

CTFG_Policy_009 (English Version)

Company Policy
Best Practice Principle (BPP)

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01 Business Ethics Policy

1. To maintain and enhance consumer trust in, and the reputation of, the Company, we are committed to combating dishonesty and fraud in all business transactions.
2. The Company shall develop programmes to ensure and monitor all workers to comply with the commitments.
3. No practice or conduct must be engaged in that brings the Diamond industry into disrepute, including but not limited to:
 - Any activity that results in a material criminal conviction
 - Buying and trading rough diamonds from areas where this would encourage or support conflict and human suffering
 - Practices which intentionally or recklessly endanger or harm the health and welfare of individuals
 - Non-compliance with international best practice and the related regulatory framework with respect to the environment
 - Any conduct that seeks to deceive, mislead, cheat or delude the consumer including:
 - a) Any undeclared or misrepresented trade in treated diamonds, whole or partial synthetics, or simulants;
 - b) Any trade misrepresenting the colour, clarity, caratage, cut and provenance of a diamond.

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02 Non-Discrimination and Disciplinary Practices Policy

1. Discrimination is prohibited in and not tolerated by the Company.
2. The Company shall not interfere with employees' rights of participation in activities. The Company should not take into account race, caste, national origin, age, disability, physical appearance, gender, marital or family status, sexual orientation, HIV status, nationality, membership of worker representative bodies or political affiliation or any criteria that are unlawful in considering issues relating to the hiring, discharge, pay, promotion or retirement of employees.
3. The Company shall not interfere with employees' rights of participation in activities and their necessary rights in relation to race, caste, national origin, religion, age, disability, gender, marital or family status, sexual orientation, HIV status, nationality, membership of worker representative bodies or political affiliation.
4. The Company prohibits all forms of harassments. Policies will be established to prohibit all aggressive behaviors that negatively affect the esteem of others and inhibit the efficiency of the working environment (including physical or verbal behaviours)
5. The following behaviors are prohibited in the Company:
 - Rape
 - Sexual assault
6. The Company is committed to establish a mechanism of confidentiality for handling and reporting the problem of discrimination and harassment and we will ensure all employees will have the right to know,
7. The Company guarantees to investigate every allegation on discrimination and harassment fairly, accurately and thoroughly, and disciplinary actions will be imposed on any participant of such activities.
8. The Company prohibits and does not tolerate physical punishment or any mentally or physically coercive behavior.

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9. In accordance with local laws, deductions from wages as a disciplinary measure shall not be permitted.

10. A fair punishment and reward mechanism and procedure shall be implemented and such shall be effectively communicated to all employees.

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03 Anti-Money Laundering Policy

1. The Company engages an independent audit firm which is properly qualified under local laws to ensure that all financial records are reliable, objective and reflects the Company's financial situation accurately and to ensure that the Company will not participant or assist in any crimes related to money laundering, terrorism financing or any other financial crimes.
2. The Company provides training for employees to understand what amounts to money laundering, terrorism financing and other financial crimes, so as to raise the employees' awareness of suspicious transactions in the sale and purchase processes, and ensures employees follow established procedures when carrying out transactions so as to prevent the commission of illegal acts and money laundering.
3. The Company only carries out transactions with companies with funds from legitimate sources. The Company prohibits any connivance in, facilitation or support of illegal activities and money laundering activities.
4. The financial accounts of the Company are audited independently every year:
 - Audits are in accordance with the international accounting standard
 - Audits are carried out by auditors who are properly qualified
 - The designation and duty of the auditors is independent and professional
5. Compliance is legally required with respect to money laundering, terrorism financing, bribery, corruption, smuggling, embezzlement, fraud, racketeering, transfer pricing and tax evasion.
6. The financial auditor is required to be aware that the rules and requirements under applicable national legislations relating to anti-money laundering and combatting financial terrorism should be complied with in dealing in precious stones or high value goods.

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04 Natural Diamonds Disclosure policy

According to the conditions below, we will disclose the information of the diamonds completely, actively and conspicuously.

1. At least full verbal disclosure of relevant information must be clearly made by our employees to customers prior to the completion of sale.
2. The Company ensures that relevant information shall be printed on the receipt clearly and with precision.
3. Any description of diamonds must be conspicuous and immediate.
4. The policy applies to the sale, advertising and distribution process of diamonds.
5. The Company shall not mislead customers through illustrations, verbal description or physical gesture.
6. The Company will not use “diamond” to describe or identify any object or product not meeting the definition below.

“Definition of diamond:

Diamond is the hardest natural substance on the earth, which are carbon atoms in crystals. Its Mohs scale of hardness is 10, which specific gravity is approximately 3.52; refractive index of 2.42 and it comes in many colors”

7. The Company will disclose all the relevant information of the diamonds publicly in accordance with the DTC diamond Best Practice Principles.
8. The Company guarantees that the words “genuine” and “natural” shall only be used during a natural diamond transaction in compliance with the DTC Best Practice Principles.
9. The Company will ensure that the policy will extend to all employees.

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10. The Company will establish relevant policies, processes and training for the employees on the identification of related products.

11. The Company shall ensure that the policy is disclosed by employees to customers during the selling process.

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05 Supply Chain Management Policy

1. The Company will adhere to the Best Practice Principles for the benefit of the following persons and companies:
 - Diamond suppliers
 - Diamond partners
2. The Company will establish programmes, procedures and commitments, including risk assessments, to ensure compliance in all respects with the Best Practice Principles by our contractors and subcontractors that are involved in mining, handling, manufacturing and sale (or purchase, as applicable) of diamonds.
3. The Company will provide suppliers and partners with a copy of the Best Practice Principles as well as information on the practical implementation of Best Practice Principles (i.e. copies of the Best Practice Principles requirements and Best Practice Principles Handbook).
4. The Company will assist the diamond suppliers and the diamond contractors on the implementation of the Best Practice Principles where applicable.
5. Before our partners are contractually engaged and undertake any related work, they should undertake in writing to comply with and implement the Best Practice Principles, including an undertaking by the partner entity to carry out self-assessments and report the results of such assessments to the Company. If circumstances permit, and with the consent of the partner entity, the Company may carry out a third-party assessment of the partner entity.
6. The Company will provide written evidence of actions it has taken to satisfy the Best Endeavours Requirements.
7. The Company shall have access to the results of their contractors' verification visits and if required, must be able to demonstrate work actively to assist the Contractor in implementing any required corrective actions.

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06 Kimberley Process Policy

1. The Company will comply with the following rules and regulations during the sale and purchase and transportation of both rough and polished diamonds:
 - Kimberley Process
 - System of Warranties From The World Diamond Council

2. The Company is committed to adopt the World Diamond Council proposed system of warranties, and undertakes to comply with the following:
 1. All buyers and sellers of both rough and polished diamonds must make the following affirmative statement on all invoices:

“The Diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these Diamonds are conflict free, based on personal knowledge, and/or written guarantees provided by the supplier of these Diamonds.”

 2. The definition of ‘Conflict Gem Stone Diamonds’ agreed by the Kimberley Process shall be adopted by the Company. That definition is as follows:

‘rough Diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future.’

 3. The Company will develop procedures for keeping records of Kimberley Process Certificates and warranty invoices received, and the warranty invoices issued, when buying or selling rough and polished diamonds.

 4. The Company shall recognize the records of Kimberley Process Certificates and warranty invoices received, and the warranty invoices issued, when buying or selling in rough and polished diamonds as certificates. This flow of certificates and warranties in, and certificates and warranties out, shall be audited and reconciled on an annual basis by the Company’s own auditors, in order to ensure

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the compliance with Kimberley Process.

5. The Company warrants the above mentioned records can be used by a duly authorized government, agency, or Third Party Auditor, to verify that the Company is in compliance with the Kimberley Process.
 6. The rules of the Kimberly Process and the requirements of the World Diamond Council will be effectively communicated by the Company to the relevant employees involved in the buying and selling of rough Diamonds and/ or the buying and selling of polished Diamonds and/ or Diamond jewellery.
3. The Company has established procedures to ensure its compliance with the requirements of the Kimberley Process.

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07 Human Rights Policy

1. Consideration of human rights including equality, freedom of association, child labour, forced labour, anti-discrimination, anti-retaliation and reasonable working hours will be a factor in any decisions regarding establishment of policies and procedures, thereby enabling the Company to deal with the human rights issue encountered.
2. The Company respects human rights and is committed to treat each employee with equality, respect and dignity. At the same time, each employee is responsible to maintain a working environment of order and equality, so as to promote a friendly environment among employees..
3. Through implementation of the above policies, the Company represents that we support, respect and protect the human rights provided in the 《Universal Declaration of Human Rights》, the 《United Nations Global Agreement》 and any other international labour association conference.
4. When there is an infringement of the human right within the working place, the Company will report the issue to the relevant appointed department or person to follow up on the issue and make appropriate arrangements, including when security personnel infringes human rights when ensuring the safety of employees and facilities. The Company will establish policies and/or procedures for security personnel concerning all aspects of human rights relevant to operations, if applicable.
5. The Company is willing to cooperate with related associations and persons in order to raise awareness of human rights problems and create an environment where views are shared openly.

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08 Forced Labour Policy

1. The Company will not use or support any kind of slavery or servitude, including forced, bonded or involuntary prison labour (all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily), or any labourious punishment as a result of political stance or financial debt problem.
2. Employees should not be required to lodge deposits or identity papers with their employers as a part of the recruitment process
3. Employees shall be free to leave the Company after reasonable notice or fulfilling the legally permitted working hours (including shifts) in accordance with the contractual provisions.

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09 Employment and Freedom of Association and Collective Bargaining Policy

All employment issues will be dealt in accordance with applicable local law. The Company shall pay particular attention to the following elements:

1. According to the local laws, the Company shall ensure that the average work hours per week and overtime work hours shall not exceed those prescribed by local laws, unless provided otherwise in local regulations, laws or executive rules.
2. Overtime work should always be compensated in compliance with national legislation. Employees (including those working shifts) will be entitled to at least one day off for every seven-day period.
3. Religious belief and religious festivals will be respected.
4. Wages and benefits shall at least be paid to employees at a minimum national legal standard and these should be adequate to cover local basic needs.
5. Payment and remuneration details shall be explained and agreed before commencement of employment and documentary evidence to confirm contractual agreements shall be supplied by the employer. Payments to employees will be accompanied by an understandable wage slip detailing all payments and deductions.
6. Payments to employees will be made in a reasonable and acceptable manner.
7. The Company will keep appropriate records of each employee such as working hours (including overtime), pay slips, benefits etc.
8. No wages of employees will be deducted without reason in contravention of local legislation and regulations.
9. Within the parameters of local legislation and the Company's policy, employees or worker representative bodies should be given opportunities to express their opinion for the purpose of facilitating communication.

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10. Employees have the right of association or right to participate in any worker representative bodies, and shall not be subject to any coercion or retaliation.
11. The Company accepts worker representative bodies to be the authorised representative in collective bargaining. The Company shall ensure that worker representative bodies can liaise with its members and that the activities of such bodies shall not be obstructed or interrupted.
12. The Company shall ensure that the operation will be ethical and lawful and shall take into account of employees' needs. The Company shall ensure that if an employee honestly discloses information on the Company's situation or ethics which he/she finds unethical, illegal or possibly illegal, no adverse impact or action will be imposed on him or her at work.
13. All kinds of retaliation are forbidden, including any threat, coercion and discrimination.
14. Complaints raised and disputes among employees will be kept confidential. Employees only need to provide necessary information for investigation. If the Company confirms the complaint to be unfounded or fraudulent after investigation, disciplinary actions may be taken against such employee.

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10 Child Labour Policy

To protect the rights of children, there are special restrictions in place in relation to underage employment under local laws.

1. The Company will comply with the above laws.
2. In addition, the Company shall comply with the local laws
3. The Company will strictly monitor the recruitment process to ensure that any work carried out by a child will comply with local laws.

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11. Best Environmental Practice and the Regulatory Framework Policy

1. The Company will establish environmental guidelines to identify any negative impacts on the environment resulting from activities of the Company, including water pollution, air pollution, destruction of land resources, light pollution, noise pollution etc.
2. The Company will establish an effective system to facilitate the management (assessment, reduction and offset) of related environmental impacts.
3. The Company will develop clear objectives and measurable targets for environmental issues, the achievement progress of which will be announced in public reports (such as annual reports or notices, etc.).
4. The Company is committed to developing constructive solutions for various environmental issues which our stakeholders concern. We will prepare and update environmental risk management and contingency plan regularly to ensure that the negative environmental impact would not harm social and socio-economic vulnerable groups.
5. The Company will foster a communication programme for environmental protection, so that relevant information can be communicated to all stakeholders in order to obtain their support and cooperation.
6. The Company will provide appropriate training and operational guidelines to employees in order to raise their awareness of the impact of their work towards the environment, thereby enhancing their knowledge on environmental protection at work

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12 Occupational Safety and Health Policy

1. The Company shall use its best endeavour to avoid and reduce accidents and work-related diseases, and keep our employees aware of industry-specific hazards.
2. Whenever necessary, the Company will co-operate fully with workers' representatives for health and safety and appropriate safety authorities to provide on-going programmes of improvements and solutions to potential hazards.
3. The Company will maintain a safe and healthy working environment for employees.
4. The Company will offer a workplace that is adequately constructed and equipped to meet accepted national safety regulations.
5. The Company will comply with the safety standards when handling and using dangerous goods.
6. Senior management of the Company is responsible for the development and implementation of occupational safety and health policy. The duties and responsibilities of each position will be clearly defined.
7. The Company will maintain a reasonable system which integrates the decision-making process of occupational safety and health , and assess the performance of the occupational safety and health system regularly.
8. The Company will ensure that adequate resources are available in all workplaces to identify, avoid and deal with potential occupational safety and health risks and to handle emergencies and accidents.
9. The Company will provide information on occupational health and safety standards to employees, including product information and labeling in line with relevant national laws.
10. The Company will discuss occupational safety and health issues with employees.

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11. The Company will provide on-going and regular programmes of training for employees and raise the awareness of the employees of this Occupational Safety and Health Policy. The purpose of the aforesaid is to enhance their sense of responsibility in relation to occupational health and safety.

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13 Product Security Policy

1. The Company will establish and implement product security policies and require the employees to comply with these procedures so as to protect against product theft, damage or substitution within the Company's premises or during transportation.
2. The Company will prioritize the security and well-being of employees and other relevant personnel when establishing and executing product security policies.
3. The head of each department for the relevant product shall be responsible for
 - monitoring the safety of the products and semi-products within the departments;
 - inspecting the security system regularly; and
 - inspecting the inter-department handover records (including handling persons, date, time, etc.)
4. The Company shall provide to end-customers products that observe the health and safety requirement in accordance with the applicable law and regulations.

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14 Bribery, Anti-Corruption, Facilitation Payments and Gifts

1. Employees are prohibited from offering or accepting or countenancing any form of bribe in order to obtain or retain improper business opportunities or influence any governmental decision-making process. The Company requires all the employees to strictly comply with the guideline stated in the relevant notices.
2. The Company will process and conduct investigations on all reports of bribery or inappropriate gifts promptly. All investigations will be kept strictly confidential. Employees will not suffer retaliation or nuisance for providing such reports or refusing to pay a bribe or facilitate payment.
3. If there are any cases which has violated applicable law significantly, they would be reported to relevant government officials accordingly.
4. The Company will implement appropriate controls and scrutiny. The Company will strive to eliminate all bribes and facilitation payments within the possible parameters.

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15 Community Engagement and Development Policy

1. The Company considers itself to be a citizen of the community. The Company is committed to actively search for opportunities to participate in the community, and to contribute to the community and embrace its social responsibilities through active community engagement. The Company strives to set a good corporate image within the community and develop a harmonious ambience in the community and contribute to the overall development and improvement of the community.
2. Designated personnel in the Company will gather the latest policies and programmes of activities in order to promote and strengthen the cooperation with relevant parties for contributing a harmonious community.
3. The Company will develop a community action plan to seek community support of development.
4. Designated personnel in the Company is responsible for the participation in activities related to community development activities, such as
 - provide job opportunities and promote employment of local residents;
 - donations to public utilities and facilities in the community;
 - participation in public welfare activities