



Supply Chain Protocol

Statement of Protocol and Commitment

Leo Schachter Diamonds, LLC (LSD) and Schachter Diamonds Complete (a dba of LSD) supply chain protocols are policies of good behavior and procedures for warranties and verification by suppliers and customers and to manage any breaches within the pipeline.

LSD is committed to the respect of Human Rights and the avoidance of any contribution to conflicts of Human Rights in any part of our supply pipeline.

LSD expects business associates along its pipeline, vendors, suppliers, contractors, customers and others with whom it has an alignment with whether purchasing or distribution, to maintain the same high standards to which the Company itself aspires.

LSD is in compliance with all UN sanctions, resolutions and laws.

LSD actively requests and follows through on its own 'LSD Supplier Protocol' document with its vendors and customers so as to engage the entire pipeline in its commitment to a clean, managed pipeline.

Implementation

LSD will use its best efforts to ensure that business associates in the Company's diamond trade pipeline (suppliers, contractors and customers) act in accordance with the DeBeers Best Practice Principles (BPP's), Signet's SRSP and in accordance with the Universal Declaration of Human Rights and International Labor Organization Fundamental Rights at Work.

- LSD is committed to not engage in bribery, corruption, money laundering, or the finance of terrorism
- LSD will not provide direct or indirect support to illegal arms groups
- LSD will continue to make every effort to communicate effectively to all members of its pipeline the promotion of policies and procedures for implementation of Best Practice Principles, SRSP and the Company's commitment to Human Rights
- LSD will continue to make every effort to obtain a signed undertaking from relevant suppliers, contractors and customers of the Company's Supplier Protocol Document acknowledging and affirming that they will conduct their



New York, NY USA
March, 2021

Leo Schachter Diamonds, LLC (LSD) is a wholesale diamond and jewelry provider with offices in New York City employing approximately 70 Employees.

Leo Schachter Diamonds, LLC is a member of the Responsible Jewelry Council (RJC), which is a standards setting organization established to advance responsible ethical, human rights, social and environmental practices throughout the gold, silver, platinum group metals, diamond and colored gemstone jewelry supply chain.

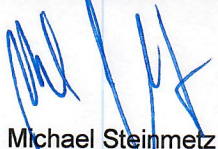
The RJC has established a benchmark standard for the jewelry supply chain and mechanisms for verifying responsible business practices through third-party auditing.

As a certified RJC member, LSD commits to operating our business in accordance with the RJC Code of Practices. We commit to integrating ethical, human rights, social and environmental practices and considerations into our day to day operations, planning and decision making process.

The Leo Schachter Protocols and requisite forms are available on our website www.leoschachter.com.

The Leo Schachter Diamonds supply chain protocols follow in this document and are endorsed by the Company senior management of the Company as represented here.

Leo Schachter Diamonds, LLC


Michael Steinmetz
Manager





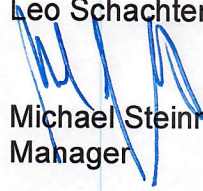
own due diligence within their own companies and pipeline to comply with and implement the BPP, SRSP and LSD's commitment to Human Rights and consistent with Annex 2 of the OECD guidance.

- LSD will not tolerate, profit from, contribute to, assist in or facilitate the commission of:
 - Torture, cruel, inhuman or degrading treatment
 - Forced or compulsory labor
 - Child labor
 - Human rights violations and abuses
 - War crimes
 - Violations of international humanitarian law
 - Crimes against humanity
 - Genocide
- The Company will immediately stop engaging with upstream suppliers it finds to be a considerable risk in that they are committing abuses as described above, are affiliated with a company that does, or are sourcing from, any party committing such abuses
- LSD will act in accordance with the Kimberley Process certification, RJC and SRSP policies, and the World Diamond Council System of Warranties on all appropriate sales and purchases
- The Company will enact a grievance mechanism allowing for contact and reporting if there were to be a breach within our code of conduct. This mechanism will be made readily available to anyone who may find cause to inform the company of any Human Rights violations.
- Michael Steinmetz, the Manager of the US offices of LSD, is the Supply Chain compliance officer. Along with the Principals of the Company he will conduct due diligence to investigate any risks that can be associated with conflict affected and high risk areas. He can be contacted with any questions or issues at Michael.steinmetz@lsdco.com
- LSD does an annual review of its Supply Chain policy and will continue to update as per RJC and universally accepted guidelines
- Diamond and metal supply chain protocols follow



This Supplier Protocol and Supply Chain protocols are endorsed by management of Leo Schachter Diamonds LLC.

Leo Schachter Diamonds LLC


Michael Steinmetz
Manager





Diamond Sourcing

Conflict diamonds/gemstones are those illegally traded to fund conflict in war-torn areas, particularly in Central and Western Africa. The United Nations defines conflict diamonds as "...diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognized governments and are used to fund military action in opposition to those governments, or in contravention of the decisions of the Security Council." These diamonds are sometimes referred to as "blood diamonds." Leo Schachter diamond sourcing utilizes the common Responsible Sourcing Protocol implemented by major companies (D-SRSP). The D-SRSP for Leo Schachter applies to all diamonds supplied to Leo Schachter including loose, rough or polished, and diamonds set in finished jewelry.

- Suppliers must not knowingly buy or sell conflict diamonds or assist others to do so
- Suppliers, where involved with the international trade of rough diamonds, must apply the rough diamond export and import verification system and controls as laid out by the Kimberley Process Certification Scheme and relevant national legislation.
- Suppliers must keep records of Kimberley Process Certificates for rough diamonds. Kimberley Process certificates must be independently audited and reconciled by a company's own independent auditor on an annual basis. If asked for by a duly authorized government agency, these records must be able to prove compliance with the Kimberley Process.
- Suppliers, where involved in buying and selling diamonds, whether rough, polished or set in jewelry, must fully adhere to the principles of the "World Diamond Council Resolution on Industry Self-Regulation" and are required to have systems in place ensuring that all invoices for diamonds supplied, whether rough, polished or set in jewelry, contain the World Diamond Council warranty statement. Suppliers must keep records of all such invoices.
- Suppliers must have systems in place so that they do not purchase from sources that do not provide the World Diamond Council warranty statement on their invoices.
 - The World Diamond Council warranty statement:
 - ***The diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict in conformance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantee provided by the supplier of these diamonds.***
- Suppliers will inform all employees who buy or sell diamonds of the government restrictions on the trade in conflict diamonds, the Kimberley Process Certification Scheme and the WDC system of warranties.
- Suppliers must take practical and documented steps to avoid the inclusion of laboratory grown, laboratory created or synthetic diamonds or diamond simulants in



parcels provide to Leo Schachter Diamonds.

- By signing this, the Supplier warrants, represents and covenants that:
 - any diamonds supplied to Leo Schachter Diamonds do not infringe on the intellectual property rights of any third party and were not manufactured (which includes but is not limited to scanning, windowing, mapping, planning or marking the rough diamonds, cleaving, sawing, laser cutting, shaping, bruting, coning, treating, faceting, brilliantteering and polishing) using any process, machine, equipment, tool, software, or technology that infringes on the intellectual property rights of any third party.
 - Supplier is in compliance with the Signet Responsible Sourcing Protocol for Diamonds <http://www.signetjewelers.com/corporate-responsibility/responsible-sourcing/> and available here in PDF format <https://signetresponsiblesourcing.com/Webinars/Ensuring%20The%20Integrity%20Of%20The%20Natural%20Diamond%20Supply%20Chain.pdf>
 - Supplier will include the two foregoing requirements and this flow down requirement in all contracts entered into by it for the supply of diamonds or for the supply of services, machines, equipment, tools, software or technology that are used to manufacture diamonds that are sold to Leo Schachter Diamonds.
- Suppliers must obtain written warranties from their suppliers to corroborate and demonstrate compliance.
- Suppliers must employ a due diligence process to identify and minimize supply chain risks.

D-SRSP CATEGORIES	
Category 1 - Single Stone Tracking	Individual diamonds supplied by, or sourced from identified and verified diamond producers such as DeBeers, ALROSA, Rio Tinto or Dominion.
Category 2 - Parcel Tracking	Parcels of diamonds supplied by or sourced from identified and verified diamond producers such as DeBeers, ALROSA, Rio Tinto or Dominion, not individually tracked but verified to have derived from all or any of these producers.
Category 3 - Mixed Sources	This category allows for the mixing of diamonds deriving from a number of sources, with some percentage of the diamonds deriving from identified and verified sources.
Category 4 - Other Identified and Verified Sources	This category applies to diamonds which derive from a producer country or particular mine, originally sourced from other than DeBeers, ALROSA, Rio Tinto or Dominion.

- Regarding the table above, please note the documentation that should be maintained for due diligence warranty:



- All categories must be supported by a documented inventory system and purchase documents
- Categories 1 & 2 require inventory records, sale or purchase documents
- Category 3 requires additional documents identifying provenance or best efforts KYC documentation. Where the source is returns from markets, records should be kept to document this.
- Category 4 requires documentary evidence of sourcing, purchase invoices, in addition to relevant warranty or certification such as RJD Certification or Kimberley Protocol Certificates as well as documented evidence of KYC and due diligence steps.

Product Security

- Suppliers will ensure that the security of people is prioritized when establishing product security measures to protect against product theft, damage or substitution within the premises and during shipments. The security and well-being of employees, visitors and other relevant business partners will be prioritized when establishing product security measures.

Product Integrity

- **General:** Suppliers will at all times comply with relevant trading standards legislation and, where they exist, specific national and/or local regulations applicable to Diamond and Gold Jewelry products. Where no specific trading standards or product integrity regulations apply, Suppliers must comply with the requirements listed below.
- **Proper Disclosure:** Suppliers must make all reasonable efforts to properly disclose all relevant information on the physical characteristics, such as mass/weight, cut, color, clarity or fineness, of a diamond or gold jewelry product.
- **Misrepresentation:** Suppliers will not make any untruthful, misleading or deceptive statement, representation or material omission in the selling, advertising or distribution of any diamond, treated diamond, synthetic or simulant, or any gold product, in any medium, including the Internet.

Gold:

- Suppliers will accurately disclose the fineness of the gold used in their products
- When applying gold quality marks to articles wholly or in part composed of gold, Suppliers will apply a mark authorized to be applied thereto under applicable law that correctly indicates the quality of the gold of which the article is in whole or in part composed. The mark will be applied in a manner authorized by applicable law or relevant international standards.



Treated Diamonds:

- A treated diamond must be disclosed as either "Treated" or with specific reference to the particular treatment. The description must be as equally conspicuous and placed immediately preceding the word(s) "Diamond" or "Synthetic", as the case may be.
 - Specifically: Any term that is designed to disguise that treatment has occurred, or to imply that a treatment is part of the normal polishing process or that misleads the consumer in any way must not be used.
 - For example, the term "improved" must not be used to describe a treated diamond.
 - Any special care requirements that the treatment creates must be disclosed.
- Names of firms, manufacturers or trademarks are not to be used in connection with treated diamonds, unless such names are clearly succeeded by the word "Treated" as defined in this section or are otherwise equally conspicuously and prominently disclosed as treated.

Synthetic Diamonds:

- A wholly or partially synthetic diamond must always be disclosed as "laboratory created", "laboratory grown", "man-made", "[Manufacturer's name] created", and/or "synthetic" and the description must be equally as conspicuous and immediately preceding the word "diamond" ¹
- Suppliers will not use the words "real", "genuine" or "natural" to describe any synthetic, or any terms that may disguise the fact that a diamond is synthetic or that mislead the consumer in any way.

Diamond Simulants:

- Suppliers must always disclose a simulant either as the mineral or compound that it is, or as a "diamond simulant" or "imitation diamond". The unqualified word "Diamond" must never be used with simulants.
- Suppliers will not use the words "real" and "genuine" to describe any simulant.
- Suppliers will not use the word "natural" to describe any simulant if the simulant is not a naturally occurring mineral or compound.

Intellectual Property and Design

- Suppliers must warranty and represent that any diamonds supplied to Leo Schachter Diamonds were not manufactured using processes, machines, equipment, tools, software, or technology that infringe on the intellectual property rights of any third

¹ International Diamond Council Rules for grading polished diamonds (2008)



party.

Diamond Quality — Cut and Polished Diamonds:

- Suppliers, when describing the weight, color, clarity or cut of diamonds will at all times do so in accordance with the recognized guidelines appropriate to the particular jurisdiction.
- Suppliers will not use the word "flawless" or "perfect" to describe either:
 - A diamond that discloses flaws, cracks, inclusions, carbon spots, clouds, internal lasering, or
 - A diamond that has blemishes or imperfections of any sort when examined under a corrected magnifier at 10-power, with adequate illumination by a person skilled in diamond grading; or
 - Any article of Jewelry that contains any diamonds that do not meet the definition of "flawless" or "perfect".

Suppliers will not use the terms "brilliant", "brilliant cut" or "full cut" to describe, identify or refer to any diamond except a round diamond that has at least 32 facets plus the table above the girdle, and at least 24 facets below it.



Gold and Platinum Sourcing Protocol

This document outlines the procedures which are required by Leo Schachter Diamonds, L.L.C. and Schachter Diamonds Complete (LSD) for suppliers, to ensure that supplies of all products including gold are conflict-free, such that LSD will comply with the "Dodd Frank Act" (H.R. 4173), the Wall Street Reform and Consumer Protection Act's Amendment referred to as the Conflict Mineral, Section 1502 Amendment. This document notes LSD's sourcing requirements for gold supplies and is intended for use by all Vendors.

PRINCIPLES

- The Dodd-Frank Act final rules were confirmed by the SEC on 22nd August 2012 (see www.sec.gov/news/press/2012/2012-163.htm), based significantly on the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" supplement for gold issued by the Organization for Economic Cooperation and Development ("OECD"). The main focus in the OECD guidance is an ability to identify the refinery source of gold used in production of jewelry and other products.
- Research conducted by LSD has shown that LSD suppliers have multiple sources of gold and therefore suppliers will need to verify and certify the source of gold through all these sources, including subcontractors.
- In accordance with LSD's Supplier Code of Conduct, suppliers will need to pass on the same sourcing requirements to all subcontractors, who will in turn need to assess this protocol, ensure due diligence is undertaken on their own supply chain, and confirm a capability to certify and independently audit against the protocol.
- LSD recognizes several global industry guidance and standards as applicable to the protocol, and identifies these at relevant points in the supply chain, especially refineries. In particular, LSD recognizes and supports the following:
 - Leo Schachter Diamonds is a certified member of the Responsible Jewellery Council (RJC), with a provenance Bolt-on and recognizes the RJC's Chain of custody (see www.responsiblejewellery.com/chain-of-custody-certification/) and will accept gold from any source which is certified to this standard, as it certifies gold through the supply chain. As a point of clarification, LSD recognizes certified membership of the RJC for refineries only, as certified RJC membership applies to the member company, not to the supply chain. However, LSD will recognize RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013.
 - LSD recognizes the Organization for Economic Cooperation and Development's (OECD) Due Diligence Guidance Supplement for Gold as a core reference:



www.oecd.org/corporate/guidelinesformultinationalenterprises/goldsupplementtotheduediligenceguidance.htm.

- LSD recognizes the London Bullion Market Association (LBMA) Responsible Gold Guidance as a core reference for supplies of gold from refineries (www.lbma.org.uk/pages/index.cfm?page_id=137). The LBMA now requires that all LBMA “Good Delivery” Gold Refiners comply with the LBMA Responsible Gold Guidance, and has produced an Audit Guidance document to add further transparency and consistency to the Responsible Gold Program. Suppliers to Leo Schachter Diamonds are recommended to ensure their gold supplies are from current LBMA “good delivery” refineries (see gold list at www.lbma.org.uk).
- Additional certification to the international guidance and standards set out above may be available in individual countries and in individual circumstances.
- Any additional certification will be assessed and confirmed on a case-by-case basis by LSD. Suppliers requesting such certification must in all cases be able to identify and certify the sources of gold, preferably to the refinery, and validate why these sources should be determined as conflict-free. An external audit of this validation may be required.
- LSD suppliers will be required to define in detail which criteria are being used to certify all gold supplies as compliant (from the list of requirements below), and will remain responsible and accountable for certification and external audit of supplies to LSD, based on this protocol.
- Suppliers will be required to declare compliance with the protocol in commercial documentation as defined by LSD, such as supplier agreements, invoices, delivery notes etc.
- All new suppliers to LSD will be expected to certify all gold supplies are in compliance with the protocol before any commercial activity related to the supply of gold between the companies begins.

LSD suppliers will be required to validate, certify and audit supplies of gold from every source used, including subcontractors; the protocol is intended as a guide for suppliers to enable this certification.

LSD Requirements for Conflict-Free Gold:

The LSD protocol is a guide for LSD suppliers to ensure that gold provided to LSD is conflict-free. The requirements in the protocol apply to all gold products (finished and components), and to all products containing gold.

Suppliers will commit to the responsible sourcing of gold and gold jewelry products, and do what they can, within their spheres of influence, to ensure that the gold they supply has not originated from conflict sources, including the Democratic Republic of the Congo.



Suppliers are required to certify that gold supplied to LSD, either by certification of all gold manufacture and supply, or, if this is not possible, by segregating manufacture and supply of gold to LSD from manufacture and supply of gold to other customers, is in fact conflict free.

The protocol identifies the requirements for conflict-free gold at all levels in the supply chain, as below:

Refineries

- The Protocol only accepts gold from Refinery sources as follows:
 - Gold refiners on the current LBMA good delivery list (see www.lbma.org.uk , "Good Delivery", "Gold List"), or
 - Gold refiners on the EICC/GeSI/CFSI conflict-free compliant smelter list (see www.conflictreesmelter.org), or
 - Gold refiners on the DMCC "Dubai Good Delivery" list for gold (see www.dmcc.ae/jtauthority/gold/the-dubai-good-delivery-list-gold/), or Gold refiners which are certified Members of the Responsible Jewellery Council (RJC) (see www.responsiblejewellery.com/members/certified-members), or
 - Gold refiners which certify and independently audit that all gold supplies are conflict-free, in accordance with one of the following guidelines/standards;
 - RJC Chain of Custody Standard for Precious Metals (see www.responsiblejewellery.com/chain-of-custody-certification)
 - RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013.
 - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Supplement on Gold (see www.oecd.org, search "conflict minerals"), or
 - Gold refiner which are certified under SCS Global Services' "Responsible Source" Standard for Precious Metals (www.scsglobalservices.com/certified-responsible-source), or
 - Gold refiners which certified that all supplies to the refinery are from mines which comply with the World Gold Council Conflict-free Standard (see www.gold.org/about_gold/sustainability/conflict_free_standard)

Banks

- The Protocol only accepts gold from Banks as follows:
 - Banks which certify and independently audit that all gold is supplied from refineries which fulfil the PROTOCOL criteria under "Refineries" as above, or
 - Banks which certify and independently audit that all gold supplies are conflict-free, in accordance with one of the following guidelines/standards;
 - RJC Chain of Custody Standard for Precious Metals (see www.responsiblejewellery.com/chain-of-custody-certification)
 - RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013



- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Supplement on Gold (see www.oecd.org, search "conflict minerals")

Precious Metals Trading Companies/Alloy Suppliers

- The Protocol only accepts gold from Precious Metals Trading Companies and Alloy Suppliers as follows:
 - Companies which certify and independently audit that all gold is supplied from refineries, and/or
 - banks which fulfil the Protocol criteria under "Refineries" and "Banks" as above, or
 - Companies which certify and independently audit that all gold supplies are conflict-free, in accordance with one of the following Guidelines/standards;
 - RJC Chain of Custody Standard for Precious Metals (see www.responsiblejewellery.com/chain-of-custody-certification)
 - RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013
 - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Supplement on Gold (see www.oecd.org, search "conflict minerals")
 - SCS Global Services' "Responsible Source" Standard for Precious Metals (www.scsglobalservices.com/certified-responsible-source)

Subcontractors of Component Parts or Finished Products

- **Note:** In accordance with LSD Supplier Code of Conduct, the same obligations and criteria will apply to subcontractors as apply to LSD direct suppliers. Suppliers will therefore need to pass on the requirements of the protocol to all subcontractors.
- The protocol only accepts gold from Subcontractors of Component Parts or Finished Products as follows:
 - Subcontractors which certify and independently audit that all gold is supplied from refineries, banks and/or precious metals trading companies which fulfil the protocol criteria under "Refineries", "Banks" and "Precious Metals Trading Companies" as above, and scrap/recycled gold as below, or
 - Subcontractors which certify and independently audit that all gold supplies are conflict-free, in accordance with one of the following guidelines/standards;
 - RJC Chain of Custody Standard for Precious Metals (see www.responsiblejewellery.com/chain-of-custody-certification)
 - RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013
 - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Supplement on Gold (see www.oecd.org, search "conflict minerals")



- SCS Global Services' "Responsible Source" Standard for Precious Metals (www.scsglobalservices.com/certified-responsible-source)

Scrap and Recycled Gold

- The Protocol only accepts scrap and/or recycled gold as follows:
 - Suppliers which certify and independently audit that all scrap and recycled gold is identifiable as its own production and supply, i.e. that the scrap gold is;
 - Returned product from customers
 - Faulty inventory
 - Scrap and waste gold arising during manufacturing, or
 - Suppliers which certify and independently audit that all scrap and recycled gold is acquired according to Know Your Customer/Counterparty principles ("KYC"), which require businesses to establish the identity of all organizations with which they deal, have a clear understanding of their business relationships and have a reasonable ability to identify and react to transaction patterns appearing out of the ordinary or suspicious. KYC procedures may include;
 - Collection and analysis of basic identity information.
 - Name matching against lists of known parties.
 - Determination of the supplier's risk in terms of propensity to supply gold from an area of conflict
 - An expectation of a customer's transactional behavior.
 - Monitoring of a customer's transactions against their expected behavior and recorded profile, or
 - Companies which certify and independently audit that all gold supplies are conflict-free, in accordance with one of the following guidelines/standards;
 - RJC Chain of Custody Standard for Precious Metals (see www.responsiblejewellery.com/chain-of-custody-certification)
 - RJC Membership certification which includes statements relating to sources and/or supply of conflict-free gold under "Provenance Claims" in the RJC's Code of Practices revised 2013
 - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Supplement on Gold (see www.oecd.org, search "conflict minerals")
 - SCS Global Services' "Responsible Source" standard for Precious Metals (www.scsglobalservices.com/certified-responsible-source)



"Grandfathered" Gold

- The Protocol accepts gold in any form from any of the sources listed above which is held by suppliers, banks, refiners, metals trading companies, scrap suppliers or subcontractors and which has a verifiable date prior to 1 January 2012, in accordance with OECD, LBMA and RJC guidelines.
- It is noted that the US "Dodd-Frank" Act Section 1502 rules have an equivalent "grandfathered" date of 1 January 2013: however the protocol verifiable date remains 1 January 2012, to remain in accordance with the OECD, LBMA and RJC guidelines. A verifiable date is one which can be verified through inspection of physical date stamps on products such as gold bars, Jewellery hallmarks and/or auditable inventory lists which are specific to the individual item of gold, the component, subcomponent or finished item of jewelry.

Exceptions

- Exceptions to protocol standards listed above may be made on a case-by-case basis. In all such cases, suppliers will be expected to identify and certify the sources of gold, preferably to the refinery, and validate why these sources should be determined as conflict-free. All exceptions must be confirmed in advance and in writing by Leo Schachter Diamonds or Schachter Diamonds Complete, and an external assessment and/or independent audit of this validation may be required.