



ANNUAL REPORT ON SUPPLIER CHAIN DUE DILIGENCE

Annual Report on Supplier Chain Due Diligence is prepared by broadly adopting the OECD due Diligence Guidance.

Reporting period:	04/2022 to 03/2023
Date:	05/06/2023
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Following outlines Annual Report on Supplier Chain Due Diligence which is broadly adopted from the RJC COP-7 – Tool version 5.1. The period relates to 04/2022 to 03/2023 wherein an efforts have been made to incorporate in the report, policy prescriptions formalized of the supply chain policy effective from 1st July, 2021.

1. Company Management systems:

1.A · We have adopted policy for the supply chain of minerals originating from conflict-affected and high-risk areas

· With our policy on supply chain, we are fully committed to the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

· We carry out due diligence process, for existing business partners and before entering into business in case of new business relationship or before executing any transaction or investment.

· We have published our policy and OECD Annual Report on the company's website for easy access to stake holders.

· Best Business Practice endeavours has been communicated and sent to all our active customers and suppliers

· Policy and procedure based on risk of CAHRA(s) is implemented.

1.B · The Procurement Compliance officer / BPP- RJC compliance officers have been ascribed with the responsibility for compliance of ethical sourcing and carry out supply chain due diligence.

· Employees involved in sourcing and procurement of rough diamonds has been trained in accordance with the company's supply chain policy.

1.C Approach to identifying suppliers:

· We have devised and implement a mechanism to identify significant Business partners who plays a vital role in fortitude and sustainability of our business where criteria based, extracted



list of identified suppliers is maintained along with the details of their social and ethical compliance status.

- We procure all our diamonds strictly in accordance our policy on Kimberley Process Certification Scheme and System of Warranties and refrain from buying or selling knowingly or assist others to buy or sell conflict diamonds.
- All the suppliers undergo the Know Your Counterpart process as first step of the Due Diligence.
- For the KYC process, we seek information and supporting documents of information from supplier(s).
- A mechanism is devised which verifies watch-list/sanctioned list and ensure that the Business Counterparty and/or its beneficial owners are not listed on relevant government lists for individuals or organizations implicated in money laundering, fraud or involvement with prohibited organization and/or those financing conflicts.
- Responsible officers involved in due diligence process, verifies the location of the Business Counterparty and the source location with the Countries and Areas listed under CAHRA to determine the risk of source being located under Conflict Affected and High-Risk Area and raise a RED Flag to enable the entity to refrain from any Business relationship with the existing or potential future Business Partner.
- The document files containing all information or material gathered as part of Due Diligence process of the Supply chain is maintained for minimum of 5 years.
- We ensure that at least basic information like form, type, weight and physical description of rough diamonds is verified the concerned responsible for receiving is accountable for the same.

Conclusion:

- The above process helps in reinforcing our due diligence process, traceability, mitigating risk
- It aids in giving particulars of Origin

1.D Engagement with suppliers:

- Majority of our rough diamonds only from the globally acclaimed reputed companies.
- With all major global mining companies, we have long-terms contracts that enable ethical sourcing
- We being into midstream, constantly communicate with our suppliers for an ever improved and ethical supply chain that would benefit the downstream.
- Such communications aid us in building mutual capacity for undertaking due diligence.



1.E · We have implemented a complaint redressal mechanism to address concerns about circumstances in the supply chain

· Anyone interested in the procurement of Diamonds in the supply chain of Star Rays, including employees, is provided with an opportunity to raise concerns by reaching through any of the following mode:

Telephone No. +91 261 4030444

Email sr@starrays.com

The complaint/input/feedback are forwarded to Compliance officer who is responsible to resolve the issue.

2. Identify and assess risk in the supply chain (upstream)

· We majorly procure our rough diamonds directly from reputed primary sources, eliminating potential risk of any kind including CAHRA.

· Approach to assessing risk of the upstream suppliers has thus far been through desktop study analysis by viewing the best practices followed by the suppliers and studying their documented reports.

· Besides desktop analysis, the KYC process and information obtained from external source with the aid of IT enabled mechanism to verify watchlist/sanctioned list and verification of the location of the Business Counterparty and the source location with the Countries and Areas listed under CAHRA.

· Based on the above approach, risk assessments have been carried out in terms of COP 6 (Human Rights), COP 7 (Due Diligence for responsible sourcing from Conflict Affected areas), COP-8 (Sourcing directly from Artisanal and Small scale mining), COP-13 (Security), COP- 19 (Child Labour), COP- 20 (Forced Labour), COP-23(Health & Safety) qua each of the identified significant business partners (“COP” = “Code of Practices” issued by Responsible Jewellery Council).

· Where necessary, approach to due diligence will be made more akin to specific risk.

3. Design and implement a strategy to respond to identified risks (if applicable)

3.A Report findings of the supply chain risk assessment

The Partner of Star Rays is provided with risk assessments or any associated documents

3.B Risk management plan

Broad steps to design and implement strategy to respond to the risks and impacts identified

· Analyse the severity of the risk



- Analyse the impact on the severity assessed
- To identify measures to eliminate, or mitigate, or minimize, or otherwise deal with the risk.
- If severity of risk is high and cannot be condoned, immediately discontinue relationship with the supplier and assess its impact on the current inventories of that supplier.
- If the risk can be mitigated or minimized or otherwise can be dealt with, through communication and coordination with suppliers or in any other manner, it should be done.
- If the risk can be so eliminated, or mitigated, or minimized within 6 months from the identification of the risk, continue relationship with the supplier with regular due diligence.
- If the risk cannot be eliminated, or mitigated, or minimized by 6 months, discontinue relationship with the supplier.

3.C Implementation of risk management plan and monitoring performance of risk mitigation efforts.

In line what is stated in clause 3.B above, in the strategy, a supplier is continued after eliminating, or mitigating, or minimizing by 6 months, then we monitor and track through a regular due diligence to ensure that -

- o The risk so eliminated, or mitigated, or minimized does not surface again
- o Depending on the scope and the breadth, pointed due diligence may be undertaken of the area of risk.
- o Results of due diligence disclose measurable and continued improvement in the risk area.

3.D Internal training

All employees involved in sourcing and procurement of rough diamonds and sales are trained in accordance with the company's supply chain policy.

3.E Communications

- We have communicated our policies and Annual Report on Supply chain which reflects our expectations from our counterparties.
- We regularly engage with suppliers, customers and industry associations on implementation and dissemination of responsible business practices.
- We encourage stakeholders in creating capabilities to undertake due diligence on supply chain for an ethical pipeline.
- We ensure transparency in the implementation of Regulations by disclosing information to the stakeholders.