

Code of Conduct (rev.2 November 2020)

A message from the CEO

I would like to thank you all for your contribution in role modeling our company's values and maintaining our reputation as a company that is well respected, trusted, and admired.

As we embrace new challenges and increase our presence in rapidly changing markets, one thing that must never change is our unflagging commitment to our values and the highest ethical standards. These core values and standards are the foundation of the unique culture that differentiates us, builds our brand, and inspires our customers and suppliers.

Our Code of Conduct is and will always be our steady compass. The Code sets the expectations for integrity and ethics that I expect all employees to follow. Please read it, discuss it, and commit to upholding it. If you have any questions or concerns please contact your manager or the Legal Department.

I look forward to your continued commitment to live our values in the workplace each and every day.

Silviu Reinhorn, CEO

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Code of Conduct

Since the company was founded, uncompromising integrity and professionalism have been the cornerstones of Lusix's business. In all that we do, Lusix supports and upholds a set of core values and principles. Our future growth depends on each of us understanding these values and principles and continuously demonstrating the uncompromising integrity that is the foundation of our company.

The Code of Conduct sets the standard for how we work together to develop and deliver product, how we protect the value of Lusix and any subsidiary companies (collectively known as 'Lusix'), and how we work with customers, suppliers and others.

The Code of Conduct applies to all employees of Lusix and each employee is responsible for reading, understanding, and following the Code.

Lusix is responsible for publishing the Code, for making the Code accessible to all its employees, for providing periodic training to its employees on the Code and for monitoring and assuring that the Code is implemented.

The Code may also apply to certain Lusix consultants or service providers based on contractual obligations between such persons or entities and Lusix. In seeking guidance as to the implementation of this Code, and for reporting ethical concerns, please contact the Legal Department.

The Code affirms our five principles of conduct:

- ❖ Conduct Business with Honesty and Integrity
- ❖ Follow the Letter and Spirit of the Law
- ❖ Treat Each Other Fairly
- ❖ Act in the Best Interests of Lusix and Avoid Conflicts of Interest
- ❖ Protect the Company's Assets and Reputation

Conduct Business with Honesty and Integrity

One of our core values is to conduct business with uncompromising integrity and professionalism. We put this value into practice by:

- Communicating clearly, respectfully, and professionally in business,
- Treating customers, suppliers, and others fairly,
- Acting as a responsible corporate citizen, respecting human rights,
- Managing the impact of our business on the world around us, and
- Keeping accurate financial and other books and records.

Follow the Letter and Spirit of the Law

Lusix must comply with the laws of the countries in which it does business. We are each responsible for knowing and following all applicable laws or regulations.

We also must act in a manner that upholds the spirit and the intent of the law. Where the Code or company guidelines differ from local laws or regulations, we must always follow the higher standard. If you believe the requirements of the Code conflict with local law, consult the Legal Department.

Violations of laws and regulations have serious consequences, both for Lusix and for the individuals involved. Therefore, when questions arise on these or other legal matters, you should always seek guidance from the Legal Department.

Some of the legal topics we encounter include bribery and anti-corruption, environment, import-export, insider trading, intellectual property, privacy, and public communications.

Dealings with Our Customers

In dealings with our customers, Lusix will comply with the applicable laws governing consumer protection rights and anti-laundering. Thus, we will perform a "know your client" procedures in order to identify our customers, we will identify our diamonds as Lab-grown to the extent required under consumer protection laws and the transactions we make with our customers will be documented, with payments made by bank wire transfer or other recordable means (no cash payments).

Dealing with Our Suppliers

LUSIX LTD., COMPANY NUMBER 515374742,
POB 4099 NES TZIONA 7414001, ISRAEL

Lusix expects that the conduct of its suppliers on issues of labor and human rights, health and safety, environmental protection, ethics, and management practices, to reflect social and environmental responsibility and ethical conduct.

Bribery and Anti-Corruption

Many countries have bribery and other anti-corruption laws that are intended to prevent companies and individuals from gaining an unfair advantage and from undermining the rule of law. We must never offer or accept bribes or kickbacks, and must not participate in or facilitate corrupt activities of any kind.

This prohibition on offering or paying bribes also applies to third parties acting on Lusix's behalf, such as contractors or consultants. We must never engage a third party who we believe may attempt to offer a bribe to conduct Lusix business.

When doing business with government bodies, consult with the Legal Department to be certain you are aware of any special rules or laws that apply. Obtain the required approvals in our third-party gifts, meals, entertainment, and travel policy before providing anything of value to a Government Official.

Environmental Management and Compliance

A number of environmental laws, standards, requirements, and policies apply to our worldwide business operations, practices, and products. We have a responsibility to understand and follow these requirements,

It is our goal to reach overtime, a state of climate neutrality in our production operations for the growth of rough lab-grown diamonds. In an attempt to fulfill this future goal, we intend to develop, implement, and maintain environmentally responsible business practices and explore ways to reduce any adverse environmental impact caused by our operations.

We expect our suppliers and others to comply also with all applicable environmental, health and safety laws and standards in their operations.

Import and Export Compliance

In every country in which we do business, laws and regulations govern imports and exports. These laws and regulations restrict or prohibit the physical shipment of products or the transfer or electronic transmission of software and technology to certain destinations, entities, and persons. In many cases, the law requires an export license or other appropriate government approvals before an item may be shipped or transferred.

We have a responsibility to comply with these laws and regulations. Violations, even inadvertent ones, could result in significant fines and penalties, denied export licenses, loss of export privileges, or customs scrutiny and delays.

Intellectual Property

Intellectual property rights are crucial to protecting the investments that companies and individuals make in developing new products and ideas. We protect our intellectual property and respect the intellectual property rights of others.

We must use the confidential information of Lusix or others only for business purposes and disclose it only to those who are authorized and have a need to know. Even after we leave Lusix employment, we must continue to protect confidential information (whether Lusix's or another party's) and not use or disclose it without authorization.

Furthermore, we must not request or encourage anyone to use or disclose privileged, proprietary, or confidential information unless they are authorized to do so by the owner of that information.

Privacy

Many countries have privacy laws that govern the appropriate collection and use of personal information, which includes any information relating to an identifiable individual such as an email address, physical address, payment card information or government identification number.

We are committed to protecting the reasonable privacy expectations of everyone with whom we do business, including our customers, consumers and employees. We believe responsible stewardship of personal information helps maintain trust in Lusix and in our products. We recognize the importance individuals place on the ability to control the collection and use of their personal information. As Lusix employees, we each have a responsibility to comply with our privacy and security requirements. When questions, issues or concerns arise, consult the Legal Department.

Public Communications

Only authorized employees may make any public statements on behalf of Lusix, whether to the media, investors, or in other external forums, including the Internet. This includes disclosing new or confidential information regarding Lusix through social media applications and websites. If you are contacted by a reporter or the public on a topic on which you are not authorized to speak, refer the inquiry to the Marketing Department.

Equal Employment Opportunities and Discrimination

We value diversity in our workforce, as well as in our customers, suppliers, and others. We provide equal employment opportunity for all applicants and employees. We do not discriminate on the basis of race, color, religion, sex, national origin, ancestry, age, disability, medical condition, genetic information, military and veteran status, marital status, pregnancy, gender, gender expression, gender identity, sexual orientation, or any other characteristic protected by local law or regulation. We make reasonable accommodations for disabled employees and applicants, as required by law.

We follow these principles in all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, and social and recreational programs.

Anti-Harassment

We are committed to providing a workplace free of harassment based on personal characteristics such as race, color, religion, sex, national origin, ancestry, age, disability, medical condition, genetic information, military and veteran status, marital status, pregnancy, gender, gender expression, gender identity, sexual orientation, or any other characteristic protected by local law, regulation, or ordinance.

We strongly disapprove of and do not tolerate harassment or intimidation of employees by managers or co-workers. We must treat co-workers, customers, and suppliers with dignity and respect.

We prohibit threats or acts of violence or retaliations against co-workers, vendors, customers, or others. If you become aware of a threat or act of violent behavior in or near the Lusix workplace, notify management of the details of the act or threat immediately. Managers who receive such information should immediately notify Security or Human Resources as applicable.

Drugs and Alcohol

It is strictly prohibited to use or hold illegal drugs in the Workplace. Consumption of Alcohol in the workplace is strictly forbidden. However, in specific occasions organized by management such as celebrations and happy hours the employee may consume alcoholic drinks in quantities not exceeding the maximum allowed for drinking and driving under the Israeli police guidelines.

Protection of Human Rights

We do not tolerate Human Rights violations. We do not tolerate forced, debt bonded, indentured labor practices, or human trafficking. Lusix does not allow harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment. We expect our suppliers and others to meet these expectations.

We do not employ workers who are under the applicable minimum legal age for employment. Employment of juveniles who are older than the applicable legal minimum age but are younger than 18 years of age, will guarantee that they do not perform work that might jeopardize their health, safety, or morals. We will not require juvenile workers to work overtime or perform nighttime work. Further, we have the responsibility to abide by the Israeli laws protecting women in the workplace.

A workweek shall be restricted to the maximum hours allowed under Israeli labor laws. All workers will be entitled to rest days and time off during the workday as specified under Israeli laws. Lusix will pay at least the minimum wage and provide any benefits required by law and by the employment contract. Lusix will communicate pay structure to its employees and shall pay wages in a timely manner. Wage deductions shall be allowed only if allowed by Israeli law or by employment contract and shall not be used as an arbitrary disciplinary measure.

Minor disciplinary issues will be handled directly by the employee's supervisor or other relevant principal of Lusix. If the Company considers terminating the work of an employee (other than during a temporary or trial employment period) the Company will present to the employee the reasons for considering termination and the employee will be afforded the right to his/her response on the matter before a decision regarding termination is reached.

All use of temporary and outsourced labor shall be within the limits of the Israeli law. Lusix shall allow its employees to execute their rights under Israeli law to associate with others, and bargain collectively, without interference, discrimination, retaliation, or harassment. Lusix shall document and publish a grievance mechanism that assists employees to report grievances and facilitates open communication with management.

Conflict Minerals

Lusix, as a world class manufacturer, and further to relevant legislation in the US and the EU, is committed to a policy of promoting social responsibility by eliminating the use or incorporation of certain Conflict Metals derived from or mined in the Democratic Republic of the Congo or adjoining countries into our products or components.

Safety

We comply with the safety laws, standards and guidelines that apply to our business. Sound safety practices are important in our workplace and we aim for zero incidents in the workplace involving bodily injury. To protect our employees, the public, and our communities, we conduct no activity without the proper safety precautions and produce no product without the proper safeguards.

It is our responsibility to obtain and comply with all required health and safety permits required under Israeli law and to identify, evaluate, and manage occupational health and safety hazards through a prioritized process of hazard elimination, substitution, engineering controls, administrative controls, and/or personal protective equipment.

It is our responsibility to provide and maintain a safe work environment and integrate sound health and safety management practices into our business. Our Employees have the right to refuse unsafe work if they were not provided with proper safety equipment and/or appropriate safety training and to report to Lusix QA manager any unhealthy working conditions if exist. Our employees participate in the work of our safety committee. We will facilitate the reporting by Employees of health and safety incidents and near-misses, and will investigate such reports. Lusix will provide its employees appropriate workplace, health and safety training, will post health and safety related information in the facility and will develop and implement emergency plans and procedures all as required by Israeli law.

Act in the Best Interests of Lusix and Avoid Conflicts of Interest

A conflict of interest may occur when an employee's personal or family interests interfere—or even appear to interfere—with the employee's ability to make sound business decisions in the best interest of Lusix. We should not put ourselves in situations where we could be tempted to make Lusix business decisions that put our personal needs ahead of Lusix's interests.

Conflict of Interest Examples

Conflicts of interest typically arise in the following situations:

- ❖ Conducting any non-company business that interferes with the proper performance of our roles, such as conducting non-company business during working hours; utilizing confidential or proprietary information or processes gained as a company employee; or using company property or equipment for non-company uses (exceeding reasonable personal use)
- ❖ Using confidential or proprietary information or processes gained as a company employee for personal gain or to Lusix's detriment, including consulting engagements (any exceptions require the written permission of Lusix's Chief Financial Officer)
- ❖ Accepting any personal benefit or gift that is or could be interpreted as being given to us because of our role or seniority or because the donors believe we might be in a position to assist them in the future
- ❖ Participating in or influencing a company decision that may result in a personal gain, gain for an immediate family member, or gain for someone with whom we have a close personal relationship
- ❖ Making use of business opportunities discovered or learned through the use of company property, information, or our positions that may result in a personal gain, gain for an immediate family member, or gain for someone with whom we have a close personal relationship
- ❖ Participating in or influencing a company decision to hire a family member, or supervising an immediate family member or someone with whom we have a close personal relationship

Gifts, Meals, Entertainment, and Travel

The exchange or provision of gifts, meals, entertainment and travel (“GMET”) may create a real or perceived conflict of interest or a situation where those expenses could be viewed as a bribe under applicable laws and international standards. Lusix expects its employees and third parties to comply with the following principles when giving or receiving GMET:

- ❖ The GMET must be for a legitimate purpose, such as to promote, demonstrate, or explain a company product, position, or service.
- ❖ The GMET must not place the recipient under any obligation. We do not offer, promise, or give anything of value with the intent to improperly influence any act or decision of the recipient in Lusix’s or your company’s favor, or with the intent of compromising the recipient’s objectivity in making business decisions.
- ❖ The GMET must be made openly and transparent, be reasonable and of a reasonable value and cost, and appropriate to the business relationship and local customs, and not cause embarrassment by its disclosure.
- ❖ Accurately record all GMET provided on Lusix’s behalf.
- ❖ You may not give GMET to a Government Official (including employees of government agencies, public institutions and state-owned enterprises) without prior approval from Lusix management. Approval will be provided only in limited circumstances

Protect the Company’s Assets and Reputation

We spend significant resources to develop and maintain assets used for Lusix’s business. We each have a responsibility to comply with all procedures that protect the value of Lusix’s assets, including physical assets, information, Lusix brands, and its good name and reputation.

Protecting Physical Assets

Our physical assets include facilities, equipment, and computer and communications systems. We are to use these assets for our business. As a narrow exception, we may use computer and communications systems for reasonable, personal use.

We need to follow applicable security and use procedures to protect Lusix’s physical assets from theft, loss, damage, and misuse, including unauthorized access. Report the theft, loss, damage, or misuse of company physical assets to the Human Resources Department as soon as possible.

While we respect employee privacy, we should not assume that our desk, cubicle, or use of compute devices or telephone equipment is private or confidential. Subject to applicable laws, Lusix management may search and review both incoming and outgoing communications and all device information, including any password-protected employee communications.

Maintaining Information Security

Proprietary information is another valuable company asset and includes internal and external communication; digital information stored on laptops, handhelds, desktops, servers, backups, and portable storage devices; and hard copy documents, verbal discussions, and interactions via social media channels. We need to take personal responsibility to safeguard both Lusix owned and third-party owned proprietary and confidential information from unauthorized disclosure, changes, or loss.

We must comply with all company security policies and procedures for handling information assets and systems to ensure that we meet legal obligations, protect our reputation, and protect our investment in proprietary information.

Safeguarding Trademarks and Brands

Among our company's valuable assets are its trademarks and brands. To protect the value and recognition of our trademarks, we may establish guidelines that specify how and when they may be used. We must follow these guidelines whenever we use Lusix's trademarks and brands, whether in internal and external communications or in materials prepared by third parties, such as marketing agencies, distributors, OEMs, etc.

Representing Lusix

The value of our reputation and good name must be upheld whenever we represent our company. On occasion, Lusix may request individuals to act as an officer, director, partner, consultant, representative, agent, or adviser of another entity. In those cases, an employee should discuss the situation with the direct manager. You may need special rules to abide by the Code.

In other cases, such as when speaking on business or technology topics in a public setting or posting on the Internet – including through social media applications and websites – you must make it clear that you are expressing your own views and not those of our company, unless you are speaking as an authorized representative of Lusix.

You must carefully follow special rules of conduct if you participate in or take a leadership position with an industry trade association.

Asking Questions and Reporting Concerns

Because the Code cannot address every situation, you will need to seek guidance whenever unsure of the correct course of action. There are many ways to ask questions about the Code or raise issues.

All Lusix employees are encouraged to ask questions or raise concerns with their direct manager or internal groups in the Company who specialize in handling such questions or issues, including Human Resources, Finance, Security and Legal as soon as possible after they arise.

Employees can also report ethics and compliance issues by sending emails to legal-counsel@lusix.com, which reaches our legal department.

In accordance with our Open Door policy, employees can raise issues about the Code with their manager, a department head, a division manager, or another manager up to and including the CEO. All employees have an obligation to report any potential or actual violations of the law, the Code, or other guidelines. We take all reports seriously, look into the matter, and take appropriate action.

Non-Retaliation Policy

We do not tolerate any retaliation against anyone who in good faith reports possible violations of law, the Code, or other company guidelines, or who asks questions about on-going or proposed conduct. Employees who attempt to retaliate will be disciplined.

Employees who believe they have experienced retaliation for reporting possible violations should contact a representative in Human Resources or the Legal Department.

Approvals and Waivers

The Code sets out expectations for our company's conduct. When certain situations require permission from management or another person before taking action, you need to raise the issue promptly to allow enough time for the necessary review and approval. In a particular circumstance we may find it appropriate to waive the implementation of a provision of the Code. To seek a waiver, speak with a manager, who will consider the request in consultation with others, such as Finance, Legal or Human Resources.

Reminders

The Code serves as our guide for conducting business with integrity. It is not an employment contract and confers no rights relating to employment. The Code is not a complete list of company guidelines. You are expected to know and comply with the Code and with all company guidelines related to your job. Violation of the Code of Conduct or of these other guidelines may result in discipline, up to and including termination of employment.
