

RESPONSIBLE SOURCING POLICY

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POLICY STATEMENT

SASMAT RETAIL S.L. (hereinafter SASMAT RETAIL), on representation behalf of its firm PDPAOLA, recognises that respecting human rights and not contributing, by action or omission, to conflict is a crucial aspect towards socially sustainable globalisation.

This policy is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The purpose of this policy is to set out a common framework for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction to the end user. This includes:

- respecting human rights according to the Universal Declaration of Human Rights and International Labour Organization Declaration on Fundamental Principles and Rights at Work;
- not engaging in or tolerating bribery, fraud, money laundering or finance of terrorism;
- supporting transparency of government payments and rights-compatible security forces in the extractives industry;
- not providing direct or indirect support to illegal armed groups;
- enabling stakeholders to voice concerns about the jewellery supply chain;
- implementing the OECD five-step framework as a management process risk-based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas.

SCOPE OF APPLICATION

This policy applies to SASMAT RETAIL. The company also expects its suppliers and business partners to respect these provisions and encourages them to adopt similar policies in their own business.

PRINCIPLES WHICH GOVERN THE POLICY

1 DUE DILIGENCE

SASMAT RETAIL conducts a due diligence programme for each potential supplier prior to joining the SASMAT RETAIL supply chain and on annual basis for existing suppliers. The company also incorporates the OECD five-step framework for risk-based due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas into their management system.

1.1 MANAGEMENT SYSTEMS

SASMAT RETAIL has adopted an internal management structure to support due diligence. This management system is linked to the provisions governing the Code of Conduct and is complementary to other company corporate policies.

SASMAT RETAIL recognises that traceability is the basis for identifying, measuring and reducing the overall environmental and social impact of a company. In this regard, SASMAT RETAIL is committed to internal controls and transparency of the mineral supply chain, data collection, and complaint mechanisms.

1.2 RISK ASSESSMENT

SASMAT RETAIL regularly performs the identification, assessment and prioritisation of risks that may have adverse impacts on workers, communities or environments and those that could impact the company's reputation or performance.

1.3 SUPPLIER AUDIT

Based on the risk assessment, SASMAT RETAIL will require each high-risk supplier to undergo an independent third-party audit in accordance with its own company standards or internationally recognised standards previously approved by SASMAT RETAIL.

1.4 ACTION PLAN

SASMAT RETAIL will implement appropriate response plans to prevent or mitigate potential risks and/or actual adverse impacts. SASMAT RETAIL will only disengage from suppliers associated with the most harmful impacts as defined in this policy. In all other cases, SASMAT RETAIL will take the necessary steps to increase leverage, either individually or collaboratively, to prevent or mitigate risks or adverse impacts.

1.5 REPORTING ON DUE DILIGENCE

SASMAT RETAIL is committed to publicly reporting on an annual basis on supply chain due diligence policies, practices and results.

2 ZERO TOLERANCE AND RISK MITIGATION

2.1 SERIOUS ABUSES OF HUMAN RIGHTS

SASMAT RETAIL will neither tolerate nor profit from, contribute to, assist with or facilitate the commission by any party of:

- any forms of torture, cruel, inhuman and degrading treatment;
- any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- the worst forms of child labour;¹
- other gross human rights violations and abuses such as widespread sexual violence;
- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

SASMAT RETAIL will immediately suspend or discontinue engagement with upstream suppliers where the company identifies a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses on human rights.

2.2 DIRECT OR INDIRECT SUPPORT TO NON-STATE ARMED GROUPS

SASMAT RETAIL will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of materials, including, but not limited to, procuring from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who illegally:²

¹ See ILO Convention No. 182 on the Worst Forms of Child Labour (1999).

² "Affiliates" includes négociants, consolidators, intermediaries, and others in the supply chain that work directly with armed groups to facilitate the extraction, trade or handling of minerals.

- control mine sites or otherwise control transportation routes, points where materials are traded and upstream actors in the supply chain;³ and/or
- tax or extort⁴ money or materials at points of access to mine sites, along transportation routes or at points where materials are traded; and/or from
- tax or extort intermediaries, export companies or international traders.

SASMAT RETAIL will immediately suspend or discontinue engagement with upstream suppliers where the company identifies a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups.

2.3 ABUSES BY PUBLIC OR PRIVATE SECURITY FORCES

SASMAT RETAIL recognises that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

SASMAT RETAIL agrees to eliminate direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or materials at point of access to mine sites, along transportation routes or at points where materials are traded; or illegally tax or extort intermediaries, export companies or international traders.

In accordance with the specific position of the company in the supply chain, SASMAT RETAIL will immediately devise, adopt and implement an action plan with direct suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces where the company identifies that such a reasonable risk exists. In such cases, SASMAT RETAIL may temporarily suspend trade with suppliers while adopting an action plan. In addition, SASMAT RETAIL will suspend or discontinue engagement with direct suppliers after failed attempts at mitigation within six months from the adoption of the action plan.

2.4 BRIBERY, FRAUD AND MONEY LAUNDERING

SASMAT RETAIL will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of materials, to misrepresent taxes, fees and royalties paid to governments for the purposes of the extraction, trade, handling, transport and export.

SASMAT RETAIL will support efforts, or take steps, to contribute to the effective elimination of money laundering where the company identifies a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of materials derived from the illegal taxation or extortion of materials at points of access to mine sites, along transportation routes or at points where they are traded by upstream suppliers.

In accordance with the specific position of the company in the supply chain, SASMAT RETAIL commits to engaging with suppliers, central or local governmental authorities, international organizations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. In such cases, SASMAT RETAIL may temporarily suspend trade with suppliers while adopting an action plan. In addition, SASMAT RETAIL will suspend or discontinue engagement with direct suppliers after failed attempts at mitigation within six months from the adoption of the action plan.

³ "Control" of mines, transportation routes, points where minerals are traded and upstream actors in the supply chain means i) overseeing extraction, including by granting access to mine sites and/or coordinating downstream sales to intermediaries, export companies or international traders; ii) making recourse to any forms of forced or compulsory labour to mine, transport, trade or sell minerals; or iii) acting as a director or officer of, or holding beneficial or other ownership interests in, upstream companies or mines.

⁴ "Extort" from mines, transportation routes, points where minerals are traded or upstream companies means the demanding, under the threat of violence or any other penalty, and for which the person has not voluntarily offered, sums of money or minerals, often in return for granting access to exploit the mine site, access transportation routes, or to transport, purchase, or sell minerals.

COMMUNICATION AND IMPLEMENTATION

The Responsible Sourcing Policy will be made available to all personnel, business partners and other SASMAT RETAIL stakeholders and the necessary actions will be taken to correctly communicate and train people in the policy to ensure it is understood and implemented throughout the company.

UPDATE AND REVIEW

Developing a Responsible Sourcing Policy is a continuous and dynamic process, since human risks and conflicts may change as global situation and operational context evolve or business model evolve. Consequently, SASMAT RETAIL's Responsible Sourcing Policy will be subject to review with the aim of keeping it up to date.

WHISTLE-BLOWING CHANNEL

SASMAT RETAIL provides its suppliers, third parties and its employees with the following means to carry out communications under this Policy, either regarding non-compliance allegations or consultations related to its interpretation or application.

email: Ethics@pdpaola.com

Address: Plaza Emili Mira 4, 08022, Barcelona (SPAIN)