

AVK GROUP CONFLICT MINERALS POLICY

1. Introduction

In 2010, the United States Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") regarding, inter alia, the sourcing of conflict minerals. The Dodd-Frank Act stems from concerns that the exploitation and trade with minerals from the Democratic Republic of Congo ("DRC") and neighbouring countries was financing armed groups and thereby fuelling the conflict in DRC region.

Similarly, the European Union adopted regulation concerning conflict minerals in 2017 to promote responsible sourcing of minerals and ensure that European businesses do not directly or indirectly contribute to conflict or human rights abuses through their supply chains ("EU Conflict Minerals Regulation"). The regulation became effective on January 1, 2021.

EU recognises that conflicts and risks related to mineral sourcing can occur globally and the regulation is therefore covering a broader scope of conflict-affected and high-risk areas. The covered areas are determined based on the concept of Conflict-Affected and High-Risk Areas (CAHRAs), which are identified using criteria such as the presence of armed conflict, widespread violence, weak governance, or systematic human rights abuses, as outlined in the OECD Due Diligence Guidance.

The conflict minerals within the scope of both the Dodd-Frank Act and the EU regulation are columbite-tantalite (used to produce tantalum), cassiterite (used to produce tin), wolframite (used to produce tungsten), gold, or their derivatives. Tantalum, tin, tungsten and gold are also known as "3TG" minerals.

The AVK Group's products may contain one or more of the 3TG minerals.

By introducing this AVK Group Conflict Minerals Policy, the AVK Group aim to ensure that all components and material used to manufacture our products only contain minerals that are considered "Conflict Free" ("Conflict Free" is defined to mean the products that do not contain minerals that directly or indirectly finance, or benefit armed groups in any conflict area within the scope of the regulations.). We do not, or knowingly contribute to, any activity that fuels the conflict in any conflict area within the scope of the regulations.

2. Applicability of the Regulations

The EU Conflict Minerals Regulation applies to importers of tin, tantalum, tungsten, and gold into the EU, regardless of their listing status. This broader scope means that EU-based companies, as well as their global suppliers, may also need to comply with its provisions.

The Dodd-Frank Act only applies to companies that uses any of the designated conflict minerals if the company files report with the Securities

and Exchange Commission under the Exchange Act; and the designated conflict minerals are "necessary to the functionality or production" of a product manufactured or contracted to be manufactured by the company.

This basically means that the Dodd-Frank Act only applies to US listed companies. However, suppliers of US listed companies may be indirectly affected as the US listed companies contractually may require their suppliers to disclose information relevant to ensuring compliance with the Dodd-Frank Act.

3. Measures

The EU Conflict Minerals Regulation requires importers who import affected minerals into the EU to conduct due diligence on their supply chains to assess and address risks related to sourcing from conflict-affected and high-risk areas.

Similarly, under the Dodd-Frank Act the US listed company must perform a reasonable country of origin inquiry (a "RCOI") to determine whether conflict minerals originated in DRC or adjoining countries. The Dodd-Frank Act defines adjoining countries as "a country that shares an internationally recognised border with DRC".

Depending on the outcome of the RCOI, certain actions and disclosures shall be performed by the US listed company.

4. Actions and supplier requirements

The AVK Group expect its suppliers to make sure that products supplied to the AVK Group are Conflict Free. In addition, the AVK Group expects its suppliers to be able to demonstrate, upon the request of the AVK Group, that any products supplied are Conflict Free.

To comply with the principles of the conflict mineral regulations, we expect our suppliers to adhere to the following requirements to ensure responsible sourcing of 3TG minerals:

- Supplier must have robust management systems in place to ensure responsible sourcing of 3TG minerals and conduct a reasonable inquiry to determine if the conflict minerals originate from any of the conflict areas within the scope of the regulation.
- Supplier must perform due diligence on the source and chain of custody of conflict minerals, following a recognised framework like the OECD Due Diligence Guidance.
- Supplier must identify and assess risks in their supply chains related to conflict minerals. Supplier should furthermore design and implement strategies to respond to identified risks, including measures to mitigate and manage these risks.

- Supplier must provide annual detailed reports on their due diligence efforts and findings, including whether their products are Conflict Free. Supplier must furthermore secure transparency about their sourcing practices and provide all necessary documentation and disclosures.
- Supplier must undergo an independent private sector audit of their Conflict Minerals Report to verify the due diligence process.

The AVK Group has taken the following actions:

- We have created this AVK Group Conflict Minerals Policy outlining our principles and commitment towards Conflict Free sourcing.
- We have incorporated the principles of this AVK Group Conflict Minerals Policy into our AVK Code of Conduct for Suppliers.
- We are continuously working with our suppliers to increase transparency in the supply chain.

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