

## STATEMENT TO DE BEERS FROM PROVIDER OF INDEPENDENT REVIEW OF ITS BEST PRACTICE PRINCIPLES ASSURANCE PROGRAMME 2014 PERFORMED BY SGS

The De Beers Group of Companies ('De Beers') has in place an annual Best Practice Principles ('BPP') Assurance Programme ('AP'). The BPP AP independently verifies, on a sample basis, whether De Beers' own Group companies and its customers comply with a bespoke set of business, social and environmental requirements. Customers include Sightholders and De Beers Accredited Buyers.

SGS, an international auditing and verification company, delivers the annual independent verification of BPP performance at more than 100 sites. The site verification is performed by local SGS affiliates across the world under SGS UK's instructions and quality control.

### Summary of the scope and limitation of our independent review

De Beers requested that we perform an independent 'design and implementation' review of SGS UK's planning, coordination and delivery of the annual verification of BPP performance. The purpose was:

- To assess whether SGS UK's overall governance and management of the assurance programme and SGS UK's quality control of local SGS verifiers' work meet the work programme agreed between De Beers and SGS UK
- To identify improvement opportunities.

Our fieldwork was performed during March and April 2015 for the 2014 verification cycle of the BPP AP. It primarily included review of process documentation and a sample of verification reports as well as interviews with SGS UK and De Beers personnel. Whilst our review included desk-top assessments of a sample of verification reports to achieve the agreed purpose, it did not include review of the work of local SGS verifiers performing the site verification work.

### Summary of key findings

We observed that SGS UK's governance, management and quality control processes for the most part appear 'fit for purpose' in meeting the agreed role in its capacity as the independent verifier delivering the BPP AP. Key observations included: A competent team at SGS UK responsible for the programme; an implemented global quality control system; and a focussed team of competent local auditors trained to deliver the work in key geographies across the world.

Our findings also included seven key improvement recommendations:

- Two related to areas where SGS should improve its processes to better meet De Beers' expectations
- Two related to increasing the capacity at SGS and De Beers respectively to run a more effective programme
- Two related to clarifying BPP AP requirements
- One proposed a potential future change to the BPP AP to focus better on capacity building at Sightholders.

Our key observations and recommendations were provided in a confidential report to De Beers. None of the recommendations provided were mandatory or required actions for De Beers or SGS to perform. De Beers remains ultimately responsible for assessing the full commercial impact of implementing the recommendations.

### Purpose and exclusive use of this statement

This statement is made solely to De Beers in accordance with our engagement letter dated 26 February 2015. De Beers asked us to provide a short statement summarising the purpose, limitations of work and key findings of our independent review to inform its stakeholders. We provide this statement to De Beers for that purpose only. We accept no duty, responsibility or liability to any party other than De Beers for any use of or reliance on this statement.

For the avoidance of doubt, this is not a formal assurance statement. The procedures performed during the review did not constitute an assurance engagement in accordance with any accepted assurance or audit standards. No assurance statement or audit certificate will be issued as a result of the review.

### Insight ResponsAbility Ltd



Leon H. Olsen, Principal  
London, 29 September 2015

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