

Policy of the Bauer-Walser AG regarding conflict minerals

As a member of the Responsible Jewellery Council (RJC), the Bauer-Walser AG company has been audited and certified according to the chain of custody principles of the RJC. The chain of custody certificate of the RJC verifies a conflict-free and responsible supply chain. This enables the Bauer-Walser AG company to ensure the sourcing of the gold and the other precious metals used from conflict-free and correct sources.

The certification as a conflict-free precious metal processing company in particular means that the Bauer-Walser AG:

- does not accept primary gold / silver / PGM (gold etc. from mines)
- has an absolutely transparent supply chain
- applies strict KYC (know your counterparty) procedures
- trains and educates its employees on these subjects
- meets its responsibility towards its customers

What is the background of the RJC Code of Conduct certification?

The civil war in the Democratic Republic of the Congo which has been raging since the end of the nineties has directly resulted in the death of more than 5.4 million people through war, starvation or illness and the number of refugees and displaced persons is very high. The mineral resources and the production of raw materials make a substantial contribution towards the financing of the civil war. In view of this, on July 21, 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed in the USA.

Section 1502 requires all companies listed on U.S. stock exchanges to advise the US securities and exchange commission (SEC) on whether certain raw materials, including gold, are used from the Democratic Republic of the Congo and/or adjacent countries (Sudan, Uganda, Ruanda, Burundi, Tanzania, Zambia, Angola, Congo, Central African Republic) and declare whether they are conflict-free. (*"Conflict-free" meaning that companies can prove that the 3Ts and gold in their products were not mined, sold, taxed or otherwise used for the benefit of armed groups there*) If an independent audit indicates that the supply chain of a company does not permit the procurement of conflict gold from these regions, the respective raw material is deemed to be conflict-free.

Also according to the EU Conflict Minerals Regulation of May 2017, and as outlined in the OECD *"Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas"*, due diligence is required throughout the supply chain, i.e. for the entire path of the minerals from the mining site to the final consumer (i.e. extraction, transport, turnover, trade, processing, smelting, refining and alloying, manufacture and sale of the final product), as a continuing, forward-looking and reactive process by which economic operators monitor and manage their procurements and sales so as to ensure that they do not contribute to conflicts or their negative effects such as lack of security, widespread violence, human rights violations, violations of national or international law. Under the EU Regulation, conducting third party audits ensures credibility in relation to an operator's procedures for ensuring due diligence in the supply chain.

The RJC code of conduct certification is based on such an independent audit and is therefore also recognised by the Responsible Minerals Initiative (RMI), formerly cfsi, association as verification of a conflict-free supply chain for raw materials for the electronics industry, and is also recognised by the "Responsible Gold Programme" of the London bullion market association (LMBA).

(https://www.responsiblejewellery.com/files/RMI_LBMA_RJC_Cross-Recognition-Policy_Final-Sept-2018.pdf)

A handwritten signature in black ink, appearing to read "K. Karner", is positioned above the printed name and title.

Karlheinz Karner
CEO

Keltern, September 2019