

**DE BEERS PLC**

**UK MODERN SLAVERY ACT  
STATEMENT**

**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016**

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*“While many people may think that slavery is a thing of the past, it continues to pose a real challenge and devastate lives. It is vital that all businesses and industries take steps to help eliminate modern slavery. This is why De Beers Group has robust systems and processes in place to address risks directly in our operations and indirectly in our supply and diamond value chains. Identifying and eradicating modern slavery is our responsibility as individuals.”*

Bruce Cleaver, CEO, De Beers Group

## INTRODUCTION

This statement is made by De Beers plc pursuant to section 54 of the Modern Slavery Act 2015 (the Act). De Beers plc is incorporated in Jersey<sup>1</sup> and is the holding company of The De Beers Group of Companies (De Beers). This statement sets out the steps that De Beers has taken to identify and mitigate potential risks of modern slavery occurring in its business and supply chains during the financial year ending 31 December 2016. De Beers prohibits, and has a zero tolerance policy in respect of, all forms of modern slavery in its organisation and its supply chains.

De Beers’ ultimate parent company is Anglo American plc (Anglo American), which owns 85 per cent of De Beers. A separate statement is being made on behalf of Anglo American pursuant to section 54 of the Act, which can be found [here](#). The remaining 15 per cent of De Beers is held by the Government of the Republic of Botswana.

<sup>1</sup> In 2016, De Beers Société Anonyme’s (the holding company of De Beers) country of registration was migrated from Luxembourg to Jersey and it changed its name to De Beers plc. It is now a UK tax resident.

## DE BEERS GROUP OVERVIEW AND SUPPLY CHAIN

De Beers is the world’s leading diamond company with expertise in the exploration, mining, sales and marketing of diamonds, as well as the manufacture of synthetic diamond and supermaterials for use in industrial applications. Our principal activities are as follows:

### ROUGH DIAMONDS

#### EXPLORATION

De Beers has diamond prospecting activities in Botswana, Canada, Namibia and South Africa.

#### PRODUCTION

Through wholly-owned and joint venture operations, De Beers mines for rough diamonds in Botswana, Canada, Namibia and South Africa.

#### SALES

The vast majority of De Beers’ rough diamond production mined from each of Botswana, Canada, Namibia and South Africa is aggregated by De Beers Global Sightholder Sales (GSS) in Botswana and sold primarily by way of term contract by GSS. A small proportion of aggregated production is sold by way of auction by De Beers Auction Sales (DBAS) in Singapore.

## DIAMOND SERVICES AND BRANDS

### GRADING AND RESEARCH

The International Institute of Diamond Grading and Research (IIDGR) offers polished diamond grading services and uses proprietary technology to develop equipment for the identification of synthetic (i.e. man made) diamonds. IIDGR has laboratories in Antwerp in Belgium, Surat in India and Maidenhead in the UK. IIDGR is supported by De Beers' diamond research and development business, De Beers Technologies.

### CONSUMER DIAMOND VALUATION

The International Institute of Diamond Valuation (IIDV) specialises in the valuation and purchase of diamond jewellery from

consumers who wish to sell their diamond jewellery.

### BRANDS

De Beers has interests in two diamond brands: Forevermark and De Beers Diamond Jewellers (DBDJ). Forevermark offers an inscription, grading and branding service to diamantaires and retailers for eligible polished diamonds across 25 countries.

For the period covered by this statement<sup>2</sup>, DBDJ was an independently managed retail joint venture with Moët Hennessy-Louis Vuitton (LVMH) and, as such, is making a separate statement pursuant to section 54 of the Act.

<sup>2</sup> On 20 March 2017, De Beers purchased LVMH's 50 per cent shareholding in DBDJ as a result of which DBDJ became a wholly-owned De Beers group business.

## SYNTHETIC DIAMONDS AND SUPERMATERIALS

### MANUFACTURING

Through its interest in the Element Six Group of Companies (Element Six), De Beers researches, designs, manufactures and supplies synthetic diamond and other supermaterial products that contribute to a diverse range of industrial applications.

De Beers' supply chain includes the procurement of ancillary goods and services to support the above principal activities.

For more information on De Beers, please visit [www.debeersgroup.com](http://www.debeersgroup.com).

For more information on Element Six, please visit [www.e6.com](http://www.e6.com).

## OUR SUPPLY CHAIN

For the purposes of this statement, we report on the steps taken during 2016 to ensure that modern slavery is not occurring within our organisation and in our supply chains, by which we mean those suppliers with which we deal directly to explore, mine, produce, sell, and market our products and services. We also report on the steps that we require relevant rough diamond customers to take to identify and mitigate the risk of modern slavery in the diamond value chain.

The Supply Chain function at De Beers is primarily responsible for central, group-wide procurement of direct, raw and ancillary goods, labour and services that support the exploration, planning and building, mining, transportation and processing required for our rough diamond operations. Certain procurement is also undertaken on a decentralised basis. Our supplier base is wide and diverse, comprising a growing number of small and medium sized localised suppliers in the countries in which we have operations. Procurement of goods, labour and services available in our countries of operation is of strategic importance to De Beers because it plays a key role in developing thriving and healthy host communities.

## RELEVANT GOVERNANCE, POLICIES, PROGRAMMES AND ASSURANCE

Our long-term success depends on a strong ethical foundation. Diamonds symbolise precious moments in people’s lives – and we know our actions must live up to the values and emotions ascribed to diamonds. Protecting consumer confidence in diamonds is critical in supporting demand and securing the most value from the diamonds we sell for our producer country partners. That is why we hold ourselves to the highest ethical standards and work with suppliers and customers, and through industry bodies, to drive and maintain ever higher standards both within our own organisation and across the diamond industry as a whole.

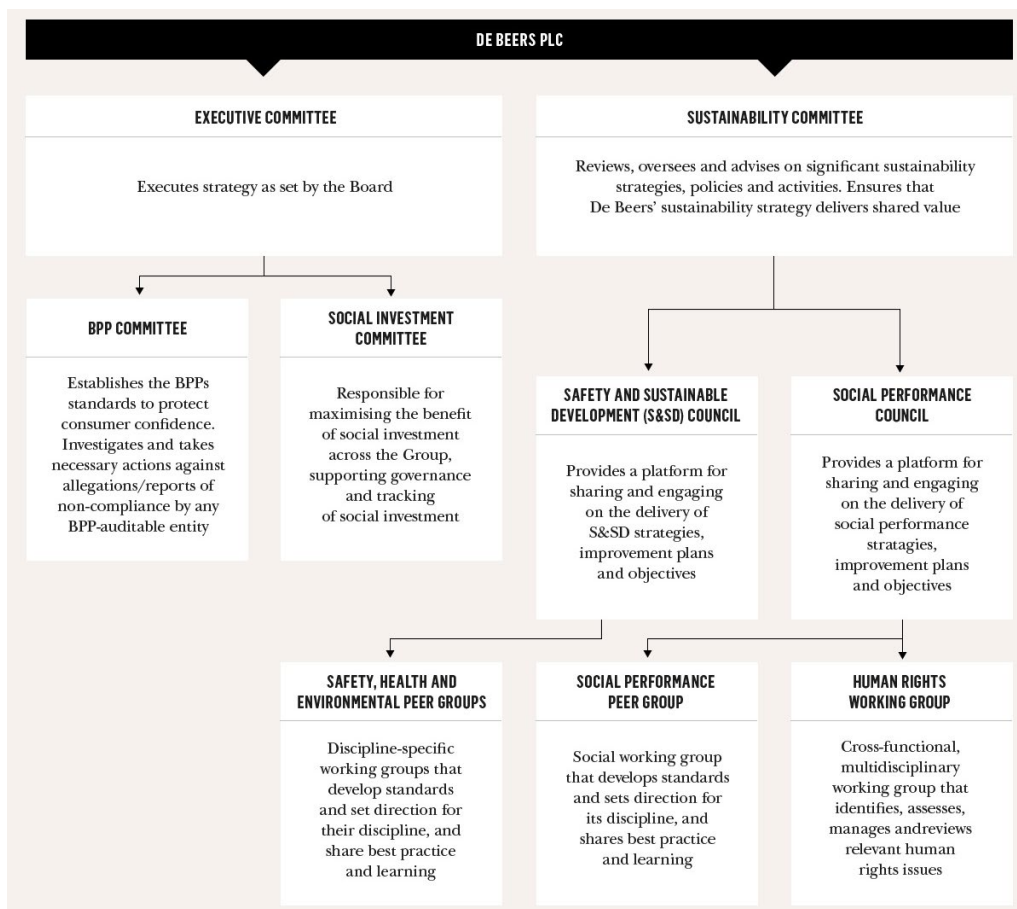
Our approach to managing modern slavery risks is an integral part of our approach to respecting human rights. De Beers, through Anglo American, is a member of the United Nations Global Compact and has integrated the United Nations Guiding Principles on Business and Human Rights into its Best Practice Principles (BPPs) Assurance Programme - a set of ethical standards developed by De Beers to promote responsible business practices, including human rights, both within De Beers own operations<sup>3</sup> (including its on-site contractors) and in the diamond pipeline.

De Beers believes in taking a holistic approach to addressing the risks of modern slavery and therefore welcomes the opportunity to describe our principal policies and programmes that support us in mitigating this risk within De Beers’ operations and its supply and value chains.

| <sup>3</sup> Excluding Element Six.

### GOVERNANCE

Accountability for sustainability at De Beers rests with the Board of Directors of De Beers plc, supported by the Sustainability Committee, which is chaired by the CEO, Bruce Cleaver, as well as several other committees and group functions. As part of our commitment to continuous improvement, we have also established a Human Rights Working Group to better understand the human rights risks posed by our business and our value chain (both directly and indirectly) and, in turn, to review and enhance the ways in which we manage those risks. A summary of De Beers’ governance approach in 2016 is shown above.



## POLICIES

In 2016, the following policies and standards underpinned our approach to managing modern slavery risk:

- *Best Practice Principles*
- *Business Integrity Policy*
- *Employee Human Rights Policy*
- *Security Forces and Human Rights Policy*
- *Social Performance Policy, incl. the Anglo American Social Way*
- *Code of Ethical Contracting*
- *Forevermark Pipeline Integrity*

## PROGRAMMES TO SUPPORT RISK ASSESSMENT AND DUE DILIGENCE

De Beers takes a risk-based approach to ensuring that high standards of business integrity are upheld. We have a number of programmes that support our ability to identify and mitigate risks in our own businesses and their supply chains, including the risks of modern slavery. These programmes are as follows:

### – BEST PRACTICE PRINCIPLES (BPP) ASSURANCE PROGRAMME

The BPP Programme consists of a set of mandatory environmental, social (including human rights) and ethical standards that we apply to all our own operations (through which rough diamonds are transferred), as well as to our Sightholders and Accredited Buyers (GSS rough diamond purchasers) and their relevant diamond contractors. This includes undertaking Know Your Customer (KYC) due diligence processes prior to becoming a Sightholder or Accredited Buyer that include enquiries relating to forced labour and human trafficking violations. The use of child labour or forced labour and the abuse of human rights are a material breach of the BPP Programme.

The BPP Programme requires that each relevant entity has policies and procedures in place to ensure respect for human rights and to prevent modern slavery. Where relevant, due diligence, risk assessments and training are required in order to implement these policies and procedures. All entities in the De Beers Group and all De Beers' on-site and substantial<sup>4</sup> contractors are required to participate in the BPP Programme.

The BPP Programme consists of an annual, three-step assessment process:

1. All relevant entities are required to complete a self-assessment workbook, recording their level of compliance against each BPP requirement.
2. An independent third party verifier, SGS, is employed to conduct on-site verification visits. They annually visit 10% of all entities in scope per organisation.
3. One third of all self-assessment workbooks is assessed through a desktop audit.

The BPP Programme covers approximately 340,000 employees in 76 countries<sup>5</sup>. While the 2016 BPP Programme is still on-going at the time of publication of this statement, with the results of some on-site verifications visits and desktop reviews still pending, at the time of writing, during the 2016 BPP Programme 127 on-site verification visits had taken place and 281 desktop reviews has been conducted by SGS at De Beers, Sightholder and Accredited Buyer entities, and their relevant contractors.

<sup>4</sup> Substantial contractors are defined as those contractors that derive more than 75% of their diamond-related revenue (in value or volume) from a De Beers Group business.

<sup>5</sup> 2016 data from the De Beers Report to Society.

The results of these show as follows:

<b>RESULTS OF KPIS</b>	<b>2016</b>	<b>2015</b>
Total number of Improvement Opportunities identified under Child Labour/Forced Labour/Human Rights:	12	12
Total number of Minor Infringements identified under Child Labour/ Forced Labour/Human Rights:	4	8
Total number of Major Infringements identified under Child Labour/ Forced Labour/Human Rights:	6	3

The results of the assessment process are reported on an annual basis in our Report to Society, found [here](#). Further information on the BPP Programme can be found [here](#).

## **- SUPPLY CHAIN MANAGEMENT**

The products and services that are used to support our global rough diamond mining operations are predominantly sourced in Botswana, Canada, Namibia and South Africa. In 2016, our approach to responsible supply chain management was governed by the De Beers Code of Ethical Contracting<sup>6</sup> which includes requirements in respect of modern slavery. All on-site contractors involved in the extraction of rough diamonds are required to meet the requirements of the BPP Programme.

| <sup>6</sup> Excludes Element Six and any non-mine site related goods or services.

## **- VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS**

Cross-functional training and risk assessments in accordance with the Voluntary Principles on Security and Human Rights were completed in 2016, strengthening our management approach to identify and address security-related human rights risks and impacts across relevant De Beers operations. Security and human rights related risks are now fully integrated into the risk registers at each of our mining operations.

## **- OTHER INITIATIVES**

In addition to the above, for the purposes of its other businesses, the following complementary initiatives are in place:

### **FOREVERMARK RESPONSIBLE SOURCING AND PIPELINE INTEGRITY**

The Forevermark Integrity Requirements, which include an obligation on Authorised Forevermark Diamantaires to participate in the BPP Programme, set out what is expected of participants in the Forevermark programme. In order for a polished diamond to be eligible for Forevermark inscription, it must be from an approved rough diamond source. This includes supplier due diligence relating to modern slavery risks.

### **DBAS DIAMOND TRADING STANDARD**

For the purposes of its rough and polished diamond auction services, DBAS implements a Responsible Sourcing Protocol. Any registered sellers wishing to sell certain rough or polished diamonds on the online auction platform must meet strict ethical requirements relating to their businesses and the product(s) they are selling. Further information is available [here](#).

### **IIDV**

For the purposes of its diamond valuation service, IIDV implements a stringent Know Your Customer/Know Your Supplier (KYC/KYS) protocol, which includes risk-based audits for Approved Jewellers.

## EFFECTIVENESS AND KEY PERFORMANCE INDICATORS (KPIs)

The procedures adopted by De Beers that are associated with mitigation of modern slavery risks have internal performance measures. In relation to our own employment practices, supply chain and diamond value chain, we monitor and review:

- Grievances raised through internal and external mechanisms, including via Speak Up, our independently managed whistleblowing service
- Compliance against BPP Programme requirements related to modern slavery
- Forevermark Pipeline Integrity Audits
- Element Six Business Integrity and Supply Chain Audits

## TRAINING

Whenever possible, we aim to improve our performance through training and capacity building initiatives. Current initiatives available to our employees, contractors and relevant customers in the diamond and (where relevant) synthetic diamond and supermaterials value chains relating to the management of modern slavery risks are as follows:

- Anglo American Social Way training on human rights
- Training on the BPP Programme requirements
- Business Integrity Policy training

Please see our annual Report to Society for further [information](#).

## PLANS TO STRENGTHEN OUR APPROACH IN THE FUTURE

Over the next 12 months we will look to raise awareness about modern slavery risks in the diamond industry through the BPP Programme. In addition, we intend to take the following actions to strengthen our approach to managing human rights risks, including modern slavery:

### WITHIN DE BEERS

- Increasing awareness for De Beers' BPP managers worldwide on modern slavery risks
- Implementing standardised procurement processes for Element Six
- Implementing the De Beers Code of Conduct
- Reviewing (and where necessary enhancing) DBDJ's approach to managing modern slavery risks

### WITHIN OUR SUPPLY CHAIN

In 2017, we will explore aligning our supply chain management approach in our producer countries with the Anglo American Responsible Sourcing Standard for Suppliers. This approach includes:

- Supplier registration
- Supplier self-assessment
- Independent third party verification
- Remediation

For more information on the Responsible Sourcing Standard for Suppliers, please see the 2016 Anglo American Modern Slavery Act statement.



Bruce Cleaver  
CEO, De Beers Group. July 2017.