

LAZARE KAPLAN INTERNATIONAL INC.

Business Ethics and Principles

Lazare Kaplan International Inc. ("LKI") is committed to integrating the highest standard of ethical, human rights, social and environmental considerations into our day-to-day operations, business planning activities and decision-making processes. LKI is committed to embracing, supporting and implementing, within the scope of its influence, a set of core values in the areas of human rights, development, labor standards and environmental sustainability.

LKI fully supports policies which prohibit corruption and bribery, outlaw the trade in conflict diamonds, prevent money laundering, combat the financing of terrorism, and promote transparency, fair dealing and disclosure throughout the diamond pipeline. It is LKI's strict policy to clearly identify its prospective suppliers and its customers before entering into any business transaction.

LKI shall conduct its affairs in accordance with all applicable laws and in adherence to the highest ethical business standards. The Company complies with clean diamond trading and anti-money laundering legislation adopted by the United States Government, such as the Clean Diamond Trade Act, and supports relevant resolutions by concerned governments and the United Nations.

USA PATRIOT Act -- Under Financial Crimes Enforcement Network (FinCEN) of the United States Treasury Department rules, diamond dealers are required to establish Anti-Money Laundering (AML) programs under the USA PATRIOT Act. The regulations ensure that relevant provisions of the Bank Secrecy Act are applied appropriately to the diamond industry. LKI is defined as a dealer under these rules and has implemented all relevant USA PATRIOT Act provisions as required under the law.

Zero Tolerance For Conflict Diamonds – LKI is fully committed to complying with all requirements specified in the Kimberley Process Certification Scheme and World Diamond Council's System of Warranties Declaration. No invoice or memo lacking proper polished diamond warranties will be accepted or processed for settlement.

Zero Tolerance for Undisclosed Synthetic Diamonds – All polished diamonds are acquired with a certificate from a reputable gemological institute attesting to the natural nature of the diamond and/or sample tested to prove the natural nature of the diamond. Our commitment continues in support of World Federation of Diamond Bourses (WFDB) efforts, and the WFDB's synthetic warranty language requirement is applied to all invoices and memos for polished diamonds to customers of all LKI Group Companies. Furthermore, the warranty statement is required of all vendors on invoices and memos for rough and polished diamonds. No invoice or memo lacking the proper synthetics warranty statement will be accepted or processed for settlement. LKI requires full disclosure of all available information about a diamond is obtained prior to purchase and provided prior to sale.

Compliance with Anti-Bribery and Facilitation Payment Laws - LKI shall conduct its affairs in accordance with all applicable laws and adherence to the highest ethical business standards. The use of LKI's funds, services and assets for any unlawful or improper purpose is strictly prohibited. This prohibition covers, among other things, the purchase of privileges or special benefits through improper concessions or payments, such as bribes or pay-offs.

Human Rights - LKI protects the fundamental human rights expressed in the Universal Declaration of Human Rights, the UN Global Compact and in relevant International Labor Organization Conventions. LKI

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will adhere to all applicable laws / regulations with respect to employment and labor, and ensure that wages and benefits shall meet at least national minimum standards.

- Discrimination - LKI is an equal opportunity employer, regardless of race, color, religion, sex, age, national origin, physical or mental handicap, veteran's status, marital status or sexual orientation.
- Harassment - LKI does not tolerate harassment, including but not limited to physical or verbal abuse, sexual harassment, as well as any behavior or action which creates a hostile or intimidating work environment.
- Child Labor - LKI will not use or support the use of child labor as defined in the United Nations International Labor Organization Minimum Age Convention (138). Under no circumstances will LKI employ children below the age of sixteen (16). Documents providing proof of age are required of all new employees. These documents are subject to validation.
- Forced Labor - LKI will not use or support the use of any type of forced or bonded labor, including slavery, prison labor that is required from prisoners without pay or to complete their sentence, labor as a punishment for expressing political views, or labor demanded of workers because of their debt to the Company. LKI management does not keep deposits or identity papers provided by the workers to the Company as part of the recruitment process. All workers are free to leave the workplace at the end of the working day.
- Freedom of association and collective bargaining - Each employee has the right to associate, or not associate, with any legally sanctioned, labor representative organization. LKI will not issue threats, warnings or orders to refrain from engaging in activities that are protected under Section 8(a)(1) of the National Labor Relations Act. LKI maintains formal channels to encourage communications among all levels of supervisors and employees—without fear of reprisal—on issues that impact working conditions. This “open door policy” entitles all employees to freely discuss with management all matters relating to their welfare, terms and conditions of employment, questions, complaints, grievances and recommendations.
- No Retaliation - No individual will suffer retaliation or intimidation as the result of reporting in good faith a problem with illegal harassment, or assisting by providing information in good faith about a claim of illegal harassment, even if the claim turns out to be erroneous. Any instance of retaliation should be reported immediately and will be subject to the same disciplinary action provided for harassment offenders.
- Health & Safety - LKI will maintain safe and healthy working conditions appropriate to the tasks performed.

Environmental Policy - We will conduct our businesses in an environmentally responsible manner. We will assess and address any adverse environmental impacts resulting from our business activities, as appropriate. We will use best endeavors to contribute to the preservation of the natural environment in which we operate.

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SUPPLY CHAIN MANAGEMENT

1. This policy confirms Lazare Kaplan International Inc.'s commitment to respect human rights, avoid contributing to the finance of conflict and comply with all relevant UN sanctions, resolutions and laws.
2. Lazare Kaplan International Inc. ("LKI") is a certified member of the Responsible Jewellery Council (RJC). As such, we commit to proving, through independent third-party verification, that we:
 - a. Respect human rights according to the Universal Declaration of Human Rights and International Labor Organization Declaration of 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 diamonds, gold and platinum from conflict-affected and high-risk areas ("CAHRA's"). The Company utilizes various sources in determining risk areas and refers to sources, including but not limited to, Dodd-Frank legislation, OFAC Sanctions information and stakeholder self-assessments.
3. We also commit to using our influence to prevent abuses of others.
 - a. Suppliers are expected to follow the OECD five-step framework or establish their own due diligence frameworks and management systems that are designed to prevent direct or indirect support of human rights violations or funding of conflict.
4. We only buy or sell diamonds that are fully compliant with the Kimberley Process Certification Scheme and, as such, will not tolerate direct or indirect support to non-state armed groups, including, but not limited to, procuring diamonds from, making payments to, or otherwise helping or equipping non-state armed groups or their affiliates who illegally:
 - a. Control mines sites, transportation routes, points where diamonds are traded and upstream actors in the supply chain; or
 - b. Tax or extort money or diamonds at mine sites, along transportation routes or at points where diamonds are traded, or from intermediaries, export companies or international traders.
5. LKI shall conduct its affairs in accordance with all applicable laws and adherence to the highest ethical business standards.
 - a. The use of LKI's funds, services and assets for any unlawful or improper purpose is strictly prohibited. This prohibition covers, among other things, the purchase of privileges or special benefits through improper concessions or payments, such as bribes or pay-offs.
 - b. we will comply with all USA Patriot Act Anti-Money Laundering provision
 - c. We will only buy or sell diamonds that are fully compliant with the Kimberley Process Certification Scheme and World Diamond Council Statement of Warranties.
6. We will immediately stop engaging with stakeholders if we find a reasonable risk that they are committing any human rights abuses, or sourcing from, or are linked to any party committing abuses or are providing direct or indirect support to non-state armed groups who illegally control mine sites, transportation routes, or extort money or diamonds.

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PUBLIC GRIEVANCES

LKI has established a public grievance reporting process to raise any concerns regarding potential human rights issues, anti-money laundering, fraud, non-compliance or violation of any financial, non-financial offenses conducted by its employees, customers or suppliers.

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

Mr. William H. Moryto
Vice President
Lazare Kaplan International Inc.

212 857 7672
Complaints@idealcut.com

The policies contained herein were approved by the Executive Committee of the Board of Directors on May 12, 2021 and will be updated periodically as required.

Signed: *Leon Tempelsman*
Leon Tempelsman
President and CEO
Lazare Kaplan International Inc.

Date: May 12, 2021