

DE BEERS

JEWELLERY

DE BEERS DIAMOND JEWELLERS LIMITED

UK MODERN SLAVERY ACT STATEMENT

For the financial year ending 31 December 2016

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INTRODUCTION

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (the **Act**) and sets out the steps that De Beers Diamond Jewellers Limited (DBDJ)¹ has taken to ensure that modern slavery and human trafficking is not taking place in any part of its own business and in any of its supply chain during the financial year ending 31 December 2016.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. DBDJ has a zero tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

OVERVIEW

DBDJ, which is headquartered in London, is a diamond jewellery retailer. In the financial year ending 31 December 2016, DBDJ sold through wholly-owned or franchised retail stores in Europe, North America, the Middle East and Asia. DBDJ designs its full range of jewellery in-house. DBDJ's principal supply chain comprises the procurement of rough and polished diamonds (directly) and precious metals (indirectly) from third parties. As part of DBDJ's product development, DBDJ procures rough and polished diamonds and then outsources the production of jewellery to specialist manufacturers that supply all non-diamond material for each product. Both diamonds and precious metals used to produce DBDJ's products are sourced globally from Asia, America and Europe. DBDJ's supply chain includes the procurement of a number of ancillary products and services such as cleaning, security and store floral arrangements.

OUR STANDARDS AND POLICIES

We have a number of relevant internal policies and procedures that apply to all our employees, as follows:

- Anti-slavery policy that sets out DBDJ's stance on modern slavery, and strongly encourages employees to raise any concerns or suspicions where there might be a breach of the policy. The policy also expresses that DBDJ's zero tolerance approach to modern slavery must be communicated to all suppliers, contractors and business partners at the outset of the business relationship, and reinforced appropriately thereafter.
- Staff handbook that includes a specific employee policy covering the primary offences contained in Part I of the Act.

¹ In 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. However, for the reporting period covered by this statement, DBDJ was an independently operated joint venture between De Beers Group and the LVMH group. As such, DBDJ is making a separate statement.

- Recruitment policy that includes conducting eligibility to work in the UK checks for all employees to help safeguard against human trafficking or individuals being forced to work against their will.
- Anti-corruption policy that prohibits all forms of bribery, including facilitation payments.
- Whistleblowing policy to enable employees to confidentially raise concerns about practices within our business or supply chain, without fear of reprisals.
- New starters, as relevant to their role, receive training on DBDJ's modern slavery position during an initial 'awareness' process.

We are a certified member of the Responsible Jewellery Council (RJC) – an international not-for-profit organisation whose members are committed to promoting and protecting ethical, social and environmental practices in the jewellery supply chain. The RJC audits its fully-certified² members every three years to provide assurance as to members' compliance with its Code of Practices, available [here](#). DBDJ has been fully certified as being in conformance with the standards contained in the Code of Practices in two successive auditing cycles, and will undergo its next round of audits in 2018. The standards consist of broad and exacting requirements that include obligations of its members to implement management systems, policies, procedures and training programmes relating to:

- General Requirements: to improve legal and regulatory compliance, reporting and promotion of responsible business practices.
- Responsible Supply Chains and Human Rights: to increase the use of due diligence in supply chains of diamonds, gold and platinum group metals in order to support respect for human rights, community development, anti-corruption efforts and to manage sourcing risks.
- Labour Rights and Working Conditions: to increase the level of compliance with international labour conventions of responsible working conditions in the jewellery supply chain.
- Health, Safety and Environment: to ensure implementation of responsible practices for health, safety and environmental management.
- Gold, Diamonds and Platinum Group Metal Products: to ensure use of appropriate disclosure and controls for information about jewellery products, including to consumers.
- Responsible Mining: to increase implementation of responsible exploration and mining practices, as the starting point for the supply of jewellery products.

In the context of this statement, there are specific RJC requirements relating to Forced Labour, Child Labour, Human Rights, Bribery and Facilitation Payments, and Business Partners. These standards include (amongst others) the following requirements:

- Robust policies and procedures to prohibit any restriction on freedom of movement.
- Robust policies and procedures to prohibit retention of personal documentation.
- Robust policies and procedures to prohibit any form of deposit, recruitment fee or equipment advance from employees, either directly or through recruitment agencies.
- Robust policies and procedures to prohibit child labour.
- Carry out a due diligence process that seeks to identify, prevent, mitigate and account for impacts on human rights, and include a policy commitment to respect human rights.
- Robust policies and procedures to prohibit any form of bribery, by the company, its employees, affiliates, and by agents acting on behalf of the company.
- Use best endeavours, commensurate with the ability to influence, to promote responsible business practices among significant business partners.

² Fully-certified members of the RJC are members who have achieved a full three-year certification against the RJC standards.

OUR SUPPLY CHAIN

We source our products and components worldwide, both directly and indirectly through our suppliers and jewellery manufacturers. We have developed a suite of documentation which is applied to our jewellery manufacturers and suppliers on a risk basis.

OUR APPROACH: DIAMOND SUPPLIERS AND JEWELLERY MANUFACTURERS

DBDJ has strict employment and environmental requirements of our diamond suppliers and jewellery manufacturers. We map our supply chain and undertake a risk identification process, which is periodically repeated throughout the duration of the contract based on geography and value of the business to DBDJ.

Diamonds are typically sourced directly from diamantaires, which are either De Beers Sightholders (and therefore subject to the annual De Beers Best Practice Principles Programme) or members of the RJC and subject to its certification standards. Other diamond suppliers are strongly encouraged to become members of the RJC.

Our contract jewellery manufacturers procure all other components for our jewellery, including precious metals. These contractors provide a list of sources of their metals, including gold, to ensure the sources are not from conflict-affected areas, where vulnerable groups are more prone to exploitation and risks of forced and child labour are higher. All our jewellery manufacturers are encouraged to become members of the RJC if they are not already.

All DBDJ diamond suppliers and jewellery manufacturers are required to sign up to our Code of Conduct in which we outline our expectations of them, their factories, subcontractors as well as their own suppliers. This Code of Conduct incorporates employment requirements and responsibilities, including strict provisions relating to forced and child labour, harassment and abuse, discrimination, wages and benefits, working hours, freedom of association, health and safety, and environmental requirements.

The Code of Conduct requires diamond suppliers and jewellery manufacturers to:

- Take steps to identify and eradicate modern slavery within their business;
- Pay their employees the minimum wage rate applicable within their country of operation; and
- Seek permission from DBDJ for use of any subcontractors during the process of creating a DBDJ jewellery piece or line (such subcontractors would only be approved by DBDJ on condition that they also commit and sign up to the Code of Conduct).

We may terminate a contract at any time should any breach of our Code of Conduct come to light, including any aspect relating to forced labour and human trafficking.

OUR APPROACH: ANCILLARY SERVICE PROVIDERS

We employ a number of ancillary service providers in our business, including security service providers, courier companies, cleaning and maintenance companies. We conduct due diligence before allowing a service provider to become a DBDJ supplier and require these service providers to use their best endeavours to adopt responsible business practices.

OUR PERFORMANCE INDICATORS

We have an indication of the effectiveness of the steps that we are taking to ensure that modern slavery is not taking place in our business or in our supply chain by not receiving reports from employees, the public, or enquiries from law enforcement agencies to indicate that modern slavery practices have been identified.

PLANS TO STRENGTHEN THE PROCESS IN THE FUTURE

In light of the transaction referenced in footnote 1 of this statement, DBDJ is undergoing an integration process to align (as appropriate) with relevant policies and procedures of the De Beers Group. Subject to that process, it is our current intention to:

- Establish a new policy that will form the basis for managing risks specifically relating to slavery, servitude, forced and compulsory labour and human trafficking;
- Revise the Code of Conduct for suppliers to include further provisions relating to the primary offences contained in Part I of the Act;
- Conduct risk-based annual verification visits on our own entities, during the RJC re-certification process, to assess ethical compliance within our group, which will include requirements relating to managing the risks of modern slavery; and
- Review all ancillary contracts to ensure robustness of our suppliers' approach to identifying and addressing risks of modern slavery.

APPROVAL FOR THIS STATEMENT

This statement was approved by the DBDJ Board of Directors on 22 September 2017

Bruce Cleaver
CEO, De Beers Group