

DE BEERS GROUP

STATEMENT OF PRINCIPLES
FOR LABORATORY-GROWN
DIAMOND (SYNTHETIC DIAMOND)
BUSINESS ACTIVITIES

INTRODUCTION

Laboratory-grown diamonds (**'LGDs'**), also known as synthetic diamonds, do not have the same inherent, naturally-occurring characteristics or enduring value as natural diamonds. The purpose of the Statement of Principles for Laboratory-Grown Diamond Business Activities (**'Principles'**) is to introduce a set of principles for De Beers Group and its relevant customers to commit to, in respect of their LGD business activities to protect and maintain consumer confidence in both natural diamonds and LGDs. Adherence to these principles should be carried out in a way that does not damage or disparage either natural diamonds or LGDs, to help ensure consumers can make fully informed purchasing decisions.

APPLICABILITY

The Principles apply to De Beers Group and its relevant customers, specifically: Sightholders, Auctions' Registered Buyers/Sellers and Forevermark Diamantaires, Jewellers and Manufacturers (together referred to as **'Customers'**) – and their respective Key Individuals (as defined below). Where relevant, Customers must use their best endeavours to ensure that their own customers, ie the Customer's customer, commit and adhere to the Principles.

The Principles supplement the contractual requirements as set out in the 2021-2023 Supply Documentation (incorporating the Sightholder Signature Licence (**'SSL'**), the 2021 Best Practice Principles Programme and Requirements, the Auctions' Sales Terms and Conditions, and Forevermark contractual documentation (as applicable)). As necessary and subject to reasonable notice, De Beers Group may amend the Principles from time to time to ensure the content remains up to date.

STATEMENT OF PRINCIPLES

1. Customers may only use the SSL for entities that are exclusively natural diamond businesses, ie any entity that has both natural diamond and LGD business activities will be prohibited from using the SSL in any capacity*.
2. Customers must ensure that full disclosure, with complete and unambiguous information, is provided to the counterparty or consumer (as applicable) prior to the completion of each LGD transaction so that they are fully informed about their purchase*.
3. Customers must have and implement demonstrably robust segregation policies and procedures in storage, cutting, polishing, manufacturing, processing, packaging and transport, striving for complete segregation, ideally in separate sites to eliminate the risk of mixing and contamination of products*.
4. Customers must take steps to ensure that LGDs are fully disclosed and segregated further down the Customer's value chain as far as the ultimate consumer*.
5. Customers must implement robust, risk-based testing protocols that identify, assess and mitigate risks of mixing and contamination of natural diamonds and LGDs*.
6. Customers must provide the appropriate training to relevant personnel on operational, commercial and reputational impacts of LGDs*.
7. Customers/Key Individuals must not make any false, misleading or unsubstantiated claims regarding the enduring value of LGDs at a business-to-business and/or business-to-consumer level*. Customers/Key Individuals must not use terminology stating or implying that LGDs have the identical inherent value characteristics as natural diamonds at a business-to-business and/or business-to-consumer level.
8. Customers/Key Individuals must not make false, misleading or unsubstantiated claims on the benefits to the environment of LGDs over natural diamonds at a business-to business and/or business-to-consumer level.
9. Customers/Key Individuals must not make false, misleading or unsubstantiated ethical claims of LGDs over natural diamonds at a business-to-business and/or business-to-consumer level*.
10. As a manufactured product, LGD product specification should strive to include information on (a) the country of origin (where the LGD was created); (b) the country of manufacture into polished LGD/made into jewellery; and (c) the manufacturer.
11. LGD product specification must not use generally accepted grading language without modifiers and clear qualification that they are laboratory-grown.
12. Customers must comply with applicable disclosure, labelling, advertising and marketing laws, regulations and best practice standards (such as FTC or ISO standards)*.
13. It is recommended that Customers set up distinct, independent trading and sales/marketing entities for LGD business activities, with separate systems, processes and workforces.

* - These principles are also provisions (as applicable to the customer type) under the 2021-2023 Supply Agreement, Auctions' sales terms and conditions and/or the requirements of the Best Practice Principles Programme – 2021 documentation and, as such, are contractual obligations for Sightholders and Auctions' Registered Buyer/Seller customers.

GLOSSARY OF TERMS

- **'Diamond'** means a natural mineral consisting essentially of pure carbon crystallised with a cubic structure in the isometric system. Its hardness in the Mohs scale is 10; its specific gravity is approximately 3.52; it has a refractive index of 2.42 and it can be found in many colours. The recommended terminology for Diamond(s) is 'diamond(s)' or 'natural diamond(s)'. This is to minimise consumer confusion which may result from using multiple terms for diamonds that are of natural origin (as opposed to LGDs, which are manufactured)
- **'Key Individual'** means:
 1. Key Individual within a Customer by means of ownership/dominant influence, defined as:
 - i. an individual who is:
 - a. a beneficiary/beneficial owner; and/or
 - b. a partner; and/or
 - ii. an individual who is:
 - a. entitled or able to appoint or remove a majority of the members of the board; and/or
 - b. otherwise able to exercise a dominant influence.
 2. Key Individual by means of an operational role, defined as:
 - i. an individual who is a director or a shadow director (in each case, in either an executive or non-executive capacity, including any analogous roles as recognised by applicable local law), which shall include, without limitation, a Chief Executive Officer, a Chief Financial Officer, a Chief Operational Officer, or any equivalent or analogous terms for such roles which may be used by the relevant entity from time to time; and/or
 - ii. an individual who holds a day-to-day management position; and/or
 - iii. an individual who holds themselves out to third parties as, or can reasonably be assumed to be, carrying out any of the functions set out above.
- **'Laboratory-Grown Diamond'** or **'LGD'** or Synthetic Diamond or Laboratory-created Diamond is an artificial product that has essentially the same chemical composition, crystal structure and physical properties as a diamond. A LGD must only and always be disclosed as 'synthetic diamond', 'man-made', 'laboratory created', 'laboratory-grown' or 'artificial' and the description must be equally as conspicuous and immediately preceding the word 'diamond'.
- **'LGD business activities'** means including, but not limited to, the creation, manufacturing, polishing, processing, and/or trading (sale or purchase) of LGDs and/or jewellery incorporating LGDs, as applicable.

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