

## DUE DILIGENCE REPORT 2021 FOR SOURCING FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS

Montblanc has implemented a due diligence concept, following the five-step framework of the Organisation for Economic Co-operation and Development (OECD).

The aim of this concept is to identify, assess and mitigate risks from sourcing

- gold
- silver
- platinum group metals
- diamonds
- coloured gemstones (emeralds, rubies, sapphires)

from Conflict-Affected and High-Risk Areas (CAHRAs).

Based on the concept, Montblanc created a process to align with all involved parties the responsibilities and tasks within the 5 steps.

**STEP 1:** Establishment of a structured management system with clear responsibilities for the Due Diligence program. Maintaining a record-keeping system while acting in compliance with our defined internal processes and our Raw Materials Sourcing Policy.

**STEP 2:** Strong engagement with suppliers. Identification, assessment, and prioritization of risks.

**STEP 3:** Risks management including involvement of affected stakeholders. Monitoring efforts and tracking of performance for risk mitigation on a regular basis.

Red flags are identified after data collection and evaluation based on:

- supplier's supply chain until the mine
- CAHRAs country risks
- visit and audit results
- existing certifications e.g. RJC

**STEP 4:** Audit control points.

**STEP 5:** Communication and report on due diligence.

Montblanc has the intention of building long-term supplier engagement and is therefore supporting and guiding its suppliers to reach compliance.

### Montblanc Simple GmbH

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Geschäftsführung: Nicolas Baretzki, Hendrik Bitterschulte

However, if a major non-compliance is identified during the Due Diligence check, the supplier will be strictly monitored and, in addition, re-audited after 1 year.

Suppliers without non-compliances or minor non-compliances are re-audited after 3 years, if supplier remains in inspection scope.

Level of non-compliance (major or minor) is evaluated by the Head of Corporate Social Responsibility & Supply Chain Compliance (CSR & SCC) following all legal circumstances, internal policies as well as CAHRAs indicators.

In case major non-compliances are not resolved within the defined timeframe, the department which sourced from the supplier is obliged to change the supplier within 3 months without pre-series / 6 months with pre-series.

The Head of CSR & SCC is responsible for above described Due Diligence management system and the monitoring of risk mitigation of defined red flags.

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