

# BEST PRACTICE PRINCIPLES

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*The Assurance Programme*  
*Manual 2018*

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# KEY CONTACT INFORMATION

In case of queries or problems, in the first instance please visit the BPP SMART System:

<http://www.debeersbpp.com>

For further information, please contact any of the following:

## DE BEERS GROUP

Sightholders and Accredited Buyers should always contact their DBGSS Key Account Manager in the first instance.

### Purvi Shah

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Email: [purvi.shah@debeersgroup.com](mailto:purvi.shah@debeersgroup.com)

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## SGS

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### Olivia Ward

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## SGS SWITZERLAND: THE INTEGRITY HELPLINE

The SGS Integrity Hotline is accessible from all countries. It is operated by an independent contractor under the strictest confidentiality (calls are not recorded). Calls are answered in English by trained specialists. Interpreters are available.

### 1. FROM THE UNITED STATES

For a call free of charge from the United States, please dial + 1-888-475-6847.

### 2. FROM FRANCE

Please note that this communication tool is not available to French residents due to the Whistle blowing Guideline published by the French IT and Freedom National Commission on 10 November 2005. We suggest that you report the issue by another channel of communication.

Veuillez noter que cet outil de communication n'est pas disponible pour les résidents en France suite à la décision de la Commission Nationale de l'Informatique et des Libertés du 10 novembre 2005. Nous suggérons que vous utilisiez un autre moyen de communication.

### 3. FROM ALL OTHER COUNTRIES

For a call free of charge outside the US, callers must first dial the AT&T access number. The list of AT&T country access number is available at [www.att.com/traveler](http://www.att.com/traveler)

#### Instruction to callers when using AT&T direct access

Make sure you have an outside line (if using a public phone, make sure it can be used to make international calls). In certain countries you will be required to pay a minimum charge for local calls to connect to the access number.

**Step 1:** Enter the AT&T Direct Access Number for the country from where you are calling.

**Step 2:** Your call will be answered either by an AT&T operator, a tone prompt, or a tone and voice message. Enter the Hotline number: 1-888-475-6847

**Step 3:** Your call will be connected to the SGS Integrity Hotline.

If you do not speak English, or prefer to have an interpreter assist you during the call, immediately inform the Hotline specialist which language you speak, if possible in English. You will hear pre-recorded music as the specialist calls an interpreter. Do not hang up. You will then hear a recorded message in your language to confirm that an interpreter will come on line shortly. An interpreter will join your conversation to assist you in completing your call.

### 4. CALLING COLLECT

If your country does not have an AT&T direct access code, there is an international number which will accept collect calls. This number is available from most countries through the international operator. This number is +1 704 556 7046.

When using this service, you will be asked to identify yourself. If you do not wish to give your name, just say: "SGS caller."

## DE BEERS WHISTLEBLOWING HOTLINE

The De Beers Group of Companies' whistleblowing policy details conduct or behaviour that employees and other relevant persons have a duty to report, including:

- Actions that may result in danger to the health and/or safety of people or damage to the environment
- Criminal offences, including theft, money laundering, fraud, bribery and corruption
- Failure to comply with any legal obligation (including applicable anti-trust/competition laws)
- Unethical practices relating to (amongst other things) accounting, financial reporting, auditing and security matters
- Miscarriages of justice
- Any conduct contrary to the De Beers ethical principles
- Concealment of any of the above

Any person wishing to report any of the above can use Speak Up, a confidential reporting service for all employees and stakeholders of the De Beers Group. It is independently managed by Deloitte Tip-offs Anonymous. Contact details are as follows:

**Website:** [www.speak-up-site.com](http://www.speak-up-site.com)

**Email:** [anonymous@speak-up-site.com](mailto:anonymous@ speak-up-site.com)

## KEY COUNTRIES

Country	Contact number
Angola	+27 31 571 5764
Belgium	0800 75 977
Botswana	0800 600 644 Toll free fixed line 1144 Toll free mobile (Orange) 71 119 753 Toll free mobile (Mascom)
Brazil	0800 095 9032
Canada	1866 451 1590
Chile	800 363 515
China	400 120 0533
Colombia	+27 31 571 5772
India	+27 31 571 5752
Israel	1809 455 111
Japan	0800 222 0392
Luxembourg	800 8 1024
Namibia	0800 003 518 Toll free fixed line 08191847 Toll free mobile (MTC)
Peru	0800 55592
SouthAfrica	0800 230 570
Switzerland	0800 896 008
Taiwan	+27 31 571 5752
UK	0800 032 4475
Ukraine	0800 500 269
USA	1855 201 3285

# GLOSSARY

## ACCREDITED BUYER

Means a client eligible to apply for ex-plan availability which meets the compliance criteria but which does not qualify as a Sightholder.

## ASSESSABLE ENTITIES

Means entities that are subject to the BPP Assurance Programme. Further details of assessable entities are set out in **A.1** of this Manual.

## ASSESSMENT

The management process of checking records against regulatory and other standards such as those of the De Beers Best Practice Principles Assurance Programme (BPP Assurance Programme). Assessments are undertaken by internal Assessors or external Independent Verifiers, (as defined below).

## ASSESSOR

A trained person, who is capable of undertaking self-assessments in accordance with best practice. Normally the Assessor will be either an employee of the group/entity/facility concerned or an independent consultant acting on the group/entity/facility's behalf.

For the purposes of the BPP Assurance Programme, individuals conducting a Self-Assessment are referred to as Assessors and those conducting an Independent Verification are referred to as Independent Verifiers.

## ASSOCIATE ENTITY:

Means a holding of equal to or more than 20% but less than 50% of the voting power (directly or indirectly) of an entity.

## BPP ASSURANCE PROGRAMME DOCUMENTATION

Means the documents that comprise from time to time the BPP Assurance Programme, namely:

- The BPP Manual;
- The BPP Workbook;
- The BPP Requirements;
- The BPP Contractor Workbook.

## BPP COMMITTEE (BPPCO)

The internal De Beers governance committee charged with overseeing the BPP Assurance Programme.

## BPP REQUIREMENTS

The detailed Standards established by the BPPs. Also referred to as “the Requirements.”

## BPPs

The De Beers Best Practice Principles.

## BPP WORKBOOK

A document containing a list of questions directly related to the BPP Requirements. It is a tool to aid in the Self-Assessment, and is also used by third party Verifiers during the audit visits. Also referred to as “the Workbook”.

## BUSINESS PARTNER

Means any legal entity or any business (or any part thereof), from whom or to whom either the De Beers Group (or any part thereof) or (as the case may be) any Sightholder Group (or any part thereof) and/or Accredited Buyer (or any part thereof), is engaged in the diamond Pipeline.

## COMPLIANCE GROUP

Means an ultimate Parent and its direct or indirect Subsidiaries from time to time which (in respect of such Parent and Subsidiaries) are Diamond Related Businesses. Compliance Group also includes Contractors of the relevant entity. (Please refer to Annex 5 to the 2015-2018 Supply Agreement for additional information).

## COMMERCIAL GROUP

Means a Parent and its direct or indirect Subsidiaries from time to time. (Please refer to Annex 5 to the 2015-2018 Supply Agreement for additional information).

## CONSOLIDATION (IFRS) GROUP

Means a Parent and all its Subsidiaries from time to time that are Diamond Related Businesses unless such Diamond Related Businesses are genuinely independent in accordance with guidance published by GSS from time to time and applied for the purposes of the 2015-2018 GSS Supply Agreement documentation. A Diamond Related Business that is “independent” but under common ownership for the purposes of the Consolidation (IFRS) will nonetheless be required to be included in the Compliance Group (and therefore is subject to the Best Practice Principles Assurance Programme. (Please refer to Annex 5 to the 2015-2018 Supply Agreement for additional information).

## **CONTRACTOR**

Means any natural person, legal entity or business (or any part thereof) who carries out any work on behalf of the De Beers Group or (as the case may be) any Sightholder Group and/or Accredited Buyer, or any part thereof, in connection with the prospecting, mining, buying and/or selling, or manufacturing of diamonds or diamond jewellery, where the mining concession and/or diamonds is/are owned or controlled by the De Beers Group (or any part thereof) or (as the case may be) Sightholder Group (or any part thereof) and/or Accredited Buyer (or any part thereof). This definition incorporates both Substantial Contractors and Non-Substantial Contractors. See A.1.2 for further details.

## **CONTROL**

Means an entity that is controlled by another entity by nature of the fact that the controlling entity (i) is exposed, or has rights, to variable returns from its involvement with the controlled entity; (ii) has the ability to affect those returns through its power over the controlled entity; and (iii) has existing rights that give it the current ability to direct the activities that significantly affect the controlled entity's returns. This includes where the controlling entity (i) holds a majority of the voting rights in the controlled entity; (ii) is a member of the controlled entity and has the right to appoint or remove a majority of its board of directors; or (iii) holds a majority of the issued share capital (equity) of the controlled entity.

## **DE BEERS GROUP OF COMPANIES**

Means any company owned or controlled either directly or indirectly by De Beers SA. Also referred to as the "De Beers Group".

## **DBGSS**

Means, as the case may be, (i) De Beers Global Sightholder Sales (Proprietary) Limited, and/or (ii) De Beers Sightholder Sales South Africa Proprietary Limited, and/or (iii) Namibia Diamond Trading Company (Proprietary) Limited, and/or (iv) any successor(s) thereto.

## **ENTITY**

Means a company or group of companies, or other alternative arrangements (e.g. partnerships). An entity (or many entities) may form a Group. An entity may own or control one or more facilities. Responsibility for compliance with the BPPs and the BPP Assurance Programme by the facility or facilities rests with the entity that owns or controls such facility or facilities (such ownership or control vesting (as the case may be) with the De Beers Group or the Sightholder and/or Accredited Buyer.

## **FACILITY**

Means any mine, building, office, factory, shop or any other physical place of business that is owned or controlled by the De Beers Group (or any part thereof) or (as the case may be) a Sightholder Group (or any part thereof), and/or Accredited Buyer (or any part thereof) that is either geographically independent or has its own independent management.

## **GROUP**

Means either the De Beers Group of companies or (as the case may be) a Sightholder Group of companies and/or Accredited Buyer.

## **INDEPENDENT VERIFICATION**

Independent on-site Verification of the validity of the information provided in the BPP Workbook following Self-Assessment against the Requirements and employing the following three assessment methods:

Inspection

Enquiry

Observation

From time to time, there may also be a requirement to carry out an assessment to provide assurance with regard to specific issues.

## **JOINT VENTURE**

Means an arrangement in which each party has equal voting rights i.e. 50:50 (at board and shareholder level) or holds an equal amount of the issued share capital in the joint venture entity.

## **MINORITY INTEREST**

Means a holding of less than 20% of the voting power (directly or indirectly) of an entity.

## **MONITORING**

Independent Verifiers monitor and sample-check the validity of the information contained in Self-Assessment Workbook. Monitoring does not involve the Independent Verifier carrying out an Independent Verification.

## **NON-ASSESSABLE ENTITIES**

Means an Associate Entity, a Minority Interest entity, or a Non-Substantial Contractor.

## **NON -SUBSTANTIAL CONTRACTOR**

A contractor, (as that term is defined above), that generates less than 75% of its diamond related turnover in value or volume from one group entity/company/facility forming part of De Beers (or as the case may be) a Sightholder Group and/or Accredited Buyer. De Beers reserves the right to change this threshold from time to time.

## **REGION**

For the purposes of the BPP Assurance Programme, the following world regions shall apply:

North America  
Central America and the Caribbean  
South America  
Europe  
Africa  
Middle-East  
Central Asia  
Southern Asia  
Asia-Pacific  
Oceania

## **SIGHTHOLDER GROUP**

Means any company, entity and/or facility owned or controlled either directly or indirectly by a Sightholder or Accredited Buyer as applicable to the respective Compliance Group, Commercial Group and/or Consolidation Group definition.

## **SIGHTHOLDERS**

Clients to whom the De Beers sells rough diamonds under the terms of the 2015-2018 “Supply Agreement documentation”.

## **SMART SYSTEM**

Online database and Tool for BPP managers of De Beers Group (or any part thereof) or (as the case may be) a Sightholder Group (or any part thereof), and/or Accredited Buyer (or any part thereof), to help manage their compliance with the BPP requirements and the BPP assurance programme ([www.debeersbpp.com](http://www.debeersbpp.com)).

## **SUBSTANTIAL CONTRACTOR**

A contractor, as defined above, that generates 75% or more of its diamond related turnover in value or volume from one group entity/company/facility forming part of De Beers (or as the case may be) a Sightholder Group and/or Accredited Buyer. De Beers reserves the right to change this threshold from time to time.

## **SUPPLY AGREEMENT DOCUMENTATION**

Means the documents which comprise the contract between De Beers and its Sightholders or Accredited Buyers in relation to the 2015-2018 Supply Agreement arrangements, including, but not limited to, the Supply Agreement, the Conditions of Sale, the Supply Planning Fee Terms and Conditions, the BPPs, and the Sightholder Signature Licence. Save to the extent expressly stated to the contrary words and expressions defined in the Supply Agreement documentation shall have the same meaning for the purposes of the BPPs and the BPP Assurance Programme.

## **ULTIMATE BENEFICIARY COMPANY (UBC)**

The ultimate beneficiary is the Parent or the top entity of your corporate structure, which exercises effective control over a group of entities and as disclosed to DBGSS in your Sightholder/Accredited Buyer organisational structure. In some cases it may be possible to have more than one ultimate beneficiary; for example some structures may have two holding companies, each holding 50% of an entity, with subsidiary entities sitting below (in which case there would be two ultimate beneficiaries).

## **VERIFIER**

A trained person, who is capable of undertaking assessments in accordance with best practice.

For the purposes of the BPP Assurance Programme, individuals conducting a Self-Assessment are referred to as Assessors and those conducting an Independent Verification are referred to as Independent Verifiers.

## **VERIFICATION**

The process of verifying, through Independent On-Site Verification, the validity of information provided in Self-Assessment Workbooks against the Requirements. Verification will always include a visit to the group/entity/facility that is the subject of the Self-Assessment.

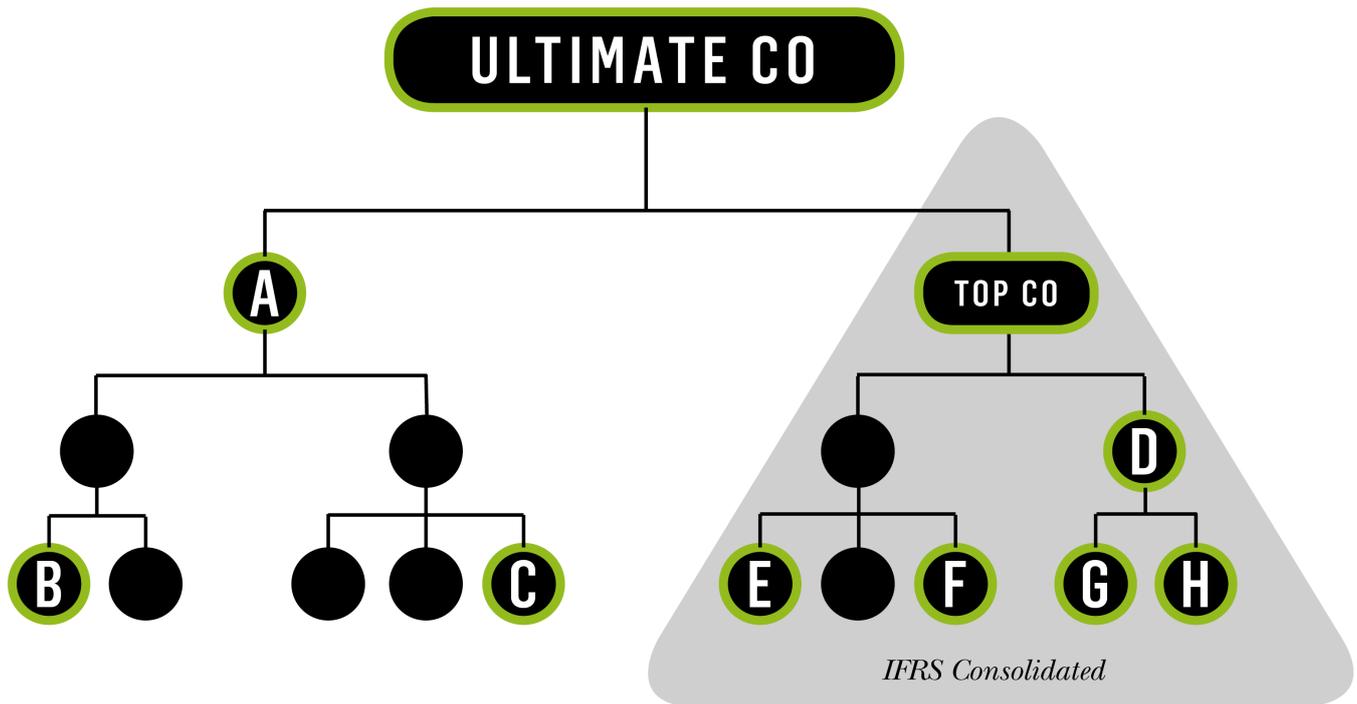
## **VIRTUAL CONTRACTOR**

Means any legal entity or business (or any part thereof) who carries out work on behalf of a Sightholder Group and/or Accredited Buyer, or any part thereof, in connection with the polishing of diamonds under a “Buy Back” arrangement. The “Buy Back” arrangement is any arrangement according to which a Sightholder and/or Accredited Buyer sells rough diamonds to (whether directly or indirectly through a sub-contract and whether such contracts are written or are oral) any entities/joint ventures/companies and agrees to re-purchase the materially equivalent goods, either by value or rough/polished conversion rate, in polished diamonds. This definition incorporates both Substantial Contractors and Non-Substantial Contractors. See **A.1.2** for further details.

## **WORKER**

This means any individual who undertakes to do or perform personally any work or services for the group/entity/facility and whose status is not that of a client or customer of the group/entity/facility. For the avoidance of doubt this definition shall include contractors and permanent, temporary, seasonal, full and part-time employees of any status (directors, managers and subordinate levels).

# GROUP STRUCTURE



## A - H = DIAMOND RELATED BUSINESSES

### DEFINITIONS

- 1) Compliance group = Ultimate Co and all diamond related subsidiaries
- 2) IFRS consolidated group = Top Co and all subsidiaries (including non-diamond related entities).
- 3) Commercial group = All joint venture and majority controlled entities within the IFRS consolidated group.

### RULES

SHIPPING: Diamond related entities within the Commercial group, that have selected a supply location  
IP: Majority controlled diamond related entities within the Commercial group

**X** = Participating in the De Beers BPP Programme

# INTRODUCTION

De Beers believes it is in the interest of those participating in the diamond industry to encourage long-term consumer demand for diamond jewellery. This goal can only be attained if the industry meets consumer expectations, which increasingly demand that businesses proactively take responsibility for the impact of their actions beyond the pursuit of profit. Now more than ever, businesses must demonstrate compliance with good business, social and environmental practices embedded in international law and increasingly adopted in national laws and best practice voluntary codes, such as the OECD Guidelines for Multinational Enterprises (2000). De Beers has therefore made compliance with the BPPs a legally binding condition of its contracts with Sightholders and Accredited Buyers and, wherever practicable, with third parties.

The BPP Assurance Programme is a systematic means of monitoring the compliance of the De Beers Group of Companies, Sightholders and Accredited Buyers, Substantial Contractors and, where relevant, their business partners in the diamond industry with the BPPs. It has been developed in this new business context to provide evidence to supply chain partners, consumers and other interested stakeholders that the exploration, extraction, sorting, cutting and polishing of diamonds, and the manufacture and sale of diamond jewellery by entities that are owned or controlled by the De Beers Group of Companies or by Sightholders or Accredited Buyers, are undertaken in a professional, ethical and environmentally friendly and accountable way.

The BPP Assurance Programme comprises a management system and set of assessment tools, a key element of which is Self-Assessment using the BPP Workbook. The information provided by completing the BPP Workbook measures compliance with the BPPs systematically, in accordance with the BPP Requirements.

The BPP Requirements set out the detailed requirements of the BPPs<sup>1</sup> and incorporate best practice measuring and reporting standards, such as the standard of Social Accountability International (SA8000) and the Global Reporting Initiative (GRI). The reporting guidelines and performance indicators of the GRI are used to produce BPP Workbooks, which help to provide assurance to a range of different stakeholder groups. One of the tangible outputs of the BPP Assurance Programme is an annual report on the business, social and environmental performance of the De Beers Group and Sightholders and Accredited Buyers.

Critically, the BPP Assurance Programme provides a means of checking compliance with requirements relating to anti-money laundering and terrorism financing activities, as well as independent monitoring to ensure that the obligations of the Kimberley Process are satisfied.

This Manual, the BPP Requirements, the BPP Workbook and the BPP Contractor Workbook constitute the BPP Assurance Programme documentation and will be updated from time to time.

All sections are applicable to De Beers Group entities with the exception of the BPP Workbook, **Section F on Gold**. Similarly, all sections are applicable to the Sightholders and Accredited Buyers with the exception of the BPP Workbook, **Section D on Mining**.

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<sup>1</sup> For example, the requirements of the BPPs to provide proper working conditions and to ensure the fair treatment of individuals means in practice that the BPPs require the freedom of association, adherence to standards relating to health, hygiene, overcrowding, working hours and safety hazards, and the elimination of the use of child labour, discrimination, and forced or bonded labour. This guidance is rooted in the labour standards of many countries and the International Labour group/entity/facility (ILO).

## **LEGAL NOTICE**

Compliance with the BPPs is an integral part of all De Beers' contractual arrangements with Sightholders and Accredited Buyers. For example, Paragraph 1.2.2 of the 2015-2018 Supply Agreement provides that Sightholders and Accredited Buyers (and any part of their Group) must satisfy and continue to satisfy the BPPs in order to be eligible as a Sightholder/Accredited Buyers. As the BPP Assurance Programme is an integral part of the BPPs, Sightholders and Accredited Buyers are accordingly required to comply with the BPP Assurance Programme. The 2015-2018 Supply Agreement entitles De Beers to refuse to accept applications for, or to sell, or to deliver diamonds if the Sightholder/Accredited Buyer (or any part of its Group) does not comply, inter alia, with the BPPs.

Aside from contractual arrangements with Sightholders and Accredited Buyers, the BPPs also play an important role in arrangements with non-Sightholders, De Beers Auction Sales customers and with Forevermark Diamantaires and Jewellers respectively.

Acting in a manner inconsistent with the BPPs and the requirements set out in the BPP Assurance Programme documents can constitute a breach of contract entitling De Beers to suspend and/or terminate a Sightholder's/Accredited Buyer's appointment (i.e. cease to supply rough diamonds).

Non-compliance with the BPPs includes the failure to complete Self-Assessment Workbooks or otherwise provide complete, accurate and up to date information for the purposes of the BPP Assurance Programme.

# A THE BPP ASSURANCE PROGRAMME FRAMEWORK

The BPP Assurance Programme has been designed to enhance consumer confidence in the integrity of the De Beers Group, Sightholders and Accredited Buyers and the diamond supply chain more generally. This will be achieved by:

- Monitoring, measuring, verifying and reporting the compliance of the De Beers Group and Sightholders and Accredited Buyers with the BPPs;
- providing assurance as to the independence and quality of the Independent Verifiers;
- ensuring appropriate and timely response in cases of independently verified material breaches of the BPPs;
- checking that the BPP Assurance Programme is not inadvertently generating adverse business, social and environmental impacts that might potentially damage the reputation of the De Beers Group, or any of their respective business partners, including Sightholders and Accredited Buyers; building management capacity to optimise compliance with BPPs and address issues responsibly;
- assuring compliance with the BPPs in accordance with legal obligations and commitments and norms of good governance and business ethics;
- providing input to the ongoing De Beers Group risk management process.

The BPP Assurance Programme comprises a framework for the implementation of annual Self-Assessment and Independent On-Site Verification.

All assessable groups/entities/facilities (see below) are subject to completing Self-Assessment Workbooks on an annual basis. In addition, on average 10% of all assessable entities will be subject to Independent On-Site Verification on an annual basis, with the proviso that at least one assessable entity/facility of each group will be subject to such Independent Verification every year.

To ensure the integrity and completeness of Self-Assessment Workbooks, Independent Verifiers will annually monitor on average a third of the Self-Assessment Workbooks. The Independent Verifier will follow up reports where data is not submitted (either at all or in incomplete form) and/or where data is not clear.

Non-submission of or a failure to complete the Self-Assessment Workbook will constitute a breach of the obligation to comply with the BPPs and could potentially result in sanctions against the defaulting group.

Submission of false information on the Self-Assessment Workbook will constitute a breach of the obligation to comply with the BPPs and could potentially result in sanctions against the defaulting group, including termination of contract.

Levels of compliance by assessable entities with the BPPs will be demonstrated through annual summary reports submitted by the Independent Verifier to the relevant De Beers BPP Committee.

The independence and quality of the Independent Verifier and its performance will also be subject to a further independent review process.

Where a Self-Assessment Workbook or other report indicates non-compliance with the BPPs, this will be followed up by the Independent Verifier and/or the applicable BPPCo, where appropriate. Where there are reasonable grounds to believe that a major infringement or material breach has occurred (or is occurring), an extraordinary Independent Verification may be conducted, in addition to the annual Independent Monitoring and Verification processes, at the expense of the Sightholder or Accredited Buyer. Sightholders and Accredited Buyers may also request for specific Independent Verification to take place, which will be at the cost of the Sightholder and/or Accredited Buyer.

Whether or not a Sightholder and/or Accredited Buyer (or other assessable group/entity/facility) is in breach of the BPPs will be determined in part by the information provided in the BPP Workbook to demonstrate compliance with the BPP Requirements. Sanctions for non-compliance will vary according to the seriousness and frequency of the breach, the accuracy of the Self-Assessment Workbook and may ultimately result in De Beers suspending supply to the Sightholder and/or Accredited Buyer concerned or terminating of the Sightholder's and/or Accredited Buyer's 2015-2018 Supply Agreement.

## A.1 ASSESSABLE ENTITIES

The diamond supply chain through which De Beers' diamonds flow consists of a large number of operating facilities world-wide involved in transforming a diamond from rough diamonds to diamond jewellery.

The De Beers Group is responsible for deciding which groups/entities/facilities are subject to Self-Assessment, Monitoring and Independent Verification under the BPP Assurance Programme. These will be identified through supply chain mapping of the De Beers Group and Sightholder Groups and/or Accredited Buyers. Each group will be responsible for submitting accurate and current information as to its structure with respect to entities/facilities. Deliberate inaccurate information will result in a breach of the BPPs and could potentially result in sanctions against the group, including termination of contract.

Each group/entity with facilities that falls within the scope of the BPP Assurance Programme (see next page) is subject to Self-Assessment, Monitoring and Independent Verification. It is, however, impractical to seek to demonstrate BPP compliance in each facility owned or controlled by all assessable entities immediately and therefore, in accordance with best practice, a prioritisation programme has been established.

For practical reasons, only groups/entities/facilities that fall within the Tiers A and Substantial Tier B (see below) will be subject to Self-Assessment, Monitoring and Independent Verification.

Those Contractors (Tier B) which are Non-Substantial Tier B will not normally be subject to Self-Assessment or Independent Verification but all Tier A must use their best endeavours to ensure compliance of relevant Tier B (Non-Substantial) entities with the BPPs and must take appropriate action where the necessary level of commitment is not achieved. This may involve encouraging Tier B (Non-Substantial) entities to undertake Self-Assessments or Independent Verifications depending on the nature of the relationship between the Tier A and the Tier B (Non-Substantial) entity on the other.

### A.1.1 DEFINITIONS APPLICABLE TO ASSESSABLE ENTITIES

A group means either the De Beers Group, a Sightholder Group and/or Accredited Buyer Group. In the context of applying the BPP Assurance Programme, the relevant definition is the Compliance Group.

An entity may be a company or group of companies, or other alternative arrangements (which may extend beyond traditional company structures e.g. partnerships, including control by an individual or a family where applicable). An entity (or many entities) may form a group. An entity may own or control one or more facility. Responsibility for compliance with the BPPs and the BPP Assurance Programme by the facility or facilities rests with the entity that owns or controls such facility or facilities (such ownership or control vesting (as the case may be) with the De Beers Group, the Sightholder, and/or Accredited Buyer.

A facility is any mine, building, office, factory, shop or any other place of business that is owned or controlled by the De Beers Group (or any part thereof), of a Sightholder Group and/or Accredited Buyers (or any part thereof), that is either geographically independent or has its own independent management.

Where the description of assessable entities refers to an entity/facility being in control of another entity/facility (the "controlled group/entity/facility"), "**control**" for BPP purposes shall have the meaning as set out in the definition of Compliance Group in the 2015-2018 Supply Agreement Glossary of Terms.

Ultimately, it will be the decision of the relevant BPPCo to determine and decide which groups/entities/facilities fall into which Tier.

It is important to note that any entity/facility identified in the Commercial Group of the 2015-2018 Supply Agreement shall be deemed to be owned and/or controlled by the Sightholder and/or Accredited Buyer, and in turn, will be deemed to be a Tier A assessable entity (see below). Commercial Group updates are sent to the De Beers Shipment Administration team via the SMART system. Any changes to the Commercial Group must be reflected on the SMART System within two (2) weeks of the effected change.

## A.1.2 TIERS OF ASSESSABLE ENTITIES

The tiers of entities with facilities that are subject to the BPP Assurance Programme comprise:

### TIER A [GROUP COMPANIES/FACILITIES]

DE BEERS COMPLIANCE GROUP	SIGHOLDER AND/OR ACCREDITED BUYER
<ul style="list-style-type: none"> <li>• Entities and facilities of De Beers Group exploration and mining entities and of other De Beers Group wholly owned or controlled entities/facilities, including the DBGSS corporate offices and other entities owned or controlled by DBGSS. This includes all exploration properties where De Beers Group entities may have co-assigned the exploration rights or activities.</li> <li>• Entities and facilities of joint venture entities jointly owned or controlled by a De Beers Group company and an Independent 3rd Party (“De Beers Joint Venture”) that are involved in diamond mining and/or exploration or the purchasing, manufacture or sales of diamonds or diamond Jewellery, such that this includes only:               <ul style="list-style-type: none"> <li>– Joint Ventures in which a De Beers Group company holds an equal number or the majority of the voting rights; and</li> <li>– Entities and facilities of the De Beers Joint Venture itself, and NOT the Independent 3rd Party joint venture partner nor its separately owned entities or facilities.</li> </ul> </li> <li>• All on-site Contractors.</li> </ul>	<ul style="list-style-type: none"> <li>• Entities and facilities of Sightholders and/or Accredited Buyers, and of other Sightholder and/or Accredited Buyers wholly owned or controlled entities/facilities involved in either, exploration, mining, cutting and polishing diamonds and in the purchasing, manufacture and/or sales of diamonds and diamond jewellery.</li> <li>• All groups, entities and facilities included in the Commercial Group of the Supply Agreement.</li> <li>• Each individual retail outlet of a Sightholder and/or Accredited Buyer or of a Sightholder and/or Accredited Buyer wholly owned or controlled entity/facility that falls within this Tier is required to undertake Self-Assessments and be subject to Independent Verification.               <ul style="list-style-type: none"> <li>– Where these retail outlets are branded, the group/entity/facility will only need to submit, through its head office, one consolidated Self-Assessment per brand per country.</li> <li>– Where these retail outlets form part of an identifiable global/international brand (as determined by BPPCo), the group/entity/facility will only need to submit, through its head office, one consolidated Self-Assessment per brand per region.</li> </ul> </li> <li>• Facilities of joint venture entities jointly owned or controlled by a Sightholder and/or Accredited Buyer and an Independent 3rd Party (“Sightholder and/or Accredited Buyer Joint Venture”) that are involved in diamond mining and/or exploration or the manufacture or sales of diamonds or diamond jewellery, such that this includes only:               <ul style="list-style-type: none"> <li>– Joint Ventures in which the Sightholder and/or Accredited Buyer holds an equal number or the majority of the voting rights; and</li> <li>– Facilities of the Sightholder and/or Accredited Buyer Joint Venture itself, and not the Independent 3rd Party joint venture partner nor its separately owned facilities.</li> </ul> </li> <li>• Where a Sightholder and/or Accredited Buyer itself is controlled either directly or indirectly by another group/entity/facility, be that group/entity/facility a natural person or persons, corporation, partnership, un-incorporated body/association, or any other legal personality (the “Controlling group/entity/facility”), the Controlling group/entity/facility and any other entities that it controls beyond the Sightholder Group and/or Accredited Buyer are deemed to be Tier A assessable entities and therefore subject to the Tier A Assessment requirements.</li> </ul>

\* \* All Tier A Associates and Minority owned companies which are part of the Compliance Group will not be subject to the BPP Assurance Programme, however will be required to sign a Letter of Best Endeavours. The relevant Sightholder or Accredited Buyer Tier A company/entity/facility is responsible for collecting and keeping up-to-date declarations on site and evidence may be requested by the independent third party auditor during Desktop reviews and/or on-site Verification Visits.

Tier A entities are responsible for ensuring that their Non-Substantial Contractors are free of the 9 material breaches of the BPPs.

## SUBSTANTIAL TIER B CONTRACTORS

All contractors including Virtual Contractors are considered ‘Tier B’ entities for the purposes of the BPP Assurance Programme. All Contractors (as defined in the Glossary) must be declared on the BPP SMART System individually at the facility level, and listed as ‘Tier B’ entities.

DE BEERS GROUP	SIGHTHOLDER/ACCREDITED BUYER
<p>A Substantial Tier B Contractor is where a Contractor’s arrangements with a De Beers Group Business Unit represents 75% or more of the Contractor’s diamond related turnover in value or volume.</p> <p>Entities or facilities with which a De Beers Group entity/facility or a De Beers Group Joint Venture have contracts (whether directly or indirectly through a sub-contract and whether such contracts are written or are oral) for:</p> <ul style="list-style-type: none"> <li>• the exploration and mining of diamond deposits owned or controlled by a De Beers Group company or a De Beers Joint Venture; or</li> <li>• the supply of substantial ancillary services relating to the exploration of diamond deposits, the commissioning and the running of De Beers Group or De Beers Group Joint Venture facilities; such as construction or engineering activities, the supply potentially hazardous materials or liquids or the transport of staff members; or</li> <li>• the manufacture, distribution or sale of diamonds or diamond jewellery owned by the relevant De Beers Group Entity/Facility or De Beers Group Joint Venture.</li> </ul>	<p>A Substantial Tier B Contractor is where a Contractor’s arrangements with a Sightholder and/or Accredited Buyer represent 75% or more of the Contractor’s diamond related turnover in value or volume. Substantial Tier B Contractors are required to participate in the BPP Assurance Programme.</p> <p>For the avoidance of doubt, Contractors are entities or facilities with which Sightholders and/or Accredited Buyers have:</p> <ul style="list-style-type: none"> <li>• contracts (whether directly or indirectly through a sub-contract and whether such contracts are written or are oral) for the manufacture, distribution or sale of diamonds or diamond jewellery owned by a Sightholder and/or Accredited Buyer or by a Sightholder and/or Accredited Buyer Joint Venture</li> <li>• agency contracts for the distribution, buying or selling of diamonds or diamond jewellery owned by a Sightholder and/or Accredited Buyer or a Sightholder and/or Accredited Buyer Joint Venture.</li> <li>• A contract or agreement with any Entities/Joint Ventures/Companies to whom the Sightholder and/or Accredited Buyer sells rough diamonds to and re-purchases the equivalent in polished diamonds</li> <li>• All on-site contractors.</li> </ul>

\* On-site contractors must submit a merged workbook with the relevant Tier A entity.

This Tier does not include retail companies to whom Sightholders and/or Accredited Buyers consign polished diamonds or diamond jewellery on ‘Memo’<sup>2</sup> terms.

For the avoidance of doubt, this Tier does not include any entities or facilities providing secondary support services such as IT, Finance or Legal or supply non-hazardous materials and liquids, such as stationery or drinking water, which are not intended to be included in the BPP Assurance Programme.

It is recommended that all Substantial Tier B entities and facilities are subject to formal written contractual obligations to comply with the BPPs.

<sup>2</sup> ‘Memo’ is the accepted industry practice of consigning **polished** diamonds or diamond jewellery to clients for pre-arranged periods for potential sale to retailers or consumers.

## NON-SUBSTANTIAL TIER B CONTRACTORS

DE BEERS GROUP	SIGHTHOLDER AND/OR ACCREDITED BUYER
<p>A Non-Substantial Tier B Contractor is where a Contractor's arrangements with a De Beers Group Business Unit represent less than 75% of the Contractor's diamond related turnover in value or volume, such Contractors shall be required to sign a letter of Best Endeavours towards complying with the BPPs and declaring that they are free of the listed 9 Material breaches of the BPPs.</p>	<p>A Non-Substantial Tier B Contractor is where a Contractor's arrangements with a Sightholder and/or Accredited Buyer represent less than 75% of the Contractor's diamond related turnover in value or volume, such Contractors shall be required to sign a letter of Best Endeavours towards complying with the BPPs and declaring that they are free of the listed 9 Material breaches of the BPPs.</p> <p>It is the responsibility of the Tier A entities to use their best endeavours to procure that its Non-Substantial contractors shall provide such information as is reasonably necessary to verify compliance with the BPPs.</p> <p>De Beers Global Sightholder Sales and The De Beers Group of Companies reserve the right to request that any entities/facilities/companies/contractors/joint ventures declared in the 2015-2018 Rough Diamond Supply Agreement application (as such details may be updated from time to time) participate in the BPP Assurance Programme and comply with the Requirements. For the avoidance of doubt, this could include an audit at a Non-Substantial Contractor's entity on reasonable request as a result of (without limitation):</p> <ul style="list-style-type: none"> <li>• media interest due to unethical behaviour; or</li> <li>• Where a contractor, whilst Non-Substantial per individual Sightholder and/or Accredited Buyer, is engaged by at least four (4) Sightholders and/or Accredited Buyers.</li> <li>• On-site Contractors cannot be listed as non-substantial.</li> <li>• Where a Contractor, whilst Non-Substantial (as defined), is manufacturing diamonds of 0.01 carat and below and therefore subject to assessment against the BPP Melee Assurance Protocol, this Contractor will need to be declared by the Sightholder or Accredited Buyer as a Substantial Contractor on the SMART system and will be deemed to be a Substantial Contractor for these purposes.</li> </ul>

The relevant Sightholder and/or Accredited Buyer Tier A company/entity/facility is responsible for collecting and keeping up-to-date declarations on site and evidence may be requested by the independent third party auditor during Desktop reviews and/or on-site Verification Visits. Tier A entities are responsible for ensuring that their Non-Substantial Contractors are free of the 9 material breaches of the BPPs.

## A.2 TIMELINES

### A.2.1 CALENDAR YEAR

The BPP Assurance Programme is aligned with the Supply Agreement calendar year and therefore in 2018, will operate from 31st of March 2018 to the 30th of March 2019. All required BPP Workbooks and associated documentation must be submitted electronically via the BPP SMART system. These submissions will be made to meet the BPP deadlines to ensure that the Independent Verifier has the time and resource to complete their verification procedures with the right frameworks.

MONTH	DE BEERS GROUP, SIGHTHOLDER GROUPS AND ACCREDITED BUYERS
APRIL 2018	Start of new BPP Cycle. Workbooks for Tier A and Tier B available for download from 3rd April.
MAY 2018	Deadline for BPP workbook submission for Tier A and Tier B entities is 14th May. Independent third party verifier to start workbook reviews for BPP Programme on 15th May.
JUNE 2018	Start of independent third party verification visits.
OCTOBER 2018	Completion of workbook review process. Verification Visit Reports reviewed by De Beers BPP team and SGS central auditors.
NOVEMBER 2018	Independent third party audits to be completed by mid-November for Sightholders and De Beers Group entities.
JANUARY 2019	End of Year Reports finalised and reviewed by De Beers BPP team.
MARCH 2019	End of Year Reports sent to Sightholders and Accredited Buyers.

## A.3 LEVEL OF PARTICIPATION

### A.3.1 ACTIVE PARTICIPATION

All entities and their facilities that actively participate in the BPP Assurance Programme are assessable entities and are required to undergo the annual BPP Assurance Programme process. Please see the section above.

### A.3.2 REACTIVE PARTICIPATION

Entities will be considered to be participating on a “reactive basis” where they are:

- Non-Substantial Tier B entities not actively taking part in the BPP Assurance Programme.

These entities are not required by the De Beers Group to participate in the annual BPP Assurance Programme process. They may, nonetheless be under a contractual obligation to comply with the BPPs, and their relevant Tier A Group may be expected to ensure that they are compliant. Non-compliance by Non-Substantial Tier B entities/facilities will be the responsibility of the relevant Tier A Group.

De Beers Group reserves the right to subject any Non-Substantial Tier B entity/facility to Independent Verification, where there are reasonable grounds to believe that the entity/facility is in breach of the BPPs or where the Non-Substantial Tier B entity/facility is engaged by at least four (4) Sightholders and/or Accredited Buyers.

### A.3.3 BEST ENDEAVOURS

Tier A entities are under an obligation to use their best endeavours to ensure that their Non-assessable entities not covered in A.3.1 or A.3.2 comply with the BPPs. This includes Associates and Minority Interest companies and Non-Substantial Tier B entities.

## **A.4 THE ASSURANCE PROCESS**

### **A.4.1 PRE-VERIFICATION RISKS REVIEW**

De Beers requires that Sightholders and/or Accredited Buyers undertake a risk review analysis of their respective assessable entities and their facilities prior to the submission of their Self-Assessment. Sightholders and/or Accredited Buyers may choose to seek the support of appropriate consultants, who can help to identify problems, provide constructive solutions and suggest training needs.

The risk review process is designed to gauge readiness and/or identify significant potential areas of non-compliance with the BPPs prior to the submission of the Self-Assessment.

A well-conducted risk review, together with corrective action, is likely to greatly enhance the chances of a successful Self-Assessment and improved compliance over time.

### **A.4.2 PRE-VERIFICATION TRAINING**

The BPP Assurance Programme will offer training from time to time to Sightholders and/or Accredited Buyers to assist in this capacity/awareness-building process to help achieve compliance.

### **A.4.3 PRE-VERIFICATION SUPPLY CHAIN MAPPING**

Prior to starting the Assessment Process, each group must identify its own entities and facilities, and those of its Contractors and Business Partners that are potentially subject to the BPPs. Details of these entities and facilities must be inputted on the SMART System ([www.debeersbpp.com](http://www.debeersbpp.com)).

These must be updated regularly and always reflect the Group's prevailing supply chain.

For those groups with recognised retail brands with more than 100 retail operations per brand, concessions may be made in consolidating the mapping on the SMART System. However these consolidations must be approved by the De Beers BPP team in advance.

### **A.4.4 SELF-ASSESSMENT**

The same documentation and process must be followed whether the Assessment is a Self-Assessment or made by the De Beers Group's Independent Verifier.

The Self-Assessment Workbook must be completed by each facility of each assessable entity within the relevant group (see **A.1** for the definition of assessable entities and facilities) and must be submitted to the Independent Verifier, via the SMART System ([www.debeersbpp.com](http://www.debeersbpp.com)), by the required annual deadline.

Each group/entity/facility, as appropriate, will be advised by the Independent Verifier what its deadline for submission of its Self-Assessment Workbook and associated documentation will be. Please see the Timelines section

**A.2** for further details.

### **A.4.5 INDEPENDENT MONITORING**

Following the electronic submission of the Self-Assessment, the BPP SMART System will automatically route each BPP Workbook to the local country office of the Independent Verifier. The local Independent Verifier will be able to assess the submission with full knowledge of the local regulations, context and circumstances and will monitor each Workbook on a sample basis, specifically looking for:

- Completeness;
- Sufficient commentary accompanying each question to support and/or qualify the Self-Assessment Workbook and to enable compliance rating to take place.

The Independent Verifier may request additional information or clarification at this time.

#### **A.4.6 INDEPENDENT VERIFICATION**

Following the Independent Monitoring, the Independent Verifier will select a proportion, normally on average, 10%, of all the group or entity's relevant facilities. Each group (be it Sightholder and/or Accredited Buyer or De Beers Group) may have at least one Independent Verification visit per year. The purpose of these visits is to verify that the Self-Assessment Workbook is **accurate**.

Should the Independent Verification identify any serious discrepancies between the Self-Assessment Workbook and the Independent Verification, then the Independent Verifier is entitled to visit further facilities of the group to ensure an accurate picture of the group's overall compliance at the **relevant group's expense**.

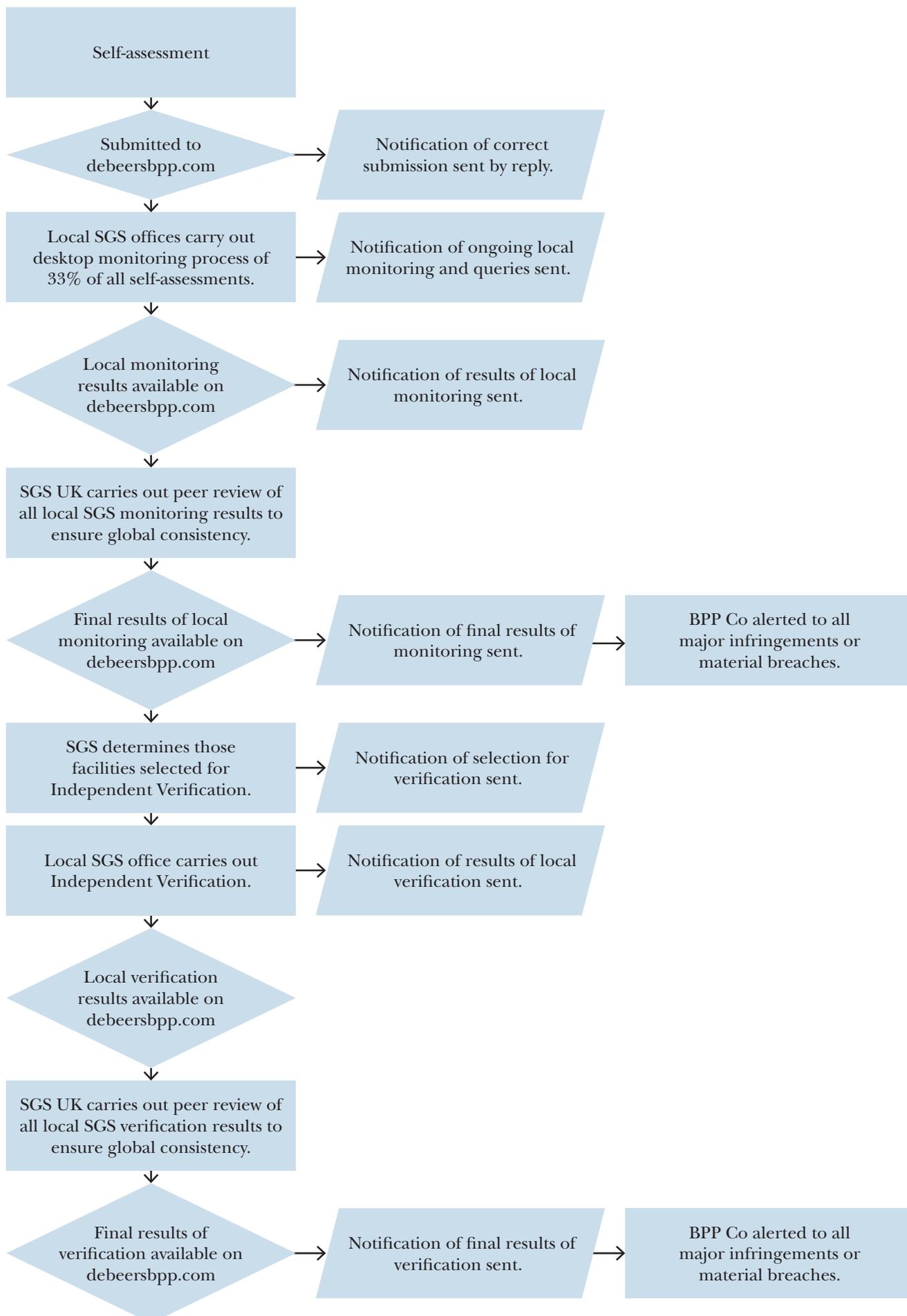
#### **A.4.7 INDEPENDENT PEER REVIEW**

All Independent Monitoring and Verification results will be further reviewed by the main/head office of the Independent Verifier, to ensure both a consistency of approach across the world and that issues are being treated appropriately. This is referred to as the Independent Peer Review.

#### **A.4.8 BPPCO REVIEW**

In addition to the Independent Peer Review the relevant BPPCo will review, with all necessary supporting information and data, all cases of Major Infringements and/or Material Breaches to assess whether any further actions need to be taken. BPPCo will also, on an anonymous basis, randomly examine Improvement Opportunities and Minor Infringements to ensure that they are also being dealt with in a consistent and appropriate manner.

A.4.9 FIGURE 1



## A.5 COMPLIANCE RATINGS

Whist ratings for findings are recommended by the local auditor following the outcome of a review or onsite verification visit, final decisions on the rating of each finding are made by joint agreement between SGS Central and De Beers teams.

### A.5.1 COMPLIANT

A “Compliant” rating means there are no compliance issues that need to be addressed.

### A.5.2 IMPROVEMENT OPPORTUNITY

An Improvement Opportunity is not a compliance issue if a satisfactory solution is found and implemented during the course of an annual Assessment. Improvement Opportunities can also be listed for the record, to assist the group/entity/facility towards continuous improvement, or be a limited compliance issue where resolution is beyond the ability of the group/entity/facility to resolve (such as instances where various national laws contradict one another). Improvement Opportunities **do not** require a Corrective Action Plan.

### A.5.3 MINOR INFRINGEMENT

A Minor Infringement is any compliance issue that can be rectified within a short period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in any adverse impact. Minor Infringements require a Corrective Action Plan. It is the responsibility of each participant in the BPP Programme to complete the self-assessment workbook in an independent manner that accurately reflects each specific operation. Where inappropriate information sharing has occurred, such as stock answers between Compliance Groups, in self-assessment workbooks submitted during the 2017 cycle, this will be rated as a Minor Infringement and will be reported in the End of Year report

### A.5.4 MAJOR INFRINGEMENT

A Major Infringement is any compliance issue that can be rectified within a reasonable period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in significant adverse impact. Major Infringements require a Corrective Action Plan with milestones/timelines.

### A.5.5 MATERIAL BREACH

A Material Breach is any serious non-compliance issue that contravenes the core BPPs. For the avoidance of doubt, material breaches may include, but are not limited to:

1. the use of child labour or forced labour;
2. trade in conflict diamonds;
3. non-disclosure of synthetic diamonds, treated diamonds or diamond simulants;
4. money laundering or the financing of terrorism;
5. wilful or negligent acts or omissions resulting in serious injury or death;
6. abuse of human rights;
7. non-payment of minimum wages;
8. causing a significant adverse effect to the environment; or
9. otherwise bringing the industry into disrepute.

Material Breaches require a Corrective Action Plan. A Material Breach will constitute non-compliance with the BPPs and therefore a breach of the Supply Agreement, and may be dealt with accordingly.

## **A.5.6 MATERIAL BREACH – TIER B**

Any material breaches committed by any Tier B assessable entity (or its facilities) irrespective of whether or not the Tier B assessable entity (or its facilities) is an active participant at the time, will put the Sightholder and/

or Accredited Buyer in breach of its obligation to ensure compliance with the BPP AP (and therefore in breach of the Supply Agreement ). Sightholders and/or Accredited Buyers are required to obtain formal contractual undertakings of compliance with the BPPs from their relevant Non-Substantial Tier B Entities annually, Sightholders and/or Accredited Buyers may be required to provide evidence of these undertakings to the Independent Verifier.

If any material breaches are found at a Non-Substantial Tier B audit, all Sightholders and/or Accredited Buyers engaged with the Contractor will be requested to proactively and diligently work with the Contractor to seek to remedy the material breaches. The De Beers Group reserves the right to request a further audit at the Tier B entity to ensure that the infringement is closed, at the expense of the Sightholder and/or Accredited Buyer.

If the Corrective Action Plan milestones for Major and Minor Infringements are not achieved, to the Independent Verifier's satisfaction, the infringement may be escalated to the next level; e.g. a Major Infringement that is not rectified satisfactorily in accordance with the Corrective Action Plan may become a Material Breach.

### **PLEASE NOTE THAT DBGSS IS ENTITLED TO TERMINATE ITS CONTRACT WITH A SIGHTHOLDER AND/OR ACCREDITED BUYER, IF:**

1. A Sightholder or Accredited Buyer (or any member of its Compliance Group including a Substantial Contractor) breaches the BPP Assurance Programme and fails to remedy the default (if capable of remedy) within a reasonable period (being not less than twenty (20), nor more than thirty (30), business days) of being requested in writing by DBGSS to do so; or
2. A Sightholder or Accredited Buyer (or any member of its Compliance Group including a Substantial Contractor) acts in a manner materially inconsistent with the BPPs or the BPP Assurance Programme, or any Non-Substantial Contractor acts in a manner materially inconsistent with the BPPs, or
3. A Sightholder or Accredited Buyer (or any member of its Compliance Group including a Substantial Contractor) acts in a manner inconsistent (but not materially so) with the BPPs or the BPP Assurance Programme, or any Non-Substantial Contractor acts in a manner inconsistent (but not materially so) with the BPPs, and fails to remedy the default (if capable of remedy) within a reasonable period (not being less than twenty (20), nor more than thirty (30), business days) of being requested in writing by DBGSS to do so, or
4. A Sightholder or Accredited Buyer (or any member of its Compliance Group including a Substantial Contractor) acts in a manner inconsistent (whether or not materially so) with the BPPs or the BPP Assurance Programme, or any Non-Substantial Contractor acts in a manner inconsistent (whether or not materially so) with the BPPs (whether or not such default is remedied in accordance with (3) above) more than three times during the term of the Sightholder's or Accredited Buyer's appointment.

## A.6 HOW TO DETERMINE A COMPLIANCE RATING

Each response provided to the questions contained in the BPP Workbook is assessed against the compliance rating system, to provide an accurate picture of exactly which issues, if any, need to be addressed, and how serious are those issues.

Additionally, each section of the Workbook includes a Compliance Rating. This Compliance Rating is generated automatically, by determining the highest level of breach, if any, identified against response to the questions in that section. For example, if in answer to the questions in a section, 2 compliances, 3 improvement opportunities, 1 minor infringement and 1 major infringement are identified, the section's Compliance Rating is 1 Major Infringement.

Figure 2 below illustrates the process for assessing the compliance rating of a group/entity/facility.

### A.6.1 HOW TO DETERMINE A RECOMMENDATION

The final recommendation to De Beers by the Independent Verifier will be made after Corrective Action Plans have been agreed with the management of the entity.

The Corrective Action Plans must be realistic and achievable, with set milestones agreed between the management and the Independent Verifier, including, where appropriate, any requirement for re-Assessment.

If these milestones are not achieved within the agreed timeframe the status of the compliance recommendation may be escalated to the next level, which may result in the De Beers Group taking further action.

Corrective Action Plans must always be submitted with a BPP Workbook, whether the Assessment in question has been conducted by the entity/facility itself as part of a Self-Assessment, or by the Independent Verifier. If Corrective Action Plans have been submitted by the entity/facility as part of the Self-Assessment Workbook, then agreement on these will be reached with the Independent Verifier during the Monitoring stage. This agreement will include the actions and timelines necessary to fulfil the Corrective Action Plans.

The Independent Verifier will make recommendations to the applicable BPPCo, in accordance with the criteria stated below. The number of Major Infringements and Material Breaches will dictate the group/entity/facility's level of compliance with the BPPs, in the following way:

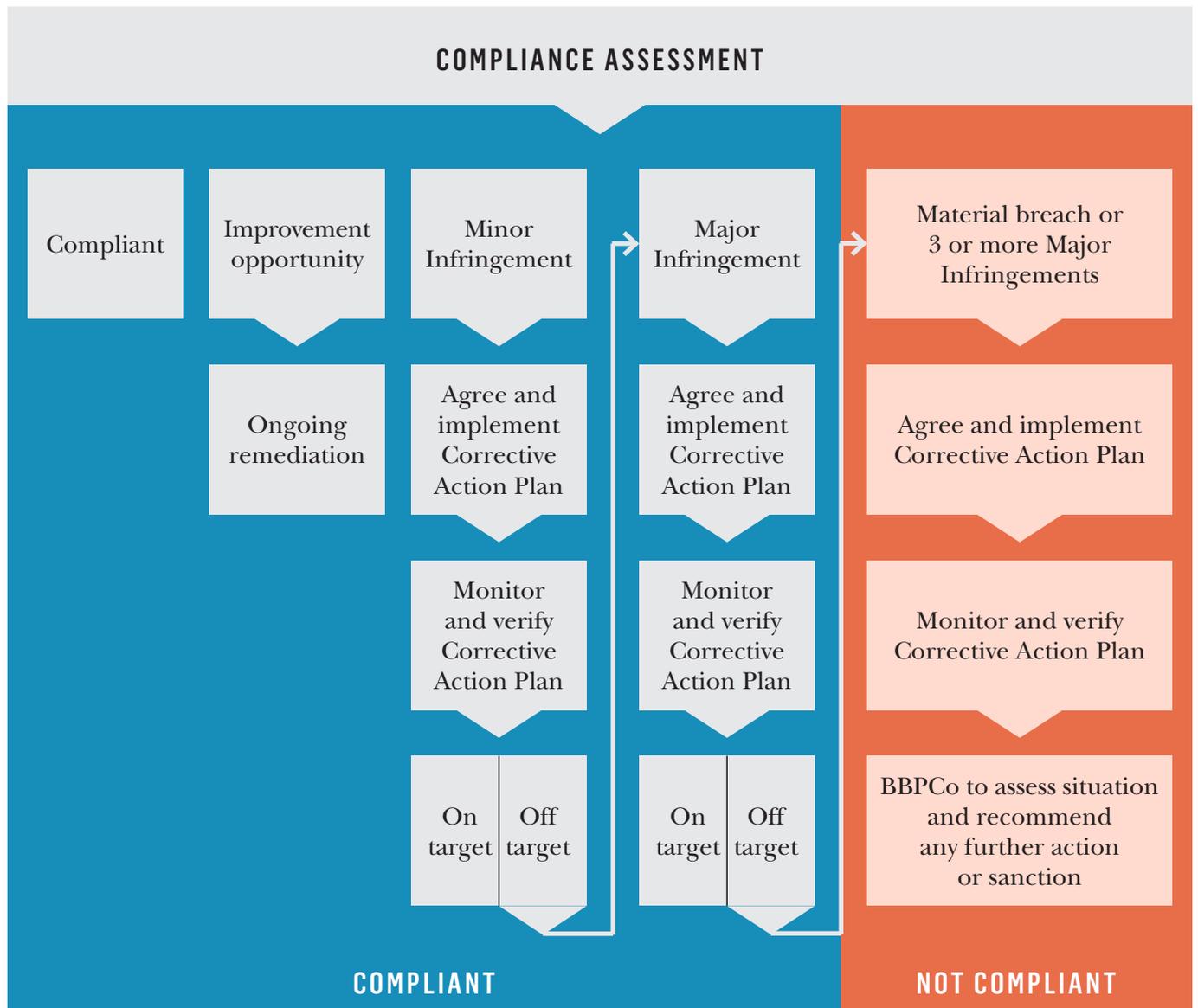
ASSESSMENT OUTCOME	CRITERIA
COMPLIANT	No Material Breaches, with Corrective Action Plans agreed and being implemented for any Major or Minor Infringements.
NON-COMPLIANT	One or more Material Breaches, three or more Major Infringements.

These recommendations will be communicated to the relevant entity/facility management, and the designated responsible person at the relevant group level, by the Independent Verifier immediately upon completion of the monitoring.

If the entity/facility is subject to an Independent Verification visit then an Exit Meeting will take place before the Independent Verifiers leave the premises to review the outcome of the Verification with the group/entity/facility's management. During this meeting, the Independent Verifier will look to agree the findings with the relevant group/entity/facility's management team and agree Corrective Action Plans to address any breaches identified.

Note that Self-Assessment or Independent Verification under the BPP Assurance Programme does not constitute exemption from any other formal, regulated assessment, audit or inspection required by the operation's local/national/regional authority (as applicable).

A.6.2 FIGURE 2



## A.7 ROLES AND RESPONSIBILITIES

Tier A assessable entities (please refer to Section A.1) are responsible for ensuring that their Substantial Tier B entities (please refer to Section A.1) comply with the BPPs. Sightholders and/or Accredited Buyers are therefore responsible, and will be held responsible, for providing assurances that their Contractors, and relevant Business Partners are compliant with the BPPs.

Tier A and Substantial Tier B assessable entities must annually submit to the Independent Verifier, via the BPP Smart System, a completed BPP Self-Assessment Workbook for Monitoring for each assessable entity and its facilities for which it has responsibility.

For the avoidance of doubt, it is the responsibility of each Sightholder and/or Accredited Buyer to ensure all its relevant assessable entities comply with these requirements according to the annual schedule.

The Independent Verifier will annually select a random sample of on average 10% of each group's assessable entities/facilities (Tiers A and B as applicable). These samples will be subject to Independent Verification visits to verify the Self-Assessments. At least one entity/facility of each group will be included in the annual sample and verified.

Each Sightholder Group and/or Accredited Buyer may determine whether its Self-Assessment is undertaken with or without the support of consultants to assist in carrying out the Self-Assessment. However, it is the Sightholder's and/or Accredited Buyer's responsibility to ensure that its nominated Assessor has the necessary expertise or receives appropriate training prior to carrying out the assessment. It is also the Sightholder's and/or Accredited Buyer's responsibility to ensure that any consultants engaged to assist in this process have expressly declared that they have no business relationship with the Independent Verifier that might compromise the integrity of the process.

## A.8 COSTS

De Beers will initially bear the costs of the:

- primary BPP Assurance Programme development;
- investigation of any reported material breach of the BPPs;
- annual Monitoring of Self-Assessment Workbooks;
- annual Independent Verification of up to 10% of assessable entities/facilities.

The Assessed entity/facility or the Sightholder Group and/or Accredited Buyer to which it belongs or the De Beers Group (and not De Beers) will bear the costs of:

- the annual Self-Assessment;
- any related consultancy linked to the annual Self-Assessment;
- the costs of any Independent Verification requested by the Sightholder Group and/or Accredited Buyer or De Beers Group company to be carried out on their own or their Contractors' facilities by the Independent Verifier, outside the normal scope of the Assessment and Verification Process;
- any corrective actions that are necessary following non-compliance with the BPPs;
- any repeat Independent Verifications required as a result of BPP compliance issues;
- further downstream training at group/entity/facility level, including, where appropriate, any training given to Tier B entities;
- any other costs that may arise.

## **A.9 THE INTEGRITY OF THE PROCESS**

### **A.9.1 DATA CONFIDENTIALITY**

All information and/or data from which it is possible to identify (directly or indirectly) the Assessed/Independently Verified entity or facility will always be made available to the:

- relevant assessed group/entity/facility;
- Independent Verifier.

All information and/or data from which it is possible to identify the Assessed/Independently Verified group/entity/facility may be made available to:

- other Independent reviewers;
- the Ombudsman (as defined in the Supply Agreement).

Information and/or data from which it is possible to identify the Assessed/Independently Verified group/entity/facility will only be disseminated to the De Beers Group where it is strictly necessary to inform the De Beers Group of:

- major infringements and/or material breaches;
- or in the context of reporting compliance levels in summary form.

Dissemination of information and/or data from which it is **not** possible to identify (directly or indirectly) the Assessed/Independently Verified group/entity/facility will not be restricted. The De Beers Group may disseminate such information and/or data at its sole discretion, including using such information and/or data in any reports it is required to make.

The Independent Verifiers and any other Independent reviewers are subject to confidentiality agreements with the De Beers Group. Groups are at liberty to enter into confidentiality agreements between the Independent Verifier and assessable entities and/or their facilities, responsibility for which lies with the group seeking such agreements.

### **A.9.2 INDEPENDENT VERIFIER INDEPENDENCE**

In keeping with best practice, the Independent Verifier must demonstrably prove itself to be independent of the De Beers Group and other entities subject to the Assurance Programme. In addition, an Independent Verifier cannot be involved in designing the BPP Assurance Programme, or in undertaking any specific BPP related training or consultancy. This will assure the continued integrity of the process.

### **A.9.3 INDEPENDENT REVIEW PROCESS**

The De Beers Group will periodically require an Independent Review Process to ensure that the Independent Verifier is independent and is providing services as required.

#### **A.9.4 THE BPP COMMITTEE**

The integrity of the BPP Assurance Programme is further maintained through six self-reinforcing assurance mechanisms:

- investigation through Independent Verification procedures of any reported material breach of the BPPs;
- Independent Monitoring of all Self-Assessed Workbooks per annum;
- verified requirement that Sightholders and/or Accredited Buyers use Best Endeavours to ensure that their Business Partners comply with to the BPPs;
- BPP annual reporting to the relevant De Beers Board of Directors;
- selective independent review of Independent Monitoring and Verification and Verifier quality assurance;
- updating of the BPP Workbook and other elements of BPP Assurance Programme documentation to reflect evolving best practice, new regulation and to promote continuous improvement.

#### **A.9.5 RIGOROUS APPLICATION**

The selection of assessable entities for Independent Verification will be made by the Independent Verifier, following guidelines established by the applicable BPPCo, with the general provisos of ensuring that at least one assessable entity or facility per Sightholder and/or Accredited Buyer business per year is Independently Verified and to allow the most efficient use of the resources of the Independent Verifier.

As part of the Independent Verification process, the Independent Verifier will monitor previous records of Self-Assessed Workbooks as well as verify the current Self-Assessed Workbook.

#### **A.9.6 AWARENESS BUILDING AND TRAINING PROGRAMMES**

To encourage commitment to the BPPs, develop capacity to undertake the annual Self-Assessments and optimise compliance with the BPP Assurance Programme, De Beers Group will promote awareness and encourage professional development and technical training.

## **B CARRYING OUT AN ASSESSMENT**

This section explains the BPP Assurance Programme approach, process and Assessment and Independent Verification procedures to demonstrate compliance with the BPPs.

The BPP Workbook contains the questions and records the results of the Assessment or Independent Verification process. This Manual and the BPP Workbook are supported by:

- The Sightholder and/or Accredited Buyer Policy Statement, that provides the contractual requirement for all Sightholders and/or Accredited Buyers to comply with the BPPs;
- The BPPs, that establish the standards according to which compliance is assessed;
- The BPP Requirements, that set out the detailed criteria for compliance.

Assessable Entities may choose to request the assistance of an independent consultant, and even nominate them as their Assessors, with the only proviso that the consultant must not have any affiliation with the Independent Verifier.

Additional questions may be added to the BPP Workbook in subsequent years to reflect developing compliance requirements and the changing business environment, in order to achieve the goal of continuous improvement.

The supporting documentation needed to complete the BPP Workbook, described in the following sections of this Manual, must be made available to the Independent Verifier upon request.

Please note that not all sections/questions will be relevant to each entity/facility. It is for this reason that the Workbooks are customised based on the relevant group/company/facility profile information declared on the BPP SMART system at the point of download. If the BPP manager deems that certain Workbook questions appear that are still not relevant please explain the non-applicability of the question in the comments section.

### **B.1 INTRODUCTORY AND PLANNING MEETINGS**

It is strongly recommended that, at the start of this process, relevant group/entity/facility personnel hold an introductory meeting to discuss how best to implement the Requirements of the BPP Assurance Programme and ensure full understanding of the Assessment or Independent Verification process.

It is also recommended that the group/entity/facility ensures that all workers are advised of the implementation of the BPP Assurance Programme and educated as to how it affects them, to ensure a consistent and comprehensive approach throughout the group/entity.

It is also essential to organise a Planning Meeting between the Assessor or Independent Verifier and the group/entity/facility representatives or management. The purpose of this meeting is to advise the group/entity/facility management of the Assessment or Independent Verification process, the documentation that needs to be prepared for the Assessment or Independent Verification and the plan for carrying out the Assessment or Independent Verification. Wherever possible, a planning meeting for Independent Verification should incorporate a site visit.

Given the scope of the BPP Requirements, it is suggested that relevant group/entity personnel attending these meetings include representatives from the group's/entity's human resources/personnel, health and safety and management departments, as well as representatives from the workforce.

Where an introductory meeting is not held before the Assessment or Independent Verification, documentation should be sent to advise the group/entity/facility of the aims and processes and to introduce the concept of the Assessment or Independent Verification to workers so as to ensure that they understand its aims and can participate fully.

## B.1.1 RECOMMENDED AGENDA FOR INTRODUCTORY MEETING

Assessable entities may find the following suggested agenda a helpful checklist of the key elements of the BPP Assurance Programme that they should cover with their nominated representatives:

- Introduction of the company's nominated Self-Assessment or Independent Verification team members;
- Introduction to the rationale for, and the objectives and scope of, the Assessment or Independent Verification;
- Description of Assessment or Independent Verification process;
- Methodology to be used – methods of data collection – Inspection, Enquiry and Observation.
- Data scope and confidentiality;
- Plan detailed schedule of site and record inspection, management and worker interviews and Self-Assessment or Independent Verification team observations;
- Preliminary overview of the entire entity/facility including floor plans, kitchens, dormitories, schooling and rest areas, any access restrictions and/or health and safety considerations for the Assessment or Independent Verification process.

## B.2 ASSESSMENT PROCESS

The Assessor or Independent Verifier will typically use Inspection, Enquiry and Observation. This will be the means to collect and corroborate data, in order to complete the BPP Workbook. Sightholders and/or Accredited Buyers should find these methods invaluable when conducting their own Self-Assessments.

### B.2.1 INSPECTION

Inspection involves the examination of company records, company policies and procedures and, where relevant national or international laws. Group/entity records and policies must be held at the assessable entity/facility.

Groups/entities being assessed are expected to have a sound knowledge of relevant national law.

The purpose of the BPP Assurance Programme is to evidence compliance with the BPPs. Where this can be achieved by providing existing valid evidence of compliance with internationally recognised standards, this is strongly encouraged. Facilities being Assessed should submit evidence of any certification that already exists, such as SA8000, ISO14001 or OHSAS18001, together with the certification report and details of the Assessor/Independent Verifier that carried out the certification.

All relevant documentary evidence in support of the Self-Assessment, other than any certification as mentioned above, should be held at the assessable entity/facility in the event that the Independent Verifier wishes to inspect it.

During the Independent Verification, the Independent Verifier will review all relevant social and environmental documents on a sample basis. Single documents, such as accident logs, etc., should be maintained and reviewed for a period of at least 12 months leading to the current date.

Where company records need to be reviewed on a sampling basis, the following sampling scheme will be used as a guide:

TOTAL NUMBER OF WORKERS	SAMPLE SIZE
50 and fewer	5
Between 51 and 100	8
Between 101 and 500	12
Between 501 and 1000	20
Multiples of 1000	Extra 20 per 1000

## B.2.2 ENQUIRY

Enquiry involves the Assessor or Independent Verifier seeking information from persons inside or outside the entity/facility being assessed. This will typically involve face to face interviews. Interviews provide important corroborative information that will help to support the integrity of the Independent Verification.

The subjects of the interviews are likely to include members of the assessable entity/facility's management team or selective representatives in addition to selected workers within the context of each assessment topic.

The specific aims, objectives and attendees for each interview will be itemised under the Enquiry heading within each assessment topic.

The following sampling scheme will be used as a guide when determining the number of people to interview:

TOTAL NUMBER OF WORKERS	SAMPLE SIZE
50 and fewer	5
Between 51 and 100	8
Between 101 and 500	12
Between 501 and 1000	20
Multiples of 1000	Extra 20 per 1000

## B.2.3 OBSERVATION

**NOTE: Observations are particularly relevant to the Assessment conducted by the Independent Verifier.**

Observation involves looking at processes being performed by personnel in their day-to-day environment. The following is a list of possible meetings and/or events that assessable entities/facilities might wish to consider when carrying out their Self-Assessments:

- meetings between management and workers;
- health and safety inspections;
- local Non-Governmental group/entity/facilities (NGOs);
- other stakeholders as appropriate.

Observation by the Independent Verifier will start at an introductory meeting at the beginning of the Independent Verification and will only end when the process of Assessment is complete.

## B.3 ASSESSING AGAINST THE REQUIREMENTS

The following sections are designed to assist in preparing to respond to, and assessing compliance with, the BPP Requirements.

It introduces a set of generic policies containing policy elements that correspond to the range of requirements of the BPPs. Each policy is rooted in international law, national law in countries involved in the diamond industry, and best practice policies of other businesses that operate globally, which are publicly available.

These policies may form the basis for a process of consultation within a group/entity/facility to tailor a policy in that area to suit the group/entity/facility's geographical location production circumstances and cultural context. These policies are suggestions only although the elements that address actual BPP mandatory commitments are core to the BPPs.

Policies are statements that commit the group/entity/facility, and all relevant people within it, to behave in a particular way. Policies generally require:

- a general statement on the commitment of the group/entity/facility to the subject of the policy;
- an explanation of the scope of the policy;
- guidelines on how to implement the policy elements – including information about relevant senior management responsibility;
- monitoring systems to evaluate the results of policy implementation;
- awareness building mechanisms such as display or training to ensure that relevant people understand the policy and the implications of failing to adhere to it.

In order to ensure clear communication and accessibility, it is good practice that all policies that are adopted are made available in both the relevant local language(s) and, ideally, English.

It is also important to bear in mind that all the policies presented below are inter-linked and overlap to some extent. As such, policies need not necessarily be split up as presented here.

The key points to address in developing a policy are the relevant elements and the structure (e.g. commitment, scope, implementation, management system and awareness building). There is no reason why particular policy areas for example, those pertaining to labour standards or social responsibilities more broadly, cannot be grouped under a policy named Labour Policy or Social Policy, for example.

Groups/Entities are encouraged to choose their own policy titles, scope and elements to suit their own particular circumstances. Copying directly from this resource may not always suit exact individual requirements in any event.

It should be noted that, with regards to these policies, where national laws stipulate general standards for companies, but certain (for example, small) businesses are provided exemptions, such as being subject to lower or no set standards, De Beers encourages compliance with the higher general standards. Where no appropriate national laws exist, groups/entities/facilities are encouraged to follow the appropriate United Nations and/or International Labour ('ILO') Conventions and Declarations and/or other relevant recognised international standards.

Policies are evolving documents that should be proactively and responsibly developed. It is therefore essential that Group/Entity/Facilities review policy regularly, integrating any new elements as necessary.

It is likely that some statements concerning implementation, scope, management systems and awareness building will be applicable to all policies. The following guidelines are suggestions that could be included in all policies.

**IMPLEMENTATION:**

- A statement that there is a senior member of the group/entity/facility responsible for the effective operation of the policy.

**SCOPE:**

- A statement that all issues of the policy will be managed as integral parts of the business and planning of the group/entity/facility.

**MANAGEMENT SYSTEM:**

- A statement that the group/entity/facility will maintain a management system that aims to integrate business, social and environmental issues into its decision-making and risks review processes.
- A statement that the group/entity/facility will conduct regular assessments to evaluate compliance with and effectiveness of this policy. It will also report the outcomes annually to the supervisory board or governing body of the group/entity/facility to promote continuous improvement.

**AWARENESS BUILDING:**

- A statement that all workers will undergo regular (and recorded) training and awareness building with respect to the issues covered in this policy – fostering an awareness of shared responsibility and accountability.
- A statement that all new workers will be given a copy of the policy, and will be trained in the policy, either as part of the employee induction process or as part of an apprenticeship scheme.
- A statement that the group/entity/facility will also seek to make existing workers aware of the issues covered in this policy.
- A statement that the policy will be displayed publicly and prominently (for example, on a notice board).

Where additional statements regarding implementation, scope, management systems and/or awareness building may be advisable, this is noted on the following individual policy guidelines.

## **B.4 BUSINESS RESPONSIBILITIES**

### **B.4.1 ETHICAL STANDARDS**

#### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Business Principles
- Information on any material convictions/penalties

#### **INSPECTION**

- Review 'Business Principles' policies, Codes of Conduct and system-based approaches addressing the issues of financial accounting and auditing across the group/entity/facility.

#### **ENQUIRY**

- Interview key management and workers concerning the issues of compliance with the law and the degree to which any existing policies and procedures effectively address these issues.

#### **POLICY ON ETHICAL STANDARDS**

Key elements in a policy on Ethical Standards might include:

#### **COMMITMENT**

- A statement that the group/entity/facility is committed to combating dishonesty and fraud in all business transactions in order to maintain and enhance consumer trust in, and the reputation of, the gem diamond industry.
- A statement that the group/entity/facility is putting in place programmes that monitor the effectiveness of these commitments and hence supporting all workers in this endeavour.
- A statement that the group/entity/facility will adhere to national laws.
- For De Beers Group Business Units, a Code of Conduct that brings together all the core principles, policies and values of the organisation and acts as a guide for employees and contractors to make the right decisions at work.

#### **IMPLEMENTATION**

- A statement that no practice or conduct will be undertaken that brings the diamond industry into disrepute for examples of practices or conduct.
- For De Beers Group Business Units, clear communications and implementation plans for effective roll-out of a Code of Conduct.

### **B.4.2 COMMITMENT**

#### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- A publicly available commitment, communicated to employees, documenting dedication to responsible business practices
- Policies and/or procedures for the senior management to perform a commitment review and gap analysis

#### **INSPECTION**

- Review of commitment
- Verification that it is publicly available and has been communicated to employees
- Review of procedures relating to the commitment
- Inspection of commitment review performed by senior management

#### **ENQUIRY**

- Interview with senior management appointed to review the policy

#### **POLICY ON RESPONSIBLE BUSINESS PRACTICES**

Key Elements in a policy on Responsible Business Practices might include:

#### **COMMITMENT**

- A statement documenting the entity's dedication to responsible business practices.

#### **IMPLEMENTATION**

- A statement that a member of senior management should frequently review the commitment and ensure that it is up to date.

#### **AWARENESS BUILDING**

A statement that the commitment will be publicly available and communicated to all employees.

### **B.4.3 BRIBERY, ANTI-CORRUPTION, FACILITATION PAYMENTS AND GIFTS**

#### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Bribery, facilitation and gifts policy and/or procedure documents
- Implementation of adequate procedures
- training records, gifts register and facilitation payment register

#### **INSPECTION**

- Review policies and system-based procedures across the group/entity/facility addressing the issues of bribery, facilitation payments and gifts in accordance with all applicable laws.

#### **ENQUIRY**

- Interview key management workers concerning key compliance strategies of relevant bribery and corruption legislation across the group/entity/facility and the degree to which any existing policies, regulation and practices effectively address these issues.
- Inspect training records
- Inspect gifts and facilitation payments register.

#### **POLICY ON BRIBERY, ANTI-CORRUPTION, FACILITATION PAYMENTS AND GIFTS**

Key elements in a policy on Bribery, Anti-Corruption, Facilitation Payments and Gifts might include:

#### **COMMITMENT**

- A statement that the group/entity/facility will comply with national and, where appropriate, international legislation and regulations with respect to Bribery, facilitation payments and gifts

#### **IMPLEMENTATION**

- A statement that, where applicable, the group/entity/facility will take appropriate action to comply with and/or satisfy the legislation, guidelines, conventions and recommendations outlined in the BPP Requirements
- A statement that condoning, facilitating or supporting illegal activity is prohibited and that adequate procedures are in place.

### **B.4.4 MONEY LAUNDERING, TERRORISM FINANCING AND OTHER FINANCIAL OFFENCES**

#### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will need to be referenced:

- All applicable national anti-money laundering legislation
- UN Anti-Money Laundering Convention
- FATF 40 + 9 Recommendations
- OECD Guidelines for Multinational Enterprises
- Financial audit results.

#### **INSPECTION**

- Review policies and system-based procedures across the group/entity/facility addressing the issues of money laundering, terrorism financing and other financial offences such as bribery or corruption. Review these with reference to all applicable national anti-money laundering legislation.
- Where applicable, also review these with reference to the UN Anti-Money Laundering Convention, FATF 40 Recommendations and the OECD Guidelines for Multinational Enterprises.
- Verify the company has been/is audited by a properly qualified, independent Auditor to international accounting standards.

#### **ENQUIRY**

- Interview key management and workers concerning the issues of financial accounting and auditing, as well as money laundering, terrorism financing and other financial offences, both within and outside the group/entity/facility, and the degree to which any existing policies and procedures effectively address these issues.

## **POLICY ON MONEY LAUNDERING, TERRORISM FINANCING AND OTHER FINANCIAL OFFENCES**

Key elements in a policy on Money Laundering, Terrorism Financing and Other Financial Offences might include:

### **COMMITMENT**

- A statement that the group/entity/facility will comply with national and, where appropriate, international legislation and regulations with respect to money laundering, terrorism financing, bribery, corruption, smuggling, embezzlement, fraud, racketeering, transfer pricing and tax evasion.
- A statement that the group/entity/facility will act in accordance with national laws with respect to the auditing of its financial accounts.

### **IMPLEMENTATION**

- A statement that, where applicable, the group/entity/facility will take appropriate action to comply with and/or satisfy the legislation, guidelines, conventions and recommendations outlined in the BPP Requirements 1.2.
- A statement that the group/entity/facility will apply high standards in the selection, screening and acceptance of suppliers and purchasers of rough and polished diamonds, ensuring anti-money laundering policies and procedures are adopted, mandating due diligence during the selection process, continued transaction monitoring and worker training.
- A statement that the group/entity/facility only does business with companies whose business is legal and whose funds come from lawful sources.
- A statement that condoning, facilitating or supporting illegal activity and/or money laundering is prohibited.
- A statement that, where applicable, the group/entity/facility will have financial accounts independently audited on an annual basis.
- A statement that this audit will be carried out by a properly qualified auditor to international accounting standards.
- A statement that there will be no bias or influence in the appointment of the auditor.

## **B.4.5 KIMBERLEY PROCESS AND SYSTEM OF WARRANTIES**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- The Essential Guide to Implementing the Kimberley Process;
- Local Kimberley Process guidelines;
- Local Kimberley Process authority contact details;
- Results from monitoring systems and audits on the Kimberley Process Certification Scheme and World diamond Council System of Warranties;
- A sample of company invoices;
- List of workers involved in the buying and selling of rough diamonds;
- A copy of the Kimberley Process Certification Scheme communication plan for staff;

### **INSPECTION**

Review the group/entity/facility's contracts, certificates, invoices and records of workers involved in the buying and selling of rough diamonds. Verify that:

- The group/entity/facility is registered to the local industry authority;
- Certification has never been denied within last 12 months;
- Workers involved in buying and selling of rough diamonds are registered;
- There is a full declaration in the group/entity/facility's invoices, in accordance with the WDC's guide to implementing the Kimberley Process;
- Review all local government Kimberley Process policy and local industry authority certificates relevant to the group/entity/facility within the Assessment period.
- Review the group/entity/facility's contracts, certificates, invoices and records of workers involved in the buying and selling of polished diamonds and diamond jewellery. Verify that:
- There is a full declaration in the group/entity/facility's invoices, in accordance with the WDC's System of Warranties;

In addition, verify that:

- All relevant workers involved in the buying and/or selling of rough diamonds, polished diamonds and/or diamond jewellery have had the rules of the Kimberley Process and the requirements of the World diamond Council communicated to them.

### **ENQUIRY**

- Contact the local industry authority to verify the above.
- Randomly select workers from a list of workers involved in buying and selling of rough diamonds and interview to verify the above.

## **POLICY ON THE KIMBERLEY PROCESS AND WORLD DIAMOND COUNCIL SYSTEM OF WARRANTIES**

Key elements in a policy on the Kimberley Process and System of Warranties might include:

### **COMMITMENT**

- A statement that there will be compliance with all rules of the Kimberley Process and all requirements of the World diamond Council

### **IMPLEMENTATION**

- A statement that the definition of 'Conflict Gem Stone diamonds' agreed by the Kimberley Process will be adopted (reference BPP Requirements A.5.1).
- A statement that the World diamond Council System of Warranties will be adopted and that the required affirmative statement is made on all invoices by buyers and sellers of rough and/or polished diamonds (reference BPP Requirements A.5.2).
- A statement that, where applicable, records will be kept of Kimberley Process certificates, Warranty invoices received and Warranty invoices issued when buying or selling diamonds.
- A statement that the flow of certificates and warranties in and certificates and warranties out will be audited and reconciled annually by the company's own independent financial auditors.
- A statement that these records will be available for scrutiny by a duly authorised government agency or Independent Financial Auditor upon request.

### **AWARENESS BUILDING**

- A statement that the policy on the Kimberley Process and System of Warranties will be communicated to all employees.

## **B.4.6 PRODUCT SECURITY**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Policies and/or procedures for product security; priority should be placed on human life over valuables.
- Implementation of adequate procedures and clear records on product handling, storage and transportation that will assist in identifying anything irregular.
- Training for staff involved with movement and security of product.

### **INSPECTION**

- Review policies and system-based procedures across the group/entity/facility addressing the key risk areas of product security.

### **ENQUIRY**

- Review of policies/procedures.
- Interview key staff involved with movement and security of product.
- Inspect training records.

### **POLICY ON PRODUCT SECURITY**

Key elements in a policy on Product Security might include:

#### **COMMITMENT**

- A statement that the group/entity/facility will prioritise human life over valuables.

#### **IMPLEMENTATION**

- It is often good security practice not to document all or part of the security procedures as the policy itself may pose a risk to security;
- Carry out a risk assessment that will identify what is lacking in the management of product security and where people may be at risk. Risks may be higher or more evident in certain countries/locations, industry sectors, in transit or with some business partners; and
- Review whether insurance is adequate.

## B.4.7 DISCLOSURE

### REQUIRED INFORMATION

To complete this section of the Assessment, the following will be needed:

- A sample of company invoices
- List of workers involved in the buying and selling of diamonds
- Company policy for selling diamonds in accordance with the BPPs

### INSPECTION

- Review the group/entity/facility's contracts, certificates, invoices and records of workers involved in the buying and selling of diamonds, to verify that correct internal and external procedures have been applied when buying or selling diamonds, and that all treated diamonds, synthetics and/or simulants have been fully declared.

### ENQUIRY

- Randomly select workers from a list of workers involved in buying and selling of diamonds and interview to verify the above.

### POLICY ON DISCLOSURE

Key elements in a policy on Disclosure might include:

### COMMITMENT

- A statement that information about a diamond, treated diamond, synthetic diamond or diamond simulant will be fully, proactively and conspicuously disclosed at all times (in accordance with the BPP Requirements).
- Standard nomenclature for how the group/entity/facility discloses its different diamond products. It is recommended that the terminology adopted is aligned with the ISO 18323:2015 standard on Jewellery - Consumer confidence in the diamond industry.

### IMPLEMENTATION

- A statement that all relevant information will be verbally disclosed prior to completion of sale.
- A statement that all relevant information will be conspicuously disclosed on receipts/bills of sale in plain language, readily understandable to the consumer.
- A statement that disclosure will immediately precede or succeed the description of the stone and be equally conspicuous to that description.
- A statement that this policy applies to the selling, advertising and distributing of any diamond, treated diamond, synthetic diamond or diamond simulant.
- A statement that there will be no attempt to mislead consumers through illustrations, descriptions, expressions, words, figures, depictions or symbols relating to the stones.
- A statement that the unqualified word 'diamond' will not be used to identify any object that does not meet the definition of a diamond as set out in the BPP Requirements section (i).
- A statement that all information relating to a treated diamond, synthetic diamond or diamond simulant will be disclosed in the manner set out in the sections specific to these stones in the BPP Requirements.

### AWARENESS BUILDING

A statement that the Disclosure policy will be communicated to employees.

Please refer to the *Disclosure Practice Note and Standard Guidance – Undisclosed Synthetics* for further information.

ISO 18323:2015 (Jewellery -- Consumer confidence in the diamond industry)

The international standard mentioned above was published in July 2015 and sets out permitted descriptors for the diamond industry. De Beers has aligned the nomenclature standards advised in the ISO 18323 standard within the guidance provided in the Disclosure section of the BPP Requirements.

De Beers recommends that Sightholders and Accredited Buyers adopt the same labelling to describe diamonds, treated diamonds, synthetic diamonds, composite diamonds and imitations of diamonds when buying and selling diamonds in order to promote product integrity, consumer confidence and transparency across the diamond industry.

## **B.4.8 MELEE ASSURANCE PROTOCOL FOR SIGHTHOLDERS AND ACCREDITED BUYERS**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Policy for Melee Assurance Protocol.
- Pipeline map for diamonds that are 0.01 carats and below in the entity's pipeline.
- Risk assessment analysis for each aspect of the entity's pipeline.
- Clearly defined and separate procedures for each risk area.
- A list of all off-site contractors participating in the Melee Assurance Protocol which has been signed off by a Key Individual of the Group.
- Evidence that all off-site contractors participating in the Melee Assurance Protocol have been declared as Substantial contractors on the BPP SMART system.
- Evidence of annual audits conducted by the Group's BPP manager or equivalent at the premises of all off-site contractors participating in the Melee Assurance Protocol to verify that systems are being implemented and guarantees are being met.
- A sample of company invoices.
- Tamper-evident packaging shall be provided to off-site contractors for use when returning diamonds that have qualified for the Melee Assurance Protocol.
- Evidence that all relevant contractors have provided the required guarantees as defined in the Disclosure Practice Note.
- Evidence of full testing to detect for synthetic diamonds in identified high risk areas and sample testing using the prescribed sizes from the BPP Disclosure Practice Note at identified medium risk areas.
- A current list of workers, including department name, who are involved in handling these diamonds.
- Training records.

### **INSPECTION**

- Review the group/entity/facility's pipeline risk assessment, internal and external procedures.
- Review the list of all contractors participating in the Melee Assurance Protocol signed by a Key Individual.
- Review of the report from verification visits conducted by the BPP manager at contracting entities.
- Evidence that tamper evident packaging has been provided to relevant contractors.
- Sample reviews of invoices with relevant guarantees.
- Review of training records and training material.

### **ENQUIRY**

- Randomly select workers and interview to verify that the policy and procedures are adhered to.

### **POLICY ON MELEE ASSURANCE PROTOCOL**

Key elements in a policy on Melee Assurance Protocol might by way of illustration include:

### **COMMITMENT**

- A statement that the Group is committed to minimising the risk of undisclosed synthetic diamonds entering the natural diamond pipeline.

### **IMPLEMENTATION**

- A statement that the Group will implement, and frequently review, processes and training at all identified risk areas within the natural diamond pipeline for goods that are 0.01 carats and below.
- A statement that a Key Individual from the Group will frequently review and sign off on a list of all contractors participating in the Melee Assurance Protocol.
- A statement that the BPP manager or equivalent will conduct their own on-site audits at contracting entities to verify that procedures are being implemented to meet the Melee Assurance Protocol requirements.

### **AWARENESS BUILDING**

A statement that the Melee Assurance Protocol policy and processes will be communicated to all employees.

### **OFF-SITE CONTRACTORS**

#### **REQUIRED INFORMATION**

- Procedures to ensure that all diamonds that qualify for the Melee Assurance Protocol are segregated for each client and returned in tamper-evident packaging (to be provided by the Sightholder/Accredited Buyer).
- Procedures to address product security including the prevention of theft and substitution of diamonds.
- Provision of guarantees to clients participating in the Melee Assurance Protocol as predefined in the BPP Standard Guidance on Undisclosed Synthetic Diamonds.
- Evidence of training for workers implementing the Melee Assurance Protocol.

#### **INSPECTION**

Review of all procedures, systems, guarantees, tamper-evident packaging and training records through onsite verification visits against the Tier B Contractor workbook.

#### **ENQUIRY**

- Random selection of workers to ensure that procedures are being effectively implemented.

## **B.4.9 SUPPLY CHAIN MANAGEMENT/ BEST ENDEAVOURS**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- To complete this section of the Assessment, the following will be needed:
- Programme/procedures to address company compliance with the BPPs;
- List of the company's diamond suppliers;
- List of the company's diamond industry clients;
- List of company's diamond contractors and sub-contractors;
- List of the company's agents such as security or recruitment agencies;
- Risk assessment on business partners to identify any potential reputational risks;
- List of workers involved in the buying and selling of diamonds;
- A sample of company invoices;
- Evidence of best endeavours (letters, minutes from meetings, training programmes, etc.; and with suppliers and clients).

### **INSPECTION**

- Review the group's/entity's/facility's contracts, certificates, invoices and records of workers involved in the buying and selling of diamonds;
- Review the risk assessment conducted on business partners;
- Verify that the Sightholder and/or Accredited Buyer contractors and sub-contractors are identifiable and complying with the BPPs; and
- Verify that Best Endeavours have been made to ensure that Sightholder and/or Accredited Buyer diamond industry clients and diamond suppliers are identifiable and have undertaken to comply with the BPPs.

### **ENQUIRY**

- Randomly select workers from a list of workers involved in buying and selling of diamonds and interview to verify the above.

### **POLICY ON SUPPLY CHAIN MANAGEMENT/ BEST ENDEAVOURS**

Key elements in a policy on Supply Chain Management/ Best Endeavours might include:

### **COMMITMENT**

- A statement that Best Endeavours will be used to ensure the commitment of non-Substantial Tier B entities to comply with the BPPs;
- A statement that applicable Tier B entities will be supplied with a copy of the BPPs as well as

information on the practical implementation of the BPPs (for example, copies of the BPP Requirements and the BPP Assessment Workbook); and

- A statement that other actions to ensure Tier B commitment to comply with the BPPs will be taken as appropriate.

## **B.4.10 PROVENANCE CLAIMS**

### **BACKGROUND INFORMATION**

A Provenance Claim is a documented claim, made through the use of descriptions or symbols, relating to diamonds, synthetic diamonds, gold and/or platinum group metals that are offered for sale, whether as stand-alone materials or set in jewellery.

The claim(s) can be related to the geographical origin of the materials, such as country, mine or corporate ownership of the mining facility, and also around the source of the materials, for example recycled, mined, artisanally mined, or date of production. Claim(s) concerning specific practices applied in the supply chain relevant to the BPP Programme, including but not limited to, standards applicable to extraction, processing or manufacturing, conflict-free status, or due diligence towards sources would also be considered as Provenance Claims.

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Procedures to identify and record provenance claim(s).
- Procedures for validating provenance claim(s) and maintaining supportive evidence.
- Documented criteria/requirements that consistent with the claim(s).
- Documentation on the implementation of controls to maintain the integrity of materials covered by provenance claim(s)
- Written training procedure, training materials and employee training records.
- Complaints or grievance mechanism and information on how to access it.
- Records of complaints or grievances relating to provenance claim(s).
- Interviews with employees.

### **INSPECTION**

- Review the group/entity/facility's advertising and sales documentation, policies and procedures, training materials and register.

## ENQUIRY

- Interview key management and workers affected by the provenance claim(s) across the group/entity/facility and assess the degree to which any existing policies, requirements and practices effectively address the claim(s).

## POLICY ON PROVENANCE CLAIMS

Key elements in a policy on Supply Chain Management/Best Endeavours might include:

## COMMITMENT

- A statement that all provenance claims made will be fully valid along with available evidence to support the claim(s).

## IMPLEMENTATION

- A statement that all claims and statements (made to consumers or other businesses) on practices in the supply chain and the origin or source of diamonds, synthetic diamonds, gold and/or platinum through the use of both descriptions and symbols are valid.
- A statement that there will be no attempt to mislead consumers through illustrations, descriptions, expressions, words, figures, depictions or symbols relating to the provenance claim(s)
- A statement that this policy applies to the selling, advertising and distributing of any diamonds, synthetic diamonds, gold and/or platinum.

## AWARENESS BUILDING

- A statement that the provenance claims policy will be communicated to all employees.

## B.4.11 GRADING AND APPRAISAL

### REQUIRED INFORMATION

- Policies and procedures for generating Diamond Grading Reports, including reports generated for the end consumer.
- Policies and procedures for generating Appraisal Reports used to sell goods to end consumers
- Procedures for providing written explanation to consumers if the price on the Appraisal Report is higher than the sale price.
- Evidence to demonstrate that Diamond Grading Reports include the detection of synthetic diamonds and/or treatments to stones.
- General information provided to consumers – to review nomenclature. Professional qualification for internal employees responsible for performing the appraisal, should this apply.
- Documentation to demonstrate that listed prices on Appraisal Reports are in line with the relevant market prices.

- Records if written explanation is provided to consumers when the price on the Appraisal Report is higher than the sale price.

## INSPECTION

- Review of policies and procedures for generating Grading/Appraisal Reports and written explanations to end consumers when the listed price on the report differs from the sale price.
- Review of language, i.e. terms and nomenclature when providing documentation to consumers.

## ENQUIRY

- Interviews with the relevant employees to assess the degree to which any existing policies and procedures are effectively implemented.

## POLICY ON GRADING AND APPRAISAL

Key elements in a policy on Grading and Appraisal might include:

## COMMITMENT

- A statement that the group/entity/facility is committed to combatting practices that would mislead consumers.
- A statement that the group/entity/facility is implementing procedures to monitor the effectiveness of the commitment.
- A statement that the relevant legislative requirements and professional standards should be taken into account when Appraisal Reports are generated and used in selling diamonds and/or diamond jewellery.

## IMPLEMENTATION

- A statement that the group/entity/facility will ensure that detection of synthetic diamonds and/or treatments is explicitly stated on any Diamond Grading Reports.
- Any Diamond Grading Reports or Appraisal Reports created for end consumers that could be construed as being independent should disclose any relevant vested interests in the sale of the jewellery product held by the grader or appraiser.
- A statement that, where applicable, that records will be kept if written explanation is provided to consumers when the price on the Appraisal Report differs from the sale price.

## AWARENESS BUILDING

- A statement that the policy on Grading and Appraisal will be communicated to all employees.

## B.5 SOCIAL RESPONSIBILITIES

### B.5.1 EMPLOYMENT

#### REQUIRED INFORMATION

To complete this section of the Assessment, where applicable the following will be needed:

- National laws on employment;
- Company human resources policies (including complaints policy);
- List of all workers by employment type and contract;
- Employment documentation of randomly selected workers;
- One month's full salary/wage records of the same randomly selected workers;
- Minutes of any worker council meeting within the Assessment period; and
- Company freedom of association policy or policy to allow for freedom of association;

#### INSPECTION

Randomly select a sample of workers from a list of every worker<sup>3</sup> and review their contracts, job description, time cards, payroll and HR records. To verify:

- Working hours are properly accounted and regulations are being applied;
- All workers, including hourly and piece-rate workers, are paid at least the minimum wage;
- Wages paid are consistent throughout documentation;
- Wages are calculated correctly from time cards/ piece-logs (including overtime calculations);
- There are no unreasonable deductions, such as employment brokerage charges paid to a 3rd Party, housing or food deductions (unless allowed for by local law);
- Overtime is not mandatory and available to all in a non-discriminatory way;
- All overtime is correctly administered and paid in accordance with national law;
- Rest days are taken; and
- Sick pay is provided in accordance with applicable laws
- Review strategy and management policies and processes in place for workforce consultation and collaborative management. Review the minutes of any meetings of worker representative bodies' or

other management/workforce logs or journals.

#### ENQUIRY

- Randomly select a sample of workers from a list of every worker and interview to verify the above in addition to verifying the report checklist and compliance observations.

#### OBSERVATION

- Consider whether what is observed matches Self-Assessment documentation and Independent Verification interview findings.

#### POLICY ON WORKING HOURS AND OVERTIME

Key elements in a policy on working hours and overtime might include:

#### COMMITMENT

- A statement that the group/entity/facility shall not require workers to work for more than the national limit of hours in a week on a regular basis, with overtime hours not to exceed the national permitted limit per week on a regular basis, unless there are legal opt-outs.

#### IMPLEMENTATION

- A statement that overtime shall always be remunerated in compliance with national legislation.
- A statement that all workers are entitled to one day off in every seven-day period, or more if stipulated by legislation.
- A statement that, where workers operate on a shift basis, they shall be entitled to time off equivalent to one day for every seven-day period.
- A statement that workers shall be free to respect their religious festivals.

#### POLICY ON REMUNERATION

Key elements in a policy on remuneration might include:

#### COMMITMENT

- A statement that wages and benefits for a standard working week shall meet at least national minimum standards and shall be sufficient to meet the basic needs of workers and provide some discretionary income (Overtime should not be needed to reach this wage).

<sup>3</sup> The Assessor or Independent Verifier also needs to ensure that potentially vulnerable groups (lowest paid, female workers, etc.) are covered and interviewed by appropriate Assessors or Independent Verifiers (e.g. female Assessors or Independent Verifiers for female workers). Random selection of individuals for interview should take place within each of these potentially vulnerable groups.

## IMPLEMENTATION

- A statement that payment and remuneration details shall be agreed before commencement of employment, and will be detailed clearly and regularly for workers on pay slips.
- A statement that pay and benefits are to be provided in a manner reasonably acceptable to workers.
- A statement that appropriate records will be kept on each worker's hours of work (including overtime) and wages paid.
- A statement that deductions from wages not provided for by national law shall be reasonable and should be permitted only with the express written permission of the worker concerned.

## POLICY ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Key elements in a policy on Freedom of Association and Collective Bargaining might include:

### COMMITMENT

- A statement that, where the law restricts the right to freedom of association and collective bargaining, the group/entity/facility will facilitate, and not hinder, the development of parallel means of free association and bargaining.
- A statement that workers have the right to form and join (or not join) worker representative bodies of their own choice without fear of coercion or retaliation.
- A statement that the group/entity/facility recognises worker representative bodies as a party in the collective bargaining process.

## IMPLEMENTATION

- A statement that worker representatives must have access to their members in the workplace, and that the employer and/or management representatives do not interfere with the activities of the workers' associations.

## POLICY ON NON-RETALIATION

Key elements in a non-retaliation policy might include:

### COMMITMENT

- A statement that the group/entity/facility is aware of the need to include workers in the process of ensuring that the group/entity/facility operates ethically and in compliance with the law.

## IMPLEMENTATION

- A statement that there will be no adverse work-related consequences against a person who, in good faith, discloses information about a situation or type of conduct that he or she feels to be unethical, illegal or potentially illegal.
- A statement that all forms of retaliatory action are prohibited, including:
  - Threats or intimidation;
  - Coercion; and/or
  - Discrimination
- A statement that complaints and grievance procedures will be confidential, with access to information available only on a need-to-know basis.
- A statement that, if complaints by a worker are found to be groundless and to have been made in bad faith [as a result of a thorough investigation into the facts, then] disciplinary action may be taken against that worker.

## B.5.2 HEALTH AND SAFETY

### REQUIRED INFORMATION

To complete this section of the Assessment, the following will be needed:

- Copy of formal agreement on health and safety at work with recognised worker representative bodies;
- Company Health and Safety policies and procedures;
- Health and safety reports;
- Accident and other health & safety logs; and
- Health and safety training log.

### INSPECTION

Review (when applicable):

- All supporting health and safety documentation;
- Health and safety training and awareness programmes;
- Health and safety assessment reports;
- Accident logs; and
- Also review health and safety certificates, permits and insurance policies including any relevant documentation and correspondence with government and regulatory bodies with authority over health and safety matters.

## ENQUIRY

- Interview health and safety management team.
- Interview random samples of workers to determine effectiveness of the implementation of health and safety practices:
- Are workers trained in safe handling and disposal of potentially hazardous material?;
- Are workers empowered, without fear of recrimination, to reporting health and safety or other issues within the group/entity/facility? ;
- Is the nature and frequency of accidents/injuries below nationally acceptable levels?;
- Do all workers know where all emergency equipment is and are they trained to use it?;
- Are workers physically comfortable in the work environment?;
- Do workers feel safe in the group/entity/facility?; and
- Are the workers aware of when to use and trained how to use protective equipment made available to them?

## OBSERVATION

- Health and safety should be assessed throughout the facilities operated by the management of the company or their agents. This includes all work and storage areas, including kitchens and food-preparation areas and rest areas, dormitories, toilets and washing facilities, classrooms and training facilities and any area to which workers have access.
- Observe all areas of the group/entity/facility with regard to fitness for purpose and safe/clean operating conditions with adequate safety and emergency equipment and facilities.

## POLICY ON HEALTH AND SAFETY

Key elements in a policy on Health and Safety might include:

## COMMITMENT

- A statement that the group/entity/facility will do all it can actively to prevent and reduce the risk of accidents and work-related ill health, bearing in mind knowledge of specific dangers within the industry.
- A statement that, if required, the group/entity/facility will co-operate fully with workers' health and safety representatives and appropriate authorities and will also contribute positively to ongoing improvements within the group/entity/facility.

## IMPLEMENTATION

- A statement that workers may leave work situations in which they may reasonably judge that there is serious and imminent danger to life or health, without consequences from management, until the danger has been removed.
- A statement that the group/entity/facility will maintain safe and healthy working conditions appropriate to the tasks performed.
- A statement that the group/entity/facility will provide safe plant and equipment that meets national safety regulations.
- A statement that the group/entity/facility will ensure safe handling and use of dangerous materials.
- A statement that a senior manager will be responsible and accountable for the development and implementation of health and safety policy elements, that each individual is also responsible within their own role and that these responsibilities will be clearly defined.
- A statement that the group/entity/facility will maintain a management system that integrates health and safety into its decision-making processes and will ensure regular assessments of health and safety performance.
- A statement that the group/entity/facility will ensure it has appropriate resources to identify, avoid and respond to potential health and safety risks, including those for dealing with emergencies and accidents.

## AWARENESS BUILDING

- A statement that clear and concise information relating to health and safety standards will be provided to workers. This should include clear product information (for example on safe use) and labelling, complying with relevant national law.
- A statement that the group/entity/facility will consult with its workers on health and safety.
- A statement that all workers will undergo regular (and recorded) training (in the case of first aid this will be for nominated individuals) and awareness building with respect to the issues covered in this policy – fostering an awareness of shared responsibility and accountability.

## **B.5.3 NON-DISCRIMINATION AND DISCIPLINARY PROCEDURES**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Company policy on preventing all forms of discrimination in operations;
- Non-retaliation policy;
- Description of confidential worker grievance system; and
- List of all workers.

### **INSPECTION**

- Review strategy and management policies, processes and programmes in place for the proactive and remedial management of discrimination and equal opportunities in the workplace.
- Randomly select a sample of workers from a complete list of workers.
- Verify that there is no discrimination in the hiring process and employment practices, including pay scales and benefits, promotion, training, discipline, termination or retirement on the basis of gender, race, religion, nationality, social or ethnic origin, sexual orientation, political persuasion or disability.

### **ENQUIRY**

- Randomly select a sample of workers from a list of every worker and interview them to establish if there are any complaints from workers with respect to discrimination or disciplinary procedures.
- It is important that some level of targeting is used to ensure that 'vulnerable' parties are included in this process or to follow up specific concerns generated through the Assessment.

### **OBSERVATION**

- Consider whether what is observed matches Self-Assessment documentation and, if relevant, Independent Verification interview findings.

### **POLICY ON NON-DISCRIMINATION**

Key elements in a Non-Discrimination policy might include:

#### **COMMITMENT**

- A statement that the group/entity/facility shall not engage in or support discrimination:
- In hiring, discharge, pay, promotion or retirement;
- On the grounds of race, caste, national origin, religion, age, disability, physical appearance, gender, marital/parental status, family or caring responsibilities, sexual orientation, HIV status, migrant status, membership of worker representative bodies or political affiliation – or any other criteria that are unlawful at any level of the group/entity/facility.

- There are equal opportunities for men and women with respect to all aspects of training, personal and professional development and advancement
- A statement that the group/entity/facility shall not interfere with the exercise of the rights of workers to observe practices, or to meet needs relating to race, caste, national origin, religion, age, disability, gender, marital/parental status, sexual orientation, HIV status, migrant status, membership of worker representative bodies or political affiliation.

#### **IMPLEMENTATION**

- A statement that the group/entity/facility shall prohibit any form of harassment, and that the policy is intended to prohibit all offensive conduct (physical or verbal) that threatens human dignity, and which interferes with a positive and productive work environment.
- In particular, a statement prohibiting behaviour that is sexually coercive, abusive or exploitative.
- A statement that there is a confidential system for reporting discrimination or harassment, limiting involvement to those on a need-to-know basis.
- A statement that the group/entity/facility will investigate any allegations of discrimination or harassment impartially, promptly and thoroughly, and will take appropriate disciplinary action against any worker found to be engaging in discrimination or harassment.
- A statement that local employment may be encouraged where laws promote local linkages, for example in South Africa and Canada (positive discrimination).

#### **POLICY ON DISCIPLINARY PRACTICES**

Key elements in a policy on Disciplinary Practices might include:

#### **COMMITMENT**

- A statement that the group/entity/facility will not condone the use of corporal punishment or other forms of mental or physical coercion.

#### **IMPLEMENTATION**

- A statement that deductions from wages as a disciplinary measure shall not be permitted.
- A statement that the group/entity/facility will develop and maintain grievance and disciplinary procedures that are applied equally and fairly to all workers.
- A statement that procedures for making appeals against disciplinary action shall be developed and implemented.

## B.5.4 CHILD LABOUR

### REQUIRED INFORMATION

To complete this section of the Assessment, the following will be needed:

- Company policy on preventing child labour; and
- Description of procedures to address child labour.

### INSPECTION

- Review management policy, procedures and programme documentation relating to child labour in the workplace. In addition, review worker contracts, job descriptions, time cards, payrolls and human resources records to verify report checklist and compliance observations below.

### ENQUIRY

- Interview both management representatives and randomly selected workers to clarify and verify company policy on child labour. Interviews should also determine the effective implementation of this policy through procedures and programmes.

### OBSERVATION

- Observe the workforce to see if child workers can be identified. If children are identified through observation, inspection or enquiry, they should be interviewed to verify whether there is evidence of child labour transition or remediation being applied. In such situations, children should not be employed during school hours and they should not be allowed to work for more than 10 hours per day. These hours should include schooling and travel time. There should also be support for educational development and means to ensure that no child is exposed to hazardous, unsafe and/or unhealthy situations.

### POLICY ON CHILD LABOUR

Key elements in a policy on Child Labour might include:

### COMMITMENT

- A statement that the group/entity/facility will not use or support the use of child labour, adopting the definition of 'child labour' as set out in the United Nations International Labour Organisation Minimum Age Convention 1973 (No. 138).

## IMPLEMENTATION

- A statement that in cases where child labour is found to be taking place the group/entity/facility will agree, develop, document and maintain a standard course of action to improve the situation. It will ensure the safety, health and development of the children involved. The support provided will also allow children to attend and remain in school or training for as long as they are 'children' under the definition of 'child labour'. The requirements should be clearly communicated to staff and other stakeholders.
- A statement that decisions about child labour will be based on:
  - Expert advice about the options available to children in the local context;
  - The best interests of the children affected;
  - A statement that documents providing proof of age are required and that these will be subject to validation; and
  - A statement that the time that children spend at school and work and in travelling there and back should not total more than 10 hours a day.
- A statement that where 'light' work is allowed by children within some national laws and regulations for 13-15-year-olds, the following conditions will be met:
  - It will not harm their health or moral or physical development; and
  - It does not have an impact on their attendance and ability to benefit from school, careers or training programmes.

## AWARENESS BUILDING

- A statement that the group/entity/facility will seek to work with NGOs, the private sector and government to tackle child labour collectively.

## **B.5.5 FORCED LABOUR**

### **REQUIRED INFORMATION**

To complete this section of the Assessment, the following will be needed:

- Description of procedures and policies; and
- Human resources records of randomly selected workers.
- Records of relationships with recruitment agencies such as: contractual terms and conditions, 2<sup>nd</sup> party due diligence reviews of the recruitment agency conducted prior to commissioning the contract and performance reviews after the contract has been awarded.
- Risk assessment of recruitment agencies, suppliers and contractors for the risks of human trafficking

### **INSPECTION**

- Review management policy, procedures and programme documentation relating to forced labour in the workplace, including training of security guards. In addition, review human resources records to verify compliance observations below.
- Any worker hostels should also be inspected to determine freedom of movement of those residing in these.
- Review procedure to monitor the risks of human trafficking within recruitment agencies, including an explanation of how risks are identified and prioritised.
- Review procedure in place to screen agency to ensure contract workers do not incur commission fees or any other fees in connection with their employment.
- Ensure contract workers are not required to pay deposits or submit identification documents for the duration of their employment.

### **ENQUIRY**

- Interview both management representatives and randomly selected workers to clarify and verify company policy on forced labour. Such interviews should also determine whether this policy has been effectively implemented through the provision and application of appropriate procedures and support programmes.
- In addition, it should be determined whether any important documents of workers are retained by the company.

### **OBSERVATION**

- Observe the workforce to see if you can identify any forced or bonded workers. If the Assessor or Independent Verifier suspects forced or bonded labour following observation, inspection or enquiry, this should be verified through interviews with individuals concerned. Steps should be taken to ensure such individuals are able to speak freely and will not be subject to disciplinary actions post-Assessment. This may include private or anonymous interviews, disguising of sources by interviewing multiple individuals and wider enquiry/interview into freedom of exit from the group/entity/facility, as well as freedom to take holidays, have visiting rights, etc.

### **POLICY ON FORCED LABOUR**

Key elements in a policy on Forced Labour might include:

### **COMMITMENT**

- A statement that the group/entity/facility will not use or support the use of any type of forced or bonded labour, including slavery, prison labour that is required from prisoners without pay or to complete their sentence, labour as a punishment for expressing political views and labour demanded of workers because of their debt.
- A statement that only reputable recruitment and employment agencies are used

### **IMPLEMENTATION**

- A statement that management does not keep deposits or identification papers provided by the workers to the group/entity/facility as part of the recruitment or labour process.
- A statement that workers are free to leave the group/entity/facility after giving the proper notice.
- A statement that workers are free to leave at the end of a shift.
- A statement that the group/entity/facility will undertake due diligence and perform a risk assessment when using third party recruitment agencies.
- A statement that the group/entity/facility seeks to address risks of forced labour/human trafficking in its supply chain and by its contractors.

## B.5.6 HUMAN RIGHTS

### REQUIRED INFORMATION

To complete this section of the Assessment, the following will be needed:

- Human rights policy and/or procedure documents; and
- Human resources records, including training records, of randomly selected workers
- A human rights due diligence process and risk assessment
- Procedure to verify as to whether the entity is sourcing from sourcing diamonds (or Gold or Platinum) directly or indirectly from Conflict-Affected Areas.
- If the entity is sourcing from a Conflict-Affected Area, a Human Rights diligence process assessing the heightened risks of Human Rights impacts.
- Policies and/or procedures to ensure remediation takes place if the entity has caused or contributed to adverse Human Rights.
- Training plan for relevant security staff, managers and other key personnel to recognise signs of workplace gender-based violence and sexual harassment or abuse.

### INSPECTION

- Review human rights policy, guideline and procedure documents. Also, review due diligence process, risk assessment, human resources and training records to verify the nature of any worker human rights training, including human rights training for security guards.

### ENQUIRY

- Randomly select a sample of workers from a list of every worker and interview them to establish if there are any complaints from workers with respect to harassment and/or abuse.
- It is important that some level of targeting is used to ensure that 'vulnerable' parties are included in this process or to follow up specific concerns generated through the Assessment.
- Interview with management appointed to undertake due diligence and perform risk assessment.
- Interview key personnel to assess their knowledge of recognizing workplace gender-based violence and sexual harassment or abuse.
- Interview workers to assess their understanding on the entity's policies on human rights (including human trafficking, harassment, discrimination, and physical, sexual, racial, religious, or verbal harassment).

### OBSERVATION

- Consider whether what is observed matches Self-Assessment documentation and Independent Verification interview findings.

### POLICY ON HUMAN RIGHTS

Key elements in a Human Rights policy might include:

### COMMITMENT

- A statement that human rights is an overarching area of policy linked to a number of specific related policies including: equal opportunities, freedom of association, child labour, forced labour, non-discrimination, non-retaliation and working hours.
- A statement that the group/entity/facility will identify the main human rights issues it faces.
- A statement demonstrating a commitment to respect Human Rights and observe the UN Guiding Principles on Business and Human Rights.
- A statement demonstrating that remediation will be undertaken if any adverse Human Rights impacts were caused or contributed to.

### IMPLEMENTATION

- A statement that, through implementation of the specific policies given above, the group/entity/facility supports, promotes respect for and protects the fundamental human rights expressed in the Universal Declaration of Human Rights, the UN Global Compact and, if relevant, International Labour Conventions.
- A statement that human rights abuses seen or reported in connection with work will be reported by the group/entity/facility to the relevant authorities and followed up.
- A statement that suitable arrangements will be put in place to ensure the security of all workers and facilities, particularly in countries where military or security forces have abused human rights.
- A statement that, before hiring staff, the group/entity/facility will check that there has been no previous involvement in human rights abuses.
- A statement that, where appropriate, local guidelines for working with state security forces should be drawn up.
- A statement that the group/entity/facility will undertake due diligence and perform a risk assessment to outline any actual and potential human rights impacts

### AWARENESS BUILDING

- A statement that the group/entity/facility will work with relevant interested parties in order to understand human rights issues and develop shared responses.

## **B.5.7 SOURCING FROM ARTISANAL AND SMALL-SCALE MINES**

### **REQUIRED INFORMATION**

- Policies and procedures to address the risks involved with sourcing from Artisanal and Smallscale Mines.
- Risk Assessment and/or due diligence to review the implications of sourcing from Artisanal and Small-scale Mines.
- Documented action plan to remediate risks identified.

### **INSPECTION**

- Review of policies and procedures, risk assessments and/or due diligence for sourcing from Artisanal and Small-scale Mines.
- Review of best endeavours and remediation process to reduce the risks identified.

### **ENQUIRY**

- Interviews with employees to determine how they conduct the risks assessments and also how they use best endeavours to mitigate adverse impacts.

## **POLICY ON SOURCING FROM ARTISANAL AND SMALL-SCALE MINING**

Key elements in a policy on Sourcing from Artisanal and Small-scale Mines might include:

### **COMMITMENT**

- A statement that best endeavours are used to avoid or reduce risks associated with sourcing from Artisanal and Small-scale Mines.
- A statement demonstrating commitment to remediating any adverse impacts that may be caused by sourcing from Artisanal and Small-scale Mines.

### **IMPLEMENTATION**

- A statement that the group/entity/facility will undertake due diligence and perform a risk assessment to assess adverse environmental and human rights impacts.

### **AWARENESS BUILDING**

- A statement that the policy on Sourcing from Artisanal and Small-scale Mines will be communicated to all employees.

## B.6 ENVIRONMENTAL RESPONSIBILITIES

Please note that this section is particularly applicable to exploration and mining operations and may not always be entirely applicable to operations further downstream.

### B.6.1 BEST ENVIRONMENTAL PRACTICE AND REGULATORY FRAMEWORK

#### REQUIRED INFORMATION

To complete this section of the Assessment you will need:

- Dated proof of ISO14001 certification (if applicable);
- Policy on environment (including pollution prevention);
- Catalogue of significant environmental aspects, as informed by ISO14001 and the Global Reporting Initiative;
- Environmental management programmes, statements and further environmental management systems documentation;
- Reports of previous non-compliances and corrective actions; and
- Procedures for environmental risk management; and
- A list of all chemicals used, and evidence to demonstrate that alternatives to hazardous substances used where technically and economically viable.

#### INSPECTION

- Review policies, regulatory framework, procedures and practices addressing the issues of production, environment, biodiversity, energy, waste, effluent and emissions across the group/entity/facility.

#### ENQUIRY

- Interview key management workers concerning the issues of production, environment, biodiversity, energy, waste, effluent and emissions across the group/entity/facility and the degree to which any existing policies, regulation and practices effectively address these issues.

#### OBSERVATION

- Interview findings should be validated through continued observation, of both the status of the group/entity/facility and of worker activities, during the Assessment. The Assessor or Verifier should consider to what extent observations match the Self-Assessment documentation and Independent Verification findings where appropriate.

#### POLICY ON ENVIRONMENT

Key elements in an Environmental policy might include:

#### COMMITMENT

- A statement that the group/entity/facility will identify the environmental aspects of all its activities. This should include impacts on water, air, land and biodiversity and include any climate change implications.
- A statement that the group/entity/facility will develop an effective environmental management system to assist in the management (assessment, reduction and off-setting) of those environmental impacts.

#### IMPLEMENTATION

- A statement that the group/entity/facility will work to promote constructive interaction in environmental issues of mutual concern.
- A statement that the group/entity/facility will ensure that the burden of negative environmental consequences will not fall on vulnerable racial, ethnic and socio-economic groups.
- A statement that the group/entity/facility will set measurable targets and objectives on environmental issues. It will report on the achievement of these targets, including through an annual, publicly available report.
- A statement that the group/entity/facility shall prepare and update plans for managing environmental risk and responding to emergencies.
- A statement on biodiversity, including that the group/entity/facility shall:
  - Include biodiversity in environmental assessments;
  - Work to maintain ecosystems;
  - Respect the basic concept of protected areas;
  - Management system.
- A statement that the group/entity/facility will ensure that there is an environmental communication programme that embraces interaction and co-operation with all stakeholders.
- A statement that alternatives to hazardous substances used in business processes will be sought and employed where technically and economically viable

#### AWARENESS BUILDING

- A statement that all workers whose work may have significant environmental impacts will be given regular (and recorded) training appropriate to their work.

## **B.7 MINING**

Applicable to Mining and Exploration entities only.

### **B.7.1 EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**

#### **REQUIRED INFORMATION:**

To complete this section of the Assessment, the following will be needed:

- A publicly available statement endorsing the EITI Principles and Criteria.
- Records of all revenues paid to governments in the form of taxes, royalties, signature bonuses and other payments.
- Report on revenue contributions to governments, including breakdown per country.

#### **INSPECTION**

Review (where applicable):

- Statement of De Beers' endorsement of the EITI Principles and Criteria.
- Records of all revenues paid to governments in the form of taxes, royalties, signature bonuses and other payments.
- Reporting of revenue contributions in the annual Report to Society.
- Training records for relevant staff.

#### **ENQUIRY**

- Interview senior manager appointed for strategic responsibility for supporting EITI.
- Interview relevant staff who have been trained on reporting and collecting data to establish revenue contribution to governments (External Affairs, political risk team, public reporting team, financial reporting team, government affairs team).

#### **COMMITMENT**

- A statement endorsing the EITI Principles and Criteria, in the form of a policy or equivalent document, and make this publicly available.

#### **IMPLEMENTATION:**

- Promote EITI internationally and in countries where the company operates.
- Records of all revenues paid to governments in the form of taxes, royalties, signature bonuses and other payments.
- Report on revenue contributions to governments, including breakdown per country.
- Establish that revenue contributions have been reported in the most up-to-date Report to Society (RtS) and liaise with RtS Assurance team ensuring figures reported are aligned with Sustainability Reporting standards.
- Train relevant staff.

## B.7.2 HEALTH AND SAFETY EMERGENCY PROCEDURES

### REQUIRED INFORMATION:

- Emergency Response Plans (ERP) for mining operations' specific emergencies scenarios.
- Evidence that ERP were prepared pursuant to APELL guidelines and requirements.
- Records of collaboration and communication with affected communities, workers and their representatives and relevant agencies (e.g. emergency response service, police, etc.)
- Site visits and workplace inspections.
- Interview with management, workers, contractors and stakeholders.
- Results of drills and emergency exercises.
- Records of training, awareness programmes and practice drills.

### INSPECTION

- Review policies and procedures.
- Review training records.

### ENQUIRY:

- Interview senior health and safety manager in charge of implementation.

### COMMITMENT

- Commit to develop and maintain emergency response plans, in collaboration with potentially affected communities, workers and their representative, in accordance with guidance provided by UNEP on Awareness and Preparedness for Emergencies at the Local Level (APELL) for mining.

### IMPLEMENTATION

- Conduct a risk assessment to identify improvement opportunities and risks where issues may arise.
- Develop operational procedures to address and mitigate those risks.
- Engage in consultation with relevant stakeholders.
- Provide training to relevant employees.
- Provide effective communication to stakeholders.

## B.7.3 BIODIVERSITY

### REQUIRED INFORMATION:

To complete this section of the Assessment, the following will be needed:

- Biodiversity impact and risk assessment.
- Environmental policy, biodiversity section.
- Identification of Key Biodiversity Areas within or adjacent to mining entity.
- Biodiversity Action Plan.
- Monitoring records of biodiversity changes.
- Training records for relevant employees and contractors.
- Environmental Performance reporting (in line with government reporting requirements and/or sustainability reporting requirements).
- Geotechnical design and inspection reports.
- Tailings disposal risk assessment.
- Social and environment Impact assessments.
- State of the environment reports.
- Expert scientific studies.
- Inspection of tailings facilities and waste-rock facilities.

### INSPECTION

Review (where applicable):

- Environmental policy review.
- Review records of biodiversity changes; inspection reports; and impact and risk assessments and ensure these are up-to-date.
- Review key issue areas and impact of activity on these, including: Key Biodiversity Areas; threatened species; Rehabilitation.
- Review biodiversity compliance and management plans with respect to national and international legislation, conventions and best practices.
- Review monitoring systems to evaluate success of management plans, rehabilitation trials, changes to biodiversity.
- Review training records.

### ENQUIRY

- Interview key staff responsible for environmental policy, biodiversity management plans and implementation of management plans.
- Verify that record keeping is up-to-date.
- Ensure maintenance of standards, plans, proposals, trials are current.

## **POLICY ON BIODIVERSITY**

Key elements of a Biodiversity policy might include:

### **COMMITMENT:**

- A statement that exploration or mining will not be undertaken in World Heritage Sites or lead to extinction of a species listed by the International Union for Conservation and Nature (IUCN) as threatened by extinction.
- A commitment to address biodiversity management in the corporate environmental or sustainability policy.
- Manage tailings and waste rock in compliance with applicable laws, regulations and/ordinances.

### **IMPLEMENTATION:**

- Establish well-informed biodiversity management plans for each mining/exploration facility through identification of biodiversity risks; mitigation; rehabilitation and enhancement processes. Management plans should consider protected areas, Key Biodiversity Areas, Threatened Species and Rehabilitation.
- Establish systems and monitoring practices to implement management plans and monitor impact against milestones and changes in legislation and conventions.
- Conduct risk assessment against tailings disposal, in intervals as required. Establish a tailings disposal management and monitoring approach.
- Adopt and adhere to site-specific tailings and waste rock management performance standards that ensure structural stability and protect the surrounding environment and local communities.
- Record keeping and reporting – monitor changes in biodiversity and evaluation of management plans against targets. Reporting should cater to government reporting requirements and provide information for the broader public and other stakeholders.
- Provide training to relevant staff to ensure adequate competency and knowledge of biodiversity policies, risks, plans and procedures.
- Implement appropriate mitigation and treatment if impacts are identified.

## **B.7.4 MINE CLOSURE PLANNING**

### **REQUIRED INFORMATION**

- Mine Closure and Reclamation Plans.
- Consultation meeting minutes and/or engagement activities that have occurred regularly with local communities/regulators/artisanal and small scale miners/indigenous people.
- Interviews with management and workers; management and community (if possible).
- Records of communication with affected communities.
- Applicable law for closure criteria and establishment of financial provisions.

### **INSPECTION**

- Review of mine closure and reclamation plans.
- Review of consultation meeting minutes with relevant stakeholders.
- Review of legislation applicable to mine closure planning, including financial provision.
- Review of any significant changes; modifications made to the mining facility and the impact on mine closure planning.

### **ENQUIRY**

- Interview mine manager and manager responsible for mine closure plans and implementation.

### **COMMITMENT**

Ensure reference to mine closure planning in the company's sustainability (or equivalent) documentation.

### **IMPLEMENTATION**

- Ensure mine closure planning is taken at earliest possible stage of a mining project and regularly reviewed.
- Closure planning should be integrated through a number of fronts, including mine life (from exploration, feasibility, construction, operations, corporate and decommissioning stages); multi-disciplinary (between different operational disciplines on a company (e.g. environment, planning, feasibility, financial, risk management and strategy teams) and multi-stakeholder (between various external stakeholders including community and government)).
- Reviews should consider external and internal changes and be adaptable to national and local conditions, regulations and priorities.
- Ensure financial assurance and associate implementation resources are adequate and monitored.
- Reporting: both formal governmental reporting and regulatory requirements, and public reporting on performance (through academic reports to sustainability reports).

## B.7.5 SUSTAINABILITY REPORTING

### REQUIRED INFORMATION

- Annual Sustainability Performance Report, externally restored.
- Policies and procedures for external reporting.
- Record of applicable GRI and GRI Mining and Metals Sector Supplement performance indicators.
- Methods for sustainability performance measuring and monitoring.
- Third party assurance statement for sustainability report.

### INSPECTION

- Review process for sustainability reporting.
- Review sustainability reporting systems and processes.

### ENQUIRY

- Interview sustainability reporting manager.
- Review process for assurance review.

### COMMITMENT

Identify company commitments to sustainability reporting.

### IMPLEMENTATION

- Develop strategies and systems for report content, report quality, data collection and external assurance and in alignment with the GRI Reporting Framework and the Sustainability Reporting Guidelines.
- Disclose approach to external assurance within the sustainability report.
- Report should be made publicly available.

## B.7.6 INDIGENOUS PEOPLES

### REQUIRED INFORMATION

- Applicable law regarding Indigenous Peoples.
- Policies and procedures.
- Interviews/engagement with the community.
- Records of communication with Indigenous Peoples and the community.
- Documented process of identifying Indigenous Peoples affected by the operation and how they are affected (if at all).
- Communication policies and procedures.
- Communication Management plans.
- Records of broad-based support.
- Community partnership programmes and initiatives.
- Records of communication with affected Indigenous Peoples.

### INSPECTION

- Review risk assessment of potential impact of business on Indigenous Peoples.
- Review policies and procedures on approach to Indigenous peoples.
- Review communications with indigenous peoples and the community.

### ENQUIRY

- Interview key staff involved with policy development and community engagement.

### COMMITMENT

Develop written policy and related documentation to include the business' approach to Indigenous Peoples. The policy should include key principles such as:

- Acknowledge and respect the diversity and rights of Indigenous Peoples.
- Identify and fully understand the interests and perspective of Indigenous Peoples regarding the project and its potential impacts.
- Engaging in on-going consultation with Indigenous Peoples.
- Seek to obtain broad-based support of affected Indigenous Peoples.
- Affirmative action and partnerships to build participation of Indigenous Peoples in the mine workforce.
- Seek to build long-term partnership with Indigenous Peoples to support self-empowered regional and community development.
- Gender consideration.
- Monitor progress of engagement approaches, agreements and evaluating impacts in conjunction with relevant stakeholders.

## **IMPLEMENTATION:**

- Ensure policies and procedures are aligned with applicable legislation.
- Ensure all staff relating with Indigenous Peoples receive relevant training to ensure sufficient knowledge of key principles (above), local issues and appropriate conduct.
- If providing employment opportunities for Indigenous Peoples, training and education may need to be made available to qualify indigenous workers and consideration need to be given for cultural awareness training.
- The engagement process with Indigenous Peoples should be carried out in an equitable, inclusive, culturally-appropriate, and rights-compatible manner.
- Ensure all engagement and communication with Indigenous Peoples is documented.
- For new projects, or significant changes to existing operations, the entity/company shall work to obtain the Free Prior and Informed Consent (FPIC) of Indigenous Peoples, as described in the requirements under the International Finance Corporation's Performance Standard 7.
- The FPIC process shall be consistent with traditional decision-making processes, while respecting internationally-recognised human rights based on good-faith negotiations, through a mutually-accepted and documented process between all relevant stakeholders, including the Indigenous Peoples and relevant government authorities.

## **B.7.7 ARTISANAL AND SMALL-SCALE MINING**

### **REQUIRED INFORMATION**

- Records of consultation with Artisanal and Small-scale Mining (ASM) Stakeholders at every stage of mine life cycle.
- Engagement in initiatives to formalise ASM activities.
- Policies and procedures on ASM-related security approaches (in accordance with the Voluntary Principles on Security and Human Rights).
- Policies and procedures with respect to closure planning and managing instances where ASM activities might expand when a mine closes.
- Record of engagement (e.g. with respect to ASM miners throughout closure planning process.
- Socio-Economic Assessment Toolbox (SEAT) implementation.
- Evidence of engagement with local artisanal mining operations on or around facilities.
- Evidence of liaison with local police, government officials, and communities on the subject of illegal mining.

### **INSPECTION**

- Review of policies and procedures.
- Review of risk assessments and related mitigating strategies.
- Review of training records.

### **ENQUIRY**

- Interview of key staff involved in ASM engagement.

### **COMMITMENT**

Develop policies and procedures that address engagement with ASM.

### **IMPLEMENTATION:**

- Conduct a risk assessment of relationship between ASM and the business. This should be informed by studies and experts.
- Develop policies, strategies and action plans through consultation with experts and engagement with the community and ASM miners.
- Customise the procedures for local conditions and in consultation with key stakeholders, including the ASM miners through a multi-stakeholder approach.
- Consider ASM engagement in conjunction with impact assessment and community engagement approaches.
- Align with applicable legislation.

## B.7.8 COMMUNITY ENGAGEMENT AND DEVELOPMENT

### REQUIRED INFORMATION

- Socio-Economic Assessment Toolbox (SEAT) implementation.
- Social Impact Assessment (SIA).
- Community Management Plan for mining projects.
- Policies and procedures, including procedures to review existing processes.
- Interviews with management and community.
- Record of communication with affected community.
- Training needs analysis and resource management plans.
- Site social risk register.
- Human rights impact and risk assessments.
- Community engagement/social performance strategy.
- Life of mine and social performance management plans.
- Site stakeholder map.
- Stakeholder engagement plan.
- Socio-economic development initiatives/social investment initiatives budgets, trackers and monitoring and evaluation reports of these initiatives.
- Social Commitments register.
- Departmental organisational structure; responsibilities around community engagement and management (e.g. job descriptions).
- Social incident/complaints and grievance procedures, and related management systems and reporting platforms.
- Social Incident/Complaints and Grievance Mechanism.
- Resettlement Action Plan and/or Livelihood Restoration Plan (as relevant).
- Impact Benefit Agreements.
- Social and Labour Plans.

### INSPECTION

- Review policies and procedures.
- Review SEAT and SIA.
- Review records of communication with community.

### ENQUIRY

- Interview community engagement manager responsible.
- Inspect training records.
- Review impact assessments and SEAT implementation results.
- Review policies, procedures and documentation.
- Review records of complaints and grievances/social incidents.

### COMMITMENT

The role of business in community engagement and development programmes should be subject of a risk engagement and stakeholder mapping exercise; and through review of social and environmental impact assessments, current engagement, dispute resolution strategies and consider local and regional development priorities and needs, and strategies for partnership.

### IMPLEMENTATION

- Policies and procedures should be documented and reviewed on a regular basis, and should consider:
  - Aims of the community programs and key principles to be followed.
  - Key social and human rights risks and impacts.
  - Feedback from stakeholder engagement events/studies/reports.
  - Resettlement framework.
  - Strategic community engagement that is rights-based, and actively seeks to engage vulnerable and marginalized groups.
  - Social Incident/Complaints and grievance mechanisms and procedures, including recording, reporting, classifying, investigating, addressing, engaging with the relevant stakeholders and providing access to remediation and appeal as necessary.
  - Commitments register that tracks all formal and informal commitments and progress on meeting the commitments.
  - Social impacts, risks and opportunities related to suppliers, contractors and other business partners.
  - Assign responsibility for community engagement and development programs to a senior manager function who has the appropriate training and skills and will have oversight strategy, policy and procedures.
- Practical approaches to community engagement include:
  - Consultation (focus groups, surveys, public meetings).
  - Involvement (workshops, deliberative polling).
  - Collaboration (community advisory committees, consensus-building programs).
  - Empowerment (citizens juries, ballots, delegated decision-making).
  - Inclusive (gender, minority, vulnerable and marginalised groups).
  - Equitable (being aware of power imbalances and attempting to mitigate these).
  - Culturally appropriate.
  - Rights-compatible (approaches that respect and support human rights).
- Ensure staff receive relevant training on community engagement to identify and address risks and opportunities.

## B.7.9 IMPACT ASSESSMENT

### REQUIRED INFORMATION

- Environmental and social impact assessment.
- Environmental and social impact assessment policies and procedures.
- Social impact assessments including an assessment of human rights, gender, conflict and other related areas.
- Community management plan for mining projects.
- Environmental and social management plans.
- Records of communication with affected communities.

### INSPECTION

- Review environmental and social impact assessment policies and procedures.
- Review community management plan for mining projects.
- Review communication with affected stakeholders.
- Review that impact assessments are disseminated in an easily accessible way and made publicly available

### ENQUIRY

- Interview relevant managers responsible for implementation.

### COMMITMENT

- A commitment to undertake social and environmental impact assessments when new projects have been defined, and to ensure that existing social and environmental impact assessments are kept up-to-date.

### IMPLEMENTATION

- Risk identification at new and existing projects: this includes risks associated with:
  - Regulatory approval for the projects.
  - Engagement with relevant stakeholders.
  - Company and/or project reputation.
  - Human rights (including gender, equality).
  - Potential for conflict or violence and risk of political instability.
- Undertake social and environmental impact assessments in accordance with national or applicable legislation.
- Undertake social and environmental impact assessments in alignment with the processes outlined in the International Finance Corporation (IFC) Performance Standard 1.

## B.7.10 SECURITY GUARDS

- Policies and procedures on CSI covering; inclusivity, equality, culturally appropriate/sensitive approach and demonstrating support for human rights.
- Community Management Plan.
- Records of Community Support Initiatives (funding, communities reached, statistics).
- Internal meeting minutes/memos.
- CSI Reports – monetary/in-kind donations.
- Employee volunteering policies and procedures (if applicable).
- Risk assessments.
- Security procedures and protocols.
- Training records/signed training attendance.
- Interviews with security personnel and training coordinator.

### INSPECTION

- Review policies and procedures regarding use of security personnel.
- Review training records and training programme at relevant site.

### ENQUIRY

- Interview relevant management responsible for security personnel and training.

### COMMITMENT

- A commitment to undertake a security risk assessment to understand the security risk environment, considering risks from political, economic, civil, social or environmental factors.
- A commitment to ensuring that security personnel at mining facilities comply with the Voluntary Principles on Security and Human Rights.

### IMPLEMENTATION

- Develop a policy on the conduct of security personnel and clearly establish the importance of respect for human rights, boundaries for security activities, appropriate procedures for managing security issues and conflicts, and the consequences of any human rights abuses.
- Security personnel at mining facilities comply with the Voluntary Principles on Security and Human Rights and should receive relevant training.
- Security arrangements should be designed and regularly reviews on basis of on-going analysis of conflict risks and context.
- A process is required to identify structural and emergent security threats and address them at various levels, including effective security management strategies and through community engagement and development activities.
- Ensure human rights of artisanal and small-scale miners are addressed in the training for private security personnel.

## **B.7.11 MERCURY**

### **REQUIRED INFORMATION**

- Where the entity is using mercury in processing or contained in saleable products, by-products or waste, the entity needs to comply with the following standards and requirements.
- Many jurisdictions already have legal and regulatory frameworks for mercury control and management; it is important to ensure all legal requirements in all areas of operation are followed.
- The entity shall ensure that all sources and emissions of mercury and mercury compounds from operations are identified and quantified.
- Where feasible, the entity shall reduce mercury emissions using best available techniques or best environmental practices that take into account technical and economic conditions.
- Entities using mercury in artisanal and small-scale mining and processing activities shall take steps to control, reduce, and where feasible, eliminate the use of mercury and mercury compounds in mining and processing.
- Whole or amalgamation, open burning of amalgam or processed amalgam or burning of amalgam in residential areas shall be eliminated.
- Cyanide leaching in sediment, ore or tailings to which mercury has been added with the mercury being removed first, shall be eliminated.

### **INSPECTION**

- Review of policies regarding mercury reduction, substitution, elimination or mitigation.
- Review of mercury identification registers and quantification of any mercury or mercury compounds in processing or containment of saleable products, by-products or waste.
- Review of legal register relating to mercury legislation in areas of operation.

### **ENQUIRY**

- Interview relevant personnel involved in management of mercury usage in processes or products.

### **COMMITMENT**

- A commitment to reduce or eliminate, substitute or mitigate sources and emissions of mercury.

### **IMPLEMENTATION**

- Identify and quantify all sources and emissions of mercury and mercury compounds from operations and put in place appropriate controls using cost effective, best-appropriate technology determined through a risk-based approach.
- Adopt a risk-based approach to assess and prioritise management options; such as reduce, eliminate, substitution and/or mitigate impacts associated with handling/discharge of mercury or its compounds.
- Remain up-to-date with relevant legislative or regulatory changes controlling mercury.

## B.7.12 CORPORATE SOCIAL INVESTMENT AND BUSINESS IMPACT

- This is a voluntary section and does not impact a Sightholder or Accredited Buyer's compliance status against the requirements of the Best Practice Principles Assurance Programme.
- Corporate Social Investment is in most cases a voluntary business activity, but is increasingly an important component of agreements with communities or governments and considered part of being a responsible business.
- Often Corporate Social Investment activities are applied to communities within the immediate and surrounding areas of a company's operations, and who may be impacted by the company's activities. These impacts may be social, economic and/or environmental.
- The Corporate Social Investment approach adopted by a company should be determined by local needs and priorities and the scale and resources of the business. Examples of Social Investment initiatives could include, but are not limited to:
  - Designing programmes for training, , capacity development and employee retention.
  - Offering supplier diversity programmes.
  - Supporting community-based and minority-owned businesses.
  - Supporting local development goals by supporting programmes focused on health and education initiatives in the community.
- The group/entity/facility can also identify opportunities to align with and demonstrate impact with the United Nations Global Goals for Sustainable Development (often referred to as "the Global Goals").
- The Global Goals were ratified by the United Nations in 2015 to address key social, economic and environmental issues that affect the planet.
- There are 17 key overarching goals and 169 related targets covering all aspects of life. They are as follows:
  1. No poverty
  2. Zero hunger
  3. Good health and well-being
  4. Quality education
  5. Gender equality
  6. Clean water and sanitation
  7. Affordable and clean energy
  8. Decent work and economic growth
  9. Industry, innovation and infrastructure
  10. Reduced inequalities
  11. Sustainable cities and communities
  12. Responsible consumption and production
  13. Climate action
  14. Life below water
  15. Life on land
  16. Peace, justice and strong institutions
  17. Partnership for the Global Goals

- While it is governments that sign up to and adopt the Global Goals, governments will look to society and businesses for help to achieve them.
- The private sector has a critical role to play in achieving the goals and companies across a wide variety of sectors are evaluating how to integrate the Global Goals into their approach to business.
- Businesses should consider which Global Goals they are able to most effectively support and seek alignment with local and national government priorities.
- The following is a suggested guide, but there are many other resources available that outline a variety of approaches that business could take to actively demonstrate support of the Global Goals.
- Businesses may already be supporting programmes both formally and informally to support the achievement of the Global Goals.

### INSPECTION

- Review of overall approach to Corporate Social Investment and annual amount spent on related initiatives.
- Review of compliance with relevant legislation, such as anti-bribery and corruption requirements.
- Review of impact of existing programmes, including tracking and monitoring performance.

### ENQUIRY

- Interview with senior staff involved with decision-making and disbursement of funds.

### COMMITMENT

- As this is a voluntary initiative, formal commitments are not required. However, should initiatives be supported by an entity, it is important the entity demonstrates its commitment to new and existing programmes that it has pledged to support.
- Governance structures should be established to make informed decisions on best use of funds.
- Relevant controls should be established to manage any potential risks that legitimate donations or corporate social investment can be misused by third parties or create the perception that donations have been misused, for example through anti-corruption policies.

## B.7.13 GOLD SECTION

### REQUIRED INFORMATION

Please refer to the Responsible Jewellery Council Standards on requirements under the Gold Section.

[www.responsiblejewellery.com](http://www.responsiblejewellery.com)

- B.8 Responsible Jewellery Council (RJC) Certification supplement

The De Beers Best Practice Principles (BPP) Assurance Programme seeks to ensure that consumers have the utmost confidence in diamonds and the wider diamond industry. De Beers Group, its Sightholders and Accredited Buyers participate in the BPP Programme which assesses these entities against a rigorous framework of business, social and environmental responsibilities.

The Responsible Jewellery Council (RJC) is a non-profit organisation seeking a similar mandate, to promote responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the gold and diamond industries from mine to retail with the intent to reinforce consumer and stakeholder confidence in diamond and gold jewellery products.

Since 2011, De Beers has developed a SMART BPP programme. Sightholders and Accredited Buyers that are compliant with this programme will have the option to become RJC certified members following payment of the independent verifier report fee and the RJC membership fee.

The BPP/RJC aligned programme will contribute the following to the current BPP Programme:

- An internationally recognized certificate issued by the RJC for members who successfully comply with the standards.
- Incorporates a Gold Standard for members/ Sightholders and Accredited Buyers that conduct business in both the diamond and gold industries.
- Incorporates a more extensive Mining Standard for more in-depth coverage of the mining aspect of the jewellery supply chain.

The following conditions must be met by Sightholders and Accredited Buyers in order to be eligible for this scheme:

- Sightholders and Accredited Buyers will have to decide whether to opt-in to this scheme at the start of the BPP cycle before downloading the BPP workbooks. This selection is made on the SMART system. (see figure 3);
- RJC extends membership throughout the supply chains of both the gold and diamond industries, including large and small businesses. Sightholders and Accredited Buyers will have to comply with the new gold standards incorporated in the BPPs;

- Sightholders and Accredited Buyers will have to prepare a risk assessment at the start of the BPP programme set by the RJC's requirements, to be shared with the third party auditor;
- Sightholders and Accredited Buyers must be prepared to bear the cost of their RJC report and their RJC membership fee; and
- If the scope of the verification visits exceeds the annual 10% BPP scope, then Sightholders and Accredited Buyers must be prepared to bear the differential cost of the visits.

Please note that the ratings of non-conformances may differ in certain areas under the RJC guidelines. (See [www.responsiblejewellery.com](http://www.responsiblejewellery.com) for more information.)

## B.7.14 INTEGRITY OF THE BPP PROGRAMME

- This section is to ensure that the BPP workbooks are completed in the spirit of the BPP Programme.

### INSPECTION

- Review of BPP workbooks to ensure they have been completed with full explanation and evidence.
- Where consultants are shared, they will be reviewed to ensure no stock answers have been provided across different Groups.
- Where autofill has been used, review of BPP Workbook answers to ensure that answers have been updated where necessary.

### ENQUIRY

- Interview with BPP Manager to ensure they reviewed all submitted BPP Workbooks if using autofill and/or consultants.

### COMMITMENT

- A commitment to comply with the BPPs and participate in the programme as fully as possible and to provide unique and genuine answers when completing the BPP Workbook.

## **B.8 RESPONSIBLE JEWELLERY COUNCIL (RJC) CERTIFICATION SUPPLEMENT**

The De Beers Best Practice Principles (BPP) Assurance Programme seeks to ensure that consumers have the utmost confidence in diamonds and the wider diamond industry. De Beers Group, its Sightholders and Accredited Buyers participate in the BPP Programme which assesses these entities against a rigorous framework of business, social and environmental responsibilities.

The Responsible Jewellery Council (RJC) is a non-profit organisation seeking a similar mandate, to promote responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the gold and diamond industries from mine to retail with the intent to reinforce consumer and stakeholder confidence in diamond and gold jewellery products.

Since 2011, De Beers has developed a SMART BPP programme. Sightholders and Accredited Buyers that are compliant with this programme will have the option to become RJC certified members following payment of the independent verifier report fee and the RJC membership fee.

The BPP/RJC aligned programme will contribute the following to the current BPP Programme:

- An internationally recognized certificate issued by the RJC for members who successfully comply with the standards.
- Incorporates a Gold Standard for members/Sightholders and Accredited Buyers that conduct business in both the diamond and gold industries.
- Incorporates a more extensive Mining Standard for more in-depth coverage of the mining aspect of the jewellery supply chain.

The following conditions must be met by Sightholders and Accredited Buyers in order to be eligible for this scheme:

- Sightholders and Accredited Buyers will have to decide whether to opt-in to this scheme at the start of the BPP cycle before downloading the BPP workbooks. This selection is made on the SMART system. (see figure 3);
- RJC extends membership throughout the supply chains of both the gold and diamond industries, including large and small businesses. Sightholders and Accredited Buyers will have to comply with the new gold standards incorporated in the BPPs;
- Sightholders and Accredited Buyers will have to prepare a risk assessment at the start of the BPP programme set by the RJC's requirements, to be shared with the third party auditor;
- Sightholders and Accredited Buyers must be prepared to bear the cost of their RJC report and their RJC membership fee; and
- If the scope of the verification visits exceeds the annual 10% BPP scope, then Sightholders and Accredited Buyers must be prepared to bear the differential cost of the visits.

Please note that the ratings of non-conformances may differ in certain areas under the RJC guidelines. (See [www.responsiblejewellery.com](http://www.responsiblejewellery.com) for more information.)

**B.8.1 FIGURE 3**

