



OECD Annual Due Diligence Report

Company: Color Merchants, Inc.

Date: 5/15/2023

Reporting Period: 2022-2023

OECD Due Diligence Guidance	Action Taken
1.A Adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas.	Color Merchants established our supply chain policy in accordance with the OECD Guidelines that ensure a responsible supply chain of minerals and materials originating from CAHRA's. It is our policy to engage with any supplier that has indicated their sourcing from a CAHRA and work with them to improve. If the supplier is unwilling or unable to comply, it is our policy to put our business relationship on hold until the supplier is able to improve and demonstrate the necessary changes. This is can be accessed HERE .
1.B Structure internal management systems to support supply chain due diligence.	Our internal management team has implemented the proper procedures and been trained on the protocols to follow within our supply chain. Jordan Peck (VP) is the individual responsible for due diligence.
1.C Establish a system of controls and transparency over the minerals supply chain.	We have reduced the number of suppliers and sources for our diamonds/gemstones to include companies that share in our values. It has enabled us to gather all necessary details from our suppliers and allowed us to understand more clearly where our products come from. It has also allowed us to report and keep up to date records for all of our suppliers and sources.
1.D Strengthen company engagement with suppliers.	We have engaged with suppliers who share our values and have spent a significant amount of time over the last 3 years to notify them of our commitment to the OECD guidelines as well as what's expected of them as one of our suppliers. This has allowed us to identify suppliers that may not be a good fit for our organization and ceased our business relationship with them. We have also made it a top priority to engage with new suppliers that share our values.
1.E Establish a company-level, or industry wide, grievance mechanism as an early warning risk-awareness system.	Our grievance mechanism is available through our website at https://www.colormerchants.com/grievance-mechanism-form Jordan Peck is responsible for monitoring and responding to any potential grievances.

<p>2. Identify and assess risks in the supply chain and assess risks of adverse impacts.</p>	<p>We have carried out due diligence by reviewing all of the details provided by our suppliers and have not identified any risks in the supply chain. Our gold stems from a single source which is an active and existing member of the RJC and all of our diamond/gemstone suppliers source from non CAHRA's.</p>
<p>3. Report findings of the supply chain risk assessment to the designated senior management of the company.</p>	<p>Jordan Peck, Vice President Keven Peck, President and CEO</p>
<p>Devise and adopt a risk management plan.</p>	<p>We have individually reviewed each of our suppliers information and due diligence details, compared those to the global list of CAHRA's (https://www.cahraslist.net/). Any supplier that we required further information from or needed clarification on our policies, we engaged with individually as well.</p>
<p>4. Third Party Audit</p>	<p>Color Merchants completed an RJC Audit carried out by SCS Global Services in July 2021. Color Merchants was deemed to be in conformance of the COP and OECD Guidelines and received a 3 year RJC Certification. There were 12 minor non-conformances as a result of the audit and it was suggested that a remote mid-term audit be conducted to ensure those are completed. The mid-term audit is scheduled for the end of June 2023 and this report will be updated upon the completion of the mid-term review.</p>
<p>5. Report Annually</p>	<p>This report is valid for the term of 2022-2023 and will be updated in 2024</p>