

## Heerachand Gems Private Limited

Date – 11<sup>TH</sup> AUGUST 2025

### ANNUAL REPORT ON OECD RISK ASSESSMENT ON BUSINESS POLICIES, SUPPLY CHAIN DUE DILIGENCE (RJC RISK ASSESSMENT TOOLKIT VER 3.0) FOR THE CALENDAR YEAR 2024

<b>Step-1</b>	<b>Establish Strong Company Management System</b>
<b>SUPPLY CHAIN POLICY</b>	<ol style="list-style-type: none"><li>1. WE have devised a Supply Chain which covers:<ul style="list-style-type: none"><li>- Communication to suppliers of OECD and WDC guidelines.</li><li>- Ethical sourcing policy</li><li>- Risk Assessment is done based on policy of CAHRA</li></ul></li></ol>
<b>STRUCTURED RESPONSIBILITES FOR DUE DILIGENCE PROGRAMME</b>	<ol style="list-style-type: none"><li>1. Appointment of Compliance Officer to ensure Ethical policy standards are maintained in Supply chain.</li><li>2. Ethical Sourcing policy is reviewed and informed to employees, brokers stakeholders dealing with suppliers.</li><li>3. Suppliers list is updated as per ethical sourcing.</li><li>4. Every purchase is scrutineer as per our ethical sourcing policy and KYC documentation</li><li>5. Supplier information assessment tool as per Downstream supplier</li><li>6. CAHRA compliance</li></ol>
<b>MAINTAINANCE OF RECORD KEEPING SYSTEM FOR SUPPLIER ORIGIN</b>	<ol style="list-style-type: none"><li>1. Vendor questionnaire has been circulated by emails and are following up with suppliers for the same.</li><li>2. Suppliers information has been gathered from Social compliance platforms such as RJC, DTC, BPP etc.</li><li>3. We will be reviewing the Vendor questionnaire based on Ethical sourcing and strengthen our sourcing policy based on the risk assessed.</li></ol>

<b>Step-2</b>	<b>Identify And Assess Risk In The Supply Chain</b>
<b>PROCESSES FOR IDENTIFYING SUPPLIERS IN SUPPLY CHAIN</b>	<ol style="list-style-type: none"> <li>1. We have appointed Compliance Officer to identify and regulate the compliance related to ethical sourcing.</li> <li>2. Supply Chain Sourcing Policy enables the stakeholders to identify suppliers and the supplies are not from Open Market Supplies.</li> <li>3. The ethical sourcing policy clearly rules out supplies from CAHRA. This helps in identifying the suppliers risk matrix.</li> <li>4. Communicating to Vendors through an Vendor Questionnaire asking the Vendors to explain their sourcing channels and methods</li> </ol>
<b>ASSESSMENT OF SUPPLIER'S DUE DILIGENCE PRACTICES</b>	<ol style="list-style-type: none"> <li>1. We at Heerachand Gems Pvt. Ltd ensure that the Ethical Sourcing Policy is communicated wide and clear to all our suppliers and other stakeholders.</li> <li>2. We sent Vendor Questionnaire to our Suppliers which they have to send it back to us duly filled with details of them <ul style="list-style-type: none"> <li>- Sourcing of Diamonds</li> <li>- Whether Risk Assessment has been carried out by the for their suppliers</li> <li>- Whether they have red flags in their risk assessment against any suppliers of theirs</li> </ul> </li> </ol>
<b>METHODOLOGY OF COMPANY'S SUPPLY CHAIN RISK ASSESSMENTS</b>	<ol style="list-style-type: none"> <li>1. Ethical Sourcing policy is a mandate to avoid Red Flags from sourcing form CAHRA which will lead to HIGH RISK</li> <li>2. Every supplies has to be monitored and evaluated based on the parameters laid down in Supplier Assessment Sourcing Policy</li> <li>3. The Company ensures that the Vendor Questionnaire is received from Suppliers duly filled. In case for some reason, the Vendors do not reply back, we do consistent follow up for them to revert back with their Supply chain policy</li> </ol>
<b>ACTUAL AND POTENTIAL RISKS IDENTIFIED</b>	<ol style="list-style-type: none"> <li>1. The suppliers with whom the supplies are sourced are segregated based on the sourcing policy and those who do not fall under this policy are considered from Unethical sourcing or from CAHRA and such suppliers are identified and removed from the Assessment Risk tool</li> </ol>

**Step-3****Design and Implement a Strategy To Respond To Identified Risks (If Applicable)**

<b>MEASURES TO CURB RISKS, INCLUDING STAKEHOLDERS</b>	<ol style="list-style-type: none"><li>1. The Compliance Officer does regular monitoring of the Suppliers to ascertain whether the goods are not sourced from CAHRA</li><li>2. The Compliance Officer to identify and raise any Red Flags for any suppliers. Corrective measures has to be implemented and ensure that the Red Flags are eliminated</li></ol>
<b>EFFORTS MADE TO MONITOR AND TRACK PERFORMANCE FOR RISK MITIGATION</b>	<ol style="list-style-type: none"><li>1. It is the duty of the Compliance Officer to report of any non-solution based Red Flags to the Management</li><li>2. The Management will devise a strategy to engage in dialogues with such suppliers who fail to present any evidences to tackle the Red Flags.</li><li>3. Joint efforts will be taken with Compliance officer and Management smooth functioning of the Business Practices</li></ol>
<b>RISK MITIGATION RESULTS AND PLAN OF ACTION</b>	<ol style="list-style-type: none"><li>1. We have devised a Supplier Risk Assessment Toolkit which identifies the suppliers chain policy and sourcing policy</li><li>2. The Supply Chain Policy, Sourcing Policy are communicated to the stakeholders, suppliers to ensure smooth transparency to identify Risk RED Flags.</li><li>3. Identifying of Red Flags (if any) and effective solutions are provided to clear the Red Flags.</li><li>4. OECD Supplier Risk Assessment is done by the Compliance Officer the same is in formed to the Management.</li><li>5. Follow up review to be scheduled after 6 months</li><li>6. The Management endorses that the Risk Assessment Due Diligence carried out is done through Fair Means and in accordance with all the Applicable Laws of the legistalation.</li><li>7. The Same is being published publicly on the Entity's website</li></ol>