

DE BEERS GROUP

BEST PRACTICE PRINCIPLES

The Assurance Programme

Diamond Contractor Workbook 2020

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PREFACE

This document is the Workbook that must be completed by Sightholders or Accredited Buyers, and (as applicable) their contractors and sub-contractors, as well as De Beers Group and its contractors and sub-contractors. It is also the document that will be reviewed or completed as required by the independent Third Party Verifier.

This Workbook sets out the performance indicators against which compliance with the De Beers Best Practice Principles ("BPPs") will be verified, evaluated and reported through the De Beers Best Practice Principles Assurance Programme ("Assurance Programme"). The BPPs and the Assurance Programme are designed to lead to a general improvement in responsible business practices.

It is important to note that no particular answer denotes 'compliance' or 'non-compliance' and 'penalties' will not be incurred for one particular type of answer over another. Individual facilities will be assessed according to their own context and circumstances.

Please note that the requirements and performance indicators set out in this Workbook may be updated from time to time, as required.

The Workbook should be read in conjunction with the De Beers Best Practice Principles Requirements ("Requirements") and the De Beers Best Practice Principles Assurance Programme Manual ("Manual"). Sightholders or Accredited Buyers are contractually bound under the terms of the Supply Agreement documentation to satisfy, and continue to satisfy (i.e. comply with), the BPPs. The Requirements, Manual and Workbook together set out the details for compliance with and monitoring of the BPPs. As such, they form an integral part of the Sightholder or Accredited Buyer Policy Statement (which forms part of the Supply Agreement) and as a result, are legally binding documents.

Failure to comply with the BPPs and the Assurance Programme will constitute a breach of a Sightholder's or Accredited Buyer's obligations under the Supply Agreement arrangements and will result in appropriate action being taken by De Beers pursuant to that documentation.

Save to the extent expressly stated to the contrary, words and expressions defined in the Supply Agreement documentation (including, for the avoidance of any doubt, the Manual) shall have the same meaning for the purposes of this Workbook.

ASSESSMENT DETAILS

Principal Sightholder / Accredited Buyer organisation / De Beers Company* name:

Name of Assessed Facility:

First/Third* Party Assessment:

Assessment date:

Assessor 1 Name:

Male / Female*

Assessor 2 Name:

Male / Female*

General Manager signature:

Assessor 1 signature:

Assessor 2 signature:

* *delete as appropriate*

CERTIFICATION

- If the facility being assessed is certified to **SA 8000**, there is no need to answer [questions in blue](#).
- If the facility being assessed is certified to **OHSAS 18001/ISO 45001**, there is no need to answer questions in *Section B.2 – Health and Safety*.
- If the facility being assessed is a **Certified Member of the Responsible Jewellery Council**, there is no need to answer [questions in red](#) or [sections with headings in red](#).

A BUSINESS RESPONSIBILITIES

A.1 ETHICAL STANDARDS/INDEPENDENT TRADING

1. Does the entity trade independently for its own account?
If no, please do not answer any questions in Section A: Business Responsibilities.

A.2 FINANCIAL OFFENCES

2. Does the company/entity/facility have policies and/or procedures addressing money laundering, terrorism financing and other financial offences?
3. Have the entity's financial accounts been approved as being acceptable to international accounting standards by an independent financial auditor with internationally or nationally accepted accounting qualifications, in jurisdictions where this is applicable, in the past 12 months?
4. Is the financial auditor aware of, or have you alerted your financial auditor to, applicable legislation imposing special anti-money laundering (AML)/combating the financing of terrorism (CFT) compliance rules on dealers in precious stones or high value goods?
5. Has the company/entity/facility appointed a Money Laundering Reporting Officer or Financial Compliance Officer with sufficient seniority and authority and are the relevant entity principal(s) kept informed?
6. Does the company/entity/facility verify the identity of its diamond suppliers and clients; understand the nature of their businesses and the source of suppliers' diamonds?
7. Does the company/entity/facility adhere to all relevant regulations with respect to reporting cash and similar non-cash transactions in excess of US\$10,000 (or a different threshold as set by applicable law, e.g. €3,000 in Belgium) to the applicable Financial Intelligence Unit?
8. Do the entity's Money Laundering Reporting Officer/Financial Compliance Officer and/or external auditor conduct annual internal audits to identify unusual or suspicious transactions?
9. Does the entity inform the relevant authorities of any suspicious transactions that may be linked to money laundering, terrorism financing or other financial or non-financial offences?
10. Does the company/entity/facility maintain business records relevant to AML/CFT compliance, for the appropriate amount of time, on each individual transaction or apparently linked transactions that are in excess of \$10,000 or other relevant monetary authority threshold?

A.3 KIMBERLEY PROCESS AND SYSTEM OF WARRANTIES

11. *Are there any monitoring systems and/or programmes and/or procedures in place to comply with the Kimberley Process and the World Diamond Council System of Warranties?*
12. *Are the rules of the Kimberley Process effectively communicated to the relevant workers involved in the buying and selling of rough diamonds?*
13. *Are the requirements of the World Diamond Council effectively communicated to the relevant workers involved in the buying and selling of polished diamonds and/or diamond jewellery?*
14. *Is there a full declaration of rough diamonds in line with the Kimberly Process on all invoices for rough diamonds received and/or issued by the company?*
15. *Is there a full declaration of polished diamonds and/or diamond jewellery in line with World Diamond Council recommendations on all invoices for polished diamonds or diamond jewellery received and/or issued by the company?*
16. *Do independent auditors for the company/entity/facility audit and reconcile the flow of Kimberley Process warranties in, and Kimberley Process warranties out, on an annual basis?*
17. *Do independent auditors for the group/entity/facility audit and reconcile the flow of World Diamond Council System of Warranties in, and out, on an annual basis?*
18. Has the local Kimberley Process Authority denied the company/entity/facility an export certificate or detained any imported shipments within the Assessment period?

A.4 PRODUCT SECURITY

If the entity being assessed is a **Certified Member of the Responsible Jewellery Council**, do not answer this section.

19. Does the company/entity/facility have policies and procedures to ensure products are secure during shipments and while on their own premises?
20. Do the procedures prioritise the security of employees, contractors and visitors?
21. Are there effective control systems in place to prevent substitution and to identify quickly when diamonds are misplaced or wrongly located?

A.5 DISCLOSURE

If the entity being assessed is a **Certified Member of the Responsible Jewellery Council**, do not answer this section.

22. Are there clear policies and/or procedures in place to ensure full disclosure (as defined in the Requirements) prior to completion of transaction and are these effectively communicated to the relevant workers?
23. Does the company/entity/facility purchase, manufacture, deal, trade or equivalent in synthetic diamonds and/or synthetic diamond jewellery (NB: it is not a breach of the BPPs to purchase, deal and/or trade in synthetic diamonds so long as the BPP disclosure requirements are satisfied in full).
24. If the company/entity/facility sold any treated, synthetic, reconstructed, composite or simulant diamonds within the Assessment period, was the disclosure of these fully in accordance with the BPP Requirements?
25. If the company/entity/facility purchases, manufactures, deals, trades or equivalent in synthetic diamonds and/or synthetic diamond jewellery, does the entity ensure that there is physical segregation in storage facilities for these goods/products?
26. As applicable, does the company/entity/facility have clear policies and/or procedures to ensure that its natural diamond production/polishing/jewellery manufacturing/trading and/or any other relevant process in its pipeline is segregated from its synthetic diamond business?
27. Has the company/entity/facility conducted an internal pipeline risk assessment identifying all possible contamination points of undisclosed synthetic diamonds entering its natural diamond supply chain?
28. Does the company/entity/facility have clear auditable policies, robust procedures and training to ensure that all contamination points are adequately addressed?
29. Does the company/entity/facility have auditable systems in place to ensure that its pipeline risk assessment, policies, procedures and training are current, active and effective?
30. Does the company/entity/facility apply adequate testing protocols for undisclosed synthetic diamonds that adequately address the risks identified?

A.6 MELEE ASSURANCE PROTOCOL FOR SIGHTHOLDERS AND ACCREDITED BUYERS

31. Does the company/entity/facility have systems in place to ensure segregation of diamonds in the 0.01ct and below category, during the manufacturing process, for each client?
32. Does the company/entity/facility provide a guarantee to each client that the polished yield originates only from the rough diamonds supplied by the client?
33. Does the company/entity/facility provide a guarantee to each client that effective controls are in place to prevent substitution and theft of goods in the 0.01ct and below category?
34. Does the company/entity/facility return the final polished product in tamper-evident packaging, as provided by its client(s), with the relevant guarantees?

B SOCIAL RESPONSIBILITIES

If the entity being assessed is a **Certified Member of the Responsible Jewellery Council**, do not answer any question in *Sections B*.

B.1 EMPLOYMENT

35. Are all workers and trainees compensated according to applicable law (this includes minimum wage considerations for piece rate workers) or industry standard, whichever is the higher?
36. Do all workers normally receive the average of one day off in every seven-day period, or the equivalent thereof?
37. Is overtime voluntary, compensated in line with applicable law and sector regulations and, undertaken such that the total working week does not exceed legal limits or 60 hours (allowing for seasonal variations)?
38. Does the average worker working week normally fall below the maximum permitted limit when averaged over a year?
39. Are all workers aware of and clearly understand the terms and conditions of their employment including, for example, working hours, wage structure, standing orders and disciplinary procedures?
40. Are there policies and/or procedures to allow for freedom of association and collective bargaining?
41. Are fair and comparable wages and hours guaranteed to all workers for comparable work?

B.2 HEALTH AND SAFETY

If the entity being assessed is certified to **OHSAS 18001/ISO 45001** do not answer this section.

42. Is a senior manager at the facility responsible and accountable for health and safety?
43. Are all workers trained with respect to their duties, responsibilities and rights with regard to health and safety and are they trained on the facility's health and safety procedures?
44. Does first-aid equipment comply with the requirements of applicable law and is it readily available?
45. Are there sufficient numbers of trained first-aiders, as required by applicable law?
46. Are there suitable fire alarms and other fire safety devices and is there adequate provision of fire-fighting equipment in current working order and accompanied with instructions understandable to workers?
47. Are there sufficient and appropriately placed emergency exits, which are clearly marked and unobstructed in any way that open outwards and afford free access for complete evacuation, or are there satisfactory alternatives?
48. Do workers have ready access to clean drinking water and sanitary food storage?
49. Is all electrical and mechanical equipment safely installed and free from any health hazard?
50. Are all workspaces sufficient in size and fit for the job performed there, and safe and clear of electrical, chemical, mechanical, noise or other hazards?
51. Is adequate personal protective equipment available where required (for example, when acidising or boiling, etc) together with proper instructions as to how to use it, and is this provided free of charge?
52. Are there adequate and safe facilities for the disposal of chemicals and waste (for example, used acid, etc)?
53. Are relevant workers trained in safe storage, management, handling and disposal of all potentially hazardous material?
54. Are temperature, light, cleanliness and ventilation in the work environment consistent with the task being performed (given the requirements of the operation) and in compliance with applicable regulation?
55. Are sanitation facilities adequate, lockable, clean, well maintained and available to the entire workforce?

- 56. Where the facility operates dormitories for the workers, are these provided as required by applicable law?
- 57. Are all male and female workers adequately trained in emergency and fire evacuation processes, including handling fire equipment?
- 58. Where men and women workers are engaged in working with hazardous materials are they appropriately informed of the potential risks to their health?

B.3 NON-DISCRIMINATION AND DISCIPLINARY PROCEDURES

- 59. Is there evidence that workers are able to make complaints without fear of repercussions?
- 60. Are there discrimination and disciplinary appeal procedures and have these been clearly communicated to all personnel?
- 61. Do records show evidence of discrimination in contravention of applicable law?
- 62. Have deductions in wages been made for disciplinary reasons?

B.4 CHILD LABOUR

- 63. Does the entity take steps to prevent the employment of any persons under the minimum working age (as defined by International Labour Organisation (ILO) Convention 138)?
- 64. Is any worker younger than the lesser of either 15 years (14 by ILO exceptions in ILO Convention 138) or the minimum applicable school-leaving age?
- 65. If children are present in the labour force, are there policies and procedures in place for the children to transition to and remain in some form of education until minimum school-leaving age or 15 (or 14 by ILO exceptions in ILO Convention 138), whichever is greater, and is there evidence of these policies and/or procedures being applied?

B.5 FORCED LABOUR

- 66. Where the facility operates hostels for workers, do workers (and their dependants, as applicable) have reasonable freedom of movement within the accommodation to come and go?
- 67. Does management retain any important document (e.g. passport, driving licence, work permit, etc.), sums of money (e.g. one month's wages) or any 'hidden' bonds (e.g. payment/deposit for tools or housing) or other items belonging to the workers, while they are employed?

B.6 HUMAN RIGHTS

- 68. Have workers ever been subject to physical, sexual, racial, religious, psychological, verbal, or any other form of harassment, threat or abuse (whether manifested in behaviour, language or gesture)?
- 69. Are the entity's senior management aware of basic human rights and are these principles put in to practice?
- 70. Are all security personnel aware of basic human rights and do they comply with the principles while carrying out their responsibilities?

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