

# AKOSTAR

## ANNUAL BUSINESS RESPONSIBLE REPORT 2023

### **Section 1: General Information about the Company:**

AKOSTAR BV operates in the polished diamond Industry.

The company has an extensive supply of polished diamonds going to major retailers all over the world. Our experienced assortment teams prepare and sort the diamonds using our proprietary and renowned polished assortment procedures.

The company is deeply committed to providing an unparalleled range of polished diamonds to our clients with extensive controls to ensure that each diamond is responsibly sourced.

### **Section 2: Financial compliance of the AKOSTAR BV (BELGIUM):**

#### **2.1 Anti-Money Laundering, Counter-Terrorism Financing, and Prevention of Other Financial Offences**

- The company acknowledges the responsibility of entities within the gem and jewellery sector to assess potential vulnerabilities to money laundering and to implement measures to mitigate the risk of criminal exploitation.
- Strict compliance is ensured at every level, with a designated compliance officer appointed who in turn reports to various stakeholders of the company on an annual basis.
- Know Your Counterparty and other due diligence procedures are conducted in accordance with OECD guidelines.
- Ongoing monitoring is carried out along with all stakeholders.

#### **Area of concern & Remedial Measures**

- No areas of concern identified as of this report date.

#### **2.2 Kimberley process and System of Warranties**

- The company 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.
- The entity compliance officer conducts daily monitoring and ensures compliance with the System of Warranties (SOW).
- The company is committed to conflict-free sourcing and enforces a zero-tolerance policy at all levels of the organization.

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## **Area of concern & Remedial Measures**

- No areas of concern identified as of this report date.

## **2.3 Anti-Bribery and Facilitation Payment Policy:**

- The company strictly prohibits all forms of bribery and facilitation payments across organization and in all the entities.
- The company has published the compliance team's contact information on its website for receiving grievances or complaints.

## **Area of concern & Remedial Measures**

- No areas of concern identified as of this report date.

## **2.4 Ethical Sourcing Policy:**

- The company is committed to mitigating the environmental and social impacts of irresponsible mining practices.
- The company has identified the risks within its supply chain related to Conflict-Affected and High-Risk Areas (CAHRAs).
- The company ensures all suppliers are screened to verify conflict-free sourcing.
- The company's OECD-aligned ethical sourcing policy has been published, and these policies are communicated to all supply chain partners to encourage their adoption.

## **Area of concern & Remedial Measures**

- A current challenge is the limited awareness of OECD regulations and sourcing requirements among small and medium-sized suppliers in the industry.
- The company has initiated efforts to enhance awareness of its ethical sourcing requirements within its supply chain.
- The company has engaged with its global supply chain to gather comprehensive information and ensure ethical and conflict-free sourcing.

## **2.5 Social Compliance**

- The company ensures full compliance with all applicable national and, where appropriate, international laws and regulations pertaining to employment and labour standards.

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- The company upholds all regulations related to child labour, forced labour, non-discrimination, and non-retaliation.
- All workers' rights are respected, including the right to freedom of association and collective bargaining.

## **Area of concern & Remedial Measures**

- No non-compliance issues requiring remedial measures have been reported.
- Remedial measures at the entity level are implemented based on internal and external audits conducted by accredited agencies.

## **2.6 Health and Safety**

- At AKOSTAR BV, we are dedicated to the health and safety of our employees. We are continuously studying the potential adverse impacts of our business processes, aiming to identify and eliminate any risks. To achieve this, the company systematically reviews its operations to identify and address health and safety concerns effectively.
- This review incorporates relevant standards as required by applicable laws, expert guidance, and industry best practices.
- All employees receive the necessary training to adhere to established workspace practices and safety protocols.
- The health of staff exposed to specific hazardous processes is periodically monitored through comprehensive medical assessments. We consult with experts as needed to ensure continuous improvement in our health and safety practices (if required).
- All workplaces are designed to meet or exceed local safety regulations.

## **Area of concern & Remedial Measures**

- No accidents have been reported in the past year.
- The organization has not experienced any fires or other incidents resulting in hazardous situations.

## **2.7 Human Rights**

- The company does not and will not infringe upon employees' rights to observe practices related to race, national origin, gender, religion, disability, union membership, or political affiliation.

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- The company strictly prohibits any form of sexually coercive, threatening, abusive, or exploitative behaviours.
- The company has a zero-tolerance policy for any reported incidents of direct or indirect physical, sexual, racial, religious, psychological, verbal, abuse, intimidation, or any other form of harassment.
- The company ensures that its suppliers and stakeholders uphold all human rights principles.
- The company conducts human rights due diligence on suppliers and other stakeholders, with risk assessments performed as necessary.

## **Area of concern & Remedial Measures**

- No human rights concerns requiring remedial measures have been identified in any operating units.
- Ensuring suppliers' upstream compliance with human rights principles in conflict-free sourcing is an evolving area that requires increased attention.

## **2.8 Environment Protection**

- The company complies with all applicable environmental laws and regulations.
- The impact of each of our operations on the environment are studied systematically and assessed for compliance with appropriately defined standards and reviewed periodically to mitigate or eliminate such impact.
- Waste disposal procedures adhere to all applicable national and international regulations.
- Employee environmental awareness and performance have improved through detailed policies and procedures, training programs, and recognition of exemplary practices.

## **Area of concern & Remedial Measures**

- The growing need for sustainable growth and responsible manufacturing has been identified as an area for improvement, and management has proposed a phased approach to advance in these areas.

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ANNUAL REPORTING TEMPLATE (RJC TOOL KIT VERSION 5.0)	
<b>Company Name:</b>	AKOSTAR BV
<b>Date:</b>	23 <sup>rd</sup> August, 2024
<b>Reporting Period:</b>	January to December 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"> <li>• The company's policy is publicly available to stakeholders.</li> <li>• Annual communication regarding OECD guidelines and best practices has been disseminated to all active customers and suppliers.</li> <li>• Awareness training on OECD-aligned ethical sourcing has been conducted.</li> <li>• Detailed policies and procedures have been established at the entity level, incorporating CAHRA risk assessments.</li> </ul>
1.B Structure internal management systems to support supply chain due diligence.	<ul style="list-style-type: none"> <li>• The Compliance officer has been assigned additional responsibility for overseeing compliance with the ethical sourcing policy.</li> <li>• A supplier list is maintained, including the status of their social and ethical compliance.</li> <li>• Ongoing monitoring of each supplier and associated suppliers is conducted using various tools, including digital media, web searches, document reviews, declarations, and market intelligence.</li> </ul>
1.C Establish a system of controls and transparency over the minerals supply chain.	<ul style="list-style-type: none"> <li>• The process of collecting upstream supplier information to determine CAHRA involvement and ensure ethical sourcing compliance at the supplier level is underway.</li> </ul>

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<p>1.D Strengthen company engagement with suppliers.</p>	<ul style="list-style-type: none"> <li>• Supplier questionnaires have been distributed, and follow-up is in progress to obtain the requested information.</li> <li>• Vital supplier information is also being gathered from social platforms and social compliance registrations, such as BPP, RJC, Signet SRSP, and approved ASM programs.</li> <li>• The completed supplier questionnaires are being compiled, and the data will be analysed to inform the development of supplier engagement practices based on the risk profile of each supplier.</li> </ul>
<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"> <li>• The company has established a grievance handling policy and procedure. The compliance head's contact details are provided in the Group Social and Ethical Policy, available under the Business Principles section of the company's website.</li> </ul>
<p><b>STEP 2: IDENTIFY AND ASSESS RISK IN THE SUPPLY CHAIN</b></p>	
<p>Identify and assess risks in the supply chain and assess risks of adverse impacts.</p>	<ul style="list-style-type: none"> <li>• We have established the detailed policy and procedure for identification of risk at entity level.</li> <li>• Entity has appointed and trained the compliance officer to oversee the financial and ethical sourcing compliances.</li> <li>• Suppliers are categorized into two segments:             <ol style="list-style-type: none"> <li>a. Secondary suppliers and</li> <li>b. Open market suppliers.</li> </ol> <p>Open market suppliers are considered a potential risk for sourcing from CAHRAs, and therefore, detailed information is</p> </li> </ul>

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	collected from this supplier category, as outlined in sections 1.B and 1.C.
<b>STEP 3: DESIGN AND IMPLEMENT A STRATEGY TO RESPOND TO IDENTIFIED RISKS (IF APPLICABLE)</b>	
Report findings of the supply chain risk assessment to the designated senior management of the company.	<ul style="list-style-type: none"> <li>• The compliance officer continuously monitors each supplier to ensure conflict-free practices. Red flags are raised when necessary to obtain additional information, and these are resolved upon receipt of satisfactory information.</li> <li>• Entity-level compliance officers escalate unresolved red flags to senior management and the company's board of directors.</li> <li>• In cases where information is incomplete or unsatisfactory, management initiates engagement, including discussions and dialogue with suppliers, to secure comprehensive information for continued business operations.</li> </ul>
Devise And Adopt a Risk Management Plan.	<ul style="list-style-type: none"> <li>• Risk management plans have been developed at the entity level, taking into account the entity's position in the supply chain and the position of suppliers within the supply chain.</li> <li>• The entity compliance officer monitors all business transactions and raises red flags as needed, following the procedures outlined previously.</li> <li>• An overview of the company's risk management practices is included in the communication of its business policy on the company website.</li> </ul>

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<p>Implement The Risk Management Plan and Monitor Performance of Risk Mitigation Efforts.</p>	<ul style="list-style-type: none"> <li>• Monitoring of red flags and their effective resolution is conducted at both the entity and group levels.</li> <li>• The compliance officer provides regular status reports on OECD compliance to management.</li> </ul>
<p>Internal Training</p>	<ul style="list-style-type: none"> <li>• The entity conducts periodic training for all relevant employees involved in buying, selling, and compliance monitoring.</li> </ul>
<p>Communications</p>	<ul style="list-style-type: none"> <li>• The company's business principles are published on the website.</li> <li>• In addition, annual communication regarding business policies, best practices, and expectations for business partners is disseminated.</li> </ul>
<p><b>OPTIONAL INFORMATION ON STEP 4: CARRY OUT INDEPENDENT THIRD-PARTY AUDIT</b></p>	
<p>RJC COP Audit</p>	<ul style="list-style-type: none"> <li>• The company's office is RJC COP 2019 certified, with certification valid until October 31, 2024. The RJC COP re-certification audit is scheduled for September 2024.</li> </ul>
<p>Grievances And Remediation</p>	<ul style="list-style-type: none"> <li>• No grievances have been reported to date.</li> </ul>

Prepared By & Approved by: **Ashin Kothari (Compliance Officer)**

Date: **23<sup>rd</sup> August, 2024**

