

**DUE DILIGENCE REPORT FOR THE FINANCIAL YEAR 2022
WITH REGARD TO RJC COP AND COC**

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List of abbreviations

CAHRA	Conflict-affected and high-risk area
COC	Chain of Custody
COP	Code of Practices
OECD	Organisation for Economic Co-operation and Development
PGM	Platinum Group Metals
RJC	Responsible Jewellery Council

1. DUE DILIGENCE REPORT FOR THE FINANCAL YEAR 2021

As a certified member of the Responsible Jewellery Council (RJC), Schofer is committed to meeting the highest moral and ethical standards in all its actions and decisions towards its customers, suppliers and employees. This also includes a social and environmentally friendly orientation, as we see ourselves having a particular responsibility towards future generations.

The CoP (Code of Practices) and CoC (Chain of Custody) standards stand for responsibility and transparency in the global supply chain of gold, platinum group metals, silver, diamonds and coloured gemstones. These certifications provide our customers and suppliers with the assurance they need about how their products and materials have been sourced, traced and processed in the supply chain.

An integral part of the commitments made with the certifications under these standards is the preparation and publication of a due diligence report in line with the OECD Due Diligence.

2. COMPANY MANAGEMENT SYSTEMS

2.1. Supply Chain Policy

The supply chain policy of Schofer Germany GmbH & Co. KG is publicly available and can be accessed at any time on the company website at <https://schofer.com/en/about-us/certifications/>

2.2. Management structure and responsibilities

The requirements of the standards have been implemented in the existing management system and, where necessary, they have been extended and expanded. The responsible persons are named and the due diligence process is described, recorded and integrated into the continuous improvement and review process of the quality management system.

2.3. Internal control system

The internal control system of Schofer Germany GmbH & Co.KG, like all processes of the organisation, is subject to a continuous improvement process. It is reviewed annually and adjusted if necessary. This includes the following actions:

- Identification and verification of business partners
- Identification of red flags in the supply chain
- Internal and external training of employees and business partners

2.4. Systems for recording and tracing the origin of the materias

The organisation has an ERP system that records all transactions and can provide information on these transactions at any time.

3. IDENTIFICATION AND ASSESSMENT OF RISKS ALONG THE SUPPLY CHAIN

The review of supply chains for any risks is carried out in accordance with the OECD due diligence. This means monitoring and reviewing business partners and their materials for possible direct or indirect support of unwanted profiteers and possible negative impacts on already weak parties. Accordingly, these are also subject to review with regard to CAHRAs.

If risks or even violations of the OECD due diligence are identified, measures must be taken to contain or avoid the risks. Depending on the assessment and classification of each risk or violation, measures are taken to manage them, which in extreme cases may even result in the temporary suspension or even the complete termination of a business relationship.

The Supply Chain Policy - Code of Conduct of Schofer Germany GmbH & Co. KG has been communicated to the business partners and is mandatory for them. It can be accessed on the company website at any time. New business partners are subject to a review which is internally implemented and recorded. No red flags were identified during the reporting period.

4. CONTINUOUS IMPROVEMENT

Schofer Germany GmbH & Co. KG already implemented an all-encompassing quality management system according to DIN EN ISO 9001 in 2016. Meaning that according to which all processes of the organisation are subject to a continuous improvement process. In the meantime, the QM system has been upgraded to the latest version.

4.1. AUDIT REPORTS

The audit reports of Schofer Germany GmbH & Co. KG on the standards of the RJC, as well as their scope of validity, are available on their website.

5. COP 7: DUE DILIGENCE

5.1. Guidelines and control systems

Folgende Richtlinie(n) hat Schofer Germany erlassen und für sich bindend erklärt:

- Supply chain policy of Schofer Germany GmbH & Co. KG (also covering handling gold, silver and PGMs)
- Guideline for handling conflict materials
- Guideline regarding social and ethical responsibility
- Guideline for assessing risks and evaluating all business partners
- Guideline for starting business with new clients
- Guideline for starting business with new suppliers

The content of these guidelines has been conveyed to the relevant business partners and employees of Schofer Germany GmbH & Co. KG. All Schofer Germany GmbH & Co. KG employees regularly receive training and information regarding any updates and amendments. Every employee can freely access these documents. Some of the documents have been published in English and German on our company website and are freely accessible.

Via the website it is also possible for any external party with complaints to contact Schofer Germany GmbH & Co. KG at any time, also anonymously.

5.2 Determining and assessing risks in the supply chain

In order to be able to review the due diligence of our suppliers, we assess the data at our disposal as follows:

- Checking country and person-specific sanction lists
- Annual supplier assessments, in the course of which an enquiry is sent to Creditreform (credit bureau)
(This system is recognized by the Federal Financial Supervisory Authority and ensures compliance with the EU directives 2580/2001 and 881/2002 to fight terrorism.)

The due diligence is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The supply chain ranges from the mining facilities to the end consumer, i.e. from extraction, transport, handling, trading, processing, smelting, refining and alloying, manufacturing and sale of the end product.

In 2022 Schofer Germany GmbH & Co. KG subjected all its precious metal suppliers to the due diligence review. The following information was reviewed:

- Economic information from Creditreform
- Determining the economic beneficiaries
- Compliance check
- Checking country and person-specific sanction lists
- Checking conflict-affected and high-risk areas

All precious metal suppliers were assessed with "No risk".

Checking our other suppliers is an ongoing process which is continuously advancing. To date all suppliers reviewed were assessed with "No risk".

Also with the current assessments of our new clients as well as new suppliers no risk could be ascertained. All existing clients and long-term suppliers are subjected annually to a KYC assessment through various processes. The country and person-specific sanction lists are checked daily. During these checks no risks were ascertained either.