

THE DIACORE RESPONSIBLE AND ETHICAL SOURCING POLICY

1. PURPOSE

The purpose of this policy is to provide clarity and understanding to all customers and suppliers to ensure they are aware of the sourcing requirements of the Diacore Group of Companies [*“Diacore”*] and are compliant in this regard.

Diacore is committed to responsible sourcing and has the utmost respect for human rights. As such, we expect the same from our customers and suppliers.

2. COMMITMENT

2.1 Diacore consists of companies involved in both manufacturing and trading, and those which are traders not involved in manufacturing.

2.2 The sourcing of the group will be conducted in alignment with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (‘the OECD Guidance’).

2.3 The policy is designed to ensure that a risk-based due diligence is undertaken for all sourcing activities to identify, mitigate and address risks of sourcing from Conflict-Affected and/or High-Risk areas. We will not tolerate:

- 2.3.1 any forms of torture, cruel, inhuman and degrading treatment
- 2.3.2 any forms of forced or compulsory labour
- 2.3.3 child labour
- 2.3.4 other gross human rights violations and abuses such as widespread sexual violence
- 2.3.5 war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide
- 2.3.6 any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of diamonds.
- 2.3.7 all forms of bribery, including bribery to misrepresent taxes, fees and royalties paid to governments for the purposes of diamond extraction, trade, handling, transport and export
- 2.3.8 money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of diamonds at points of access to mine sites, along transportation routes or at points where diamonds are traded
- 2.3.9 fraudulent misrepresentation of the origin of diamonds
- 2.3.10 violations of applicable national or international sanctions and import/export controls.

2.4 The Sourcing Practices of Diacore seeks to ensure risk-based approaches to due diligence of both suppliers and the product. Diacore is committed to establishing and maintaining Responsible Sourcing which will be upheld by all companies within the group. We will ensure that all suppliers are aware of our policy and are equally committed to the principles of sourcing responsibly.

3. APPOINTMENT OF A SENIOR MANAGER

A senior manager with the necessary authority and experience will be appointed to manage and implement the policy. His/her role will include but not be limited to the following:

- Co-ordinating and communicating the policy to all group companies throughout the organization
- Ensure all relevant suppliers respect the policy, and he/she will review existing business relationships to ensure compliance
- Ensure training takes place across the group to facilitate awareness of the policy
- Respond to any supply chain risks that are identified
- Report on due diligence measures on a yearly basis
- Review and propose improvements to the system

4. TRAINING

All relevant personnel will be trained and made aware of the policy. The policy will be implemented across the board. Diacore will ensure that all relevant personnel are fully trained on the policy to ensure it is upheld and maintained.

5. PROVISIONS OF THE POLICY

To ensure the practical achievement of our commitment, Diacore will use all reasonable endeavours to:

- *Implementation* - Make available adequate resources to ensure the effective implementation and strict compliance with the policy.
- *Communication* - Communicate the sourcing policy of the group to all customers and suppliers.
- *Records* - Maintain records of all aspects of our due diligence activities for a minimum of 5 years.
- *KYC* - Ensure that we do our utmost to obtain all the required information from suppliers. The first step in attempting to clarify the origin of a stone is requesting the supplier to disclose the source of the diamonds being supplied which is asked in our KYC documents.
- *Due Diligence* - Undertake additional due diligence measures should there be any uncertainty regarding the source of stones. All due diligence requirements and supply chain requirements will be communicated to all suppliers.
- *Suspension or Termination* - Should suppliers not act in a manner that is aligned with the group's sourcing policy, Diacore management reserves its right to suspend its relationship with the supplier. Diacore may work with the supplier to ensure a

sustainable corrective action plan is implemented prior to the recommencement of purchases. In the absence of a sufficient and evidence-based rectification of the issue identified, Diacore reserves its right to terminate its relationship with the supplier.

- *Grievance Mechanism* – Diacore has an effective grievance mechanism offering all parties a way to raise concerns about the business, organization, individuals, or activities within the supply chain and is committed to responding to all such queries and concerns. These can be raised directly via the ‘contact us’ option on our website www.diacore.com. Such query or concern can be submitted via email correspondence, a letter, telephone or in person.
- Any issue or concern can be raised anonymously if that is a preference and whistle-blowers will be protected.
- *Confidentiality* - The grievance will remain confidential throughout the investigation.
- *Review* - Diacore is committed to reviewing this policy on an annual basis.

6. SOURCING PRINCIPLES

6.1 Commitment

- 6.1.1 Diacore is committed to ensuring conflict-free supply chains which includes zero tolerance to sourcing from conflict affected high-risk areas. Suppliers must complete our KYC documents honestly to assist us in ensuring the diamonds they source are conflict-free.
- 6.1.2 Diacore will review and consider any media reports, online reports, and any articles it may find on potential or current suppliers to determine whether they are reputable.
- 6.1.3 To ensure ethical and responsible sourcing, suppliers of both polished and rough diamonds will be informed of our sourcing policy at the start of our business relationship. All existing suppliers will also be made fully aware of the contents of this sourcing policy.
- 6.1.4 Diacore is fully committed to the principles of human rights and supports, promotes, and protects the fundamental rights expressed in the Universal Declaration of Human Rights.
- 6.1.5 Diacore does not engage in or tolerate bribery, corruption, money laundering or terrorism financing and will only conduct business with companies who, to the best of Diacore’s knowledge, conduct business legally and whose funds come from legal sources.

6.2 Sourcing of Rough Diamonds

- 6.2.1 Diacore sources the bulk of our rough diamond supply from the largest and most well-respected primary producers who, like us, proudly adhere to and enforce the standards established by the Kimberley Process. These diamonds are all warranted to be conflict free.

- 6.2.2 When purchasing from other suppliers, we are either purchasing on tender, or from reputable diamond companies. For the sake of transparency and full compliance, we make sure that all and any rough purchases are accompanied by a Kimberley Process Certificate and will comply with the WDC SoW requirements.
- 6.2.3 Diacore will not purchase diamonds from suspect or unknown sources as well as diamonds from countries and regions that have not implemented the Kimberley Process Certification scheme.
- 6.2.4 Diamonds not conforming to the principles of our policy will be refused.

6.3 Sourcing of Polished Diamonds

- 6.3.1 Most polished stones are sourced internally.
- 6.3.2 Polished stones must all be accompanied by a GIA certificate.
- 6.3.3 When sourced externally, we will not source from any countries that find themselves on any of the forbidden lists.
- 6.3.4 Any stones which may have passed through or been purchased from any of the countries listed on any of the forbidden lists will be refused.

7. DUE DILIGENCE

- 7.1 All customers and suppliers are requested to complete our KYC procedure which involves collecting and processing of information. The company will request certain information from the client, and in addition, they will be required to sign an undertaking and complete a client verification form, which is a detailed questionnaire to be completed and signed. This questionnaire includes several applicable questions pertaining to the clients' sourcing practices.
- 7.2 The KYC information which is collected forms an integral part of our risk assessment. Before commencement of the business relationship with a customer or supplier, we will ensure that the KYC process is complete, and we have in our possession completed and signed documentation as required.

8. RISK MANAGEMENT

- 8.1 All data received through the KYC procedure will be carefully analyzed and we will identify any potential red flags.
- 8.2 Should any red flags be raised during the due diligence process, and we have reason to believe we are dealing with a potentially high-risk supplier, it will be a management decision as to whether to conduct business with such supplier.

8.3 Diacore will view the following as triggers raising red flags which may require an enhanced due diligence process:

8.3.1 *Red Flag location* – Such a red-flag will be raised when it emerges that the potential supplier has purchased diamonds that originated from or were transported through conflict affected and high-risk areas [“CAHRA”] or purchased diamonds that originated from a country with limited known suppliers OR if it emerges that potential supplier is buying or selling from countries or regions that have not implemented the Kimberley Process Certification Scheme.

8.3.2 *Red Flag supplier* - Such a red-flag will be raised when it emerges that the supplier operates or sources diamonds from one of the forbidden locations [some of the lists we refer to are listed in 6.3.3 above.]

8.3.3 *Red Flag circumstance* – when unusual circumstances emerge through the information collected which gives rise to a reasonable suspicion that the extraction, transport, or trade of the goods may contribute to conflict or be associated with serious abuses we will be dealing with a circumstantial red flag.

8.4 If it emerges that any of our suppliers are in violation of any of the above red flags, Diacore will have to ascertain how and if these potential risks will affect our supply chain. It is important for us to determine whether we are dealing with reasonable risks, or if we are engaging in serious human rights violations. This will help us determine how we will handle the violation:

8.4.1 If it materializes that the supplier is involved in serious abuses such as child labour, forced labour, serious human rights violations or any other crimes against humanity, we will immediately terminate any relationship we have with the supplier.

8.4.2 Should it emerge that the supplier supports non-state armed groups whether directly or indirectly, we will immediately terminate any relationship we have with the supplier.

8.4.3 If it becomes apparent that the supplier fraudulently misrepresented the origin of the diamonds, it will be a management decision as to whether to continue the business relationship with the supplier. Management will consider the gravity of the misrepresentation and the consequences that transpired because of the misrepresentation. Diacore may decide to continue doing business with this supplier, but the relationship will be closely monitored and Diacore may take a decision to disengage with the supplier in the future.

9. ENFORCEMENT

Diacore is fully committed to upholding the sourcing policy and ensuring that all suppliers are committed to the principles of sourcing responsibly.

A handwritten signature in black ink, appearing to be 'Boyd', written over a horizontal line.

Signed and approved by Management