

DE BEERS GROUP

UK
MODERN SLAVERY ACT
STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

UK MODERN SLAVERY ACT STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

Various forms of slavery continue to blight societies in the modern world, and it is incumbent upon all of us to do everything in our power to prevent it. At De Beers Group we are dedicated to continuing with our comprehensive approach, focusing not only on the risk to our own business but also across our wider supply and value chains.

Bruce Cleaver

CEO, De Beers Group

Introduction

This statement¹ is made by De Beers plc, the holding company of De Beers Group, and its relevant subsidiaries and managed joint ventures, pursuant to section 54 of the Modern Slavery Act 2015 (the Act)². In accordance with Government guidance, De Beers has produced a group statement that these entities can use to meet section 54 of the Act.

The statement encompasses De Beers UK Limited, GemFair UK Limited, Forevermark™, Tracr™, Lightbox Jewelry Limited, De Beers Jewellers™ (DBJ), Element Six, and Charterhouse Cap Limited³.

This statement sets out the steps that De Beers Group 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 2019. It includes an update on progress during 2019 and our commitments for 2020. Our first, second and third statements were published respectively in July 2017, July 2018 and July 2019 and are available [here](#).

De Beers Group prohibits, and has a zero-tolerance policy in respect of, all forms of modern slavery in its organisation, its supply chains and diamond value chains.

De Beers Group's ultimate parent company is Anglo American plc (Anglo American), which owns 85 per cent of De Beers Group. 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 Group is held by the Government of the Republic of Botswana.

¹ In this statement, references to "De Beers", "De Beers Group", the "Group", "we", "us", and "our" are used to refer to either De Beers plc and its subsidiaries and/or those who work for them generally or where it is not necessary to refer to a particular entity or person. The use of those generic terms in this statement is for convenience only, and is in no way indicative of how De Beers Group or any entity within it is structured, managed or controlled. De Beers Group comprises separate legal entities. "Subsidiaries" are entities over which De Beers Group directly or indirectly is able to exercise control, and entities over which De Beers Group has joint control are referred to as "joint ventures". "Managed joint ventures" are entities where De Beers Group has management control or an ability to direct day to day activities. This statement covers De Beers plc, its subsidiaries and its managed joint ventures; it does not include independently managed operations nor does it cover non-managed joint ventures.

² The entities that we consider are subject to section 54 of the Act are: De Beers UK Limited, Forevermark UK Limited, De Beers Industry Services Limited, De Beers Jewellers Limited, Element Six Holdings Limited, Element Six Technologies Limited, Element Six Abrasives Holdings Limited and Element Six (UK) Limited. Each of the above entities has approved this statement.

³ © De Beers Group 2020. Forevermark™, DE BEERS™, Building Forever™, Tracr™ and Gemfair™ are Trade Marks of De Beers Group. Lightbox™ is a Trade Mark of Lightbox Jewelry Ltd.

Key changes to our business in 2019

In February 2019, De Beers Group consolidated its mining assets in South Africa and Canada under one business called De Beers Group Managed Operations. This includes Venetia mine in South Africa and Gahcho Kué mine in Canada. The restructuring was necessitated by the reduced mining footprints in these two countries due to the closures of the Snap Lake and Victor mines (Canada) and Voorspoed mine (South Africa).

In April 2019, De Beers took the decision to suspend the activities of the International Institute of Diamond Valuation, which was set up in 2016 in New York to repurchase and recycle diamond jewellery.

In May 2019, production officially ceased at Victor mine in Canada, ten years after it was officially opened in July 2008. It is in its formal mine closure process.

UPDATE ON PROGRESS

SUMMARY OF ACTIONS TAKEN DURING FINANCIAL YEAR ENDING 31 DECEMBER 2019

The following is an update against the commitments we made in our 2018 statement to address the risk of modern slavery within the group's business, within its supply chain and within its value chain, as committed to in the previous year's statement.

WITHIN OUR BUSINESS:

Across our Group:

The De Beers Group Best Practice Principles (BPP) Assurance Programme applies to all diamond-related businesses across De Beers Group, from our rough diamond mines and sales entities through to our diamond jewellery retail entities. These are the key updates implemented in 2019:

- Following an in-depth review into the Human Rights section within the BPP Programme in 2018, new requirements were rolled out within the 2019 BPP cycle to all participants. Some of the key updates to this section include a clearer alignment with, and requirement to meet, international best practice standards, and an increased focus by the third party verifier on having robust policies, procedures and processes on the responsible sourcing of diamonds to mitigate against human rights risks, including modern slavery.
- In 2019, three areas were identified for review as part of the annual evaluation of the BPP Programme. These related to the sourcing of diamonds, environmental management and the mining requirements which apply to our own operations. This review considered these issues through a human rights lens, and comprehensive research was undertaken to ensure that the requirements continually reflect and align to international best practice, and respond to human rights risks, including modern slavery:
 - The review led to a new section being added to the programme (entitled "Sourcing of Diamonds from Conflict-Affected or High-Risk Areas") at the launch of the new cycle in January 2020. It is aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the OECD Guidance) and seeks to ensure that where the sourcing of diamonds is taking place, this is done responsibly and in a way which respects and protects human rights risks through purchasing decisions and practices. This requires due diligence to be undertaken on suppliers, to ensure there are no serious human rights risks in how or where they are sourcing diamonds.
 - Both the environmental and mining requirements were enhanced, and the new requirements reflect the significant importance De Beers Group places on being a human rights leader.

At our Upstream Operations:

- The Social Way management system was updated, including integration of processes relating to social and human rights impact analyses.
- Development of human rights plans to support tracking and continuous improvement in managing key human rights issues and human rights due diligence processes at our upstream entities.
- Reviewed the Voluntary Principles on Security and Human Rights (VPSHR) risk assessments, which include an analysis of the severity of actual and potential human rights impacts that De Beers Group may cause or contribute to through its security operations in the countries we operate in, or which may be linked directly to the group's operations, projects or services through its business relationships.

At our Midstream Operations:

- **De Beers Group Auctions:** The De Beers Group Responsible Sourcing Policy for Diamonds, which was established in 2018 in collaboration with all relevant business units within De Beers Group, was under review throughout 2019 to ensure alignment to the OECD Guidance. The policy outlines fundamental principles that each De Beers Group business unit must comply with when sourcing diamonds. These include ongoing human rights due diligence that verifies that there are no serious human rights risks or impacts with any existing or potential sources, including checks for the potential for forced labour.
- **GemFair™:** Since the launch of its pilot in 2018, GemFair has taken a significant number of steps to address the risk of modern slavery within its operations. This has included:
 - In April 2019, GemFair scaled up its operations in Sierra Leone to nearly 100 mine sites, which included delivering crucial training to participating artisanal miners on fair and safe working practices, and responsible business conduct, which include issues relating to human rights and modern slavery amongst others.
 - Launched its Responsible Artisanal and Small-Scale Mining (ASM) Assurance Programme in Sierra Leone, which aligns closely with the OECD Guidance.
 - The GemFair Responsible ASM Assurance Programme Standard Requirements, Manual and Mine Site and Desk Based Assessment Surveys were made publicly available.
 - Rolled out its Sourcing from Conflict-Affected and High-Risk Areas Policy, which is a subset of the De Beers Group Responsible Sourcing Policy and details GemFair's core requirements on ASM sourcing. These requirements include, amongst others, addressing risks of forced labour and human trafficking.
 - Received an audit of its management systems to assess and address human rights risks in its supply chain, which was carried out in May 2019 by Synergy Global Consulting.
 - Successfully participated in the 2019 BPP Programme, with onsite audits taking place in its UK and Sierra Leone offices. The audits were combined to assess compliance against both the BPP Requirements and the Responsible Jewellery Council's (RJC) Code of Practice which led to GemFair successfully certifying against the RJC Code of Practice (2013 standards). This is reflected within the overall [De Beers Group RJC Certificate](#).

At our Downstream Operations:

- Forevermark continued to implement its Integrity Requirements, which require all Forevermark Diamantaires to participate in the BPP Programme and comply with the Pipeline Integrity Programme.
- De Beers Jewellers continued to implement and evolve its responsible sourcing strategy.

At our other Businesses:

Tracr:

By the end of 2019, Tracr was working with over 30 industry participants representing all stages of the diamond industry value chain. A large proportion of the Tracr platform participants operate in the midstream, all of which are De Beers Sightholders, and therefore fall under the existing due diligence and assurance processes we have in place. Tracr is developing an approach to conduct due diligence on all non-Sightholder and non-De Beers Group participants on its platform in 2020.

Element Six:

Element Six continued an exercise to gather, analyse and then consolidate the different terms and conditions that were being used at its different manufacturing locations, which led to the development of Standard Terms & Conditions of Purchase for the business. The work was completed at the end of 2019, and these requirements ensure each supplier is aware of the need to have policies and procedures in place equivalent to our Code of Conduct and Business Integrity Policy and to comply with the principles of the same. If a supplier is found to be in breach of these terms or any human rights violations are found within the supplier's business, Element Six reserves the right to terminate the contract with them as a material breach of contract.

Lightbox™:

Lightbox introduced a suite of procedures applicable to its significant contractors and suppliers, both before and after a business relationship is formed. Prior to the relationship being formed, contractors and suppliers must meet minimum due diligence requirements, which include evidencing there are no risks of modern slavery or human rights abuses, amongst other ethical social and business practices, within their operations. Once the relationship is formed, suppliers commit to participating in, and being compliant with, an annual third party assurance programme which has robust requirements on business, environmental and ethical standards, and including those which seek to mitigate the risks of modern slavery.

BEYOND OUR BUSINESS:

Within our Supply Chain:

Further to commitments made in the 2018 MSA Statement, the De Beers Group Supply Chain has implemented the following in 2019:

- The Responsible Sourcing for Suppliers Standard self-assessment questionnaire was extended to 80 suppliers (after initially piloting with 20 top South African suppliers in 2018) representing 80% by spend in South Africa. These supplier self-assessments confirmed that our large spend suppliers understand responsible sourcing risk areas and have established practices to manage the key risks, including those related to human rights and modern slavery. In addition, key findings showed that none of the suppliers concerned has had any investigations for corrupt, illegal, unethical or anti-competitive practices over the past 3 years.
- De Beers Group adopted the Anglo American Supplier Life-Cycle standard in its upstream operations, and has implemented trade sanctions and responsible sourcing checks, which include child labour and slavery checks, amongst others, through an independent and third party screening verification platform for all new on-boarded suppliers.

Within our Value Chain:

- The newly revised Human Rights section of the BPP was rolled out to all Sightholders, Accredited Buyers and their on-site and/or substantial contractors for the 2019 BPP cycle and therefore implemented across the diamond value chain. The new requirements required more in-depth approaches to human rights due diligence across BPP participants' organisations and their relevant supply chains.
- During the 2019 BPP cycle, the independent third party auditors, SGS, provided more granular reporting from their on-site verification visits on the specific policies, procedures and practices in place to meet the human rights requirements, so De Beers Group could undertake a more informed in-depth review of these requirements during 2020.
- The annual evaluation of the BPP Programme led to a review of the requirements on the responsible sourcing of diamonds and environmental management, as detailed above, which apply to Sightholders, Accredited Buyers, and their on-site and/or substantial contractors, as well as De Beers Group. During the review phase in 2019, a wide consultation took place with stakeholders to ensure that the updated requirements enhance our overall commitment to mitigate human rights risks, amongst other objectives.
- The new responsible sourcing of diamonds requirements that were developed at the end of 2019, for implementation in the BPP 2020 cycle, require our Sightholders and Accredited Buyers to undertake demonstrable human rights due diligence beyond their own business and into their value chains, thus expanding the scope of human rights risk identification even further. This is an important progressive step to support our customers in influencing their value chain partners for increased transparency and risk management.

OVERVIEW OF DE BEERS GROUP AND OUR SUPPLY AND VALUE CHAINS

Our Business:

De Beers Group 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. Our principal activities are noted below:

- **Exploration:** De Beers Group has diamond prospecting activities in Botswana, Canada, Namibia and South Africa.
- **Production:** Through wholly-owned and joint venture operations, De Beers Group mines for rough diamonds in Botswana, Canada, Namibia and South Africa.
- **Sales:** The vast majority of De Beers Group's rough diamond production mined from each of Botswana, Canada, Namibia and South Africa is aggregated by De Beers Group Global Sightholder Sales (GSS) in Botswana and sold primarily by way of term contract by GSS. A proportion of aggregated production is sold by way of auction by De Beers Group Auctions in Singapore.
- **GemFair:** GemFair creates a secure and transparent route to market for ethically sourced ASM diamonds through implementing a digital solution for mine sites that meet demonstrable ethical standards.
- **Technologies:** De Beers Group Technologies has operations in South Africa and the UK, working on varying technologies that impact mine life expansion, identifying new methods for verifying and sorting diamonds and producing technology that ensures all synthetic (laboratory-grown) diamonds and treatments (enhancements to diamonds) can be detected.

- **Industry Services:** De Beers Group Industry Services offers polished diamond grading services and uses proprietary technology to develop equipment for the identification of synthetic (laboratory-grown) diamonds. Services are offered through laboratories in Antwerp in Belgium, Surat in India and Maidenhead in the UK. It is supported by De Beers Group' diamond research and development business, De Beers Group Technology.
- **Brands:** De Beers Group has two diamond brands: Forevermark and De Beers Jewellers™. DBJ is a global diamond jewellery retailer, with 33 stores in 16 consumer markets around the world. Forevermark offers an inscription, grading and branding service to diamantaires and retailers for eligible polished diamonds across 25 countries.
- **Synthetic Diamonds and Supermaterials:** Element Six is a global leader in the design, development and production of synthetic diamonds and tungsten carbide material (or 'supermaterials') used for industrial purposes. It is made up of two businesses: Technologies (wholly-owned by De Beers Group); and Abrasives (approximately 60 per cent owned by De Beers Group, with Umicore, a major materials group, owning the remaining share). Element Six has manufacturing facilities in China, Germany, Ireland, South Africa, the UK, and the USA.
- **Lightbox:** A wholly-owned De Beers Group business selling laboratory-grown diamond jewellery online to consumers.
- **Tracr:** Tracr is an innovative Connected Value Chain platform initiated by De Beers Group and developed for the diamond industry in collaboration with industry stakeholders. Using advanced technology including the internet of things, artificial intelligence, blockchain and state-of-the-art security and privacy, it connects the diamond industry's entire value chain and ensures provenance, traceability and authenticity of natural diamonds.
- **Internal Function - De Beers Group Supply Chain:** De Beers Group's supply chain function is responsible for the procurement of ancillary goods and services to support upstream activities.

For more information on De Beers Group, please visit www.debeersgroup.com.

For more information on Element Six, please visit www.e6.com.

For more information on GemFair, please visit www.GemFair.com

For more information on Tracr, please visit: www.tracr.com.

For more information on Lightbox, please visit: www.lightboxjewelry.com.

Our Supply Chain:

Supply Chain activities at De Beers Group include the provision of goods, labour and services to support the exploration, mining, transportation, aggregation, processing and technology development required for our business.

De Beers Group is committed to working with suppliers who comply with applicable laws, while striving for 'zero harm' to people, society and the environment. This commitment ensures that we work with responsible suppliers and remain committed to support suppliers to identify and manage sustainability issues such as those relating to safety, human rights, modern slavery and workplace conditions.

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 Group because it plays a key role in developing thriving and healthy host communities. Spend behaviour supports inclusive procurement, which increased from 63% to 65% of total spend over the 2019 period.

Sourcing diamonds from ASM sources for GemFair continues to be conducted and governed through the GemFair Sourcing from ASM Standard and Policy as outlined above.

GOVERNANCE, POLICIES, PROGRAMMES AND ASSURANCE FOR HUMAN RIGHTS

Our long-term success depends on a strong ethical foundation, which is why we took a proactive, zero tolerance approach to forced labour and modern slavery prior to the entry into force of the Modern Slavery Act. This approach continues and has never been stronger.

Building Forever™ Framework: In 2019, we started developing our Building Forever Sustainability Framework, which is our commitment to creating a positive, lasting legacy that will endure well beyond the recovery of our last diamond. Within our framework, one of the key foundations is respect for human rights, which is at the heart of our operating policy, embedded in the way we conduct our business and seeks to drive best practice across the wider diamond value chain.

Key Human Rights International Frameworks and/or Standards: As a member of the United Nations Global Compact through Anglo American, we are committed to the United Nations Guiding Principles on Business and Human Rights by holding ourselves and those we work with accountable to honouring industry-leading requirements set out by the Social Way (our standard for inclusive engagement and social impact assessment and management), the Kimberley Process, the VPSHR and our BPP Programme.

BPP Programme: We work in close partnership with our Sightholders and Accredited Buyers (term contract rough diamond customers) and their contractors engaged in diamond cutting, polishing and jewellery manufacturing and diamond jewellery retail, to build trust and confidence throughout the diamond pipeline, which is supported by third party auditing to verify compliance with our requirements through their participation in the BPP Programme.

Responsible Sourcing: Any responsible sourcing standard in De Beers Group, for diamonds and/or other minerals, must apply robust responsible sourcing practices that cover human rights due diligence, and must align with the OECD Due Diligence Guidance.

Governance: Accountability for sustainability at De Beers Group 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 sub committees and working groups.

As part of our commitment to continuous improvement, our Human Rights Working Group seeks to better understand the human rights risks posed by our business, our supply chain 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 Group’s governance approach in 2019 is shown in diagram 1.



Diagram 1 - Governance at De Beers

Policies, Procedures, Standards and/or Programmes: In 2019, the following policies and standards underpinned our approach to managing modern slavery risk:

- [The De Beers Group Best Practice Principles and Assurance Programme](#)
- [De Beers Group](#) and [Element Six](#) Codes of Conduct
- De Beers Group Responsible Sourcing Policy
- GemFair Responsible ASM Assurance Programme Standard Requirements, Manual and desk and site-based surveys
- GemFair Policy for Sourcing from Conflict-Affected and High-Risk Areas
- GemFair Whistleblowing Policy and Procedures
- [Anglo American Business Integrity Policy](#)
- [Employee Human Rights Policy](#)
- [Element Six Human Rights Policy](#)
- [Element Six Policy on Responsible Global Supply Chain of Minerals and Metals from Conflict-Affected and High Risk Areas](#)
- Lightbox Business Integrity Standards
- Lightbox Minimum Requirements for Supplier Engagement
- [Security Forces and Human Rights Policy](#)
- [Social Performance Policy](#)
- De Beers Group Managed Operations Contractor Compliance Benchmark Standard
- [Anglo American Responsible Sourcing Standard for Suppliers](#)
- [Forevermark Pipeline Integrity](#)

PROGRAMMES TO SUPPORT RISK ASSESSMENT AND DUE DILIGENCE

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

The 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 operations⁴, as well as to our Sightholders and Accredited Buyers (the businesses that purchase the vast majority of De Beers Group's rough diamonds) and their relevant diamond contractors. This includes undertaking Know Your Counterparty (KYC) due diligence processes prior to becoming a Sightholder or Accredited Buyer encompassing 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. If serious human rights abuses, including modern slavery, are identified in our business or in our supply or value chains, De Beers Group takes measures to ensure they are eradicated in a rights-compatible manner, takes appropriate commercial actions and potentially imposes sanctions in parallel until corrective actions are implemented.

The BPP Programme requires that each relevant entity has policies and procedures in place to help ensure respect for human rights and to prevent modern slavery. Where relevant, due diligence, risk assessments and training are required to implement these policies and procedures.

⁴ Participation in the BPP Programme excludes Tracr™ and Element Six businesses.

All entities in De Beers Group and all De Beers Group's on-site and substantial⁵ 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. SGS annually visits up to 10% of all entities in scope per organisation.
3. One third of all self-assessment workbooks are assessed through a desktop audit.

During the 2019 BPP cycle, which ran from 1 April 2019 to 31 December 2019, the BPP Programme covered approximately 345,000 employees in 2,700 entities in 77 countries⁶. 122 on-site verification visits took place and 217 desktop reviews were conducted by SGS at De Beers Group, Sightholder and Accredited Buyer entities and their relevant contractors.

The results of the assessment process are reported on an annual basis in our Building Forever: Our Journey report, found [here](#). Further information on the BPP Programme can be found [here](#).

GemFair Responsible ASM Assurance Programme:

GemFair, which sources rough diamonds from artisanal and small-scale miners, continues to use its own GemFair Responsible ASM Assurance Programme for responsible sourcing, which draws its structure, scope and intent predominantly from the:

- OECD Guidance;
- De Beers Group BPP Assurance Programme;
- Alliance for Responsible Mining and RESOLVE's CRAFT Code; and
- Diamond Development Initiative's (DDI) Maendeleo Diamond Standards™.

The GemFair Responsible ASM Assurance Programme enables GemFair to work constructively with artisanal miners through an iterative process of training, monitoring progress, providing remedial training, which seeks to support miners' continuous improvement against its core requirements, including those related to safety, environment, and working standards.

GemFair's Responsible ASM Assurance Programme is a group of policies, procedures, standards and training fulfilling the OECD Guidance requirements. These include, but are not limited to, undertaking risk assessments for forced labour, human trafficking, human rights violations and child labour. Any observation or verified reports of the above material issues would lead to GemFair's disengagement from the individual or business. GemFair also undertakes KYC due diligence on potential and existing substantive suppliers (as determined by value). GemFair's assessment process with artisanal miners includes:

- Baseline risk assessment at their site and of GemFair's records to assess for any material risks.
- Corrective action where required, including remedial training and action plans.
- Third party audit of GemFair's due diligence management systems, as well as a sample of mine sites selling to GemFair. The first audit took place in 2019.

In addition to the Responsible ASM Assurance Programme, GemFair:

⁵ 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.

⁶ 2019 data from De Beers Group's *Building Forever: Our Journey* report.

- distributes a policy, which includes a section on forced labour and human trafficking, to miners and delivers training on these topics;
- requires each of its suppliers to sign a self-declaration to adhere to GemFair’s core requirements, which include human rights and forced labour standards;
- has developed a policy on Sourcing from Conflict-Affected and High-Risk Areas to demonstrate its commitment to following the five-step framework as articulated in the OECD Guidance. It details how GemFair addresses supply chain risks (including modern slavery risks) related to sourcing ASM diamonds from either a conflict-affected or high-risk area.

Social Way:

The Social Way is our social performance management framework. It sets out the key activities and requirements each mining site needs to implement on an ongoing basis to identify and address social performance impacts and issues. The Social Way explicitly links effective social performance with respect for human rights. This is embedded into its requirements, specifically those related to social and human rights risks and impact assessment, stakeholder engagement, understanding and addressing concerns of vulnerable groups, addressing grievances, and in our work with contractors, including regarding our approach to security. Mining operations are assessed annually to determine compliance with and identify gaps in respect of the requirements of the Social Way. In 2019, this was reviewed with the updated version of the Social Way (Social Way 3.0) which was launched in early 2020.

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 recognition of the importance we place on developing and maintaining thriving and healthy host communities.

De Beers Group Supply Chain actively supports the Anglo American Supply Chain function’s journey to “Innovate Supply, Responsibly” by 2021. This will be delivered through outcomes which focus on safety, people, sustainability, value delivery and digitisation. Underpinning the delivery of these outcomes are our supplier partnerships: in 2019, we procured circa USD1.4 billion of goods and services from more than 7,800 suppliers. Fundamental to this approach is the prioritisation of ethical decision-making when purchasing goods and services. This prioritisation is embedded within the Anglo American Responsible Sourcing Standard for Suppliers alongside five key expectations for suppliers:

- Protect safety and health;
- Protect the environment;
- Respect labour and human rights;
- Increase social accountability; and
- Conduct business fairly and with integrity.

The requirements contained in the Responsible Sourcing Standard for Suppliers are publicly available and non-negotiable, as part of Anglo American’s commitment to ensure fair and transparent business practices and to use our influence with suppliers to effectively manage those risks.

Voluntary Principles on Security and Human Rights (VPSHR):

Cross-functional training and annual risk assessments in accordance with the VPSHR continued in 2019, which strengthened our management approach to identify and address security-related human rights risks across our operations. This was further enhanced with bespoke initiatives put in place across our operations, including promoting awareness of the VPSHR with local and district police services and relevant employees attending conflict analysis and management workshops to understand and manage conflict peacefully.

Other Initiatives:

In addition to the above, for the purposes of the Group's 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.
- **De Beers Group Auctions:** De Beers Group Auctions continues with its sourcing of third party rough diamonds from approved producers. Third party diamonds are sourced from approved producers in line with the De Beers Group Responsible Sourcing Policy referred to above. Verification against the implementation of this policy and its supporting processes is undertaken through independent third party BPP audits. All procedures relating to third party procurement are clearly defined in a Third Party Supply Operating Model and training on the same to relevant employees is provided.
- **DBJ:** All of DBJ's core diamond suppliers (which are determined by value) are compliant with the requirements of the BPP Programme and/or are certified members of the RJC. Both the BPP and RJC requirements include independent third party audits as well as requirements relating to the identification, mitigation and prevention of human rights abuses, including modern slavery, in the participant's business and supply chain. The majority of DBJ's main jewellery manufacturers are RJC certified members.
- **Element Six:** The Element Six business sources tungsten carbide for some of its products and manufacturing processes. To ensure it maintains responsible sourcing of needed materials Element Six has implemented a supplier register that it audits annually to ensure that it is responsibly sourcing tungsten carbide.

EFFECTIVENESS AND KEY PERFORMANCE INDICATORS (KPIs)

The procedures adopted by De Beers Group 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 as follows:

Social Way Results:

In 2019, all De Beers Group sites were assessed as, at least, complying with the Social Way requirements on human rights due diligence and grievance mechanisms. All sites completed security and human rights risk assessments and updated management plans accordingly.

Outcome of BPP Programme Visits Within our Business and Within our Value Chain:

In 2019, the BPP Programme ran for a nine-month cycle (1 April to 31 December 2019), instead of the usual twelve months, to align to GSS's Intention to Offer (ITO) selling period. Despite this shorter timeframe, all requirements of the BPP Programme, including up to 10% on-site verification visits by SGS and one-third of self-assessments assigned for desktop review, were maintained through a more effective management of timeframes, and a shorter dedicated period for the self-assessment process and internal reporting periods to accommodate this change.

Within our Business:

A total of 54 self-assessment workbooks were submitted across De Beers Group and 11 workbook reviews were conducted during the 2019 cycle. These have been rated in accordance with the BPP Programme requirements and resulted in four Minor Infringements and one Major Infringement being identified, none of which related to human rights (including modern slavery) impacts, and for which corrective action plans have been developed and implemented. Four Improvement Opportunities were self-declared across a number of topics in the Business Practices and Employment sections, of which none related to the human rights (including modern slavery) requirements.

In 2019, GemFair became operational and underwent combined BPP and RJC audits, where each of its entities in Sierra Leone and the UK received an on-site audit from SGS. These audits were successful, meaning that GemFair demonstrated its compliance against both the BPP Requirements and the RJC Code of Practices (2013) and was added to the [De Beers Group RJC Certification](#). De Beers Group received a three-year certification in 2018.

Within our Value Chain:

All entities that are owned or are under the management control of Sightholders and Accredited Buyers are required to participate in the full BPP Programme. In addition, substantial contractors - those that derive more than 75% of their revenue from a Sightholder or Accredited Buyer - are required to participate in the Contractor BPP Programme, and all non-substantial contractors must be disclosed on the BPP SMART System.

In addition, Sightholders and Accredited Buyers are required to declare that all owned entities and contractors that manufacture melee⁷ diamonds must enable reviews to be undertaken to cover the new BPP Melee Assurance Protocol requirements.

During the 2019 cycle, 206 workbooks were reviewed and rated in accordance with the BPP Programme requirements. In addition, 109 on-site verification visits were completed based on the sampling requirements defined above. This included the audits undertaken at the non-substantial contractor sites involved in manufacturing melee diamonds.

Non-compliance with BPP Programme requirements (by Sightholders, Accredited Buyers and relevant contractors) relating to human rights, of which modern slavery and human trafficking are key elements, within our value chain are listed below:

Human Rights Indicators	2019	2018	2017	2016
Total number of Improvement Opportunities identified under Child Labour/Forced Labour/Human Rights:	27	36	4	12
Total number of Minor Infringements identified under Child Labour/Forced Labour/Human Rights:	13	5	3	4
Total number of Major Infringements identified under Child Labour/Forced Labour/Human Rights	5	1	0	6

⁷ For the purposes of the BPP Programme, melee diamonds are diamonds that are 0.01 cts or less.

2019 showed a significant increase in the number of identified Minor Infringements relating to the sections covering broader human rights in our value chain. This was largely expected due to the stronger emphasis placed on the human rights requirements in 2019, as a result of the elevated standards we introduced. This placed greater emphasis on our Sightholders to demonstrate the procedures they have in place to identify, address and mitigate human rights impacts in their operations.

Overall number of Major and Minor Infringements (consolidated) identified at client operations	2019	2018	2017	2016
Business Responsibilities	64	31	39	35
Social Responsibilities	149	128	138	132
Environmental Responsibilities	7	3	10	8

Lightbox Contractor Participation:

Lightbox' contractors continued to be assessed through the BPP Programme, including against the human rights and human trafficking requirements, and there were no infringements raised against these requirements during the audit process.

GemFair Mine Site Assessments:

In 2019, GemFair staff conducted 278 mine sites assessments in Koidu, Sierra Leone. Through observations and interviews carried out by GemFair staff, GemFair concluded that there were no reported or observed human rights abuses, including forced labour and child labour, on all the mine sites assessed or on transport routes.

Also in 2019, GemFair's management systems as a whole, together with a sample of GemFair mines sites, was audited against the GemFair ASM Standard. The audit did not make any recommendations that impact GemFair's approach to identifying and responding to human rights risks. However, GemFair has implemented, and responded to all other recommendations made by the auditor.

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:

- **Human Rights Training:** Overall, the number of training hours devoted to human rights in 2019 was 1,078 and the number of people trained in human rights was 3,023.
- **Training on Voluntary Principles on Security and Human Rights:** In 2019, a further 623 (433 in 2018) people received bespoke training on security and human rights issues across all of our operations.

- **GemFair Training for ASM Miners:** GemFair rolled out seven training sessions on responsible business and mine site business conduct. Training for ASM miners was conducted at both mine-sites and in classrooms and included breakaway sessions and extensive solutions-oriented workshops. In particular, the training focused on GemFair’s core requirements, which include no human rights violations, forced or child labour at any mine site or in business practices. Miners also had the ongoing opportunity to engage with GemFair staff on these topics during regular mine site visits.
- **Element Six Human Rights Policy:** The Element Six Human Rights Policy was introduced at the same time as the Code of Conduct, and training has been given as part of new employee induction in 2019 to 223 new joiners. Formal Code of Conduct e-learn training is scheduled for 2020 for all relevant employees. Business Integrity Policy online training was also delivered to the relevant global population, and face-to-face sessions were delivered to employees in the US throughout 2019.

Please see our annual [Building Forever publication](#) 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 further strengthen our approach to managing human rights risks in the group, including modern slavery:

Across our Group:

- Undertake the annual review of the BPP Programme to ensure requirements remain aligned with best practice industry standards for the launch of the 2021 cycle.
- Analyse the compliance of all entities that participate in the BPP Programme against the new requirements relating to the OECD Guidance through granular reporting of findings from the third party verification assessments. Where necessary, provide additional guidance and support to reduce the number of findings raised in 2021.

At our Upstream Operations:

- Review and validate 5-year human rights plans at mine sites and establish mechanisms to improve performance tracking of key human rights issues and implementation of human rights due diligence processes across the business.
- Launch of Social Way 3.0, including improved approach to consistent social and human rights risk and impact analysis with pilot assessment of key, common requirements completed during 2020.

At our Midstream Operations:

- Finalise the update to the Group Responsible Sourcing Policy, and publicly report on our performance against it.
- GemFair to:
 - Continue to streamline its due diligence management systems to make them more risk-based and responsive to any emerging material issues.
 - Scale up its ASM Assurance Programme to further sites in Sierra Leone, providing crucial information to artisanal miners on how to be vigilant for the risks of forced labour and debt bondage in the ASM context.

At our Other Businesses:

Element Six:

Element Six to continue to build upon its supply chain processes with a focus on implementing the new set of terms and conditions which require its suppliers to comply with the Element Six Code of Conduct.

Lightbox:

Lightbox to continue strengthening its policies and procedures in place for its significant suppliers and introduce a Precious Metal and Component Supplier register to assess for risks relating to human rights impacts.

Beyond our Business:

Upstream Supply Chain:

In addition to continuing our current efforts, we will undertake the following activities in 2020:

- In conjunction with Anglo American, facilitate and enable the delivery of Responsible Sourcing Standard for Suppliers targets in the 2023 Building Forever 5-year plans for Venetia Mine and Gahcho Kué.
- Extend participation to the Anglo American Responsible Sourcing Standard for Suppliers programme with priority on human rights risks to an additional top 50 South African suppliers by spend, including:
 - To provide a progressive roll-out of our responsible sourcing programme by identifying suppliers who pose potential for risk, then engaging them to complete self-assessment questionnaires.
- Third party desktop supplier assessments will be undertaken (on a sample basis) to assess their compliance against the Responsible Sourcing Standard for Suppliers.
- Raise awareness and build capacity; while we expect all suppliers to commit to responsible sourcing as part of their engagement with Anglo American, we recognise the need to support suppliers to identify and manage sustainability risk.
- Continue to train members of our supply chain teams and relevant business unit stakeholders on responsible sourcing.
- Through appropriate technology digitisation and master data, to support the business to deliver on commitments and imperatives.
- Continue engaging with the Supply Chain Leads at Debswana and De Beers Marine Namibia operations regarding the work currently ongoing relating to the Responsible Sourcing Standard for Suppliers.

For further information on the Responsible Sourcing Standard for Suppliers, the Anglo American Social Way and the 2019 Anglo American Modern Slavery Statement, please visit www.angloamerican.com.

Within our Diamond Value Chain:

- In 2020, the BPP Programme will revert to a twelve-month period, from January 2020 until December 2020.
- A key focus of the BPP Programme during the 2020 cycle, will be to assess Sightholders' and Accredited Buyers' entities against the new requirements aligned to the OECD Guidance and provide further guidance, training and support to ensure all counterparties in our value chain are demonstrating the required levels of compliance.

COVID-19

At the time of writing, the coronavirus outbreak has been labelled a global pandemic by the World Health Organisation. We recognise the importance of leading through a crisis, by demonstrating that we are operating in line with best practices and respecting human rights, despite navigating unprecedented challenges. Therefore, we will endeavour to meet the commitments outlined above, but recognise that, given the global scale of the outbreak, it may not be possible to fulfil all of our plans for 2020. Any changes to our intentions will be made in a way that continues to ensure that human rights are at the forefront of our decisions.



Bruce Cleaver

CEO, De Beers Group

22 July 2020

This statement was approved by the Board of De Beers plc on 22 July 2020.