supply chain of precious metals (gold, silver and PGM) and materials containing precious metals to the recommendations of the OECD Due Diligence Guidance Annex II in the sense of a responsible global supply chain from conflict and high-risk areas:

1. While sourcing from, or operating in, conflict-affected and high-risk areas, we 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 (see ILO Agreement No. 182(1999));
- iv) other gross human rights violations and abuses such as widespread sexual violence;
- v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

2. We 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 committing serious abuses as defined in paragraph 1.

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

4. We 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 as defined in paragraph 3.

5. We agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; 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. ("Direct or indirect support" does not refer to legally required forms of support such as legally required taxes, levies or license fees that companies must pay to the government of the country in which they operate (see section 13 below for disclosure of such payments)).

6. We recognise 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.

7. Where we or any company in our supply chain contract public or private security forces, 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.

8. We will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.

9. We will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

10. In accordance with the specific position of the company in the supply chain, we will immediately 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, as identified in paragraph 5, 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. Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

11. 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. (see *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)* and *United Nations Convention Against Corruption (2004)*.)

12. 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.

13. 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 (EITI).

14. 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 measureable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

Under no circumstances will we tolerate a violation of the above-mentioned ethical guidelines.

Our contribution to these efforts is:

- Our membership in the Responsible Jewellery Council (RJC) and implementation of the principles set out in the Code of Practice (COP) and the Chain of Custody (CoC) standards of the RJC for the implementation of a responsible business practice and conflict-free supply chain policy.
- Precious metals are only accepted from suppliers that are certified by RMI, LBMA or RJC
- Strict implementation of the *know-your-counterparty* principle with all transactions concerning precious metals
- Risk-based monitoring and documentation of the transactions
- No acceptance of primary gold / silver / PGM (mined material)
- Demonstrating an absolutely transparent supply chain
- Internal and external communication of this policy
- Training of our employees on this subject
- Taking responsibility towards customers

We will identify any business relations with business partners which are in conflict with these standards and will immediately suspend or discontinue them, also in case of a recognised possible risk.

If necessary, we will carry out an additional risk assessment of the risks to be mitigated following the adoption of the risk management plan. If there is no demonstrable success in avoiding or mitigating the risks six months after adoption of the risk management plan, we will suspend or terminate the business relationship for at least three months. The suspension may be accompanied by a revised risk management plan setting out the objectives to be achieved before the resumption of business relations in terms of gradual improvement.

Bauer-Walser AG has anchored these due diligence requirements in its internal processes.

The Bauer-Walser AG company has embedded these requirements for fulfilment of due diligence in its internal work procedures.

Our policy on the supply chain of precious metals and materials containing precious metals is strictly adhered to and communicated accordingly to our business partners.

Keltern, 19.04.2024



Bernd Augenstein und Timo Müller (Management Bauer-Walser AG)

Every year this policy is validated for up-to-dateness and reasonableness according to Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains and adjusted as necessary.