



GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	Lazare Kaplan International Inc.	COP Date	March 7, 2016
Address	Headquarters: 19 West 44 th Street New York, NY 10036	Membership date	May 1, 2001
Country	USA	Number of employees	37 in New York 173 total globally
Contact Position	Corporate Compliance and Social Responsibility Officer	Sector	Diamond Trading, Cutting, Polishing, and Marketing
Contact Telephone	+1-212-857-7508		
Contact Name	Damian Gagnon		

Brief description / Nature of business:

Since 1903, Lazare Kaplan International Inc. (LKI) has been an acknowledged leader among the world's top diamond cutting and polishing companies. LKI was the first U.S. company specializing in diamond manufacturing to become publicly listed on a major U.S. stock exchange (AMEX). The firm abides by stringent financial accounting laws and regulations. No other company in its field worldwide is subject to more rigid disclosure and compliance requirements.

In addition, LKI plays a leadership role in developing self-regulatory industry protocols and procedures to promote ethical conduct.

Every Lazare Diamond® is cut to produce the optimal balance of brilliance, scintillation, and fire. Likewise, LKI has consistently set and adhered to the highest ethical and professional standards in the industry. This tradition of excellence gives every LKI stakeholder the confidence to trust that they share in one of the richest and most honorable diamond traditions anywhere.

***** LKI'S CORPORATE SOCIAL RESPONSIBILITY STATEMENT IS APPENDED TO THIS COP - Attachment 1

Statement of support:

Lazare Kaplan International Inc. is proud to be a founding member of the United Nations Global Compact which was launched in 2000 to initiate a global compact of shared values and principles which will give a human face to the global market. LKI firmly supports the Ten Principles of the Global Compact and remains committed to upholding the standards and values of transparency, accountability, and good corporate citizenship in our global business development program. Furthermore, in keeping with the Compact's 10th Principle, our Company has established binding policies against corruption and bribery that require all of our directors, managers, and employees around the world to behave ethically and in conformity with the law and these corporate guidelines. Our commitment to these principles has been recognized by the Responsible Jewelry Council's independent, third party auditor, and we are proud to be a certified Responsible Jewellery Council member.*

- Maurice Tempelsman
Chairman of the Board

*FROM THE CORPORATE SOCIAL RESPONSIBILITY SECTION OF THE COMPANY'S WEBSITE:
<http://lazarediamonds.com/AboutUs/CorporateSocialResponsibility>

PRINCIPLE 1: BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2: BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Our Commitment and Policies:

POLICY ON HUMAN RIGHTS

Human Rights is an overarching area of company policy that is linked to a number of separate related policies including: equal opportunity, freedom of association, child labor, forced labor, non-discrimination, non-retaliation and working hours, (see specific policies within employee manual). LKI protects fundamental human rights expressed in the Universal Declaration of Human Rights, the UN Global Compact and in relevant International Labor Organization Conventions. Human Rights abuses seen or reported in connection with work will be reported by LKI to the relevant authorities and followed up as required. Suitable arrangements are in place to ensure the security of all workers and facilities.

LKI is committed to the respect of human rights as the basis for its overall approach to business. All of LKI's entities world-wide have specific policies that address discrimination, harassment, ethical conduct, confidential complaints and non-retaliation, and fair employment practices, including prohibitions against the use of child labor and forced labor as well as prohibitions against violence and use of weapons.

LKI protects the fundamental human rights of employees and stakeholders in communities where we operate around the globe as expressed in the Universal Declaration of Human Rights, the UN Global Compact's Principles I and II and in relevant International Labor Organization conventions. In addition, before hiring staff, LKI checks to ensure that each candidate for employment has no previous involvement in human rights abuses.

A brief description of our Processes or Systems:

LKI will not tolerate the discrimination or harassment of employees or visitors to company premises. The company defines harassment as negative conduct focused on a person or group of persons including, but not limited to: physical or verbal abuse, unwelcome activity of a sexual nature, retaliation, and any behavior or action which interferes with an individual's ability to perform assignments or which creates a hostile or intimidating work environment.

LKI has procedures for reporting work-related human rights abuses and 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.

LKI maintains safe and healthy working conditions. The company actively works to prevent and reduce the risk of accidents and ensures that it has dedicated appropriate resources to identify, avoid and respond to potential health and safety risks and to effectively deal with emergencies and accidents. LKI co-operates fully with employee health and safety representatives and appropriate authorities to monitor existing conditions and to contribute positively to ongoing health and safety improvements. Employees may leave work situations in which they may reasonably judge that there is serious and imminent danger to life or health, without fear of consequence, until the danger has been removed.

The Company's Chief Financial Officer has overall responsibility for implementation of health and safety policy. Individual employees are themselves responsible to remain vigilant within their own sphere of operations. Employees undergo training (in the case of first aid, there are nominated individuals) and awareness building with respect to the issues covered in this policy - fostering an awareness of shared responsibility and accountability.

Measurable Results or Outcomes:

LKI engaged a third party human relations specialist to update our policies and to train staff on Equal Opportunity, Discrimination and Harassment in the workplace. There have been no reports of failure to support and respect the protection of internationally proclaimed human rights and no instance of human rights abuse at Lazare Kaplan, and this has been certified by the DeBeers Diamond Assurance Program and by the Responsible Jewelry Council's independent, third party auditor.

PRINCIPLE 3: BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Our Commitment and Policy:***POLICY ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING***

Freedom of association implies a respect for the right of all employers and all workers to freely and voluntarily establish and join organizations of their own choice. Each company employee has the right to associate, or not associate, with any legally sanctioned representative labor organization. LKI does not and will not issue threats, warnings or orders to any worker to refrain from engaging in activities that are enshrined in Article 20 of the Universal Declaration of Human Rights, elaborated under ILO Conventions 87 and 98, and protected under Section 8(a)(1) of the National Labor Relations Act of the United States.

LKI is committed to the principle that all workers have the right to (a) form and join a trade union of their choice without fear of intimidation or reprisal, in accordance with national law, (b) expect non-discriminatory policies and procedures with respect to trade union organization, union membership and activity in areas such as applications for employment and decisions on advancement, dismissal or transfer, and (c) expect non-interference with the activities of worker representatives should they choose to carry out union functions in ways that are not disruptive to regular company operations.

A brief description of our Processes or Systems:

The Company's Chief Financial Officer has overall responsibility for implementation of LKI's Policy on Freedom of Association and Collective Bargaining. Through the Company's HR Director, LKI maintains formal channels of 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 the welfare, terms and conditions of employment, including questions, complaints, grievances and recommendations.

Measurable Results or Outcomes

There have never been reported instances of interference with an employee's right to collective bargaining, and this has been certified by the Responsible Jewelry Council's independent, third party auditor.

PRINCIPLE 4: BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Our Commitment and Policy:***POLICY ON THE USE OF FORCED LABOR***

LKI will not use or support the use of any type of forced or bonded labor, including slavery labor, 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. All workers are free to leave the workplace at the end of the working day.

A brief description of our Processes or Systems:

There is no forced or compulsory labor in Lazare Kaplan. We do not retain any employee documents or money, and we do not use hidden bonds.

The Company's Chief Financial Officer has overall responsibility for implementation of LKI's Policy on the Use of Forced Labor. The Company's HR Director is responsible for the day-to-day implementation of the policy and related processes. These include, but are not limited to: standard employment contracts, where applicable, including agreed terms, working hours and conditions; standard regular wage payments

made directly to the individual worker; prohibition against use or threat of violence or intimidating practice, including bullying, by any employee; provision of a mechanism to anonymously report instances of threats, violence or infringements of the policy.

Measurable Results or Outcomes:

There have been no reported instances of forced or compulsory labor in the history of Lazare Kaplan, and this has been regularly certified by the Responsible Jewelry Council's independent, third party auditor.

PRINCIPLE 5: BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

Our Commitment and Policy:

POLICY ON THE USE OF 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).

A Brief Description of our Processes or Systems:

The Company's Chief Financial Officer has overall responsibility for implementation of LKI's Policy on the Use of Child Labor. The Company's HR Director is responsible for the day-to-day implementation of the policy and related processes. LKI complies with all relevant standards regarding employment of minors under the Federal Fair Labor Standards Act. The company will not hire minors under the age of 18 except as permitted under FLSA and New York State law. There are no children in our labor force. Documents providing proof of age are required of all new employees as a condition of employment. These documents are subject to validation. LKI management does not keep identity papers provided by workers as part of the recruitment process.

Measurable Results or Outcomes:

There have been no incidents of child labor at Lazare Kaplan, and this has been certified by the De Beers Diamond Assurance Program and the Responsible Jewelry Council's independent, third party auditor.

PRINCIPLE 6: BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment and Policy:

EQUAL OPPORTUNITY EMPLOYMENT

LKI is an equal opportunity employer. We utilize available human resources to the fullest, regardless of race, color, religion, sex, age, national origin, physical or mental handicap, veteran's status, marital status or sexual orientation.

AMERICANS WITH DISABILITIES ACT

Lazare Kaplan fully abides by the Americans with Disabilities Act which prohibits discrimination in all employment practices, including job application procedures, hiring, firing, advancement, compensation, training, and other terms, conditions, and privileges of employment.

POLICY AGAINST HARASSMENT

At Lazare Kaplan, harassment is defined as unfavorable conduct that is focused on a person or group of persons that may include, but is not limited to: physical or verbal abuse, unwelcome activity of a sexual nature, and retaliation. In addition, any behavior or action which interferes with an individual's ability to perform assignments or which creates a hostile or intimidating work environment is considered harassment.

DISCRIMINATION/HARASSMENT COMPLAINT POLICY

Any employee who feels he or she is the victim of discrimination or harassment has a responsibility to immediately report the incident verbally and in writing to the employee's direct supervisor and/or the Human Resource Director. A written complaint should include the specific nature of the incident, date and place of incident, names of all parties involved as well as a detailed report of all pertinent facts.

Complaints of harassment will be promptly and carefully investigated. Investigations will include interviews with all relevant persons, including the accused and other potential witnesses.

NON-RETALIATION POLICY

Any employee, who, in good faith, files a complaint of harassment, will be free from any and all reprisal or retaliation as a result of filing the complaint. Investigators will make every effort to balance the parties' desires for privacy and the need to conduct a fair and effective investigation.

A brief description of our Processes or Systems:

Proven incidents of harassment shall subject an employee to disciplinary action up to and including termination of employment. Likewise, there will be disciplinary measures if in fact it is determined that the incident and thus the accusation were fabricated.

LKI will not tolerate discrimination against or harassment of employees and/or job applicants or visitors to the premises. Comments, conduct, innuendoes or off-color jokes that may be perceived as offensive or harassing are strictly prohibited and will not be tolerated. In addition, LKI will not tolerate the harassment of LKI personnel by non- LKI personnel on LKI premises.

Measurable Results or Outcomes:

We apply these principles to our recruitment, advertising, tenure, layoff, leave, fringe benefits, and all other employment-related activities.

54% of LKI's global workforce is female, and 15 women are engaged at the supervisory or higher level. At our New York headquarters, the Vice President of Marketing, the Director of HPHT Bellataire, and the manager of our polished diamonds department are female. In Japan, the public relations, accounting, quality control and polished diamond departments are headed by women. The regional director of LKI's Far East operations is a female based in Hong Kong, and her Marketing/Product Manager and Operations Manager are both female. At LKI's NamGem factory in Namibia, six females hold supervisory positions, including four supervisors, two middle managers, and two senior managers.

PRINCIPLE 7: BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8: BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9: BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy:

ENVIRONMENTAL POLICY

LKI conducts its businesses in an environmentally responsible manner. We assess and address any adverse environmental impacts resulting from our business activities, as appropriate. We will seek to contribute to the preservation of the natural environment in which we operate, as appropriate.

A brief description of our Processes or Systems:

LKI's environmental management policy, particularly as practiced at our Namibian polishing factory, NamGem Diamond Manufacturing Co (Pty) Ltd. (öNamGemö), is guided by the principle of reuse, reduction and recycling of waste in order to minimize the impact of our operations on the environment. At NamGem, procedures for the reduction of emissions to air and water are stipulated. These stipulations cover all employees and contractors of NamGem who work with or within close proximity to hazardous substances. At all of LKI's facilities, procedures for the management of different waste streams encourage the separation of glass, plastics, metals and paper for recycling.

Measurable Results or Outcomes:

There have been no incidents of non-compliance with environmentally friendly policies at Lazare Kaplan, and this has been certified by the De Beers Diamond Assurance Program and the Responsible Jewelry Council's independent, third party auditor.

PRINCIPLE 10: BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Our Commitment and Policies:***ETHICS IN CONDUCT OF THE COMPANY'S BUSINESS***

LKI's distinguished reputation has been earned through many years of observance of applicable law and adherence to ethical business standards. Each LKI employee is committed to these standards in the conduct of all aspects of our business. In view of widespread public concern about best business practices, the Board of Directors has adopted a formal company ethics policy to reaffirm for all concerned LKI's standards of conduct for its global business which include the following statements:

Compliance with Laws – Zero Tolerance for Corruption

LKI shall conduct its affairs in accordance with all applicable laws and in adherence to the highest ethical business standards.

Foreign Corrupt Practices Act

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. The policy is consistent with the requirements of the U.S. Foreign Corrupt Practices Act of 1977 and applies to all activities of any person acting for, or on behalf of, LKI, even if such activities may conform with the standards or customs of countries other than the United States in which such person may be doing business for the company.

Political Contributions

LKI has not contributed and will not contribute to political parties or candidates for office. The prohibitions cover not only direct contributions but also indirect support of candidates or political parties including, but not limited to, the purchase of tickets for fund raising events, the loan of employees to political parties or committees, or the furnishing of transportation or other services. These prohibitions relate only to the use of corporate funds and facilities and are not in any way intended to discourage employees from making personal contributions to candidates or political parties of their choice. Employees must not, however, be influenced by LKI to do so, nor may they be reimbursed by LKI for such personal contributions.

Relationships with Public Officials

LKI's relationship with public officials should in all respects be of such a nature that neither the official's nor LKI's integrity or reputation would be impugned by public knowledge of the full details of the relationship.

Conflict Diamonds – Zero Tolerance Policy

LKI has a "zero tolerance" policy regarding the trade in conflict diamonds. LKI requires that all employees undertake to help prevent the trade in conflict diamonds and, as a condition of continued employment, be bound

• Not to buy any diamonds from firms that do not include the Statement of Warranty on their invoices (see World Diamond Council, below);

• Not to buy any diamonds from suspect or unknown sources of supply and/or that originate in countries that have not implemented the Kimberly Process Certification Scheme;

• Not to buy diamonds from any source that after legally binding due process has been found to have violated government regulations restricting the trade in conflict diamonds;

Not to buy diamonds in or from any region that is subject to an advisory by a governmental authority that conflict diamonds are emanating from or available for sale in such region unless such diamonds have been exported from such region in compliance with Kimberley Process requirements;
Not to knowingly buy or sell or assist others to buy or sell conflict diamonds.

Synthetic Diamonds – Zero Tolerance Policy

The risk of undisclosed synthetic diamonds entering the natural diamond pipeline chain is an issue of growing concern to the international diamond community, a concern being addressed by the promulgation of new and evolving rules. Prominent among these is the World Federation of Diamond Bourses (WFDB) May 2, 2014 *Charter on the Disclosure of Synthetic, Treated Natural and Natural Diamonds* under which each and every member of any accredited Member Bourse is obliged to act in the first instance, (by) providing a proper description and declaration on every issued invoice attesting to the nature of the diamonds sold, and reporting immediately through the appropriate Bourse, any activity that may be in contravention thereof. As the pioneer of full disclosure best practice, Lazare Kaplan International Inc. has always taken matters of disclosure and supply chain integrity very seriously. To be clear, in June, 2014 LKI announced the following policy:

- All memos and invoices issued by any LKI Group Company MUST include the prescribed synthetic diamond warranty statement outlined in the WFDB section of this COP (below).
- All memos and invoices issued to any LKI Group Company from any rough or polished diamond vendor MUST include the prescribed warranty statement.
- No unauthorized modifications shall be made to company invoices and memos.
- No letters or warranty statements other than those prescribed by the WFDB shall be signed without approval.

Zimbabwe Diamonds – Zero Tolerance Policy

Although the Kimberley Process Certification Scheme has approved exports of rough diamonds from Zimbabwe's Marange region, many western governments, including the United States, have imposed sanctions on the trade in these goods. Therefore, we wish to reaffirm **LKI's long-standing, zero tolerance policy for the trade in diamonds from Zimbabwe. Until further notice, LKI will continue to avoid the purchase of rough diamonds known to have originated in Zimbabwe and we will not buy or sell polished diamonds known to have been cut from Zimbabwe rough.**

Product Integrity

LKI adheres to all applicable principles outlined in (a) US Federal Trade Commission Guides for Jewelry, Precious Metals, and Pewter Industries as published in April 2001 by the US Bureau of Consumer Protection at the Federal Trade Commission, (b) the De Beers Diamond Assurance Program's Requirements regarding full disclosure, and (c) the Responsible Jewelry Council's Guidance on product integrity. All relevant staff members are fully trained to effectively describe our products, and they do so prior to the completion of any sale. In addition, all our Bellataire division's stones which have undergone the HPHT process are accompanied by conspicuous and prominent disclosure statements including specific wording on promotional material, the product sales invoice, the GIA certificate and on the laser inscription on the outer perimeter of each individual stone. These policies are effectively communicated to relevant workers through training programs for all Bellataire sales staff. Furthermore, Bellataire staff train sales personnel employed by their retail customers in all of these matters.

<http://www.bellataire.com/>

POLICY REGARDING CONFIDENTIAL INTERNAL ACCOUNTING AND AUDITING COMPLAINTS

As part of our ongoing effort to ensure compliance with all lawful and ethical business practices consistent with securities reform legislation, LKI has adopted policies and procedures for reporting complaints and concerns regarding accounting, internal accounting controls and auditing matters. The Company encourages employees to promptly report all such complaints or concerns.

NON-RETALIATION POLICY:

While complaints and concerns regarding questionable accounting or auditing matters may be made on an anonymous basis, employees are encouraged to give their identity so that LKI can contact the employee in the event further information is needed to pursue an investigation. In any case, the identity of

the employee making a report will be maintained in confidence in accordance with applicable legal requirements. LKI will not allow any form of harassment or retaliation to be made against any employee for any such reports made in good faith.

SECTOR-SPECIFIC INITIATIVES LKI SUPPORTS, PARTICIPATES IN AND/OR COMPLIES WITH

1. Kimberley Process Certification Scheme (“KPCS”)

Kimberly Process Protocols recognize that the trade in diamonds originating in areas controlled by forces or factions opposed to legitimate and internationally recognized governments (Conflict Diamonds) is a matter of serious international concern. These concerns are being addressed by governments, industry and civil society in the Kimberley Process. LKI is fully compliant with KPCS protocols and is committed to doing its part to prevent suspect diamonds from entering into legitimate diamond trading channels.

<http://www.kimberleyprocess.com>

2. World Diamond Council (“WDC”)

In 2014, LKI joined the WDC whose primary objective is to represent the diamond industry in the development and implementation of regulatory and voluntary systems to control the trade in diamonds embargoed by the United Nations or covered by the Kimberley Process Certification Scheme. LKI's Compliance Officer, Damian Gagnon, is a member of the WDC's Kimberley Process Task Force and has been appointed to represent the WDC on the KP's Working Groups on Alluvial and Artisanal Production and Diamond Experts. He participated as a guest member of the WDC's observer mission to the 2013 Kimberley Process Intersessional and plenary meetings chaired by the United States (see below). <http://www.worlddiamondcouncil.com/>

3. WDC Industry System of Self Regulation

The Company has adopted the World Diamond Council's voluntary system of industry self-regulation to help prevent the trade of conflict diamonds. As a consequence, the Company will not purchase rough diamonds, polished diamonds, or diamond jewelry unless the supplier is able to credibly warrant those diamonds to be conflict free. Likewise, all Company invoices for sale of rough diamonds, polished diamonds, and jewelry containing diamonds must include our own warranty consistent with the World Diamond Council's Statement of Warranty (“SOW”) (below). The Company requires that all employees undertake to help prevent the trade of conflict diamonds and, as a condition of continued employment, be bound not to buy any diamonds from firms that do not include the WDC's SOW on their invoices, and not to buy any diamonds from suspect or unknown sources of supply or that originate in countries that have not implemented the Kimberley Process Certification Scheme or that have not been exported in compliance with Kimberley Process requirements. See also Essential Guide to The Kimberley Process:

http://media.wix.com/ugd/38caab_f3ed6d4022f2497680472688bbd52b54.pdf

Statement of Warranty

To the best of seller's knowledge, the diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. Accordingly, seller hereby guarantees that to the best of its knowledge these diamonds are conflict free. With respect to diamonds herein invoiced, which were acquired by seller after December 31, 2002, seller guarantees them to be conflict free based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.

4. WFDB Synthetic Diamonds Protocols

The World Federation of Diamond Bourses (“WFDB”), an association of the world's accredited diamond bourses, with legal authority for enforcing agreed rules relating to the disclosure of natural, synthetic and treated natural diamonds, has noted with concern the growing tendency of undisclosed synthetic diamonds to enter the market. While the WFDB acknowledges that synthetic diamonds have a place in the market, they must not be confused with or marketed as natural diamonds. Therefore, the WFDB has been mandated to protect sales practices of natural diamonds from any unlawful or fraudulent activity relating to disclosure and in particular the infiltration of undisclosed synthetic and treated natural diamonds into the market for natural diamonds. The WFDB's *Charter on the Disclosure of Synthetic, Treated Natural*

and Natural Diamonds states each and every member of any accredited Member Bourse is obliged to act in the first instance, (by) providing a proper description and declaration on every issued invoice attesting to the nature of the diamonds sold, and reporting immediately through the appropriate Bourse, any activity that may be in contravention thereof.

- a. Specifically, the WFDB requires every member to state on every invoice issued for polished diamonds the following declaration: **“The diamonds herein invoiced are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”**
- b. And on every memo, every member shall state: **“The diamonds herein on memo are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”**
- c. The WFDB goes on: In instances where the client or vendor insists on every stone being tested and demands a supporting statement, the WFDB offers the following warranty: **On behalf of [Supplier Name], and with its full authority, I declare by way of this written assurance that the diamonds [invoiced/sent by memo] and contained herein are exclusively natural diamonds meaning that the referenced [parcel/box] contains no synthetic diamonds or diamonds that have been treated.”**

As a bourse member in good standing, LKI abides strictly by these mandates.

5. 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 AML provisions of the Bank Secrecy Act are vigorously applied to the diamond industry.

At a minimum, the AML program must include the following elements:

- Written policies, procedures and internal controls, based on the dealer's assessment of the money laundering and terrorist financing risk associated with its business;
- Appointment of a compliance officer who is responsible for ensuring that the program is implemented effectively
- Provision for ongoing training of relevant persons concerning their responsibilities under the program
- Independent testing to monitor and maintain an adequate program

LKI is defined as a dealer under these rules and has implemented all relevant USA PATRIOT Act provisions as required under the law.

6. Dodd-Frank Wall Street Reform and Consumer Protection Act

In accordance with the conflict minerals disclosure and reporting provisions of the Dodd-Frank Act, LKI, as a publicly traded United States company, has conducted in good-faith a reasonable country of origin inquiry regarding minerals, specifically gold, necessary to the production of products manufactured or contracted by the Company to be manufactured. Based on its inquiries, LKI has annually reported to the Securities and Exchange Commission that the Company has reason to believe no portion of its necessary gold originated in Covered Countries as defined in the Act.

7. Diamond Assurance Program Best Practice Principles (“BPP”s)

LKI has been a Sightholder (client) of the DeBeers since 1946. DeBeers Global Sightholder Sales is the rough diamond sales and distribution arm of the De Beers group and is the world's largest supplier of rough diamonds, handling approximately 35% of the world's rough diamonds by value. As a DeBeers client, LKI is required to abide by a strict ethical code of conduct known as the De Beers Best Practice Principles and to use our best endeavors to ensure that our customers and suppliers adhere to these principles.

The BPPs define standards of conduct for Sightholders in three critical areas:

- Best Business Practices require Sightholders to prove that every one of their operational facilities and every one of their employees abides by the highest ethical and legal compliance standards in overall

business relationships, including sourcing of diamonds, supply chain management, sales transactions and general management practices.

- Best Social Practices require Sightholders to develop practices and policies to provide value to their employees and the communities where they do business.
- Best Environmental Principles require Sightholders to ensure sustainability by operating under the highest standards required by law to minimize their impact on the natural environment.

The Best Practice Principles are supported by the De Beers Diamond Assurance Programme to assess Sightholder compliance with the BPPs. In the first instance, the Sightholder's self-assessment is reported in the form of a workbook submission to the De Beers independent third party verifier, Swiss-based multinational Société Générale de Surveillance (SGS), on an annual basis. Sightholder compliance is audited by the verifier through monitoring and annual onsite verification visits to one or more of the Sightholder's world-wide operating locations. Compliance is measured, instances of breach are noted, and a compliance report submitted by the verifier to De Beers. Infringements must be immediately corrected in order for a Sightholder to remain in good standing, and material breaches of the Principles may lead to termination of the Sightholder relationship. LKI has been found to be 100% compliant with the BPPs since their inception in 2005.

<http://www.debeersgroup.com/Sustainability/ethics/Best-practice-principles/>

8. Responsible Jewelry Council ("RJC")

In January 2011, Lazare Kaplan International Inc. joined the RJC, a not-for-profit membership organization founded to advance responsible ethical, social and environmental practices throughout the diamond and gold jewelry supply chain, from mine to retail. The RJC's Principles and Code of Practices, developed through multi-stakeholder consultations, were first promulgated in May 2006. The Code of Practices, directly aligned with the Principles, provides objective and verifiable standards against which RJC member performance is measured. While companies must be certified compliant by independent, third party audit within two years of becoming members, LKI was certified within nine months of joining the Council and was recertified for three more years in February 2015. http://www.responsiblejewellery.com/files/Certification_Information1_-_Lazare_Kaplan_International.pdf

9. Jewelers Vigilance Committee ("JVC")

The Jewelers Vigilance Committee was formed in 1912 to provide education and self-regulation to the jewelry industry. Members operate under the highest standards of business practice after pledging to comply with all laws applicable to the jewelry industry and make accurate representations about the products they sell. Lazare Kaplan International Inc. is a long time member of the JVC. LKI's Marketing Director, Ms. Marcee Feinberg, has served as a member of the Council's Board of Directors.

<http://www.jvclegal.org/>

10. Botswana Business Ethics Code of Conduct

The Botswana Confederation of Commerce, Industry, and Manpower, working closely with the Directorate on Corruption and Economic Crime, and with the assistance of the US Government's Southern Africa Trade Hub, launched Botswana's voluntary Business Code of Conduct for the private sector in September 2011. LK Botswana was one of the first companies to demonstrate its commitment to business ethics by signing and ratifying Botswana's Business Ethics Code of Conduct.

http://boccim.co.bw/images/code_of_conduct-Final.pdf

11. Diamond Manufacturers and Importers Association of America ("DMIA")

The Diamond Manufacturers and Importers Association of America, established in 1931, is the leading organization of America's premier diamond manufacturers, importers, dealers and companies servicing the diamond trade such as banks, shippers, insurers, and grading laboratories. The DMIA is dedicated to advancing and ensuring consumer confidence in diamonds and diamond jewelry by promoting the highest standards of ethics, integrity and professionalism in the American marketplace. The DMIA stands together with other industry organizations, governmental bodies, and the diamond consuming public to address domestic and world diamond industry issues. LKI has two staff members who serve on the DMIA Board of Directors.

12. Diamond Dealers Club of New York (“DDC”)

The mission of the Diamond Dealers Club of New York is to foster the interests of the diamond, colored stone and jewelry industry by, *inter alia*: fostering just and equitable principles in trade; establishing and promoting industry-wide standards of disclosure; disseminating accurate and reliable information; and cooperating with governmental agencies, corporations, persons and partnerships to the betterment of ethical and economic conditions. LKI's Vice President, Preferred Diamonds Division is a long-time member of the DDC.

<http://www.nyddc.com/>

13. United Nations Global Compact

Lazare Kaplan is proud to be an early supporter, having joined in May 2001 as the 78th private sector company to do so.

A brief description of our Processes and/or Systems:

COMPLIANCE OFFICER

LKI has appointed a compliance officer, Mr. Damian Gagnon, as per applicable provisions of the USA Patriot Act, who reports directly to the Chairman and Vice Chairman of the Board of Directors and has access to the Audit Committee of the Board. In addition to ensuring group compliance with the AML / CFT provisions of the USA PATRIOT Act, the conflict minerals provision of the Dodd-Frank Act, and Kimberley Process protocols, Mr. Gagnon is responsible for securing third party assessment and verification of LKI group compliance with the sector-specific initiatives outlined in the previous section of this report, including the DeBeers Diamond Assurance Program's Best Practice Principles and the Responsible Jewelry Council's Principles and Code of Practices. Each of LKI's regional entities has compliance officers on staff who report to Mr. Gagnon.

KNOW YOUR CUSTOMER/KNOW YOUR SUPPLIER

The company runs a complete identification and credit check on all suppliers and customers before establishing new business relationships and again before significantly expanding the relationship or before recommencing business after a 24 month period without activity on the account. No diamond business transaction can be conducted before the Corporate Credit Manager gives his approval to the transaction. A file is kept on each business partner, and we demand a Statement of Warranty guaranteeing conflict-free origin of every diamond purchased.

Further actions implemented in past years / planned for next year:

MONITORING CASH TRANSACTIONS

As a general rule, LKI discourages cash transactions. All personnel involved in buying, selling and accounting for diamond transactions are trained to recognize suspicious transactions, and in the event that a cash transaction is proposed by a prospective client and ultimately approved by the Compliance Officer, LKI sales staff know how to complete IRS Form 8300 for reporting cash transactions and to submit the completed form to the Corporate Credit Manager for onward transmission to the IRS.

TESTING FOR SYNTHETIC AND/OR LAB GROWN DIAMONDS

LKI has conducted a pipeline risk assessment, including a diagrammed pipeline map, to identify areas that could be at risk for undisclosed synthetic diamonds to enter our pipeline, and we have provided policies, procedures and training of relevant staff to address any such risk. Every polished diamond of 0.30 carats and above in size that enters LKI's pipeline, without exception, has either (a) originated in our own factory, which has stringent synthetics testing procedures in place, or (b) been purchased with a GIA certificate attesting to the natural origin of the stone. All diamonds of 0.29 entering the LKI pipeline are tested by staff according to De Beers' *Guidance on Testing* formulas.

TRAINING OF RELEVANT EMPLOYEES

The rules of the Kimberley Process Certification Scheme, the US Foreign Corrupt Practices Act, and the USA PATRIOT Act are effectively communicated to all relevant personnel on an on-going and recurrent basis. All new employees destined to be involved in the buying, selling, shipping, receiving and accounting for diamond transactions are trained in these matters before they are permitted to take up their

responsibilities. The Company's Compliance Officer, Mr. Gagnon, periodically trains all relevant members of staff in Corporate Responsibility, including, but not limited to, the AML and CFT provisions of the USA PATRIOT Act. New employees are likewise trained before they take up their duties.

ANNUAL REPORTING AND COMPLIANCE AUDITS BY THIRD PARTY ASSESSOR

In 2016, as in every year since inception of the De Beers BPPs in 2005, LKI will complete self-assessments covering all business, social and environmental practices at its New York headquarters and at all company entities throughout our global organization. The scope of the self-assessment incorporates the aligned DeBeers Diamond Assurance Program and Responsible Jewellery Council best practice standards. These systems measure compliance with all Ten Principles of the Global Compact, including human and labor rights, environmental practice, and anti-corruption policies, among others. The self-assessment workbooks are submitted to the independent, third-party auditor, SGS, which conducts group assessments in the second half of each calendar year.

REPORTING ROUGH DIAMOND ACTIVITY TO US KIMBERLEY PROCESS AUTHORITY

Annually, since the promulgation of the US Treasury Department's Office of Foreign Assets Control (OFAC) Rough Diamonds Control Regulations that amended the Clean Diamond Trade Act in 2008, LKI has filed reports with the Special Advisor for Conflict Diamonds at the US State Department. These reports, due by April 1 and covering the preceding calendar year, must include: (1) contact information on the rough diamond importing and/or exporting company; (2) total import and/or export activity for each classification of rough diamond to include (a) total carats, (b) total value, and (c) total of all import and export shipments; and (3) information on rough diamond stocks held unsold (including carat weight and approximate dollar value) on December 31 of the previous calendar year. In this manner, LKI assists the US Government in the gathering of important statistical data relating to import and export of rough diamonds in the United States.

Measurable Results or Outcomes:

ANTI-MONEY LAUNDERING (AML) / COUNTER-FINANCING OF TERRORISM (CFT)

Lazare Kaplan International Inc. is fully compliant with the AML/CFT provisions of the USA PATRIOT Act. LKI has comprehensive, written Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) policies that were approved by the Board of Directors in compliance with relevant provisions of the USA Patriot Act. These policies contain procedures for addressing and dealing with suspicious transactions. All LKI employees have certified that they have received a copy and read these policies and procedures, and each employee involved in the buying, selling and/or accounting for diamonds and diamond jewelry transactions is trained and periodically (at least once/year) retrained in these AML and CFT policies and procedures. Under the rules, LKI is required, on an annual basis, to provide for independent testing to monitor and maintain an adequate program.

*****A COPY OF THE INTERNAL AML/CFT AUDIT REPORT for 2014 IS APPENDED TO THIS COP - Attachment 1

SOCIAL ACCOUNTABILITY

On July 7, 2005 Lazare Kaplan International Inc.'s Puerto Rico Factory became the First Diamond Factory Worldwide to be certified to the Highest International Workplace Standards by Social Accountability International. LKI's former diamond cutting and polishing facility in Caguas, Puerto Rico, the largest diamond cutting and polishing factory in the Americas at the time, was the first such factory in the world to be certified by Social Accountability International (SAI), for compliance with the highest standard of workplace norms as measured by SAI's internationally recognized social accountability measuring system (SA 8000). The SA 8000 standard and verification system provides a credible, comprehensive and efficient measure of humane workplace practices and public responsibility.

<http://www.sa-intl.org>

*****COPIES OF LKI's SA 8000 CERTIFICATE AND PRESS RELEASE ARE APPENDED - Attachments 2 & 3

RESPONSIBLE JEWELRY COUNCIL PRINCIPLES AND CODE OF PRACTICES

In keeping with the RJC Code of Practices requirements for members to develop and adopt policies in support of the Code of Practices, and to make the policy publicly available, Lazare Kaplan has adopted a written policy expressing a commitment to abide by the RJC Code of Practices. The policy is implicitly endorsed by senior management, has been communicated to relevant members of staff, and is available to the public as a part of this COP.

*****COPIES OF LKI's RJC POLICY AND THE RJC PRINCIPLES ARE APPENDED - Attachments 4 & 5

Lazare Kaplan is proud to be among the first diamond companies to have been certified compliant by the RJC. In its *Member Report & Certification Recommendation Statement* for LKI dated September 5, 2011, the RJC's independent auditor, SGS, wrote:

LKI has been proactive in facilitating the audit process across its audited facilities in 2011. The auditors received full cooperation from the senior management of the company who strongly believe in implementation of management systems to ensure compliance rather than quick fixes. The Company and all its subsidiaries have made a commitment to uphold the principles of the RJC since the company's very inception and strive to implement them systematically in all their efforts to achieve further compliance. No critical breach or major non-conformance has been identified.

LKI received its three year re-certification from the RJC for the entirety of its global operations in February 2015. <http://www.responsiblejewellery.com/member/lazare-kaplan-international-inc/>

*****A COPY OF RJC's 2015 Press Release, Statement of Certification Scope, and LKI's Three Year Member Certificate are attached TO THIS COP. Attachments 6,7,& 8

BEST PRACTICE PRINCIPLES (BPPS)

Lazare Kaplan International Inc. is 100% Compliant with Best Practice Principles

For the 2015-2016 reporting period, LKI has submitted or will submit BPP self-assessments on all of its global entities and facilities. SGS, the independent BPP verifier, monitors the assessments and conducts onsite verification visits at LKI's world headquarters in New York, at Lazare Kaplan Belgium, Lazare Kaplan Hong Kong, Lazare Kaplan Japan, and at LKI's diamond cutting factory, NamGem in Namibia.

In its BPP Assurance Program *Statement of Sightholder Best Practice Principles Compliance Status* dated March 1, 2016, SGS, the independent verifier wrote:

(LKI) has been actively involved in the De Beers Best Practice Principles since the initial cycle in 2005. As part of each cycle the Sightholders are required to submit self-assessment workbooks for all the owned facilities and for contractors with whom they represent 75% or more of their output. These workbooks are reviewed by SGS for completeness, and evidence is tested in relation to the compliance starts declared. Further, a sample of facilities is visited to conduct a full on-site verification.

In the 2015 cycle, a sample from the Sightholder's submission of self-assessment workbooks was selected for a more in-depth review as well as one facility being selected for a 3rd party verification visit. No material breaches, major or minor infringements have been found through these processes and the Group is therefore compliant with requirements of this programme.

*****FULL LETTER FROM SGS, THE INDEPENDENT BPP VERIFIER, APPENDED TO THIS COP - Attachment 9

WORLD DIAMOND COUNCIL INDUSTRY SYSTEM OF SELF REGULATION

Lazare Kaplan is 100% Compliant with the Industry System of Self-Regulation

All relevant staff (those staff members who are involved in buying, selling or accounting for rough diamond transactions) are trained to ensure that no exports or imports of rough diamonds are made without an accompanying KP Certificate, and all imports of rough diamonds are reported to the KP authority in the exporting country and to the US Bureau of the Census within 15 days of receipt. All documents related to rough diamond imports and exports, including the original KP Certificate, are kept together on file for a period of five years as per KP protocols. The Company is audited on an annual basis by an independent third party for compliance with KP and WDC guidelines. Last year's audit revealed no abnormalities.

*****A COPY OF THE INDEPENDENT AUDITOR'S LETTER IS APPENDED TO THIS COP - Attachment 10

*****A COPY OF A LETTER FROM THE US DEPARTMENT OF STATE'S SPECIAL ADVISOR FOR CONFLICT DIAMONDS IS APPENDED TO THIS COP - Attachment 11

JEWELERS VIGILANCE COMMITTEE - STANDARDS COMPLIANCE PRACTICES

To become a member of the JVC, a company must commit in writing to abide by the Council's Membership Standards and Compliance Practices. This affirmation of our commitment to comply with the JVC's high standards and practices is our stakeholders' assurance of our promise to uphold the ethics and integrity of the jewelry industry through our own business practices.

*****A COPY OF LKI'S WRITTEN COMMITMENT TO COMPLY WITH JVC STANDARDS AND COMPLIANCE PRACTICES IS APPENDED TO THIS COP - Attachment 12

ACTIVE PARTICIPANT IN THE UN GLOBAL COMPACT'S FULL RANGE OF ACTIVITIES

LKI has fully supported the UNGC had the highest level of our organization and has participated in a number of the Global Compact's initiatives:

- Reports its Communication on Progress at the Advanced Level.
- Participates in the U.S. Network's meetings as frequently as practicable, including the 3/31/16 Sustainable Development meeting at Pfizer Headquarters in New York.
- Completed the UNGC CEO Survey in May 2013
- LKI's Chairman attended and actively participated in the UNGC's Leaders' Summit 2013: Architects of a Better World in September 2013.
- LKI's Chairman participated in the UNGC's Private Sector Forum: Africa in September 2013
- Completed the Annual Global Compact Implementation Survey in December 2013
- Attended the 10th Principle anniversary event on 12/10/2014 in New York.
- Participated in the UNGC 15th anniversary impact assessment teleconference in March 2015.
- Participated in Global Compact +15 June 2015 meeting in New York.

GIVING BACK - ONGOMA NAMIBIA INITIATIVE AND JEWELERS FOR CHILDREN FUND

Ongoma is a Namibian word meaning ða drum that is used to make sound.

The Lazare Ongoma Initiative was designed to make a sound ó to raise awareness for education and to promote a number of important causes in Namibia where LKI is a 50/50 partner with the Government in the country's flagship diamond cutting and polishing company, NamGem Diamond Manufacturing Company (Pty) Ltd. The Five Rand Primary School in Okahandja, the home of NamGem, has been the beneficiary our efforts for several years. The Lazare Ongoma Initiative goes hand in hand with The Lazare Diamond incentive program in the United States, which rewards retailers who sell and register Lazare Diamonds. LKI makes a matching donation to The Five Rand Primary School in the name of each sales associate for every registered Lazare Diamond sold. Through this initiative, Lazare Diamond retailers in the United States and their associates contribute to support the school, while LKI employees participate through direct donations.

In 2013, Lazare Kaplan International Inc. celebrated its 110th anniversary by making charitable donations to multiple industry organizations. Lazare Kaplan launched its ðHearts for Hopeö charitable donation campaign during the Luxury/JCK shows in Las Vegas. A custom-made heart pendant, featuring a Lazare Diamond laser-inscribed with ðHearts for Hopeö, was designed specifically for this charitable campaign. For every pendant sold during the show, a donation of \$110 was given to both Jewelers for Children (JFC) and The Lazare Ongoma Initiative (LOI). At 2014's Luxury/JCK event, Lazare Kaplan continued support of the JFC by donating a portion of the sales proceeds from its new ðMy First Lazareö campaign.

*****A COPY OF AN ARTICLE ABOUT HEARTS FOR HOPE IS APPENDED TO THIS COP - Attachment 13

The Lazare Ongoma Incentive program continues its support of the Five Rand Primary School in Okahandja, Namibia.

*****A COPY OF A NEWSPAPER ARTICLE COVERING LKI'S RECENT DONATION TO THE FIVE RAND SCHOOL IS APPENDED TO THIS COP - Attachment 14

PROMOTING NAMIBIA'S DIAMOND SECTOR

The Gemological Institute of America (ðGIAö), through NamGem's management, brought its Junior Gemologist Program to the Five Rand School as a part of the GIA's global initiative to disseminate knowledge and information about gem stones to the public. Using interactive gemology workshops as a gateway, the program teaches children to explore and deepen their understanding of geology and the natural world around them. By making diamond education available to all Namibians, especially the youth, and by facilitating the entry into Namibia of a global industry standard setter such as the GIA,

NamGem and LKI continue to promote and strengthen Namibia's diamond sector. To date, nearly 40,000 children around the world have participated in the GIA's Junior Gemologist Program.

*****A COPY OF A NEWSPAPER ARTICLE ABOUT THE GIA AT NAMGEM IS ATTACHED - Attachment 15

THE WING OF HOPE FOR LIFE AFTER STROKE, MALAYSIA

Lazare Diamonds® and DeGem Malaysia collaborated in a 3-month corporate social responsibility campaign to raise funds for The national Stroke Association of Malaysia (NASAM). In support of NASAM's stroke prevention awareness and rehabilitation efforts, DeGem pledged to donate RM50 to NASAM for every RM5,000 purchase of Lazare Diamonds® in all its boutiques nationwide from May to August 2015.

The noble Wing of Hope campaign raised a total of RM30,000 for the Association .

*****A COPY OF THE WING OF HOPE ANNOUNCEMENT IS APPENDED TO THIS COP . ATTACHMENT 16

HOW DO YOU INTEND TO MAKE THIS COP AVAILABLE TO YOUR STAKEHOLDERS?

Elements of this COP will be referenced on the LKI Web Site and in social media outlets. The COP was referenced in our DeBeers Best Practice Principles Diamond Assurance Programme Workbooks. A hyperlink to the full COP report at the UN Global Compact website (www.tinyurl.com/ethicalglobalsincere) is included in LKI's "Our Responsibility" brochure which is distributed to all of our current and prospective customers.

*****A COPY OF OUR RESPONSIBILITY+BROCHURE IS APPENDED TO THIS COP - Attachment 17

Attachments

Attachment 1	AML Compliance Testing Results Letter ó internal auditor
Attachment 2	Social Accountability International - SA 8000 Certificate
Attachment 3	SA 8000 Certification Press Release
Attachment 4	LKI's Responsible Jewellery Council (RJC) Policy
Attachment 5	RJC Principles
Attachment 6	RJC Press Release ó LKI Receives Three Year Certification
Attachment 7	RJC Certification Scope
Attachment 8	RJC Certificate
Attachment 9	Statement of BPP Compliance ó third party auditor SGS
Attachment 10	Kimberley Process Audit Results Letter ó external auditor BDO
Attachment 11	KPCS Acknowledgement Letter from Special Advisor on Conflict Diamond Officer, US Department of State
Attachment 12	Jewelers Vigilance Committee ó Membership Standards and Code of Practices ó LKI Compliance Agreement
Attachment 13	Lazare Kaplan Commemorates 110 th Anniversary by "Giving Back"
Attachment 14	"Diamonds help Vyfrand kamp shine" article from The Namibian Economist, featuring NamGem and LKI donation to Five Rand School
Attachment 15	"Five Rand Pupils Become Gemology Conscious" <i>The Namibian</i>
Attachment 16	<i>The Wing of Hope for Life After Stroke</i> Announcement
Attachment 17	LKI's "Our Responsibility" Brochure

LAZARE KAPLAN INTERNATIONAL INC.

January 31, 2016

Damian Gagnon
Compliance Officer
Lazare Kaplan International, Inc.
19 West 44th Street
New York, New York 10036

Re: Results Letter – AML Compliance Testing

Dear Mr. Gagnon:

Lazare Kaplan International Inc. has established procedures to address applicable provisions of the USA Patriot Act which imposed a number of Anti-Money Laundering and Financing of Terrorism Program ("AML") obligations, which include but are not limited to:

- Customer and vendor identification programs
- Monitoring, detecting, and filing reports of suspicious activity
- Due diligence on transactions involving foreign and private correspondent banks

The following comprises an outline of procedures established by the Company, and the evaluation of those procedures which included interviewing employees of the Company and examination of critical applicable documents and reports as of January 31, 2016.

1. The Company has appointed a Compliance Officer:

- a. Approved by senior management or board
- b. Has requisite knowledge and authority
- c. Has access to necessary information and personnel
- d. Performs the necessary documentation as follows:
 - i. CO authority approved by senior management
 - ii. Records of duties and responsibilities maintained
 - Records maintained of risk assessment performed
 - Records maintained of employee training
 - Letter to all customers and suppliers asserting AML compliance by LKI-copies maintained



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LAZARE KAPLAN INTERNATIONAL INC.

- Written communications regarding AML compliance of customers and suppliers-copies maintained
- iii. Computer system incorporates customers and suppliers identification procedures, including tax identification numbers
- iv. For instances of suspicious activity, it is the policy of LKI to document the action taken-no such instances have occurred in the period tested.

Notes:

The Compliance Officer has prepared training materials to educate all employees to ensure all employees are aware of the Companies obligations and to transaction situations which require due diligence. It was noted that the CO maintains records of educational seminars and employee attendance. Files were reviewed which demonstrated the Company's efforts in verifying potential customer and vendor AML compliance.

2. Customer and supplier identification program

- a. Computer system incorporates customer and supplier identification information and procedures, including tax identification numbers.
- b. The required identification information has been acquired
- c. All required identification information incorporated in required credit application for customers and suppliers - information must be complete before any transaction.
- d. Written responses to LKI solicitation of identification information is maintained in paper form and on the computer system.
- e. If information not acquired, no transactions made.
- f. Identification information has been verified (including all third parties) – any internal inconsistency is noted and resolved and all information is updated as necessary.
- g. If the customer or supplier has failed to provide the required information, the policy is to continue due diligence. Appropriate action is decided, including but not limited to, refusal to engage in transaction.
- h. Identification records for customers and suppliers (including check of JBT report and bank reference) have been maintained via records, computer data system, and internal credit information.
- i. In instances where no business has been conducted for a period of 24 months, customer and supplier accounts are deactivated on the system.



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Notes:

The Company maintains manual files on customers and suppliers. Customer and vendor files were selected, subjectively, on a test basis for inspection of completeness. No exceptions were noted.

In addition, customer and vendor identification information is entered and maintained in the Company's operating system. The Company has established as an additional control, an exception reporting mechanism to identify suppliers and customers where there is missing corporate identity numbers (corporate registration and/or tax identification numbers). The exception report identifies customers where no corporate identification number was found. This report is used to monitor and ensure that critical information is obtained, entered and maintained in the operating system. One customer was identified on the exception report without a tax identification number. A review of the manual file revealed that the identification number was obtained but not input in the system.

3. Transaction monitoring

- a. Process in place to identify red flag transactions on both receivable and payable transactions. Red flags are reported to the Compliance officer, along with actions taken and resolutions.
- b. Red flag transactions are investigated and resolved in a timely manner, including but not limited to inquiries to banks and customers.
- c. All third parties to transactions are subject to reasonable inquiries including but not limited to identification and reasons for involvement in the transaction.
- d. All invoices are matched to purchases routinely.
- e. Cash receipts are discouraged. In instances where cash transactions are proposed, they are reported to the Compliance Officer for approval. LKI's AML policies and procedures require the filing IRS Form 8300 for all cash transactions should they occur.
- f. Red flag wire transfers include payments to/from LKI to a third party corporation. These transactions are subject to additional due diligence whereby the third party is subject to the same identification procedures as a customer or supplier.
- g. Consideration of filing Suspicious Activity Reports is undertaken when appropriate.



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Notes:

As previously noted, Company employees are trained by the CO to identify transactions where additional scrutiny is required; these "red flag" transactions may include situations where: inconsistent information was provided by the customer or supplier, the legal name of an organization differs from applications or documents submitted, requests for third party payments, and/or transactions involving banks from areas known for tax avoidance. The Company did not record any SAR, nor were there any Form 8300 filed for the period under review. In addition, all incoming and outgoing wire transfers are (at a minimum) reviewed by at least two employees who have been trained by the CO.

4. Employee training

- a. All relevant employees trained regarding AML program, including new hires. Training of employees of subsidiaries located abroad has been undertaken and documented by e-mail communication and work books maintained at the locations.
- b. All relevant employees trained to recognize red flag transactions or other AML program violations (including failures of identification program requirements, unusual requests for secrecy, etc.)
- c. All relevant employees trained in information sharing policies, including reporting suspicious incidents to the head of their department or Compliance Officer.
- d. The Compliance officer maintains records of employee training.

Notes:

The records of educational seminars and employee attendance were reviewed without exception.

5. Special measures

- a. All participants in AML compliance at LKI are aware of responsibilities to report, to whom to report and what action is required and authorized.
- b. All actions taken pursuant to the LKI AML policy are documented by the Compliance Officer.
- c. All contacts with government agencies relevant to AML program fully will be fully documented when they occur. There have been no contacts with government agencies regarding AML matters during the period under review.
- d. "Watch lists" are appropriately periodically consulted and reviewed.



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6. Documentation and Recordkeeping

- a. Record retention policies are in place
- b. Files readily available upon request
- c. Specific person or department (LKI Credit Department) has been assigned document retention responsibility

Conclusion:

Based upon the review of procedures described above, the Company believes it is in compliance with relevant provisions of the USA Patriot Act with reference to the Anti-Money Laundering and Financing of Terrorism Program.



Ned Cochrane
VP Finance



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SA 8000 CERTIFICATE

Intertek

Certificate of Registration

Certificate No.: LA-3/2008-13519

LAZARE KAPLAN PUERTO RICO
(A DIVISION OF LAZARE KAPLAN INTERNATIONAL INC)

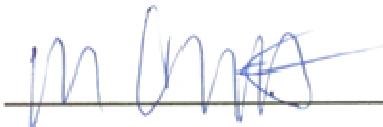
The Social Accountability System of the above Company has been assessed and is verified to be in compliance with:

SA8000: 2001

The Social Accountability System of the above Company is applicable to:
Diamond cutting and polishing

Initial Certificate Date: 23 April 2008

Certificate Renewal Date: 24 April 2011



Authorized Signature

Title

SA80000 GLOBAL DIRECTOR

Date

23 April 2008

Intertek Central Office



Accredited by Social
Accountability Accreditation
Services

The approval is valid for three years from the initial certificate date to the certificate renewal date and subject to the organization maintaining their system in accordance with Intertek Testing Services' rules and regulations for certification.

SA 8000 PRESS RELEASE

CONTACT: LKI

**Marcee Feinberg
212-857-7610**

Lazare Kaplan International Inc.'s Puerto Rico Factory is the First Diamond Factory Worldwide to be Certified to the Highest International Workplace Standards by Social Accountability International.

New York 6 July 7, 2005 - Lazare Kaplan International Inc. (AMEX:LKI) announced today that its state of the art diamond cutting and polishing facility in Caguas, Puerto Rico has been certified by Social Accountability International (SAI) to be compliant with the highest international workplace standards.

SAI's first social accountability system, SA8000, offers retailers, brand companies, suppliers and other organizations an internationally recognized means to measure and maintain just and decent working conditions throughout the supply chain. The SA8000 standard and verification system is a credible, comprehensive and efficient tool for assuring humane workplaces and public reporting. SA8000 certified facilities are posted on the Social Accountability International (SAI) Web site.

Leon Tempelsman, Vice-Chairman of LKI, said, "Certification of our Puerto Rico factory to the highest standard of international workplace norms demonstrates the company's commitment to putting our values into action. SA 8000 is based on International Labor Organization conventions, the UN's Universal Declaration of Human Rights and Convention on Rights of the Child. This is in line with LKI's long standing leadership position in the diamond industry. It offers further assurance to our customers of LKI's commitment to implementing the very best workplace practices at a time when transparency and best practices play a welcome and increasingly important part in the transformation of the industry. We congratulate our management and workforce in Puerto Rico and share their pride in this achievement."

Lazare Kaplan International Inc. sells its diamonds and jewelry products through a worldwide distribution network. The Company is noted for its ideal cut diamonds which it markets internationally under the brand name, Lazare Diamonds®.

LAZARE KAPLAN INTERNATIONAL INC.

September 1st, 2014

Responsible Jewellery Council Policy

Founded in 1903, Lazare Kaplan International Inc. is an acknowledged leader among the world's diamond cutting and polishing companies, consistently setting the standard for technical excellence while adhering to the highest ethical and professional standards in the industry. With locations in the Americas, Africa, Europe, Japan, and the Pacific Rim, LKI is a committed partner of the people in those countries where we do business, pursuing policies and projects that yield tangible local benefits. The consistency of the company's commitment to local communities reflects LKI's operating philosophy of long-term dedication to its partners, within and without the industry.

LKI is a Certified Member of the Responsible Jewellery Council (RJC). The RJC is a standards-setting organization that was established to reinforce consumer confidence in the jewelry industry by promoting responsible ethical, human rights, social and environmental practices throughout the jewellery supply chain.

The RJC has developed a common platform of standards for the jewellery supply chain and credible mechanisms for verifying responsible business practices through third party auditing.

LKI is committed to operating our business according to the RJC Principles and Code of Practices which can be accessed at: http://www.responsiblejewellery.com/files/RJC_Prin_COP091.pdf

Signed / endorsed by:


Damian Gagnon
Corporate Compliance and Social Responsibility Officer, LKI
Chairman, Accreditation and Certification Committee, RJC



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Responsible Jewelry Council Principles

As Members of the Responsible Jewelry Council, we seek economic, social and environmental benefits from our business activities so that we contribute to Sustainable Development.

1 Business Ethics

1. We are committed to conducting our businesses to a high ethical standard, and to ensuring integrity, transparency and conformance with Applicable Law.
2. We will not engage in Bribery and/or corruption.
3. We will not tolerate Money Laundering and/or financing of terrorism.
4. We will adhere to the Kimberley Process Certification System and the World Diamond Council voluntary System of Warranties.
5. We will fully and accurately disclose the material characteristics of the products that we sell.
6. We will take reasonable measures to ensure the physical integrity and security of product shipments.
7. We will respect commercial confidentiality and data privacy.

2 Human Rights and Social Performance

1. We believe in and will respect the fundamental human rights and the dignity of the individual, according to the United Nations Universal Declaration of Human Rights.
2. We will not tolerate the use of Child Labour.
3. We will not use any forced, bonded, indentured or prison labour, nor restrict the freedom of movement of Employees and dependents.
4. We are committed to high standards of Health and Safety in our operations.
5. We will not prevent workers from associating freely. Where laws prohibit these freedoms, we will support parallel means of dialogue.
6. We will not discriminate based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance, age, or any other applicable prohibited basis in the workplace, such that all individuals who are "Fit for Work" are accorded equal opportunities and are not discriminated against on the basis of factors unrelated to their ability to perform their job.
7. We will not use corporal punishment under any circumstances and will prohibit the use of degrading treatment, harassment, abuse, coercion or intimidation in any form.
8. We will adhere to working hours and remuneration legislation, or, where no such legal requirements have been established by law, the prevailing industry standards.
9. We will support the development of communities where we operate, contributing to their social and economic welfare.
10. We will recognise and respect the rights of indigenous peoples and the value of their traditional, cultural and social heritage.
11. We will engage with artisanal and small scale miners who operate in our vicinity, and participate in multistakeholder initiatives to promote responsible and legal mining practices.

3 Environmental Performance

1. We will conduct our business in an environmentally responsible manner.
2. We will manage our environmental footprint by eliminating or minimising negative environmental impacts.
3. We will ensure the efficiency of our business operations by managing our use of resources and energy.
4. We will adopt practices to enhance Biodiversity and reduce negative impacts on Biodiversity.

4 Management Systems

1. We will comply with Applicable Laws and publicly state our commitment to the RJC Code of Practices.
2. We will assess our risks, including risks to our business from our business partners, and establish systems that manage and improve ethical, human rights, social and environmental business practices.

¹ The Council bases its understanding of Sustainable Development on the 1987 World Commission on Environment and Development (the Brundtland Commission) definition: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."



NEWS RELEASE

Embargoed until 12 February 2015

LAZARE KAPLAN INTERNATIONAL INC. RE-CERTIFIED BY THE RESPONSIBLE JEWELLERY COUNCIL

LONDON - RJC announced today that Lazare Kaplan International Inc. (LKI), a New York-based diamond manufacturing company specialising in Ideal Cut, has achieved Re-Certification by meeting the highest ethical, social and environmental standards established by the RJC.

"RJC congratulates LKI on achieving Re-Certification who were first certified in September 2011. After a Member been RJC Certified for the first time, independent verification is required at the end of each certification period to ensure continued conformance and thereby maintain Certified Member status," says Ashish Deo, RJC's Chief Executive Officer.

The successful verification assessment was conducted by Alfonso J. Orellana from SGS one of the independent third-party auditing firms accredited by the RJC.

"LKI has consistently set and adhered to the highest ethical and professional standards in the industry. We are proud of our record of leadership in promoting ethical, social, and environmental accountability in today's global diamond market place," says Leon Tempelman, President, LKI.

"The RJC's public confirmation of LKI commitment to the highest standards of business, social, and environmental best practice is truly gratifying. I congratulate my colleagues at our facilities worldwide for their dedication and continued commitment to a transparent, accountable, and responsible approach to business," says Damian Gagnon, Corporate Compliance and Social Responsibility Officer, Inc.

For further information please contact:

Gerhard Humphreys-de Meyer, Communications Coordinator, Responsible Jewellery Council
Telephone +44 (0)207 321 0992, gerhard.humphreysdemeyer@responsiblejewellery.com

About RJC

The Responsible Jewellery Council is an international not-for-profit standards and certification organisation. It has more than 500 Member companies that span the jewellery supply chain from mine to retail. RJC Members commit to and are independently audited against the RJC Code of Practices – an international standard on responsible business practices for diamonds, gold and platinum group metals. The Code of Practices addresses human rights, labour rights, environmental impact, mining practices, product disclosure and many more important topics in the jewellery supply chain. RJC also works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence. The RJC's Chain-of-Custody Certification for precious metals supports these initiatives and can be used as a tool to deliver broader Member and stakeholder benefit.

The RJC is a [Full Member of the ISEAL Alliance](#) – the global association for sustainability standards. For more information on RJC Members, Certification, and Standards please visit www.responsiblejewellery.com

www.responsiblejewellery.com

The Responsible Jewellery Council is the trading name of the Council for Responsible Jewellery Practices Ltd.
The Council for Responsible Jewellery Practices Ltd, 9 Whitehall, First Floor Front, SW1A 2DD, London, UK.
The Council for Responsible Jewellery Practices Ltd is registered in England and Wales with company number 05449042.

About About LKI

Founded in 1903, LKI has always had a commitment to excellence and being a leader in industry innovation. It was the first to brand a diamond and is dedicated to cutting each and every Lazare Diamond as beautifully as possible while maintaining the highest standards in the diamond industry. Lazare Kaplan International Inc. sells its diamonds and jewellery products through a worldwide distribution network. The company is noted for its ideal-cut diamonds, which it markets internationally under the brand name, The Lazare Diamond®. More information on www.lazarediamonds.com

[RJC Certification Information – Lazare Kaplan International Inc.](#)**[RJC Certified Members](#)**

www.responsiblejewellery.com

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3 February 2015

RJC Certification Information – Lazare Kaplan International Inc



Accredited Auditor:	SGS <u>Lead Auditor:</u> Alfonso J. Orellana <u>Audit Team:</u> <ul style="list-style-type: none">• Peter Warbrick
Certification Scope:	<ul style="list-style-type: none">• Lazare Kaplan Belgium N.V., Antwerp, Belgium• Lazare Kaplan Hong Kong, Hong Kong• Lazare Kaplan International Inc., New York, USA• Lazare Kaplan Japan Inc., Tokyo, Japan• NamGem Diamond Manufacturing Co. (Pty) Ltd., Windhoek, Namibia• Preferred Diamonds, New York, USA• Bellataire BVBA, Antwerp, Belgium
Provenance Claims Bolt-on: (If applicable)	Not applicable
Auditor Recommendation:	RJC Certification to be granted for 3 years
Date Summary Report & Certification Recommendation Received:	3 February 2015

www.responsiblejewellery.com

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Certification Period:	3 February 2015 – 3 February 2018
RJC Member Certification Number:	0000 0501

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Certification Recommendation Statement

Based on the scope and findings of the Verification Assessment, the sites visited and the available information provided by the Member: the Auditor recommends that the RJC Management Team grant RJC Certification to the Member valid for 3 years.

The Auditor confirms that:

- The information provided by the Member is true and accurate to the best knowledge of the Auditor(s) preparing this report.
- The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- The scope of the assessment and the method used are sufficient to establish confidence that the findings are indicative of the performance of the Member's defined Certification Scope.
- The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.

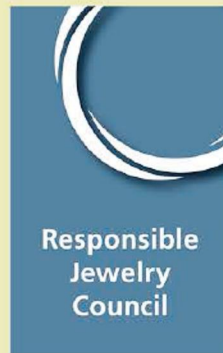
Auditor: Alfonso Orellana

Date: 25th November 2014

Signature: *Alfonso J Orellana*

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By the authority of the Council

Lazare Kaplan International Inc.

is a Certified Member of the
Responsible Jewelry Council

Certified Member: 0000 0501
Certified Until: 3 February 2018

Handwritten signature of J. M. Courage in black ink.

J. M. Courage
Chairman
Responsible Jewellery Council

Handwritten signature of Catherine Sproule in black ink.

Catherine Sproule
Chief Executive Officer
Responsible Jewellery Council

Performance | Accountability | Confidence

www.responsiblejewellery.com



Statement of De Beers Best Practise Principles Sightholder Compliance Status

Sightholder: Lazare Kaplan International Inc

Address: 19 West 44th Street
16th Floor
New York
NY 10036
USA

Date: 1st March 2016

The above Group has been actively involved in the De Beers Best Practise Principles (BPP's) since the initial cycle in 2015.

As part of each cycle the Sightholders are required to submit self-assessment workbooks for all owned facilities and for contractors for whom they represent 75% or more of their output.

These workbooks are reviewed by SGS for completeness and evidence is tested in relation to the compliance status declared. Further, a sample of facilities is visited to conduct a full on-site verification.

In the 2015 cycle a sample from the Sightholders submission of self-assessment workbooks was selected for a more in depth review as well as one facility being selected for a 3rd party verification visit.

No material breaches, major or minor infringements have been found through these processes and the Group is therefore compliant with the requirements of this programme. Below is a list of all the entities that are involved in the BPP's:

Entity Name	City	Country
Bellataire BVBA	Antwerp	BELGIUM
Bellataire Domestic LLC	New York	UNITED STATES
Bellataire Inc.	New York	UNITED STATES
Bellataire International LLC	New York	UNITED STATES
Bellataire LLC	New York	UNITED STATES
Lazare Kaplan (Russia) Inc.	New York	UNITED STATES
Lazare Kaplan Africa Inc.	New York	UNITED STATES
Lazare Kaplan Belgium N.V.	Antwerp	BELGIUM
Lazare Kaplan Diamonds (Namibia) (Proprietary) Ltd	Windhoek	NAMIBIA
Lazare Kaplan Europe Inc.	New York	UNITED STATES
Lazare Kaplan Hong Kong	Hong Kong	HONG KONG
Lazare Kaplan International Inc.	New York	UNITED STATES
Lazare Kaplan Japan Inc.	Tokyo	JAPAN
L.K Mining (Proprietary) Ltd	Windhoek	NAMIBIA
LKI Bahamas Ltd.	New York	UNITED STATES
LKI NamGem Holding Limited	New York	UNITED STATES
NamGem Diamond Manufacturing Co. (Pty) Ltd.	Okahandja	NAMIBIA
NamGem Trading (Bermuda) LTD.	New York	UNITED STATES
NamGem Trading BVBA	Antwerp	BELGIUM
NamGem Trading BVI LTD	New York	UNITED STATES
Paxco Ltd.	New York	UNITED STATES
Pegasus Overseas LTD	New York	UNITED STATES
Pinnacle 2	New York	UNITED STATES
Pinnacle Ltd.	New York	UNITED STATES
POCL NV	Antwerp	BELGIUM
Preferred Diamonds	New York	UNITED STATES
RCS Inc.	New York	UNITED STATES
Serenity 2	New York	UNITED STATES
Tranquility Bay Resources Ltd.	New York	UNITED STATES

Signed:



Effie Marinos

Consumer and Retail
Global Technical Governance Manager,
Supply chain Assessment & Solutions



Tel : 212-885-8000
 Fax: 212-697-1299
www.bdo.com

100 Park Avenue
 New York, NY 10017

To the Board of Directors and Management
 of Lazare Kaplan International Inc.
 New York, NY

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and Management of Lazare Kaplan International Inc. ("LKI" or the "Company"), solely to assist you in evaluating the Company's compliance with the Kimberly Process Certification Scheme and Statement of Warranties for the years ended May 31, 2015. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We examined the rough diamond transactions processed in the LKI New York office during the fiscal years ended May 31, 2015, which consisted of 3 import and 3 export invoices for 2015, to ensure that they included Kimberly Process Warranties.

There were no exceptions noted.

2. We have examined the Company's program change control log for the year ended May 31, 2015 relating to the Company's invoicing system to ensure that the required language of the World Diamond Council System of Warranties is printed on all invoices.

There were no exceptions noted.

In addition, we examined, on a test basis, 40 sales invoices generated in the LKI New York office during each of the fiscal years ended May 31, 2015 to ensure that they include the required language of the World Diamond Council System of Warranties. The 40 invoices for each year were selected at random from the total invoices generated by LKI New York throughout the year.

There were no exceptions noted.

3. We examined, on a test basis, 40 purchase invoices processed by the LKI New York office during each of the fiscal years ended May 31, 2015 ensure that they include the required language of the World Diamond Council System of Warranties. The 40 purchase invoices for each fiscal year were selected at random from the purchases related to the Company's remaining inventory at May 31, 2015.

There no exceptions noted.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and is a part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



We were not engaged to, and did not conduct an examination or review, the objectives of which would be the expression of an opinion or limited assurance on the specified elements, accounts, or items. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of Lazare Kaplan International, Inc. and is not intended to and should not be used by anyone other than these specified parties.

BDO USA, LLP

August 25, 2015



United States Department of State

Washington, D.C. 20520

Damian Gagnon
Corporate Compliance and
Social Responsibility Officer
Lazare Kaplan International Inc.
New York, NY 10036

January 26, 2010

Dear Damian:

Let me begin by wishing the staff of Lazare Kaplan Incorporated (LKI) a Happy New Year for 2010.

As I assumed the role of Special Advisor for Conflict Diamonds in January 2009, I met with Damian Gagnon from LKI at his initiative to discuss the diamond industry in general. Subsequently, I visited the LKI offices in New York to learn more about their Clean Diamond Trade Act (CDTA)/Kimberley Process (KP) compliance program. The company has in place a procedure by which they inquire about the origin of their rough diamond shipments and undertake additional due diligence efforts that track the requirements of the Kimberley Process Certification Scheme. I note that there have been no CDTA/KP related enforcement actions against LKI to date.

The State Department will continue to work with rough diamond trading companies such as Lazare Kaplan to ensure that the goals of the Kimberley Process Certification Scheme continue to be met.

Best Regards,

A handwritten signature in black ink, appearing to read 'Brad Brooks-Rubin', with a long, sweeping horizontal line extending to the right.

Brad Brooks-Rubin
Special Advisor for Conflict Diamonds
U.S. Department of State

JVC MEMBERSHIP STANDARDS AND COMPLIANCE PRACTICES

I. PREAMBLE

The commitments which form the foundation and goals for JVC are listed below. These values are accepted as basic by all sectors and at all levels of our industry. This document specifies the policies and procedures by which these values can be realized in routine business practices.

II. STANDARDS FOR MEMBERSHIP

As a member of the JVC, you undertake to:

- S.1. make reasonable efforts to educate self and staff as to the applicable current legal requirements;
- S.2. comply with all laws and regulations applicable to the jewelry industry;
- S.3. make accurate representations about the products you buy and the products you sell;
- S.4. communicate to business partners your commitment to compliance with the law;
- S.5. resolve all customer complaints promptly and fairly.

III. COMPLIANCE PRACTICES

The JVC recommends:

- P.1. each member organization maintain each of the JVC compliance publications at each of its business locations, readily accessible to all management and sales personnel;

- P.2. management personnel make reasonable efforts to confirm that the JVC compliance publications have been read, and that each employee has committed to compliance with the law;
- P.3. each member organization make reasonable efforts to conduct periodic training sessions on compliance requirements pertinent to its business functions and products with emphasis on current or common problems related thereto, and with regular emphasis on accurate and fair representation and disclosures;
- P.4. each member organization make reasonable efforts to remain current on changes in the law which pertain to their business, and make reasonable efforts to ensure that the most current information is communicated to all appropriate staff;
- P.5. the member organization's commitment to compliance be fully communicated to business partners, with a particular emphasis on requiring a similar declared commitment to compliance.

** MEMBERSHIP PLEDGE **

I have read this membership document carefully. To accept membership in the JVC, I have signed below where indicated. By this signature, I accept these legal standards and practices and pledge to implement them in my business life.

AGREEMENT CONCERNING USE OF THE JVC LOGO

1. We grant you the limited right to use the JVC logo as shown above to indicate your membership in the JVC.
2. You may use the logo only so long as you are in full compliance with the JVC Membership Standards and Compliance Practices ("Standards and Practices") which you sign annually to maintain your JVC membership.
3. The logo may only be used in advertising or on your letterhead. It may be used only in a non-prominent manner compared to other matter in the advertising or letterhead, and set apart from any other trademarks, service marks or other logos used on advertising or letterhead.
4. Your use of the logo must be in a manner so as not to confuse the purchasing public into thinking we sponsor your organization that we endorse or sell your products. All such use will be sent to us for approval before being published. We will also review your use once a year to confirm that it is in conformity with this agreement.
5. You agree to immediately cease all use of the logo if we instruct you to do so because of objectionable use or non-compliance by you with the Standards and Practices.
6. The logo may only be used exactly as set forth herein.
7. You agree to indemnify and hold JVC harmless from all claims, suits, damages, demands, monies, attorney's fees and similar subject matter including but not limited to product liability matters.
8. You shall have no right or license in the logo except as explicitly stated herein.
9. We shall have the right to sue infringers of the logo and at our option to assume all defense costs if you are sued for infringement of the logo.
10. We make no warranties or representations with respect to the logo or your use thereof.
11. This agreement is to be construed in the state of New York in accordance with New York state law and represents the complete understanding of the parties concerning the subject matter hereof.

YOU MUST COMPLETE AND SIGN TO ACTIVATE YOUR MEMBERSHIP.

I affirm to comply with the JVC membership Standards & Compliance together with the agreement for use of the JVC Logo

Marcel Feinberg Marcel Feinberg
 Authorized Signature Print Name
Lazare Kaplan Int. Inc. 1/50
 Company Name (Please Print) Number of Locations / Number of Employees
19 West 44th St N.Y. N.Y. 10136
 Address City/State Zip
212-857-7610 917-464-8910
 Phone Fax
mfeinberg@idealcut.com www.lazarediamonds.com
 Email Website (if Applicable)

Lazare Kaplan Commemorates 110th Anniversary by 'Giving Back'

May 28, 2013 4:38 PM By Jeff Miller

RAPAPORT... Lazare Kaplan International Inc. will celebrate its 110th anniversary this year by making charitable donations to multiple industry organizations. Lazare Kaplan will kick off its "Hearts for Hope" charitable donation campaign during the Luxury/JCK shows, May 28 to June 3, in Las Vegas. A custom-made heart pendant, featuring a Lazare Diamond laser-inscribed with "Hearts for Hope," was designed specifically for this charitable donation campaign.

For every pendant sold during the show, a donation of \$110 will be given to both Jewelers for Children (JFC) and The Lazare Ongoma Initiative (LOI).

Lazare Kaplan created LOI in 2012 to raise awareness for a number of important causes in Africa, one of which is to improve and enhance every child's educational experience in Namibia, one of the world's largest gem diamond producing nations. Ongoma, meaning "drum" in an African language, is an instrument that is created to make sound and Lazare Kaplan designed the initiative to "make noise" about the LOI mission.

In addition, Lazare Kaplan will continue to donate to the LOI, which is tied with The Lazare Diamond Incentive program whereby each sales associate's reward will be matched as a donation to the Five Rand Primary School in Okahandja, Namibia.



Diamonds help Vyfrand kamp shine

COMMUNITY AND CULTURE THURSDAY, 27 NOVEMBER 2014 10:47 PUBLISHED DATE
IBILOLA HITS: 165



From left to right: Minister of Education, Hon. Dr. David Namwandi, NamGem General Manager Yoav Lavee, Lazare Kaplan Senior Vice President Jeff Edelstein, Governor of Otjozondjupa Region Hon. Samuel Nuuyoma, and the Five Rand school principal Victor Nakapandi.

The NamGem diamond polishing factory in Okahandja last week gave a donation of N\$100,000 to the Five Rand Primary School for general support of the local school's operations. The handover ceremony was attended by the Hon. Dr. David Namwandi, Minister of Education, Hon. Samuel Nuuyoma, Governor of Otjozondjupa Region, and Her Worship Valerie Aron, the Mayor of Okahandja. Lazare Kaplan International (LKI), the co-owner of NamGem was represented by a Senior Vice President based in New York, Jeff Edelstein, who traveled to Namibia for the occasion. The funds were raised under LKI's Ongoma Initiative which seeks to build global consumer and retailer awareness not only of the Namibian source of the diamonds they buy, but also of the community in which those diamonds are beneficiated and from which NamGem's employees come. The Ongoma Initiative gives those buyers an opportunity to make a contribution to community development, which LKI then matches dollar for dollar.

The Five Rand School benefited from similar funding from the Ongoma initiative last year, when the programme was first launched, and has also received sponsorships in various other forms from NamGem itself, including bursaries for top scholars to continue their secondary education. Minister Namwandi said, "I want to call upon all the corporate citizens of this country, non-profit making organisations, international organisations, and individuals, to do their part and to follow the example, and to learn from the example of NamGem and Lazare Kaplan, to help Namibians achieve Vision 2030". NamGem is the largest and oldest local diamond polishing factory and has been a pillar of Okahandja's private sector since its opening in 1998. Lazare Kaplan International's involvement dates to 2004 and has included the injection of over N\$35 million into the facility, which now produces polished diamonds of a quality unsurpassed anywhere in the world.

Reprinted with permission from *The Namibian Economist*



WE ARE THE FUTURE ... Pupils from Five Rand Primary School pose for a picture with the town's mayor Valerie Aron (in the middle in white).

Five Rand Pupils Become Gemology-Conscious

• Fikameni Mathias

Twenty pupils from the Five Rand Primary School in Okahandja's Vyf Rand informal settlement got a glimpse of the world of gemology from the Gemological Institute of America (GIA) through NamGem Diamond Manufacturing Company (Pty) Ltd in Okahandja last week.

Gemology is the science dealing with natural and artificial gems and gemstones. It is considered a geoscience and a branch of mineralogy. Some jewellers are academically trained gemologists and are qualified to identify and evaluate gems.

Established in 1931, GIA is the world's foremost authority on diamonds, coloured stones, and pearls. A public-benefit, non-profit institute, GIA is the leading source of knowledge, standards, and education in gems and jewellery. Students around the globe turn to GIA for the knowledge, skills and credentials that launch successful gem and jewellery careers.

Pupils from the Five Rand Pri-

mary School went through a gemologist programme with alumni and client relations manager of GIA, Elizabeth Bokaba, who instructed the programme.

GIA's junior gemologist programme introduces young students to the world of minerals and the study of gems. GIA launched the junior gemologist programme in 2002 as part of its public benefit mission to disseminate knowledge and information about gemstones to the public.

The programme showcases gemology as a gateway for children to explore and deepen their understanding of the world around them, while developing an interest and excitement about earth science through geology and mineralogy.

For about four hours, the pupils engaged in an interactive workshop, providing an overview of geology, minerals, gemology and gemstones. The pupils practiced with basic gemological tools, using loupes, microscopes and penlights to examine gems and explore their characteristics.

The jolly pupils were inspired by the knowledge gained from the workshop. All pupils could be seen highly attentive and obeying instructions as they got their hands on some minerals. While learning how to use the tweezers, young Bezuidenhout Andima could not hide his excitement. "This is something we only get to see on TV. I have learned so much today and I am so happy. When I grow up, I want to become a scientist," said the 13-year-old.

Another equally excited pupil was Botshabelo Motsang who saw the programme as an eye-opener. "I feel good because it is my first time to see gemstones. I learned the different characteristics of gemstones and things that one cannot see with the naked eye. However, when I grow up, I would like to become a lawyer," said the 11-year-old pupil who is in Grade 5.

The programme was attended by the town's mayor, Valerie Aron, who advised the pupils to take on the opportunity to their best advantage. "Only those who are serious in life get to make it to the top. Thus, you are the lucky ones afforded this opportunity out of thousands in Okahandja. Mark my words, if you are serious in life, you will go very far," she emphasised.

The mayor was happy to applaud the programme, saying that it is a well-thought-out initiative. "The fact that these children are from Vyf Rand really reignites hope and efforts in educating our future leaders. If one looks at the bigger picture, this is a direct investment towards the future," she said.

NamGem envisions promoting and strengthening Namibia's diamond sector by making diamond education accessible to all Namibians, especially the youth, and by facilitating the entry into Namibia of global leaders such as the GIA,



ATTENTIVE ... Bezuidenhout Andima and Erro Marten (front, both seated) pay attention in class as Elizabeth Bokaba (standing) instructs.

which is the standard-setter for the global polished diamond industry. This is the first GIA programme to be hosted by NamGem, prior to which GIA had no on-the-ground programmes in the country.

The focus of this programme was the broad world of minerals, in which Namibia is rich, with a specific emphasis on gems. NamGem and GIA believe that training in gemology serves as a gateway for the youth to explore and deepen their understanding of the world around them, while developing an interest and excitement about earth science through geology and mineralogy. "Not only do we want to be top in the country but we also want to promote diamond education. We also want to make pupils aware of minerals in their own country and open to careers that are not really known," said Yoav Lavee, managing director of NamGem.

With a country rich in minerals, it is thus only fair that young people carry the knowledge of their wealth.

Elizabeth shares the sentiment. "We have realised the richness of Africa in terms of minerals and Namibia is rich in gemstones. Through the junior gemologist programme, we want to instil the basic skills regarding gemstones. This will boost the country's economy," she said.

GIA's junior gemologist programme is based on the same curriculum GIA uses in its rigorous graduate gemologist diploma programme, an internationally recognised and respected training programme for gem and jewellery professionals.

The free programme is taught at GIA's campus headquarters in Carlsbad, California, in local-area schools, and offered in Africa through GIA locations in South Africa and Botswana. GIA provides everything needed to conduct the workshop, including all learning materials, tools and trained staff. To date, almost 40 000 children have participated in the programme worldwide.



AT LAST ... For the first time, Seleste Zumbile (13) and Maria Simon (12) get a feel of some gemstones.

DeJewel | WING OF HOPE

The Wing of Hope for Life after Stroke





*Pictures from left to right:
Stephen Choong, Janet Yeo, Toh Puan Dato' Seri Hajjah Dr. Aishah Ong, and Charles C Rosario*

Lazare Diamonds® and DeGem collaborated in a 3-month corporate social responsibility campaign to raise funds for NASAM – National Stroke Association of Malaysia. According to a study by NASAM, stroke is the leading cause of adult disability and is the largest cause of death in Malaysia after heart disease.


In support of NASAM's stroke prevention awareness and rehabilitation efforts, DeGem pledged to donate RM50 to NASAM for every RM5,000 purchase of Lazare Diamonds® in all its boutiques nationwide from May to August 2015.


This noble campaign raised a total of RM30,000 to the association. Toh Puan Dato' Seri Hajjah Dr Aishah Ong, Patron of NASAM, and Ms. Janet Yeo, its President, received the cheque from Mr. Stephen Choong, Executive Director of DeGem.

The 'Wing of Hope' campaign included a lucky draw where customers who purchased a minimum of RM 5,000 worth of Lazare Diamonds® stood a chance to win a limited edition 'Wing of Hope' diamond necklace. The lucky winner, Datin Shirley Tan Pei Ling was presented the diamond necklace at the Lazare Annual Gala Dinner.

*You know your diamond's future,
now discover its highly respected origin.*






ETHICAL • GLOBAL • SINCERE

ENVIRONMENTAL RESPONSIBILITY
LAZARE is committed to environmental responsibility and sustainable development. We have implemented a strict policy on environmental protection and have established a dedicated team to monitor and improve our environmental performance.

ENVIRONMENTAL RESPONSIBILITY
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OUR VALUES
LAZARE is committed to the highest standards of ethical and responsible sourcing. We are dedicated to transparency and accountability in all our business operations.

OUR PEOPLE
LAZARE is committed to the highest standards of ethical and responsible sourcing. We are dedicated to transparency and accountability in all our business operations.

OUR LEADERSHIP & LAZARE'S LONG TERM OBJECTIVE
LAZARE is committed to the highest standards of ethical and responsible sourcing. We are dedicated to transparency and accountability in all our business operations.



OUR LEADERSHIP & LAZARE'S LONG TERM OBJECTIVE
LAZARE is committed to the highest standards of ethical and responsible sourcing. We are dedicated to transparency and accountability in all our business operations.

LAZARE GIVES BACK
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