

ARPIC GEMS BV

Provenance Claim Manual

ARPIC GEMS BV

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1.1 Introduction

History

Arpic Gems was founded in 1991 by Ranjeet Sanghvi. He moved to Antwerp as a young entrepreneur, with an enormous passion for rough diamonds. With time and experience, he began building capabilities in diamond cutting and servicing the wholesale polished goods market. His keen eye for detail and his personalized customer service allowed him to establish himself firmly in the market.

Over the years, technology evolved and the company quickly expanded its product offering and built its network of specialized talent. Having skilled craftsmen and artisans on board allowed us to address the diversified needs of our customers ensuring satisfied clients.

Since then, the company has grown based on its ethical and moral foundation, it's product quality and most importantly, its ability to adapt to changing market conditions.

Regardless of external changes, our company purpose and promise has remained exactly the same as it was over 25 years ago. We give personal attention to every client, and ensure that their needs are at the forefront of everything we do.

Below you can see an overview of the different departments and stages we follow, from the process of rough to polished diamond servicing:

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1.2 ARPIC GEMS BV in the trade of diamond & has made a provenanceclaim for Polished Diamonds Origin as below:

SCOPE 1: - Type = Origin

1. Polished purchased / sourced from selected suppliers (Business Associates in India)
2. Rough Diamonds purchased are backed Kimberly process certificate, which specifies country of mine and country of origin.

Material = Diamond

DECLARATION ON INVOICE:

Following declaration on OFACs are issued to customer on demand, appropriate internal review is done prior to issuance of this declaration on the invoices.

1. To the best of our knowledge the diamonds herein invoiced have not been obtained in violation of applicable national laws and / or sanctions by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) and have not originated from the Marange region of Zimbabwe.
2. To the best of our knowledge the diamonds herein invoiced have not originated from Zimbabwe are of natural origin and have not undergone HPHT or any other quality enhancing treatment
3. To The Sellers Best Knowledge, Diamonds supplied under this invoice were not obtained from Zimbabwe or an SDNBP. This warranty is given under Diamond Source Warranty Protocol Release Number 1.0
4. To the best of our knowledge, the diamonds herein invoiced have not been obtained in violation of applicable national laws and/or sanctions by the US Department of Treasury's Office of Foreign Assets Control (OFAC) and do not originate from the Marange region of Zimbabwe.
5. To the best of our knowledge and/or written assurances from our Suppliers, we state that "Diamonds herein invoiced have not been obtained in violation of applicable

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National laws and/or sanctions by the U.S. Department of Treasury's office of Foreign Assets Control (OFAC), and have not originated from the Mbada and Marange Resources of Zimbabwe"

6. We have taken the following steps to ensure this statement is true, within our spheres of influence:
7. We are requiring our suppliers to provide written assurances that they do not provide diamonds that are in violation of applicable national laws and/or OFAC sanctions and do not originate from the Marange region of Zimbabwe.
8. To our best knowledge, the diamonds supplied hereunder were not obtained from Zimbabwe, Angola, the Democratic Republic of Congo or any specially designated National and Blocked Person (SDNBP), pursuant to the US Department of Treasury OFAC list. This warranty is given under Diamond Source Warranty Protocol, Release Number 1.0.

Note:

- These are the examples of declarations provided on the sales invoices of rough and polished diamonds, to various customers on their specific request.
- ARPIC GEMS BV does not issuing as a blanket declaration to all its customers, it is issued to few customers on their specific request.
- Further the wording of the claim is as per the client need, however we ensure that origin claim as mentioned “not origin from Marange or Mabada region of Zimbabwe” As we do not procure rough and polished diamonds from Zimbabwe at all.
- Further or OECD compliance ensures information of upstream suppliers.

PROVENANCE CLAIM (wordings of the claim for certification details on RJC Web site:

“To the best of our knowledge the diamonds herein invoiced have not been obtained in violation of applicable national laws and / or sanctions by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) and have not originated from the Marange region of Zimbabwe.”

| No. | Scope applies to below mentioned entity | Nature of operations |
|-----|---|--|
| 1. | ARPIC GEMS BV | Purchase, Quality control, Assortment, Sales & Export of Polish Diamond) |

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1.3 Procedure For OFAC

Below mentioned procedure has been implemented to ensure that claim statement is assured through our entire supply chain.

General Procedure

- All the suppliers of diamonds shall undergo the process of KYC and KYS verification as per procedure on AML/CFT (RJC Manual) and detailed records of KYC and KYS verification is maintained.
- ARPIC GEMS BV shall develop a continual plan to procure majorities of its supplies from RJC certified or socially compliant companies only where suppliers have rough to polish supplying capabilities such that the integrity is maintained. Further DeBeers BPP suppliers shall also be accepted as socially compliant companies and origin of rough source will be more authentic.
- Suppliers RJC membership details will be obtained from RJC website. Regular and dominated suppliers will be encouraged becoming the member of RJC.
- ARPIC GEMS BV shall maintain a list suppliers and vendor details are updated on regular basis with respect to their compliance and market due diligence feedbacks.

FOR Rough Diamond Declaration of OFAC:

- ARPIC GEMS BV is sourcing rough from various Local Suppliers, which are free of conflict and not origin from Zimbabwe & Russia.
- Rough diamond suppliers' due diligence is carried out for compliance to Money laundering regulation as per Procedure on AML/CFT. Where detailed Know your counterparty procedures are followed to confirm that they are complying with the same.
- Further ARPIC GEMS BV has also established the conflict free diamond sourcing policy as per OECD under which detailed review of diamond of all upstream suppliers are done.
- ARPIC GEMS BV is sourcing more than 50 % supplies from direct mines or first exporter where 100% origin information is available and remaining 50 % from open market. Where variable information available about origin, however documents trail is

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missing. Now based on this information and supporting documents received OFAC declaration is issued.

- ARPIC GEMS BV has been following the rules of Kimberly process and SOW and detailed policy and procedure has been documented in chapter 6 of RJC Manual.
- All sales of rough diamonds are backed with K.P. certificate of import or local purchasespecifying the mining country or country of origin,

FOR Polished Diamond Declaration of OFAC:

- All polished are purchase from India or local market from known and approved suppliers, where we are aware about their business practices and all supplies are backed with the signed declarations.
- Compliance officer shall review the compliance for obtaining declaration on al purchase invoices for SOW (System of warranties), OFAC Declaration & CVD declaration on all purchased polished invoices or goods received on consignment basis.
- All the suppliers of polished diamonds are providing the assurance of “Natural Diamonds and are confirmed that it is CVD and HPHT free diamonds” & Declaring Origin of the Diamonds. Compliance officer will review supplier declarations on receipt and on periodic report of compliance is issued to senior management (on Quarterly Basis).
- All polished diamond supplies are testes in house/ externally as per Synthetic Diamonds control policy and procedure in RJC/BPP Manual.
- These diamonds are processed in associate’s factories and supplied back to us. Also, goods are procured from known suppliers (Due diligence done, Necessary declaration obtained and management is aware about the nature of business capabilities in terms of manufacturing)
- ARPIC GEMS BV obtains additional information from polished diamond suppliers a part from KYC on the basis of OECD compliance, to learn about supplies further upstream suppliers of diamonds. This procedure gives additional confidence to the ARPIC GEMS BV about the origin of goods received from various suppliers.
- As a part of OECE compliance these suppliers provided signed declarations about the compliance and provide filled information about their sourcing of goods as per OECD check list.

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- Compliance officer shall also ensure compliance to USA Sanction list from time to time to confirm none of the suppliers falls under this.
- Now as per USA OFAC Section list it is restricted to trade or do business with the good and individual of Zimbabwe official as specified below (abstract from the OFAC Section list)
 - Be a senior official of the Government of Zimbabwe;
 - Be owned or controlled by, directly or indirectly, the Government of Zimbabwe or an official or officials of the Government of Zimbabwe;
 - Have engaged in actions or policies to undermine Zimbabwe's democratic processes or institutions;
 - Be responsible for, or have participated in, human rights abuses related to political repression in Zimbabwe;
 - Be engaged in, or have engaged in, activities facilitating public corruption by senior officials of the Government of Zimbabwe; 4
 - Be a spouse or dependent child of any person whose property and interests in property are blocked pursuant to E.O.s 13288, 13391, or 13469, or an immediate family member of any person whose property and interests in property are blocked pursuant to E.O. 13391
 - Have materially assisted, sponsored, or provided financial, material, logistical, or technological support to the Government of Zimbabwe, any senior official or any person blocked pursuant to E.O.s 13288, 13391, or 13469; or • Be owned, controlled, or acting on behalf of any person blocked pursuant to E.O.s 13288, 13391, or 13469.
 - Link for online review of OFAC Sanction list shall be used once or as required to review while adding any new vendor for rough or polished diamonds.:
<https://sanctionssearch.ofac.treas.gov/>
- ARPIC GEMS BV is not dealing with the above country for any of its rough business and each sale where declaration is given for sale of rough diamond copy of KP certificate is shared so, why do we need any additional review.

CONTINUAL IMPROVEMENT: -

- Will communicate Best Endeavour of RJC to all the suppliers & customers on an annual basis.

1.4 Training:

- Compliance officer ensures that all the concern employees involved in buying, processing and selling of diamonds are familiar with the ARPIC GEMS BV's provenance claim and policy and procedures of the ARPIC GEMS BV.
- Re fresher training is provided on annual basis.
- Records of training and awareness are maintained

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1.5 Compliant and Grievance handling:

- ARPIC GEMS BV attends and addresses any complaints or grievance relating to the its provenance claim for “**ORIGIN**”
- Compliance team seeks details of compliant as per prescribed format attached below (Annexure-1) and replies to customer grievance with necessary supporting documents within 5 working days.
- Wherever required RJC office shall be informed about such complaints and communications with customers shall be shared.
- While replying to the complaints received only relevant information and supporting document is shared, which ARPIC GEMS BV feels is appropriate.

1.6 Record Keeping & Reference

- AML CFT policy and procedure (Refer to RJC Manual)
- Kimberly & SOW Policy and Procedure (Refer to RJC Manual)
- KYC and KYS records
- Appointment Letter of compliance officer
- Internal compliance report issued by compliance officer (Quarterly)
- Financial Auditors certificate KP & AML-CFT
- Polished purchase and sales invoices
- Training records of various policies

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ANNEXURE-1**CUSTOMER COMPLAINT REPORT**

| | |
|--|--|
| Compliant Sr. No.: | Date: |
| Date Of Receipt of Complaint: | Received By: |
| Mode Of Receipt: | |
| Customer Name: | |
| Details Of Product shipped: | |
| Invoice No.: _____ | Date Of Invoice: _____ |
| Description Of Complaints: | |
| Nature Of Complaints → Integrity / Query /N.A. Note: - 1. Integrity means issue of challenging the provenance claim of ARPIC GEMS BV, HighPriority (reply in 5 working days) 2. Query means further details required to support or claim Medium to Low (reply relevant information within 6 to 7 days) 3. N.A means customer compliant/ grievance is not clear or not a relevant compliant for Provenance | |
| Report Of Concern Person on Complaint: | |
| Corrective Action Taken : | |
| Result Of Action Taken | Actions Proposed for Future |
| Analyzed By: | Closed By |
| Prepared By Compliance Officer | Approved By: Director |