



JACK REISS LLC

Manufacturing the Worlds Finest
Round & Fancy Diamonds

Kimberley Process & System of Warranties Background, Regulations & Processes

Definition and applicability

The Kimberley Process is a joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds. Conflict diamonds is a term for rough diamonds that are used by rebel movements to finance wars against legitimate governments. (Source: <http://www.kimberleyprocess.com/>)

Background

The issue of conflict diamonds began gaining public prominence in the late 1990s. Human rights nongovernmental organizations (NGOs) drew attention to the illegal trade in rough diamonds. This trade was funding rebel movements in Angola and Sierra Leone and indirectly contributing to human rights atrocities. The diamond industry was brought into the media and consumer spotlight.

In response, the diamond and jewelry industry, through its designated representative organization the World Diamond Council (WDC), began working with the United Nations, key governments and NGOs to seek a solution. These meetings became known as the Kimberley Process. The outcome was the Kimberley Process Certification Scheme (KPCS) which aims to prevent conflict diamonds from entering the supply chain. The system is implemented by governments and tracks the export and import of shipments of legitimate rough diamonds between participating countries. To support it, the WDC also created a voluntary program of industry self-regulation called the System of Warranties (SoW) which extends to the trade in cut and polished stones.

The diamond industry has made a strong commitment to the Kimberley Process and the effectiveness of the KPCS and the WDC SoW is being closely monitored by NGOs. This includes both the performance of governments and that of the diamond industry. Exposure of ineffective systems or complicity in the sale of conflict diamonds poses a significant risk to the reputation of individual companies and for the industry as a whole. For companies, failure to abide by KPCS or the WDC SoW exposes the Member to expulsion from industry organizations and loss in trade.

At an industry level, if self-regulation is seen to be ineffective, the pressure for stronger regulatory action will grow.

Regulations

The Kimberley Process Certification Scheme (KPCS)

The Kimberley Process Certification Scheme came into effect in 2003. The KPCS requires participating nations to keep conflict diamonds out of legitimate channels of commerce. All imports and exports of rough diamonds must be via a government office. This office verifies the source, packs diamond consignments to be transported in tamper-resistant containers and issues the accompanying government-validated Kimberley Process Certificate.

Each forgery-resistant certificate must be uniquely numbered and include data describing the shipment's contents and the country of origin. Government signatories to the Kimberley Process are required to implement internal controls on the movement of diamonds and can only export/import diamonds to/from other countries that are part of the KPCS.



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The World Diamond Council System of Warranties (SoW)

To provide industry support for the KPCS and additional assurance to end-consumers, the World Diamond Council (WDC) created a voluntary program of self-regulation, the System of Warranties (SoW). It requires that all consignments of diamonds, whether rough, polished, or set in jewelry, be accompanied by a written warranty on all invoices through the supply chain. This applies each time the diamonds change hands and extends down to retail jewelers (but not to end-consumers). The official WDC warranty statement reads:

“The diamonds herein invoiced have been {sourced}* purchased from legitimate sources not involved in funding conflict, in compliance with United Nations Resolutions and corresponding national laws {where the invoice is generated}**. The seller hereby guarantees that these diamonds are conflict free and confirms adherence to the WDC SoW Guidelines.”

* {sourced} - may be used by companies that do not purchase from open market, but source and aggregate diamonds from production facilities that are owned/partly owned by them

** {where the invoice is generated} - may be used by companies if they specifically want to reference the country of invoice issuance

Records must be kept of the warranty invoices received and issued, which must be auditable and reconciled 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 for rough diamonds.

Industry Principles of Self-Regulation

In addition to KP and SoW adherence, all diamond and jewelry industry organizations and their Members have adopted the following principles of self-regulation, obliging them to:

- 1) Trade only with companies that include warranty declarations on their invoices;
- 2) Not buy diamonds from suspect sources or unknown suppliers, or which originate in countries that have not implemented the Kimberley Process Certification Scheme;
- 3) Not buy diamonds from any sources that, after a legally binding due process system, have been found to have violated government regulations restricting the trade in conflict diamonds;
- 4) Not buy diamonds in or from any region that is subject to an advisory by a governmental authority indicating that conflict diamonds are coming from or available for sale in such region, unless diamonds have been exported from such region in compliance with the Kimberley Process Certification Scheme;
- 5) Not knowingly buy, sell or assist others to buy or sell conflict diamonds;
- 6) Ensure that all company personnel that buy or sell diamonds are well informed regarding trade resolutions and government regulations restricting the trade in conflict diamonds.

Jack Reiss LLC's management approach to the Kimberley Process

Shia Reiss has been identified as the representative of Jack Reiss LLC to manage and implement the KPCS and SoW program.

Thus, all rough and polished diamond purchases must meet regulations as outlined above as part of the Industry Principles of Self-Regulation.

August 2022



Responsible Jewellery Council (RJC) Policy

Jack Reiss LLC is a rough diamond manufacturer and wholesaler of loose diamonds.

We have one location which is 580 Fifth Ave, Suite 1212, New York, NY 10036.

Jack Reiss LLC is a certified Member of the Responsible Jewellery Council (RJC).

The RJC is a standards-setting organization that has been established to advance responsible ethical, human rights, social and environmental practices throughout the diamond, colored gemstones, gold, silver and platinum group metals (PGM's) jewelry supply chain.

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

As a RJC certified member we commit to operating our business in accordance with the Code of Practices which is available at www.responsiblejewellery.com. We commit to integrating ethical, human rights, social and environmental considerations into our day-to-day operations, business planning activities and decision-making processes.

Specific policies relate to:

- Anti Bribery & Facilitation payments
- Anti Money Laundering and Finance of Terrorism
- Adherence to the Kimberley Process and World Diamond Council System of Warranties
- Supply Chain Policy-OECD-CAHRA's
- Diamonds to be purchased from responsible and legitimate sources
- Company policy with regards to synthetic diamonds
- Security of People and Products
- Sexual Harassment Policy
- Product Integrity Practices
- Human Rights
- Health & Safety Performance
- Community Relations
- Environmental Performance
- Relationship with Business Partners
- Statement of commitment to RJC policies and procedures
- Commitment to employee policies manual

Jack Reiss LLC's RJC policy is available upon request for public viewing.

Shia Reiss
Operations Director
August 2022



Supply Chain / OECD Supplier Information Report

Jack Reiss LLC has conducted a Supply Chain review per the OECD (**O**rganisation for **E**conomic **C**o-operation and **R**isk **D**evelopment) standards to meet due diligence guidelines for Responsible Supply Chains of Minerals from **C**onflict-Affected and **H**igh-Risk Areas (CAHRA's) for the period of January-August 2022.

Jack Reiss LLC has found its suppliers in Diamonds and minerals to be responsive in completing due diligence forms to satisfy risk related issues relating to OECD. We have not found any red flags when dealing with our suppliers.

Review of Jack Reiss LLC's completed due diligence was conducted and matched the internal investigation results.

Supply Chain review and results will be conducted and posted annually, with the next review and posting to take place August-September 2023.

For more information regarding the OECD results, please contact us at 212-840-9500 or shia@jackreiss.com

Shia Reiss
Jack Reiss LLC
Operations Director
September 2022



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Grievance Procedure

Jack Reiss, Inc. has established this grievance procedure to hear concerns about circumstances in its operations, statements, supply chain procedures or OECD supply chain involving diamonds and minerals from conflict-affected and high-risk areas.

Mr. Shia Reiss is responsible for implementing and reviewing this procedure.

Concerns can be raised by interested parties via email or telephone to:

Shia Reiss

Tel: 212-840-9500

Email: shia@jackreiss.com

On receiving a complaint, we will aim to:

- get an accurate report of the complaint;
- explain our complaints procedure;
- find out how the complainant would like it handled;
- decide who is the appropriate person internally to handle the complaint, or help redirect the complaint to another entity, such as the relevant supplier, or a relevant industry body;
- where the issue can be handled internally, seek further information where possible and appropriate;
- identify any actions we should take, or monitor the situation;
- advise the complainant of any decisions or outcomes; and
- keep records on complaints received, and the internal process followed, for at least five years.

Jack Reiss
President
August 2022

Jack Reiss LLC ensures that the person / company filing this grievance shall do so without fear of blowback, retaliation, dismissal or harassment. The grievance filed shall remain confidential.



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August 2022

Statement to company stakeholders

At the beginning of September 2022 Jack Reiss LLC will undergo an operations audit to renew its RJC certificate based on the COP 2019 that includes due diligence of our Supply Chain Policy including policies regarding OECD's (Organisation for Economic Co-operation and Risk Development) and CAHRA's (Conflict-Affected and High-Risk Areas). The expanded policies that the company will be audited will include the following subject matters:

- Anti Bribery & Facilitation payments
- Anti Money Laundering and Finance of Terrorism
- Adherence to the Kimberley Process and World Diamond Council System of Warranties
- Supply Chain Policy-OECD-CAHRA's
- Diamonds to be purchased from responsible and legitimate sources
- Company policy with regards to synthetic diamonds
- Security of People and Products
- Sexual Harassment Policy
- Product Integrity Practices
- Human Rights
- Health & Safety Performance
- Community Relations
- Environmental Performance
- Relationship with Business Partners
- Statement of commitment to RJC policies and procedures
- Commitment to employee policies manual

Review and training of RJC & company policies will take place prior to the RJC audit.

This statement has been posted online and emailed to our stakeholder list.

Jack Reiss LLC is committed to the safety and human rights of our employees and have trained our staff on proper workplace behavior and complaint mechanisms. By informing our business partners of our RJC requirements, we are committed to educating the jewelry industry in proper workplace practices and procedures throughout the supply chain.

Policies and procedures are available at www.jackreiss.com and upon request.

Shia Reiss
Operations Director



JACK REISS LLC

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Supply Chain Complaint Form

Name of Company	
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Date of the Complaint	
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Description of Supply Chain complaint:

Comments:

How has the complaint been resolved?

Authorized Signature		Date	
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Jack Reiss LLC ensures that the person / company filing this grievance shall do so without fear of blowback, retaliation, dismissal or harassment. The grievance filed shall remain confidential.

Send complaint to: Att: Shia Reiss, shia@jackreiss.com or hand deliver



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Supply Chain Policy

- 1) Jack Reiss LLC is a rough diamond manufacturer & wholesaler of loose polished diamonds based in New York, NY. This policy confirms Jack Reiss LLC's commitment to respect human rights, avoid contributing to the finance of conflict and comply with all relevant UN sanctions, resolutions and laws.
- 2) Jack Reiss LLC is a certified member of the Responsible Jewellery Council (RJC). As such, we commit to following policies relating to the RJC OECD (Organization for Economic Co-operation and Development) Guidance and a commitment to identify and assess risks related to conflict affected and high-risk areas (CAHRA's). The areas of concern are:
 - A)
 - a) respect human rights according to the Universal Declaration of Human Rights and International Labour Organization Declaration on Fundamental Principles and Rights at Work;
 - b) do not engage in or tolerate bribery, corruption, money laundering or finance of terrorism;
 - c) support transparency of government payments and rights-compatible security forces in the extractives industry;
 - d) do not provide direct or indirect support to illegal armed groups;
 - e) enable stakeholders to voice concerns about the jewelry supply chain; and
 - f) are implementing the OECD five-step framework as a management process for risk-based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas.
 - B) Regarding serious abuses associated with the extraction, transport or trade of minerals: We will neither tolerate nor profit from, contribute to, assist or facilitate the commission of:
 - a) torture, cruel, inhuman and degrading treatment;
 - b) forced or compulsory labor;
 - c) the worst forms of child labor;
 - d) human rights violations and abuses; or
 - e) war crimes, violations of international humanitarian law, crimes against humanity or genocide.
- 3) We also commit to using our influence to prevent abuses by others by informing our suppliers and stakeholders of our policies through e-mailings and online vehicles. Jack Reiss LLC requires KYC forms from vendors and customers to prove legitimization in the diamond industry, as well as an acknowledgement letter that partnering companies will follow the points of interest of the RJC. Complaint mechanisms are in place through contacting our office and online. Companies

that have proven to be blatant non-compliant with RJC policies will be removed from vendor/customer list until proof of correction can be shown. Companies that are suspected of abuses will be given up to 6 months to correct abuses and we will offer our guidance to correct the abuse. If after this time period said company has not changed its practices, we will stop working with said company. If it is suspected (internally or externally) that any of our upstream suppliers are sourcing materials from any Conflict-Affected and High-Risk Areas (CAHRA's), they shall immediately alert the Highest-ranking Company Officer available. Their alert shall remain anonymous and will be investigated by upper Management. Each potential alert will be handled individually and will be thoroughly reviewed. Due diligence will be used to confirm or dismiss the alert presented to Jack Reiss LLC Whether the alert is deemed to be in violation will be based on the discretion of Jack Reiss LLC, the outlined guidelines in this document and in addition to all guidelines set forth by RJC. If there are any questions or complaints, please contact Shia Reiss at shia@jackreiss.com or call 212-840-9500.

- 4) Whereas Jack Reiss LLC requires the OECD due diligence from our suppliers, we in turn expect our suppliers to conduct their own OECD due diligence from their suppliers.
- 5) Regarding direct or indirect support to non-state armed groups: 1) We only buy or sell diamonds that are fully compliant with the Kimberley Process Certification Scheme and System of Warranties and 2) will not tolerate direct or indirect support to non-state armed groups, including, but not limited to, procuring minerals from, making payments to, or otherwise helping or equipping non-state armed groups or their affiliates who illegally:
 - a) control mine sites, transportation routes, points where minerals are traded and upstream actors in the supply chain; or
 - b) tax or extort money, or minerals at mine sites, along transportation routes or at points where minerals are traded, or from intermediaries, export companies or international traders.
- 6) It is the policy of Jack Reiss LLC and its suppliers to be fully compliant with the Kimberley Process Certification Scheme and the World Diamond Council System of Warranties (SoW). All diamond invoices are to be compliant with the WDC SoW, stating:

“The diamonds herein invoiced have been {sourced} purchased from legitimate sources not involved in the funding of conflict, in compliance with United Nations Resolutions and corresponding national laws {where the invoice is generated}. The seller hereby guarantees that these diamonds are conflict free and confirms adherence to the WDC SoW Guidelines.”
- 7) Where national law prevents the SoW statement from being included in your invoice, you should include it in separate accompanying documents.
- 8) We will immediately stop engaging with upstream suppliers if we find a reasonable risk that they are sourcing from, or are linked to, any party providing direct or indirect support to non-state armed groups as described in paragraph 2 or 5.
- 9) Regarding public or private security forces: We affirm that the role of public or private security forces is to provide security to workers, facilities, equipment and property in accordance with the rule of law, including law that guarantees human rights. We will not provide direct or indirect support to public or private

security forces that commit abuses described in paragraph 2B or that act illegally as described in paragraph 5.

- 10) Regarding bribery and fraudulent misrepresentation of the origin of minerals, we will not offer, promise, give or demand bribes, and will resist the solicitation of bribes, to conceal or disguise the origin of minerals or to misrepresent taxes, fees and royalties paid to governments for the purposes of extraction, trade, handling, transport and export of minerals.
- 11) Regarding money laundering: We will support and contribute to efforts to eliminate money laundering where we identify a reasonable risk resulting from, or connected to, the extraction, trade, handling, transport or export of minerals.
- 12) As part of its core business, the following minerals are used by the company: Rough Diamonds & Loose Polished Diamonds.
- 13) We hereby guarantee our diamonds have not originated from the Mbada and Marange regions of Zimbabwe.
- 14) All minerals used in the manufacturing of jewelry for Jack Reiss LLC are responsibly sourced and conflict free.
- 15) All suppliers and customers must complete a Know Your Counterparty (KYC) document that contains basic background information, including: company contact information, owners/directors and beneficial partners. KYC's must be included for all partner companies. Suppliers must also complete the "Supplier Compliance Packet" that includes acknowledgement of above principles for Human Rights, sourcing of goods and accepted trade practices.
- 16) KYC information will be fact checked against government databases including OFAC Sanctions List, World Bank Listing of Ineligible Firms & Individuals and United Nations Security Council. We will not work with any company that has been sanctioned by these government organizations.

Policies are updated through government notices and trade notifications including: www.responsiblejewellery.com, www.kimberleyprocess.com, www.un.org, www.worlddiamondcouncil.org, www.awdc.be, www.gold.com, www.rapnet.com

This policy is reviewed yearly and will be modified per updates to RJC protocols or due to a change in sourcing practices.

On an annual basis, Jack Reiss LLC will review its supply chain and publicly report its findings.

Shia Reiss is the manager of the Supply Chain Policy.


Shia Reiss
Operations Director
August 2022

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Jack Reiss LLC ensures that the person / company filing this grievance shall do so without fear of
blowback, retaliation, dismissal or harassment. The grievance filed shall remain confidential.