

Supply chain Due Diligence report FY21

Baume & Mercier has a strong due diligence policy in place for precious metal and diamonds, following the five-step framework of the Organization for Economic Cooperation and Development (OECD).

In this first due diligence report, we want to inform our stakeholders about the most important measures which have been deployed :

- Creation and sharing with our partners of our new supply chain policy available on our [website](#).
- Update of our general terms and conditions of sale to include our new policy
- Creation of an internal due diligence process specifying the actions and accountable people. Its implementation is continuously monitored by the Head of Production,
- Creation of a grievance management system, any concerns regarding our supply chain can now be communicated by email at griefsupplychain@baume-et-mercier.com

Furthermore, a system of control and transparency applicable to the gold and diamonds supply chain is in place. Each supplier is subject to a KYC questionnaire which includes all the elements necessary for a good understanding of the supply chain and for suppliers to exercise due diligence. All the démarches engages are shared with others Richemont brands.

As a result, the assessment of our supply chains has ruled out any potential risk of ethical violations in our supply chain.

Baume & Mercier considers that a potential risk appears when we observe weaknesses or a lack of diligence in the management of precious materials concerning the following elements:

- Documentation on the origin of precious materials and transparency of supply chains
- Willingness of collaboration (completed KYC, on-site visits...)
- Absence of third-party certification (e.g. RJC COP certification)
- A high country-risk level.

If such a potential risk is identified in our supply chain, appropriate measures are taken to eliminate the risk within 6 months.

Our key findings as of the date of this report include:

Gold :

93% of the fine gold used for Baume & Mercier's products is provided by our Group refiner, RJC CoC certified, with sources selected according to their high transparency level and their strong due diligence policy.

The balance of our gold supplies, 7%, is also sourced from a RJC CoP certified refiner under our directs supplier responsibility.

We are fully compliant with the Richemont Group Gold Sourcing policy detailed on the Richemont Group website:

[Sustainability | Reporting centre \(richemont.com\)](https://www.richemont.com/sustainability-reporting-centre).

Our goal for FY22 is to source 98% of our fine gold through our Group refiner.

Diamonds :

100% of our diamonds are purchased from RJC COP certified suppliers who integrate the principles of the Kimberley process, as further detailed in the Richemont Group CSR Report [sustainability report 2020.pdf \(richemont.com\)](https://www.richemont.com/sustainability-report-2020.pdf)

Our policy is to neither buy nor sell any synthetic stones. We also exclude "refer" diamonds of our purchasing process. In line with that policy, we have taken technical steps to ensure that all diamonds sold to the customers are natural, including procedures and testing. These technical steps are aligned with the RJC Code of Practices 2019, which includes requirements with regard to synthetic diamond disclosures.

The renewal audit of our RJC COP certification is scheduled for September 2021, the announcement of the result will be made as soon as it is known.