



FOUR GENERATIONS. ONE PASSION®

Annual Compliance Report	
Date:	<i>December 2023</i>
Reporting period:	<i>FYE 2023</i>
OECD Due Diligence Guidance	Action taken
<i>Step 1: Establish strong company management systems</i>	
1.A Adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas.	<p><i>Vendor Supply Protocols are issued to all vendors along with the Company's (LSD) policies; a sign off is required.</i></p> <p><i>These protocols are published on our website www.leoschachter.com and are required for all metals (Gold, Platinum), diamonds and lab grown diamonds with which we operate.</i></p>
1.B Structure internal management systems to support supply chain due diligence.	<i>LSD's CFO Alain Ohayon is the Company Compliance Officer. Michael Steinmetz is the Manager of the Company and responsible for policy, mitigation and enforcement. Departmental testing of product is managed by QC and its Manager Myriam Destin</i>
1.C Establish a system of controls and transparency over the minerals supply chain.	<i>Where applicable, supply chain protocol document is required to be reviewed and signed off by all suppliers in the pipeline. The almost 70-page document includes all aspects of sourcing that pertain to the Company, Gold, Platinum, Diamond and Lab Grown Diamond, as well as tax, credit and legal business information (including a requirement for ID). There is also an onboarding packet for new vendors. The Compliance officer and Assistant Compliance Officer (Ramdatt Balmick) are responsible for obtaining the required documentation.</i>

Leo Schachter Diamonds LLC

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<p>1.D Strengthen company engagement with suppliers.</p>	<p><i>The Company works with a select group of vendors for the majority of its production allowing for an understanding and mutual relationships that assure compliance with all of the Company's needs within the source pipeline. Additionally, our single largest diamond supplier is an affiliated company who is also a certified member of the RJC and a major world known, reputable company</i></p>
<p>1.E Establish a company-level, or industry wide, grievance mechanism as an early warning risk-awareness system.</p>	<p><i>A grievance mechanism and reporting is available publicly on the LSD website. Action taken on any complaint will be by the Company Manager Michael Steinmetz or its compliance officer Alain Ohayon</i></p>
<p>Step 2: Identify and assess risk in the supply chain</p>	
<p>Identify and assess risks in the supply chain and assess risks of adverse impacts.</p>	<p><i>Attached Risk Mitigation Document</i></p>
<p>Step 3: Design and implement a strategy to respond to identified risks (if applicable)</p>	
<p>Report findings of the supply chain risk assessment to the designated senior management of the company.</p>	<p><i>Questionable practices or a kink in the chain would be reported to the Production Manager Valerie Falen, her assistant, Tanika Mateo and/or directly to Michael Steinmetz the Manager of the Company</i></p>
<p>Devise and adopt a risk management plan.</p>	<p><i>The Company will withhold payment to a vendor for non-reporting of compliance and should there be a failure in compliance, the Company has in the past ceased to work with vendors who have not met this obligation</i></p>

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<p>Implement the risk management plan and monitor performance of risk mitigation efforts.</p>	<p><i>Collection of the protocols adheres the RJC, WDC and SRSP System of Warranties and the Company has two senior officers in NY who have a staff of four (2 in NY and 2 in India) who manage the protocol system for all vendors and customers. The reports are reviewed annually, and the onboarding process for new vendors and customers includes acquisition of the required documents. Effective January 2024, no new customers or vendors are entered into our commercial systems without meeting the requirements.</i></p>
<p>Internal training</p>	<p><i>Internal seminars are conducted periodically, no less than every two years. New employees are given the immediate training required in onboarding.</i></p>
<p>Communications</p>	<p><i>Only via issuance of the KYC documents and publicly via the Company website</i></p> <p>www.leoschachter.com</p>
<p>OPTIONAL INFORMATION ON Step 4: Carry out independent third-party audit</p>	
<p>RJC COP audit</p>	<p><i>TBD.</i></p>
<p>Grievances and remediation</p>	<p><i>n/a</i></p>

Leo Schachter Diamonds, LLC


 Michael Steinmetz
 Manager



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