



DUE DILIGENCE REPORT 2024 FOR SOURCING FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS

The underlying due diligence report is intended to inform all stakeholders of Montblanc about our commitments and measures to comply with human rights due diligence obligations in the sourcing of diamonds, coloured gemstones, gold, silver and platinum group metals. Montblanc is committed to comply with the German Supply Chain Act (GSCA), which imposes strict environmental and social due diligence requirements on the management of our supply chains.

Based on the OECD¹ Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Montblanc developed a Due Diligence Concept, following a five steps framework.

The aim of this concept is to identify, assess and mitigate risks from sourcing the following materials from Conflict-Affected and High-Risk Areas:

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

Based on the concept, Montblanc follows a process to align the responsibilities and tasks with all involved parties within the following five steps:

STEP 1: Management System

Montblanc has established a structured management system with clear responsibilities for the Due Diligence Concept. Montblanc maintains a record-keeping system while acting in compliance with internal and Richemont policies and statements. Any references to Richemont (parent company) shall also apply to Montblanc.

STEP 2: Identification and assessment of human rights and environmental Risks

Montblanc conducts risk analyses on a yearly basis to identify, assess and prioritise human rights and environmental risks in its supply chain.

Besides, Montblanc applies a quantitative approach to identifying abstract and concrete risks. One component of this analysis is the determination of risks using ESG tool and indices that quantify and assess both human rights and environmental risks depending on the country.

¹ Organisation for Economic Co-operation and Development



The results of the risk analysis are communicated internally to the relevant departments and management and are part of the annual GSCA report.

STEP 3: Risk Management

Montblanc's risk management includes the following elements in addition to the risk analysis:

- Creating transparency within the supply chain
- Identity and integrity checks of suppliers of above mentioned materials, according to the Know Your Counterparty (KYC) principle to prevent money laundering and terrorist financing
- Checking of existing certifications (RJC²) and available Management Systems
- Monitoring the signing of Richemont's Supplier Code of Conduct (SCoC). Montblanc suppliers are required to sign this SCoC, in which they commit to comply with our business practices
- Checking of suppliers compliance with the rules of the Kimberley Process Certification Scheme and the World Diamond Council (WDC) voluntary systems of warranties, which aims to prevent the trade in conflict diamonds
- Conducting supplier visits
- Commissioning and monitoring of third party supplier audits (SMETA³)

If Montblanc encounters deficiencies that cannot be remedied through appropriate measures, this is considered a red flag, which leads to escalation to the top management level.

Furthermore concerns about suspected misconduct can be addressed by telephone or online via Richemont's dedicated reporting channels, which are designed, established and operated in a secure manner for this purpose. Complaints can be submitted via Montblanc's and Richemont's homepage, as well as via the following [link](#).

The GSCA requires us to evaluate the effectiveness of the measures implemented. Corresponding effectiveness tests are carried out by the Supply Chain Compliance & Sustainable Operation (SCC & SO) department for the defined measures.

Montblanc has the intention of building long-term supplier engagement and is therefore supporting and guiding its suppliers to reach compliance. However, if a major non-compliance is identified during an audit, the supplier will be strictly monitored and, in addition, re-audited after one year.

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

² Responsible Jewellery Council

³ Sedex Member Ethical Trade Audit



In case major non-compliances are not resolved within the defined timeframe, the sourcing department is obliged to change the supplier within three months without pre-series / six months with pre-series.

STEP 4: Due Diligence verification

Montblanc has been a member of the Responsible Jewellery Council since 2007 and is certified in accordance with the Code of Practice (CoP) since 2012. Compliance with the standard is regularly audited by an independent inspection body. Since joining, Montblanc has been audited four times at the stipulated intervals. The last CoP Audit took place in 2021.

STEP 5: Communication and report on due diligence

The underlying report is updated annually and published on the Montblanc website. In addition, in the context of the GSCA, Montblanc will publish in 2024 for the first time a declaration of principles, which communicates our Due Diligence expectations and commitments to external stakeholders, and describes our Risk Management System. Furthermore Montblanc has to report the implementation status of the GSCA obligations on an annual basis.

The Head of SCC & SO is responsible for above described Due Diligence management system. Due Diligence obligations are being implemented in collaboration with further involved departments.