

**Internal Annual review report – Money laundering/Monitoring
Transaction/Kimberly Process and System of Warranties/Ethical Standard
Commitment/Product Security
For the year ended on December 2024**

To,
Management
House of Gems Ltd.

Dear Sir,

Subject: Internal audit report for the year ended December 2024

Financial Compliance – Compliance officer has checked all documents related to AML & CFT for the year-ended December-2024. No discrepancies have been found during the course of audit. The Company has complied with applicable regulations, policy, systems & procedures with respect to AML/CFT. All invoices, expense vouchers, bank statements, bank book and cash ledger have been verified with respect to financial transactions taken place during the year and no suspicious transaction was detected involving money laundering, terrorism of financing, bribery, facilitation payment and inappropriate gift. The company has complied with the OECD requirement and not sourced any Minerals or metals from Conflict Affected and High Risk Areas.

WDC-SOW--I have examined the relevant documents maintained in respect of purchase and sale of diamond during the year and conform that all the invoices contain WDC/SOW declarations as applicable. No discrepancies were found on reconciliation of “warranty in” and “warranty Out”.

Ethical Standard/Commitment-- No practice or conduct observed during the assessment period that brings the diamond industry into disrepute. All businesses practices have adhered to national laws and applicable rules and regulation during the assessment period..

Product Security—There were no breach of Product security pertaining to product theft, damage or substitution during shipment/within premises.

Provenance claim—The company has set the policies and procedure and strictly compliance software based stock control system along with supplier due diligence procedure to ensure compliance pertaining to Provenance claim during assessment period.

This report has been issued to the management in line with requirements of company’s policy, systems and procedures.

Prepared by

Finance Compliance Officer

Date : 09/01/2025

RJC Compliance Report

| Sr. No. | Content | Compliance status |
|-----------|---|--|
| Section-A | General Requirements | |
| 1 | Legal Compliance | |
| | The company has obtained required legal registration to operate Business in HONG KONG . | Compliance |
| 2 | Policy and Implementation | Implemented |
| 3 | Reporting | The company has prepared report to submit the management of the company as a part of reporting initiative. |
| 4 | Financial Accounts | |
| | Whether company has appointed independent and qualified financial auditor for the audit accounting records on accounting principle accepted as per HONG KONG law? | Yes the company has Complied the RJC CoP 2019 requirement of Financial Account |
| Section-B | Responsible Supply Chain and Human Rights | |
| 5 | Business Partners | |
| | The company has communicated to its business partners for the purpose of implementation of ethical business practices in their business. | Compliance |
| 6 | Human Rights | |
| | The company follows universal declaration on Human right, complies with the all requirement of Human right and trafficking. | Compliance |
| 7 | Conflict-Affected Areas | |
| | The company does not procure from the conflict affected areas | Compliance |
| 8 | Sourcing from Artisanal and Small Scale Mining | |
| | The company does not procure from artisanal and small scale Mining | Compliance |
| 9 | Community Development | |
| | The company contribute to the community development through social activities. | Compliance |
| 10 | Bribery and Facilitation Payments | |
| | The company does not deal in cash transaction. no such Bribery | Compliance |

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| | and Facilitation incident was observed during assessment period. | |
| 11 | Money Laundering and Finance of Terrorism | |
| | The company complies with the requirement of the local applicable laws and all the business related transaction is being carried out through bank. | Compliance |
| 12 | Security | |
| | The company has insured their own properties as well as required security measured are implemented. Like CCTV camera auto door locking systems etc... | Compliance |
| 13 | Provenance Claim | |
| | The company does make any provenance claim for origin/Source and Practice for its Diamonds and Diamonds Studed Jewellery. | Compliance |
| Section-C | Labour Rights and Working Conditions | |
| 14 | General Employment Terms | |
| | The company has complied with all the applicable rules and regulation of HONG KONG pertaining to employment. | Compliance |
| 15 | Working Hours | |
| | The employees are not working in overtime and working hours are restricted to a normal working hours a day/week | Compliance |
| 16 | Remuneration | |
| | The employees are paid remuneration in convenient mode to them and complied with all the provision of applicable law. | Compliance |
| 17 | Discipline and Grievance Procedure | |
| | The company has set mechanism to address the grievance and complaint. Even all the employees are free to contact to the management for their any work related issues. | Compliance |
| 18 | Child Labour | |
| | The employee has not hired any employee of less than 18 years of age. The company has prepared policy and procedure for the same. | Compliance |
| 19 | Forced Labour | |
| | The company does not force any employees to perform their work. The company has prepared policy and procedure for the same. | Compliance |
| 20 | Freedom of Association and Collective Bargaining | |
| | The employees are free for association and collective bargaining. | Compliance |
| 21 | Non Discrimination | |
| | The company has complied with the requirement of RJC CoP pertaining Non Discrimination | Compliance |

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| Section-D | Health Safety and Environment | |
| 22 | Health and Safety | |
| | The company has ensured Health and safety of all the employees and requires provisions are also made available. The company has complied with the applicable law as well. | Compliance |
| 23 | Environment Management | |
| | The company is not involved in any activity which can have a significant impact on environment. The company has trained the employees for the conservative use of natural resources. | Compliance |
| 24 | Hazardous Substances | |
| | The company is not involved in any activity which can have a significant impact on environment. The company is not using any hazardous material. | Compliance |
| 25 | Waste and Emissions | |
| | The company is not involved in any activity which can generate the significant waste and emissions and have a significant impact on environment. | Compliance |
| 26 | Use of Natural Resources | |
| | The company has trained the employees for the conservative use of natural resources of energy, paper and water. | Compliance |
| Section-E | Diamond Gold and Platinum Group Metal Products | |
| 27 | Product Disclosure | |
| | The company complies with the industry standard pertaining to product disclosure. The company is dealing in Natural diamond and it has no significant impact on users. Wherever possible, company use to disclose the parameter of the diamonds as well. | Compliance |
| 28 | Kimberley Process Certification Scheme and World Diamond Council System of Warranties | |
| | The company complies with all the provisions of the Kimberley Process Certification Scheme and World Diamond Council System of Warranties. Invoices have been verified for the same. | Compliance |
| 29 | Grading and Appraisal | |
| | The company does not generate grading and appraisal report. However, company has prepared policy and procedure for the same. | Compliance |

Compliance Officer

Date : 09/01/2025

Date: 09/01/2025

To

**Director
House of Gems Ltd.**

Dear Sir,

Sub.: Responsible Jewellery Council – CoP/Compliance Assessment – Management Review Meeting and report

We are pleased to inform you that we have completed the assessment audit for compliance to the workplace Conditions Assessment/Health Safety/Social and Employment Compliance including Responsible Jewellery Council – CoP.

We have observed that system of Compliance is in place and no corrective action or preventive action is identified.

We are enclosing our Assessment Report.

We thank you and all your employees for the active cooperation and participation in the audit process.

With Regards,

Yours sincerely,

Mehul Sidhpuria

**Lead Auditor
Independent Assessor**

INTERNAL ASSESSMENT REPORT

RJC CoP Assessment

Management Review Meeting

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ASSESSMENT REPORT

CONFIDENTIAL

| | |
|----------------------------|---|
| <u>Organization</u> | House of Gems Ltd. |
| <u>Address</u> | 26/F Canton House, 54 – 56 Queen’s Road Central, Central, Hong Kong. Email: hk@hogdiamonds.com Tel: +852-3188-3135 |

| | |
|--------------------------------------|----------------------------------|
| <u>Company Representative</u> | <u>LEE Man Yan, Betty</u> |
| <u>Site Assessed</u> | House of Gems Ltd. |
| <u>Assessment dates</u> | <u>09/01/2025</u> |

| | |
|------------------------|--|
| <u>Assessor</u> | <u>Krunal Sheth/Mehul Sidhpuria</u> |
|------------------------|--|

| | |
|---|--------------------------|
| <u>Signature of the Assessor</u> | <u>On file</u> |
| <u>Report Date</u> | <u>09/01/2025</u> |

1. Assessment Objectives:

To assess the level of compliance to the requirements of Responsible Jewellery Council- CoP

2. Assessment Scope:

Sites Covered: As above.

Scope: Diamond/Jewellery

Exclusions / Special Audit requirements: NIL

3. Non Conformities

Number of nonconformities identified:

| | | | | | |
|----------|-----|-------|-----|-------|-----|
| Material | NIL | Major | NIL | Minor | NIL |
|----------|-----|-------|-----|-------|-----|

4. General Observations (positive or negative) and opportunities for improvement:
The Company has effective internal controls as part of compliance of policies and procedures. Documentation found in order.

5. Audit Conclusions:

The entity found to be compliant as per Responsible Jewellery Council-CoP standard requirements.