

**PRECIOUS METAL DUE DILIGENCE REPORT, 2020**

IWC Schaffhausen has a strong due diligence policy in place, following the five-step framework of the Organisation for Economic Co-operation and Development (OECD). More information about the risk analysis associated with these five steps is set out in our [2020 Sustainability Report](#).

Latest risk analysis reveals no red flags in our precious metal supply chain. For IWC, red flags appear where weak or no precious metal processes are in place regarding the following elements: Documentation of origin (transparency); Willingness of collaboration (onsite visits); Lack of third party certification (e.g. RJC), and; A high country-risk level.

In our first due diligence reporting we want to inform our stakeholders about the most important measurements which have been conducted during the risk assessment and RJC CoC audit preparation:

- Internal and third-party audits of four key precious metal component suppliers for a more detailed mapping of precious metal component flows in Switzerland
- Implementation of a more detailed mid-stream supply chain monitoring (e.g. of refiners)
- Implementation of an IWC Supply Chain Policy on precious metals as a supplement to our [Supplier Code of Conduct](#) (Supply Chain Policy text follows) – both are confirmed and signed by suppliers of IWC's precious metal components

## IWC SCHAFFHAUSEN SUPPLY CHAIN POLICY ON PRECIOUS METALS

### A. Addressees of this policy

This document is meant to be a supplement to principle 12 (*responsible supply chains for gold and/or platinum group metals*) of Richemont's Code of Conduct, applicable to all suppliers, which deliver components made from precious metals to IWC. Precious metals thereby include gold, silver and platinum group metals platinum, palladium and rhodium.

### B. Precious metals from conflict-affected areas

1. This policy confirms IWC Schaffhausen's commitment to respect human rights, avoid contributing to the finance of conflict and comply with all relevant UN sanctions, resolutions and laws according to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas.
2. IWC Schaffhausen is a certified member of the Responsible Jewellery Council (RJC) since 2014. As such, we commit to proving, through independent third-party verification, that we:

- respect human rights according to the Universal Declaration of Human Rights and International Labour Organization Fundamental Rights at Work;
- do not engage in or tolerate bribery, corruption, money laundering or finance of terrorism;
- support transparency of government payments and rights-compatible security forces in the extractives industry;
- do not provide direct or indirect support to illegal armed groups; and
- enable stakeholders to voice concerns about the jewellery supply chain.
- respect and apply "know your counterparty" measures

3. We also commit to using our influence to prevent abuses by others.

#### 4. Regarding serious abuses associated with the extraction, transport or trade of gold

We will neither tolerate nor profit from, contribute to, assist or facilitate the commission of:

- torture, cruel, inhuman and degrading treatment;
- forced or compulsory labour;
- the worst forms of child labour;
- human rights violations and abuses; and
- war crimes, violations of international humanitarian law, crimes against humanity or genocide.

5. We will immediately stop engaging with upstream suppliers if we find a reasonable risk that they are committing abuses described in paragraph 4 or are sourcing from, or linked to, any party committing these abuses.

#### 6. Regarding direct or indirect support to non-state armed groups

We will not tolerate direct or indirect support to non-state armed groups, including, but not limited to, procuring gold from, making payments to, or otherwise helping or equipping non-state armed groups or their affiliates who illegally:

- control mine sites, transportation routes, points where gold is traded and upstream actors in the supply chain; and
- tax or extort money or gold at mine sites, along transportation routes or at points where gold is traded, or from intermediaries, export companies or international traders.

7. We will immediately stop engaging with upstream suppliers if we find a reasonable risk that they are sourcing from, or are linked to, any party providing direct or indirect support to non-state armed groups as described in paragraph 6.

**8. Regarding public or private security forces**

We affirm that the role of public or private security forces is to provide security to workers, facilities, equipment and property in accordance with the rule of law, including law that guarantees human rights. We will not provide direct or indirect support to public or private security forces that commit abuses described in paragraph 4 or that act illegally as described in paragraph 6.

**9. Regarding bribery and fraudulent misrepresentation of the origin of gold**

We will not offer, promise, give or demand bribes, and will resist the solicitation of bribes, to conceal or disguise the origin of gold, or to misrepresent taxes, fees and royalties paid to governments for the purposes of extraction, trade, handling, transport and export of gold.

**10. Regarding money laundering**

We will support and contribute to efforts to eliminate money laundering where we identify a reasonable risk resulting from, or connected to, the extraction, trade, handling, transport or export of gold.

**C. Supplier commitment**

Hereby, I confirm the following:

1. I confirm that my company receives the precious materials mentioned in section A of this policy from CoC certified refiners for IWC components.
2. I confirm that the CoC certificates of conformity from those refiners accompany IWC's components in the manufacturing process and the CoC certificates are finally forwarded to IWC Schaffhausen with every delivery.
3. I confirm that I have a management system in place to separate and trace IWC components from other customer's purchase orders in order to avoid mixing of precious metals components.

Signed/endorsed IWC:

Date of effect:

Signed/endorsed supplier:

Date of effect: