

DUE DILIGENCE POLICY AND PROTOCOL

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1. Introduction

- 1.1. The Watch and Jewellery Initiative 2030 ("**WJI 2030**") is a Swiss non-profit association which aims at accelerating positive impact in the areas climate resilience, preserving resources, and fostering inclusiveness, through the collective effort of its members and stakeholders.
- 1.2. WJI 2030 will pursue its goals in accordance with its Articles of Association, Code of Conduct, Anti-trust Policy and with any other policy it may develop and adopt from time to time.
- 1.3. This document sets the process to be followed by the Watch & Jewellery Initiative 2030 ("**WJI 2030**") when conducting due diligence ("**DD**") on applicants and members. It is not an investigation into, or an audit of the company's business practices.
- 1.4. DD is carried out for the purposes of gaining a clear understanding of the potential member and determining any associated risks in order to safeguard the integrity and reputation of WJI 2030, while also reducing the risk of accepting members that are not committed to WJI 2030's values and vision.

2. Due Diligence Scope

- 2.1. DD shall include research in relation to a number of factors including (but not limited to):
 - Industry reputation, negative press media;
 - Economic and trade sanctions;
 - KYC/Anti-Money Laundering (AML), Politically Exposed Persons (PEPs), Corruption;
 - Operations in Conflict affected and high-risk areas;

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- Human Rights related issues;
- Environmental concerns;
- Social concerns; and
- Publications by the entity.

3. Due Diligence Process

The DD process is first based on self-declarations of the Applicant, which is expected to provide full, complete and transparent information, in good faith.

- 3.1. DD also includes a review of such information by WJI, utilizing specialized external tools such as Lexis Nexis and World-Check. Further checks are conducted through standard internet searches and the review of public sanctions and ban lists.
- 3.2. The Governance Manager shall ensure that all relevant information has been received. All applications for Membership shall be sent to the Governance Manager who will review the applications for completeness as per the Membership Procedure. If/when the application is considered complete, the Governance Manager will conduct a due diligence check in accordance with 3.1.
- 3.3. Only when and if there are red flags determined through the use of any of the tools mentioned in 3.1, will the Governance Manager create a report to be shared with the Risk & Compliance Committee for their review. Red flags arising from the DD process can also be shared with the Board and external legal counsel.

Due diligence may extend beyond the Member entity to include, where relevant, its parent, subsidiary, affiliated, or otherwise connected entities, where such relationships may have a material impact on the Member's operations, governance, or risk profile. In particular, group-level policies, practices, and decisions—including those related to corporate governance, operations, and sustainability—shall be considered where they apply across the broader corporate structure and may give rise to operational or reputational risks.

4. Types of Due Diligence

- 4.1. Due diligence is undertaken at several stages by the WJI 2030.

A. Initial Due Diligence

- 4.2. The Initial Due Diligence is the DD that is carried out after an application is submitted.
- 4.3. Following the completion of the screening through external tools, where no adverse information related to the risk factors is found, the Governance Manager will inform the Executive Director who will submit the application to the Board as per the Articles of Association and the Membership Procedure.

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- 4.4. Following the completion of the screening through external tools, where adverse information related to the risk factors is found, the Governance Manager will inform the Executive Director and submit the DD report to the Risk & Compliance Committee for an independent third-party assessment. If the Assessment is satisfactory then the application will be submitted to the Board. If the Assessment is not successful, the application will be denied. Red flags arising from the DD process can also be shared with the Board and external legal counsel.
- 4.5. The unsuccessful applicant will only be able to submit a new application after 1 year from the date its initial application has been rejected and will have to complete the entire application and DD process again. The new application will be managed by the Risk & Compliance Committee.

B. On-going Due Diligence

4.6 The DD process shall be renewed regularly for all members to ensure continued compliance and shall be coordinated by the Governance Manager. Members are responsible for proactively and promptly informing WJI 2030 of any material changes that may affect their compliance with WJI 2030 membership terms & conditions as well as the WJI 2030 statutes.

C. AD HOC Due Diligence

- 4.7. If the WJI 2030 has concerns or an issue is brought to its attention (e.g. through the Grievance and Complaints Mechanism), or finds it lacks sufficient information or documentation concerning a Member, it may mandate an *ad hoc* review of the Member / issue – using the same process as for the WJI 2030 Grievance and Complaints Mechanism.

D. Negative information or incident

- 4.8. Any negative information or news stories on any member or potential member which cannot be verified by the Governance Manager shall be escalated to the Risk & Compliance Committee. The latter proceeds as per the Terms governing its organization.
- 4.9. Should the review of the negative information / story or incident determine an issue involving a member, WJI 2030 may mandate a further investigation by its external legal counsel or another third party depending on the nature of the issue. If this additional investigation determines there is actually no issue, no further action will be needed. The corresponding report and information will be stored in the relevant file.
- 4.10. If the additional investigation determines that the issue is confirmed, WJI 2030 shall take appropriate action including, but not limited to:
 - Requesting further information from the member;
 - Rejecting the application for Membership;

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- Further escalation with the Board and, potentially, the General assembly; and
- Suspension or revocation of the member as per the Membership Procedure and Articles of Association.

In all instances, WJI 2030 may also reach out to other stakeholders, including but not limited to standards bodies, certification organisations, and civil society organizations as part of the DD process, to request information about a member or a dedicated incident; the concerned shall be duly informed before contact is made with another organization.

5. Documentation

- 5.7. All external screening shall be summarized in a report.
- 5.8. All relevant information shall be kept for at least 5 years from the moment of receipt, in a safe and confidential manner.
- 5.9. Access shall be on a need to know basis only, with due consideration for the sensitive nature of the information and for anti-trust.

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