

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 of 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;
 - Human Rights related issues;

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- Environmental concerns;
- Social concerns; and
- Publications by the entity.

3. Due Diligence Process

- 3.1. All applications for Membership shall be sent to the WJI 2030 Secretariat who will review the applications for completeness as per the Membership Procedure. If/when the application is considered complete, the WJI 2030 Secretariat will conduct a due diligence check in accordance with the terms of the present policy.
- 3.2. 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.
- 3.3. DD also includes a review of such information by WJI 2030, 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, including at a minimum UN, EU, UK, US sanctions and Forced labour ban lists.

4. Types of Due Diligence

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

A. Initial Due Diligence

- 4.2. The Initial Due Diligence is the DD that is carried out on receipt of a completed application.
- 4.3. Following the completion of the DD process laid out under section 3, 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.
- 4.4. Following the completion of the DD process laid out under section 3, where adverse information or red flags¹ 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 may 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

¹ Red flags are notably composed of negative hits during the DD checks, including current or recent presence on a sanction list, a current or recent relevant legal proceedings involving the Applicant, negative news / report, etc.

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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 will be renewed regularly for all members to ensure continued compliance. This will be conducted by the Governance Manager.

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.
- 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 that the issue is not substantiated, no further action will be needed.
- 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 or applicant;
 - Rejecting the application for Membership;
 - Further escalation; and
 - Suspension or revocation of the Member as per the Membership Procedure and Articles of Association.

5. Documentation

- 5.1. All external screening shall be summarized in a report when required or deemed necessary. .
- 5.2. All relevant information shall be kept for at least 5 years, in a safe and confidential manner.
- 5.3. Access shall be limited based on a “need to know” principle and with due consideration for the sensitive nature of the information and for anti-trust.

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