

**ANNUAL BUSINESS RESPONSIBILITY & OECD COMPLIANCE REPORT FOR
THE YEAR 2022-23**

29TH NOVEMBER 2023

Section A: General Information about the Company:

Asian Star Co. Ltd, incorporated in 1971, is one of the world's leading diamantine with business operations extending across the entire value chain from rough sourcing to jewellery marketing.

Asian Star Company Limited has been a Sight holder of the De Beers since 1973. It has been maintaining high standards of honesty, integrity and excellence in every aspect of running its business. It is a certified member of RJC (Responsible Jewellery Council) and also compliant with BPP (Best Practice Principles).

Business Model:

ASCL has a B2B business model. It has a diverse customer base including Diamond Wholesalers, Jewellery Manufacturers, Retail Chains and E-Commerce businesses.

Section B: Financial Compliance of the ASIAN STAR GROUP:

2.1 Money Laundering, Terrorism Financing, Other Financial Offences

Current Status

- Asian Star Co Limited, its facilities and its subsidiaries are part of compliance group and here after it shall be called as "ASCL"
- ASCL recognizes the fact that entities in the gems and jewellery sector have to take on the onus of analysing their potential vulnerabilities towards money laundering and implement specific steps that are required for protection against abuse by criminals.
- ASCL ensures strict and proper compliances at all times of all applicable National and, wherever applicable, International Laws / Regulations with respect to Money Laundering, Terrorism Financing, Bribery, Facilitation Payments, Corruption, Smuggling, Embezzlement, Fraud, Racketeering, Transfer Pricing and Tax Evasion.
- ASCL adheres to appropriate due diligence (OECD) on a risk based approach over their counterparties. It ensures that appropriate scrutiny and monitoring of transactions are done on risk-based approach. ASCL takes necessary steps to ensure effective

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elimination of Money Laundering and Terrorism Financing by prompt reporting of suspicious transactions to the Local Financial Intelligence Unit (FIU).

- A compliance officer has been appointed who reports to ASCL Management on compliance status on annual basis.
- Know Your Counter Party (KYC) and other compliance of Due Diligence is followed in line with Anti Money laundering and Ethical sourcing guideline,

Area of Concern & Remedial Measures

- One time suppliers are a challenge when it comes to obtaining KYC information and to overcome it has been decided to strictly follow no KYC no Business

2.2 Kimberley Process and System of Warranties

- ASCL is fully committed to complying with all the requirements specified in the Kimberley Process Certification Scheme of World Diamond Council's (WDC) System of Warranties Declaration.
- ASCL does not buy/sell goods from/to suspected or unknown parties without the supporting Kimberly Process Certificate and/or declaration of System of Warranties.
- Day to day monitoring and compliance of SOW is done by compliance officer.
- ASCL is committed towards conflict free sourcing and zero tolerance policy is followed at ASCL level.

Area of Concern & Remedial Measures

- Fully compliant and no area of concern in KP and SOW.

2.3 Anti-Bribery and Facilitation Payment Policy:

- ASCL ensures complete prohibition of Bribery and Facilitation Payment. It does not offer, accept or countenance any payment, gift in kind, hospitality, expense or promises as such that may compromise assurance of fair competition.
- ASCL has published compliance team contact details on website to receive any grievance or complaints.

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Area of Concern & Remedial Measures

- Nothing reported in last 12 months.

2.4 Ethical Sourcing of Loose Diamonds Policy:

- The company ethically sources natural rough diamonds & precious metals from mines that are in compliance with strict law of land and environment regulations. The company sources natural rough diamonds & precious metals from the companies where diamonds and precious metals are mined, processed, and graded in environmentally responsible and socially conscious manner.
- ASCL has identified the risk of supply chain with respect to Conflict Affected High Risk Areas (CAHRA's) and ensures all its supplies are screened for conflict free supplies.
- We have published the OECD based ethical sourcing policy and procedure and all our suppliers has to abide the same.

Area of Concern & Remedial Measures

- Current concern is lack of awareness about OECD & CAHRA requirements for sourcing.
- As a remedial action we have started creating awareness about our Ethical sourcing requirements to our suppliers and started collecting their upstream supplies information

2.5 Social Compliance

- ASCL ensures and strongly discourages any form of discrimination related to hiring, discharge, employee emoluments, pay, promotion, training of employees etc. on the basis of race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, HIV status, migrant status, membership of worker representative bodies, political affiliations or any other criteria that are unlawful. We ensure full compliance with all applicable national and, where appropriate, international laws / regulations with respect to employment, human right and labour codes across all our facilities and subsidiaries.

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Area of Concern & Remedial Measures

- No complaints/grievances have been reported in last 12 months.

2.6 Health and Safety

- ASCL recognizes the importance of health and safety management and has established a Health & Safety Policy for its all employees. They are covered under health insurance, accidental insurance, etc...
- The Company has several processes in place to identify work-related hazards and assesses risks on a routine and non-routine basis and where needed suitable safety measures are taken.
- Work place Risk Assessments and CAPA are monitored and work place safeties are improved regularly.

Area of Concern & Remedial Measures

- Nil as on date, as no accidents are reported in last one year.

2.7 Human Rights

- ASCL treats all its employees with equality, respect and dignity. ASCL does not interfere in the right of employees to observe tenets or practices based on caste, race, national origin, gender, religion, disability, union membership, or political affiliation. ASCL is intolerant to any direct or indirect physical, sexual, racial, religious, psychological, verbal, or any other form of harassment or abuse, or any other form of intimidation or degrading treatment towards its employees.
- The Company has an Equal Opportunity policy in place which is also published on the Company's website. <https://www.asianstargroup.com/wp-content/themes/appway-child/pdfs/cg/23/BPP-RJC-Policy-March2023.pdf>
- The policy ensures fair hiring practices, prevents harassment or discrimination at work, and provides equal opportunities to all individuals irrespective of race, ethnicity, gender, age, disability, religion, or sexual orientation.
- The Company strongly discourages any form of sexually coercive, threatening, abusive or exploitative behaviour.

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- ASCL ensures that none of its suppliers and stake holders have engaged in any activity which have violated the Human Rights Principles.
- We have carried out the Human Right Due Diligence of our suppliers and other Stake holders and suitable precaution measures are taken care off.

Area of Concern & Remedial Measures

- No Human Right violation concerns has been reported
- However, we have a Whistle-blower Mechanism to facilitate the resolution of grievances and promote the reporting of unethical behaviour, incidents, fraud, or violations.

2.8 Environment Protection

- ASCL takes responsibility to reduce the environment impact to minimal in all its processes, services and products; to prevent and control any air, water and soil pollution arising out of its processes.
- ASCL is complying with all applicable environmental laws and regulations.
- ASCL takes measures to reduce wastage and adopts reuse and recycling wherever applicable and possible.
- ASCL is fully committed to the pursuance of applicable laws, regulations and standards of environment.
- ASCL has started collection data for Carbon Foot Print Base line study and shall soon come up with reduction plan.

Area of Concern & Remedial Measures

- Global Warming and Sustainable Development is a current concern and we have initiated carbon footprint assessment to analyse and reduce our impact.

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ANNUAL REPORTING TEMPLATE (RJC TOOL KIT VERSION 5.0)	
ETHICAL SOURCING COP-7	
Company Name:	ASIAN STAR GROUP
Date:	29 th , November, 2023
Reporting Period :	Financial Year 2022-2023
Step 1: Establish strong company management systems	
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.	<ul style="list-style-type: none"> We have published the policy at company level for easy access to stakeholder. OECD and Best Practice Annual communication has been sent to all the active suppliers. Awareness presentation on Ethical sourcing based on OECD guidelines has been circulated. Detailed policy and procedure at entity level has been established based on risk of CAHRA's.
1.B) Structure internal management systems to support supply chain due diligence.	<ul style="list-style-type: none"> Additional responsibility has been assigned to Compliance Officer to look over the compliance of Ethical sourcing policy. All key employees involved in sourcing and procurement of precious stones and metals are regularly been trained on our Ethical sourcing policy.

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	<ul style="list-style-type: none"> • Supplier list is maintained along with their category in supply chain, associated and on-going risk monitoring is carried out (Risk assessment is done based on various attributes).
<p>1.C) Establish a system of controls and transparency over the minerals supply chain.</p>	<ul style="list-style-type: none"> • Supplier upstream information, country of origin and CAHRA status is reviewed. • Currently Asian Star Group’s 85% procurement is from low risk and the balance 15% is from non-regular suppliers, where risk is medium to high. • However necessary due diligence and supplier engagement is done.
<p>1.D) Strengthen company engagement with suppliers.</p>	<ul style="list-style-type: none"> • As mentioned above, Supplier Questionnaire has been circulated and information received are analysed for further actions if any. • Due Diligence (DD) and Enhance Due Diligence(EDD) is carried out • Supplier Engagement for improvement has been initiated.
<p>1.E) Establish a Company-Level, Or Industry Wide, Grievance Mechanism as an Early Warning Risk-Awareness System.</p>	<ul style="list-style-type: none"> • We have established the grievance handling policy and procedure at company level. • The contact details of our compliance head is provided on our Website for easy communication.

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Step 2: Identify And Assess Risk In The Supply Chain	
<p>Identify And Assess Risks In The Supply Chain And Assess Risks Of Adverse Impacts.</p>	<ul style="list-style-type: none"> We have internal policy and procedure for annual and ongoing risk assessment of suppliers. Each entity has appointed and trained a compliance officer to oversee the financial and ethical sourcing compliances. We have categorized supply chain into 3 major segments Primary, Secondary and Open Market. The open market supplies are considered as potential risk for supplies from CAHRA's and based on day to day monitoring risks are identified and reported.
Step 3: Design and Implement a Strategy To Respond To Identified Risks (If Applicable)	
<p>Report Findings Of The Supply Chain Risk Assessment To The Designated Senior Management Of The Company.</p>	<ul style="list-style-type: none"> Red Flags are raised for seeking additional information and closed after receiving such information to our satisfaction. Entity level compliance officer shall report all un-answered flags to local management and Group compliance officer. In case of incomplete or not satisfactory information, the management starts engagement practice and discussion and dialogues with suppliers to ensure full

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	information / compliance in further business.
Devise and Adopt a Risk Management Plan.	<ul style="list-style-type: none"> • We have formulated the risk management plans at entity level considering individual entities' position in supply chain and position of suppliers in supply chain. • Necessary action of dis-engagement or hold business shall be taken based on evaluation of compliance officer.
Implement the Risk Management Plan and monitor performance of Risk Mitigation Efforts.	<ul style="list-style-type: none"> • Compliance officer shall monitor the actions for mitigation and shall do the follow up for closer of actions. • Compliance officer shall report to management on annual basis.
Communications	<ul style="list-style-type: none"> • Business Principle has been published on the website covering all the COP wise policies. • Over and above, an annual communication of Business Policy is sent to all suppliers.
Step 4: Optional Information: Carry Out Independent Third-Party Audit	
RJC COP Audit	<ul style="list-style-type: none"> • Our recertification of RJC Audit was conducted between 01-Dec-2022 and 07-Dec-2022 during which our ethical sourcing was audited by M/S ISOQAR India Private Ltd.
Grievances And Remediation	<ul style="list-style-type: none"> • No grievance of what so ever has been reported till date.