



**Bombay**  
Jewellery Manufacturers

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## **Bombay Jewellery Manufacturers**

**Rasiklal and Sons**

**Aura Jewellery Pvt. Ltd.**

### **OECD Supply Chain Policy (Precious Metals)**

#### **Policy Statement**

- The policies relating to this sourcing of conflict free metal by M/s Bombay Jewellery Manufacturers, Rasiklal and Sons, Aura Jewellery Pvt. Ltd.
- This policy shall elaborate due diligence requirements for its precious metal and miner suppliers in line with OECD.
- The organization has adopted five-step frame work for risk based due diligence mineral in supply chain.

#### **OECD 5 step frame work**

1. Establish strong company management System
2. Identify and assess risk in the supply chain
3. Design and implement a strategy to respond to identified risks
4. Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain.
5. Report on supply chain due diligence

- "The Company shall act in accordance with the OECD guideline & RJC guidelines for ensuring ethical supply chain for its gold & PGM Metals.
- It is the responsibility of Compliance officer & Senior Management jointly to know and understand the relevant legislations, financial offences related legal, regulatory and internal requirements for CHAHR's as applicable for the precious metal source by the organization.



- Group Compliance officer shall follow all 5 steps of OECD and ensure Red flags are raised wherever applicable and necessary corrective actions are taken as per company Risk Management programs.”
- Senior Management is responsible to review this policy on annual basis.

#### **Management Commitment (Sourcing policy Governance structure)**

- a. The Company is fully committed to ensure that OECE frame work and 5 step guidance is followed across all centers for sourcing of gold& PGM metals both for raw gold and gold articles and accessories.
- b. The Company has identified the applicable national and international legislations / regulations relating to Ethical Sourcing of precious metal and appointed an compliance officer with sufficient seniority and competence to ensure effective implementation of this policy.
- c. Management has developed its sourcing policy, which shall be communicated to all precious metal suppliers and it shall be published on company web site also for easy access to all. This policy shall demonstrate the commitment of organization and shall provide guidance to suppliers about the OECD requirements and day to day compliance expected from the supply chain.
- d. Detailed sourcing policy shall be developed, implemented and its ongoing suitability shall be ensured by conducting its periodic review. This policy shall be approved by senior management.
- e. List of approve suppliers shall be maintained and necessary information of upstream supply chain& Declaration from vendors to be obtained and updated on at least on annual basis.
- f. Compliance officer will have to review ongoing compliance by scrutinizing all the supply documents and wherever practically possible origin/source of metal shall be obtained by way of document trail or self-declaration from vendor.
- g. Compliance officer shall raise red flags where needed and will obtained the necessary clarifications and if not satisfied will take suitable actions as per companies risk management plan. Records of red flags and actions thereof shall be discussed with management from time to time.
- h. Management shall appoint accredited/ authorized third party agency to conduct the due diligence at least on an annuals basis. Recommendations of this agency shall be incorporated in companies sourcing policy.
- i. Management shall maintain the annual compliance report based on input from compliance officer and inputs received from third party due-diligence. This report shall





be shared with customers and external agency bases on request and on conformation from senior management.

#### **4.3 Systems and Procedures**

**Following OECD compliance shall be adhere always**

**1. Establish strong company management System & Companies should :**

- 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. This policy should incorporate the standards against which due diligence is to be conducted, consistent with the standards set forth in the model chain policy in Annex II.
- B) Structure internal management to support supply chain due diligence.
- C) Establish a system of controls and transparency over the mineral supply chain. This includes a chain of custody or a traceability system or the identification of upstream actors in the supply chain. This may be implemented through participation in industry-driven programs.
- D) Strengthen company engagement with suppliers. A supply chain policy should be incorporated into contracts and/or agreements with suppliers. Where possible, assist suppliers in building capacities with a view to improving due diligence performance.
- E) Establish a company-level, or industry-wide, grievance mechanism as an early-warning risk-awareness system.

**2. Identify and assess risk in the supply chain & Companies should:**

- A) Identify risks in their supply chain as recommended in the supplements.
- B) Assess risks of adverse impacts in light of the standards of their supply chain policy consistent with Annex II and the due diligence recommendations in this Guidance.

**3. Design and implement a strategy to respond to identified risks & Companies should:**

- A) Report findings of the supply chain risk assessment to the designated senior management of the company.
- B) Devise and adopt a risk management plan. Devise a strategy for risk management by either i) continuing trade throughout the course of measurable risk mitigation efforts; ii) temporarily suspending trade while pursuing ongoing measurable risk



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mitigation; or iii) disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable. To determine the correct strategy, companies should review Annex II (*Model Supply chain policy for Responsible Global Supply chains of Minerals from Conflict-Affected and High-Risk Areas*) and consider their ability to influence, and where necessary take steps to build leverage, over suppliers who can most effectively prevent or mitigate the identified risk. If companies pursue risk mitigation efforts while continuing trade or temporarily suspending trade, they should consult with suppliers and affected stakeholders, including local and central government authorities, international or civil society organisations and affected third parties, where appropriate, and agree on the strategy for measurable risk mitigation in the risk management plan. Companies may draw on the suggested measures and indicators under Annex III of the Due Diligence to design conflict and high-risk sensitive strategies for mitigation in the risk management plan and measure progressive improvement.

- C) Implement the risk management plan, monitor and track performance of risk mitigation efforts and report back to designated senior management. This may be done in cooperation and/or consultation with local and central government authorities, upstream companies, international or civil society organization and affected third – parties where the risk management plan is implemented and monitored in conflict-affected and high-risk areas.
  - D) Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances.
4. **Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain.** Companies at identified points (as indicated in the Supplements) in the supply chain should have their due diligence practices audited by independent third parties. Such audits may be verified by an independent institutionalized mechanism.
5. **Report on supply chain due diligence.** Companies should publicly report on their supply chain due diligence policies and practices and may do so by expanding the scope of their sustainability, corporate social responsibility or annual reports to cover information on mineral supply chain due diligence.

#### **Position in supply chain category as per OECD**

- Company has undergone the detailed study of OECD guideline and COP Provision for sourcing of precious Metals based on the study and our understanding, we concluded that position in supply chain and domination with upstream supplier will decide the role of company in ethical sourcing..





<b>Miner (RAW Gold &amp; PGM Metals)</b>	Original miner of metal , like Dore for gold
<b>Refiner</b>	Who received the Dore for first time refining or process the scrap and recycle material
<b>Downstream Companies</b>	Jewelry Manufacturer, Jewelry Whole Seller and Retailers

SUPPLIER CATEGORIZATION AND LEVEL OF INFORMATION TO BE OBTAINED				
SUPPLIER POSITION GOLD, SOURCING	IN PGM	COMMENTS	INFORMATION TO BE OBTAINED.	%OF GOLD DEMAND SUPPLIED
<b>Miner (RAW Gold &amp; PGM Metals)</b>		Dore Suppliers from mine for Gold & PGM metals.	We do not source any Dore of Gold and PGM group Metals as we are in the business of Jewelry Manufacturing →	<b>0.00 %</b>
<b>Refiner</b>		Refiners for Mine Metals and Recycled metals	We are unit in Seepz and do not buy directly from mines, however government approved Banks and agency supplies gold & PGM in Bar or Granules forms→This supplies to provide DRC Free and Conflict free certifications, Reference of mine with each supply & Details as per RMI check list	<b>95.00 %</b>
<b>Downstream Companies</b>		Jewelry Manufacturer, Jewelry Whole Seller and Retailers		
		Finding and accessories suppliers	Jewelry Accessories such as findings, chains, mountings,etc is supplied → Annual declaration is required & RMI Check list to be filled	<b>3.00 %</b>
		Sales Return	We might get sales return from our own customers →On receipt same is screened for our logo and style number, no further action is required as our supplies are confirmed and melted in house refining and metal is use in our own process.	<b>1.00 %</b>



- As per the above table our company falls under the “downstream companies”, considering our position in supply chain and our dominance with our few suppliers following procedure has been adopted following procedures.
  - a. Company has established its policy and procedure for sourcing showing a commitment to procure goods from CHARA's free area. 1 brief summary policy is published on the company's web site for public accesses and details policy and procedure is for internal circulation and compliance.
  - b. List of all metal suppliers shall be maintained and regular compliance form them shall be monitored as per their position in supply chain.
  - c. Company shall provide basic understanding and awareness to all precious metal suppliers about its ethical sourcing policy through one to one meetings, presentation, seminars and email circulation of literatures.
  - d. Records of supplier engagement and communication shall be maintained by compliance officer.
  - e. If required updated mailers and literature shall be provided and vendors shall be motivate to bring up the ethical compliance in entire supply chain.
  - f. All suppliers shall have to provide signed declaration for RJC compliance on annual basis and also filled vendor questionnaire shall be obtained to understand their alignment with our Ethical sourcing policy
  - g. Once all the feedbacks are received same shall be compiled for identifying the gaps and actions shall be taken with the individual suppliers to fill up those gaps.

**Following Due diligence shall be ensured by Compliance office on day to day basis.**

**h. Bullion suppliers shall require to provide following**

- ◆ Basic Know your counterparty has to be filled for the suppliers with necessary supporting documents
- ◆ Legal valid license copy shall be obtained or its online verification shall be monitored
- ◆ Each supply documents should provide reference of refining, which shall be reviewed to confirm that the refiner is compliant to conflict free metal rules (RMI/Conflict free Smelter / OECD/LBMA etc)
- ◆ Annual declaration on companies' letter head for compliance to DRC free and or Conflict free metal.





- ◆ All supplier to provided update information on their supply chain as per RMI – Metal supplier questionnaire on an Annual basis.
- ◆ To provide annual compliance report on metal sourcing policy (applicable from April 2022)
- ◆ Suppliers to share copy of their sourcing policy and OECD compliance report ( this has to be achieved by April 2022)

**i. Metal accessories suppliers shall require to provide following**

- ◆ Basic Know your counterparty has to be filled for the suppliers with necessary supporting documents
- ◆ Legal valid license copy shall be obtained or its online verification shall be monitored
- ◆ Each supply documents to have declaration of DRC compliance and to provided reference of refining, which shall be reviewed to confirm that the refiner is compliant to conflict free metal rules (RMI/Conflict free Smelter / OECD/LBMA etc)
- ◆ Annual declaration on companies' letter head for compliance to DRC free and or Conflict free metal.
- ◆ To provided update information on their supply chain as per RMI – Metal supplier questionnaire on annual basis.
- ◆ To provide annual compliance report on metal sourcing policy (applicable from April 2022)

**j. Sales return from the customer should accompanied by ensuring following**

- ◆ Sales return invoice/ out right sales invoice(packing list should provide details of our style number and or invoice number reference)
- ◆ Declaration for conflict free and DRC compliance.
- ◆ Central gold to ensure 100 % screening is done to verify our Logo, purity marks and style number as per design master, any doubt full pieces to be reported to management/ concern sales team.
- ◆ In case of doubt full pieces, concern sale team to communicate with customer and suitable actions to be taken as per management instructions.



- ◆ Annual declaration on companies' letter head for compliance to DRC free and or Conflict free metal.
- For each of the above category compliance officer shall review ongoing compliance as per each category wise minimum document required and based on the same he/she shall approve the transaction or raise the Red Flags.

**k. Suspicious Transaction Procedure:**

- ◆ In case of missing information or incomplete information, compliance office shall raise a Red Flag. This information has to be provided in 5 working days.
- ◆ Compliance officer shall obtain the required clarification/ explanation and review them for completeness.
- ◆ If not satisfied risk management procedure shall be implemented.
- ◆ Decision of stop supply, put vendor on hold Or Supplier Engagement shall be taken base on risk management action plan as mentioned below.
- ◆ The Compliance Officer of the Company is responsible to ensure that all the applicable regulations with respect to reporting cash and non-cash equivalents to the relevant Regulatory Bodies are fully adhered to.

Position of supplier in supply chain	Possible Hazard	Risk Management Action	Remarks
Bullion supplier	Lack of information which is one of the case and not leading to CHAHR'S risk(	<ul style="list-style-type: none"> <li>• Discuss the issue with the Senior management of supplier &amp; Send communication</li> <li>• Ensure all suppliers have information of source from refiner and origin of metal.</li> </ul>	
	Lack of information leading to potential risk of supply from CHAHR'S	<ul style="list-style-type: none"> <li>• Do further investigation and take action as per possible hazardous reported below</li> </ul>	
	In complete or no information of source (refiner or Origin)	<ul style="list-style-type: none"> <li>• Discuss the issue with the Senior management of supplier &amp; Send communication</li> <li>• If no improvement and repeated hold the supply after 3 such instance (hover communication at each instance is required)</li> <li>• Keep supplier on hold for further supplies, till actions are satisfactory</li> </ul>	





Position of supplier in supply chain	Possible Hazard	Risk Management Action	Remarks
	Refiner details provided however ( <u>serious abuse of associated with extraction transport or tare of mineral</u> )	<ul style="list-style-type: none"> <li>Discuss the issue with the Senior management of supplier &amp; Send communication</li> <li>Instruct supplier to take up the matter with refiner</li> <li>Refuse to accept bullion from such refining in future → up till mater compliance is not improved.(information from media or other reliable sources)</li> </ul>	
	Refiner details provided however( <u>Risk Management serious Abuse</u> )	<ul style="list-style-type: none"> <li>Obtained the further information from internet and other sources to confirm potential risk</li> <li>Discuss the issue with the senior management of supplier &amp; Send communication, if not action in 1 month Dis-Engaged with the supply chain.</li> </ul>	
	Refiner details provided however ( <u>Regarding direct or indirect support to non state armed forces</u> )	<ul style="list-style-type: none"> <li>Obtained the further information for internet and other sources to confirm potential risk</li> <li>Discuss with supplier about possible efforts and steps to engage with central and local authority to contribute to workable solution on how trans</li> </ul>	
	Refiner details provided however ( <u>Regarding public and private security forces</u> )	<ul style="list-style-type: none"> <li>Immediately discontinue with such vendors</li> </ul>	
	Refiner details provided however ( <u>Regarding bribery, Mis-representation of the origin minerals</u> )	<ul style="list-style-type: none"> <li>Discuss the issue with the senior management of supplier &amp; Send communication.</li> <li>Work closely with the suppliers to identify improvement steps to close this effectively.</li> </ul>	
	Refiner details provided however ( <u>Regarding Money Laundering</u> )	<ul style="list-style-type: none"> <li>We are ensuring full compliance of AML/CFT, however upstream supplier's non compliance is reported we will take up the matter with the supplier for taking up further action.</li> <li>Work closely with the suppliers to identify improvement steps to close this effectively.</li> </ul>	
	Refiner details provided however ( <u>Regarding payment of taxes, fees and royalties</u> )	<ul style="list-style-type: none"> <li>Discuss the issue with the senior management of supplier &amp; Send communication.</li> <li>Work closely with the suppliers to identify improvement steps to close this effectively</li> </ul>	
Accessory, Gold article supplier	Lack of information which is one of the case and not leading to CHAHS risk(	<ul style="list-style-type: none"> <li>Discuss the issue with the Senior management of supplier &amp; Send communication</li> <li>Ensure all suppliers have information of source from refiner and origin of metal.</li> </ul>	

#### Retention of records:

- To ensure traceability of its financial transactions, each of the entities follows a policy of maintaining all relevant documents for a minimum period of Eight years, or higher period, if required by national regulations.



- All relevant business records shall be retained for 8 (Eight) years and further it may be kept for further period

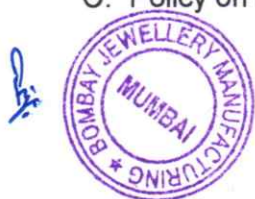
#### **4.4 Gold Sourcing policy General Procedure**

We will work to ensure that the gold and metals we purchase come from sources that meet the highest human right, social and environmental criteria at all stages in the supply chain (mining, processing, refining recycling etc.) this criteria includes but not limited to following

- Taking a signed declaration from the smelters/ refiners for compliance to Dodd Frank and DRC free certificates.
- Verifying refiner and smelters compliance with world gold council web site or Status of LBMA or Status of Smelter list etc.
- Compliance officer to review declaration from new vendors and their certificate of origin so that overall compliance to Dodd frank is achieved.
- At organization all our gold and precious metals are procured from Banks authorized by RBI which is traceable back to one of the LBMA approved refiners and is supported by certificate to that effect.
- Ensuring that basic human rights (as outlined in international conventions and declaration such as the UN "Universal Declaration of Human rights," and others) are being respected by all parties involved in mining, processing and manufacturing of products we trade.
- We shall ensure that workers' right and labor standard (including the eight core ILO conventions) are respected by all trade parties.
- We shall ensure that gold and gold articles are sourced from mines that are built and are operated with free, prior and informed consent of local communities.
- We will begin to work with our suppliers of gold and other precious metals at our facilities to introduce them to our goal of purchasing these metals from suppliers who meet the above criteria.
- We shall ensure compliance of all applicable national and international legislation for gold jewellery (this additional requirements shall be incorporated in legal requirement check list and compliance will be ensured.
- We shall ensure that each gold article / jewellery sold is marked for appropriate purity and same shall be confirmed through internal Quality Assurance norms.

#### **4.5 Cross Reference of Other Financial Policies**

- A. Policy on Money laundering and terrorism
- B. Policy on Kimberly & SOW compliance
- C. Policy on Bribery and Facilitation payment





#### 4.6 Cross Reference of Other Financial Policies:

- A. RJC COP 2019- COP-7 : [https://www.responsiblejewellery.com/files/RJC\\_COP-Guidance-V1.1-June-2019.pdf](https://www.responsiblejewellery.com/files/RJC_COP-Guidance-V1.1-June-2019.pdf)
- B. OECD : [http://www.oecd.org/daf/inv/mne/EasytoUseGuide\\_English.pdf](http://www.oecd.org/daf/inv/mne/EasytoUseGuide_English.pdf)
- C. Policy on Kimberly & SOW compliance : <http://www.worlddiamondcouncil.com/>
- D. Policy on Bribery and Facilitation payment

#### 4.7 Training of Personnel

- a. **Training and Development:** The Compliance Officer is responsible for maintaining a list of personnel (depending on their job responsibilities) who are required to be familiar with all aspects relating to combating money laundering, terrorism financing and other financial offences. The above personnel are required to undergo the following training programs:

##### On joining the Company:

- Self-study of training material followed by interview with Compliance Officer. Independent charge / responsibilities will be given only after approval by Compliance Officer

##### Six Monthly Programs

- The Compliance Officer is responsible for conducting Six Monthly refresher training programs for all concerned personnel on various aspects relating to changes in regulations, updates to 'red flags' lists, updates to Government lists, changes in systems / procedures, etc.
- b. In addition to the above formal programs, the Compliance Officer also ensures that relevant information updates are communicated to concerned personnel by way of internal memos or electronic mail.

<b>Prepared By:</b>     <b>Compliance Officer</b>	<b>Approved By:</b>    <b>CEO</b>
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