

## AVK Group Conflict Minerals Policy

### 1. Background

In 2010, the United States Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Act**”) regarding, inter alia, the sourcing of conflict minerals as defined in the Act, Section 1502.

The act was passed by the Congress because of concerns that the exploitation and trade with minerals from the Democratic Republic of Congo (“**DRC**”) and neighboring countries was financing armed groups, and thereby fueling the conflict in DRC region.

The conflict minerals within the scope of the Act were, and still 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 “DRC Conflict Free” (as defined below). We do not knowingly tolerate, or contribute to, any activity that fuels the conflict in DRC region.

### 2. Applicability of the Act

Section 1502 of the Act only applies to companies that uses any of the designated conflict minerals if:

- The company files reports 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 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 Act.

### 3. Measures

Under Section 1502 of the 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 Act defines adjoining countries as “*a country that shares an internationally recognized border with DRC*”.

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

#### **4. Implications and supplier requirements**

Notwithstanding that the Act does not apply to the AVK Group, recognizing our responsibility as a global player and wanting to support our customers in terms of their legal obligations, the AVK Group expect its suppliers to make sure that products supplied to the AVK Group are DRC Conflict Free (“**DRC Conflict Free**” is defined to mean the products that do not contain minerals that directly or indirectly finance or benefit armed groups DRC or an adjoining country). 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 DRC Conflict Free.

By way of example, the AVK Group expects its suppliers to (i) be able to determine whether the supplied products contain the designated conflict minerals (ii) be able to determine the smelter or mine origin (whichever is relevant), and (iii) reflect the principles of this AVK Group Conflict Minerals Policy in their own supply chain.

However, due to the size and complexity of our global supply chain, it will take some time before we are fully equipped to provide our customers all the information required to fulfil their disclosure obligations.

The AVK Group has taken the following actions:

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

For more information please contact: [purchase@avkvalves.com](mailto:purchase@avkvalves.com)