

# **Diamond Best Practice Principles**

## **Requirements**

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A DIAMOND IS FOREVER

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## II. PREFACE

This document sets out the detailed requirements to be followed in the interpretation and implementation of the Diamond Best Practice Principles (the *BPPs*) for Sightholders, their contractors, assessors and verifiers and any consultants advising on BPP Assurance Programme matters, as well as the De Beers Group (including the Diamond Trading Company) and its partners. It provides definitions, clarification, explicit requirements and performance indicators against which compliance with the *BPPs* will be assessed and verified, evaluated and reported through the Diamond Best Practice Principles Assurance Programme (BPP Assurance Programme).

These Requirements should be read in conjunction with the Diamond Trading Company Diamond Best Practice Principles Assurance Programme Overview and the Supplier of Choice documentation. Both documents (i.e. the Requirements and the Overview) are contractually binding on Sightholders. Failure to comply with their terms will constitute a breach of the Supplier of Choice documentation and will result in appropriate action being taken pursuant to that documentation. Please note that these Requirements may be updated from time to time, as required, by BPPCo [see Overview].

These Requirements are rooted in the international framework of human rights, which comprises three main items: the Universal Declaration of Human Rights (UN 1948); the labour standards embodied in the Fundamental Conventions of the International Labour Organisation (ILO 1930-1999); and the Rio Declaration on Environment and Development (UN 1992). These are binding for States and are considered to provide the basis of responsible business practice.

These Requirements are presented in four parts: Business Responsibilities, Social Responsibilities, Environmental Responsibilities and more General Considerations.

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### III. ABBREVIATIONS

Please refer to the following glossary for definitions of abbreviations that are found in this document.

**Agenda 21** - A comprehensive plan of action to be implemented globally, nationally and locally by organisations of the United Nations system, governments, and major groups in every area in which humans have an impact on the environment.

**AML/CFT Compliance** - Compliance with Anti-Money Laundering and Combat of the Financing of Terrorism laws or regulations.

**CANADA** - Canadian Guidelines with Respect to the Sale and Marketing of Diamonds, Coloured Gemstones and Pearls, revised 2003.

**CIBJO** - World Jewellery Confederation (CIBJO) 'Blue Book', comprising the Diamond Book, the Gemstone Book and the Pearl Book, 1999 edition.

**EC Directive** - Refers to the Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001, Amending Council Directive 91/308/EEC on Prevention of the use of the Financial System for the Purpose of Money Laundering.

**ETI** - The Ethical Trading Initiative Base Code (1998), an auditable code aimed at maintaining ethical operations throughout the supply chain.

**FATF** - Financial Action Task Force, an inter-governmental body of over 130 nations dedicated to combating all forms of money laundering and terrorism financing.

**FTC** - US Federal Trade Commission Guides for the Jewelry, Precious Metals and Pewter Industries, 10 April 2001.

**ICESCR** - International Covenant on Economic, Social and Cultural Rights (1966), a United Nations treaty focusing on developmental rights such as the right to work, the right to join trade unions and the rights to housing and food.

**ILO** - The International Labour Organisation (ILO), a UN specialised agency that formulates international labour standards in the form of Conventions and Recommendations, setting minimum standards of basic labour rights.

**OECD** - Organisation of Economic Co-operation and Development, groups 30 member countries sharing a commitment to democratic government and the market economy, and has relationships with 70 other countries and NGOs/civil society.

**RD** - The Rio Declaration on Environment and Development (1992), an international binding agreement to protect the global environment via a set of defined principles.

**TDP** - Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, 1977 Document (ILO).

**UN Norms** - Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights (2003), which were developed by the UN Sub-Commission on the Promotion and Protection of Human Rights.

For further information regarding the International Laws, Covenants, Regulations and Agreements that provide the legal referencing for the ensuing information, please refer to the following website address: <http://www.business-humanrights.org>.

Unless otherwise defined, all capitalised terms have the meaning given in the Supplier of Choice documentation.

## **IV. DEFINITIONS**

For the purposes of this document and the Best Practice Principles Assurance Programme the following definitions shall apply:

### **IV.i. Diamond**

A Diamond is 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.

### **IV.ii. Treated Diamond**

A treated Diamond is any object or product that meets the requirements specified in the definition of the word 'Diamond' in paragraph IV.i above or the word 'synthetic' in paragraph IV.iii below that has been subject to a 'treatment' as defined in paragraph 1.4.5.

### **IV.iii. Synthetic**

A synthetic is any object or product that has been either partially or wholly crystallised or re-crystallised due to artificial human intervention such that, with the exception of being non-natural, the product meets the requirements specified in the definition of the word 'Diamond' as in paragraph IV.i above.

### **IV.iv. Simulant**

A Diamond simulant is any object or product used to imitate Diamond or some or all of its properties and includes any material which does not meet the requirements specified in the definition of Diamond in paragraph IV.i above.

### **IV.v. Worker**

"Worker" means any individual who undertakes to do or perform personally any work or services for the Sightholder/company and whose status is not that of a client or customer of the Sightholder/company. For the avoidance of doubt this definition shall include contractors and permanent, temporary, seasonal, full and part-time employees of any status at director, manager and subordinate levels.

## **1. BUSINESS RESPONSIBILITIES**

### **1.1. Ethical Standards**

- 1.1.1. To maintain and enhance consumer trust in, and the reputation of, the gem diamond industry, the Diamond Trading Company and the De Beers Group of companies are committed to combating dishonesty and fraud in all business transactions. The *BPPs* require Diamond Trading Company Sightholders and their contractors to make identical commitments.
- 1.1.2. The Diamond Trading Company is committed to putting in place programmes that monitor the effectiveness of these commitments and to support all workers in that endeavour. The *BPPs* require Diamond Trading Company Sightholders to develop similar programmes to achieve the same outcome.
- 1.1.3. All businesses should adhere to national laws. Where no appropriate national laws exist, the appropriate United Nations and/or International Labour Organisation ('ILO') Conventions and Declarations should be followed. Furthermore, where local laws stipulate certain general standards but provide that certain businesses (for example, small businesses) are subject to lower or no set standards, the Diamond Trading Company encourages compliance with the general standards.
- 1.1.4. No practice or conduct must be engaged in that brings the Diamond industry into serious disrepute, including but not limited to:
- i) Any activity that results in a material criminal conviction
  - ii) Buying and trading rough Diamonds from areas where this would encourage or support conflict and human suffering
  - iii) Practices which intentionally or recklessly endanger or harm the health and welfare of individuals
  - iv) Non-compliance with international best practice and the related regulatory framework with respect to environment
  - v) Any conduct that seeks to deceive, mislead, cheat or delude the consumer including:
    - v.a) Any undeclared or misrepresented trade in treated Diamonds, wholly or partially synthetics, or simulants;
    - v.b) Any trade misrepresenting the colour, clarity, caratage, cut and provenance of a Diamond.

### **1.2. Money Laundering, Terrorism Financing and other Financial Offences**

- 1.2.1. Compliance is required with national, and where appropriate international, legislation and regulations with respect to money laundering, terrorism financing, bribery, corruption, smuggling, embezzlement, fraud, racketeering, transfer pricing and tax evasion.
- 1.2.2. Tier 1, 2 and 3 [see BPP Overview Document] entities will need annual independently audited financial accounts, and will need to demonstrate that the audit was carried out by a properly qualified auditor to international accounting standards and that the appointment of the auditor was free of any bias or influence.
- 1.2.3. Financial auditors should be alerted to applicable national legislation imposing special anti-money laundering/ combating the financing of terrorism compliance rules on dealers in precious stones or high value goods.
- 1.2.4. Where applicable, Tier 1, 2 and 3 entities will need to demonstrate that they have taken appropriate action to comply with:
- i) All relevant provisions of the USA Patriot Act, specifically including the Regulations for

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Jewelers and Metal Dealers issued by the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) in accordance with USA Patriot Act Section 352;

- ii) The EC Directive on Prevention of the use of the Financial System for the purpose of Money Laundering (EC Directive 2001/97) as transposed into national legislation of Member States of the European Union in which such entities are incorporated or carrying on Diamond-related business.
- 1.2.5. To the extent that the OECD Guidelines for Multinational Enterprises are incorporated into or otherwise reflected in national legislation of countries in which a Tier 1, 2 or 3 entity is incorporated or operates; compliance is required with the Guidelines.
- 1.2.6. Where applicable, Tier 1, 2 and 3 entities will need to demonstrate that they have taken appropriate action to satisfy:
- i) United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, also known as the 1988 Vienna Convention.
  - ii) The relevant provisions in the FATF 40 Recommendations and 8 Special Recommendations that are applicable to the Designated Non-Financial Business Professions (DNFBP), which includes dealers in precious stones (i.e. diamantaires and jewellers).
- 1.2.7. Tier 1, 2 and 3 entities must apply high standards in the selection, screening and acceptance of suppliers and purchasers of rough and polished diamonds, ensuring anti-money laundering policies and procedures are adopted, mandating due diligence during the selection process, continued transaction monitoring and worker training.

### **1.3. Kimberley Process and System of Warranties**

- 1.3.1. The definition of 'Conflict Gem Stone Diamonds' agreed by the Kimberley Process must be adopted. That definition is as follows:
- 'rough Diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future.'*
- 1.3.2. The World Diamond Council proposed system of warranties must be adopted and all buyers and sellers of both rough and polished diamonds must make the following affirmative statement on all invoices:
- 'The Diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these Diamonds are conflict free, based on personal knowledge, and/or written guarantees provided by the supplier of these Diamonds.'*
- 1.3.3. The rules of the Kimberley Process and the requirements of the World Diamond Council should be effectively communicated to the relevant workers involved in the buying and selling of rough Diamonds and/ or the buying and selling of polished Diamonds and/ or Diamond jewellery.
- 1.3.4. In addition, each company trading in rough and polished Diamonds is obliged to keep records of Kimberley Process Certificates and warranty invoices received, and the warranty invoices issued, when buying or selling Diamonds. This flow of certificates and warranties in and certificates and warranties out must be audited and reconciled on an annual basis by the company's own auditors. If asked by a duly authorised government agency, or Third Party Auditor, these records must be able to prove that the company is in compliance with the Kimberley Process.

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## **1.4. 1.4. Disclosure**

### **1.4.1. Full Disclosure**

- i) Full disclosure is the complete and total release of material information about a Diamond or other stone and the material steps it has undergone prior to sale to the purchaser. The vendor must make all reasonable efforts to ensure this information is disclosed at all times during the selling process. Full disclosure of all material facts must take place whether or not the information is specifically requested and regardless of the effect on the value of the Diamond.
- ii) Full disclosure, by the vendor to the purchaser, must take place when offered for sale, such that:
  - ii.a) Full verbal disclosure must clearly take place prior to the completion of sale;
  - ii.b) Full written disclosure must be conspicuously included on each bill of sale or receipt in plain language and readily understandable to the purchaser. Written disclosure should normally be in English and any relevant local language;
  - ii.c) Disclosure must be immediately preceding or succeeding the description of the Diamond and must be equally conspicuous to that description.

### **1.4.2. Misuses of Terminology**

- i) It is contrary to the purposes of these Requirements:
  - i.a) To make any representation that does not conform in all respects to these Requirements in the selling, advertising or distribution of any Diamond, treated Diamond, synthetic or simulant defined in these Requirements;
  - i.b) To make any misleading or deceptive statement, representation or illustration relating to origin, formation, production, condition or quality of any Diamond, treated Diamond, synthetic or simulant defined in these Requirements.
- ii) Representation includes illustrations, descriptions, expressions, words, figures, depictions or symbols shown in a manner that may reasonably be regarded as relating to the substance.
- iii) Selling includes offering for sale, exposing for sale, displaying in such a manner as to lead to a reasonable belief that the product so displayed is intended for sale. For avoidance of doubt this includes the accepted industry practice of 'memo', the practice of consigning goods, normally polished, to clients for pre-arranged periods for potential sale.
- iv) Advertising includes directly or indirectly promoting the sale or use of a product.

### **1.4.3. Diamond**

- i) The unqualified word 'Diamond' must not be used to describe or identify any object or product not meeting the definition in paragraph IV.i

### **1.4.4. Synthetics**

- i) The fact that a stone is wholly or partially synthetic must be disclosed at all times.
- ii) A synthetic must only and always be disclosed as 'synthetic', 'man-made', 'lab created' or 'artificial' and the description must be equally as conspicuous and immediately preceding the word 'Diamond'.
- iii) Any terms that are designed to disguise the fact that a stone is synthetic or that mislead the consumer in any way must not be used. For example the term 'cultured Diamond' must not be used to describe a synthetic.
- iv) Names of firms, manufacturers or trademarks are not to be used as descriptors for synthetics, unless such names are clearly succeeded by the terms 'synthetic', 'man-made' or

'artificial', as above. For example, a business trading as Acme may describe its synthetics as 'Acme Synthetics' but not as 'Acme Diamonds'.

#### **1.4.5. Treated Diamond**

- i) Treatment means any process, treatment or enhancement changing, interfering with and/or contaminating the natural appearance or composition of a Diamond other than the historically accepted practices of cutting and polishing. It includes colour (and decolourisation) treatment, fracture filling, laser and irradiation treatment and coating.
- ii) The fact that a Diamond has been treated must be disclosed at all times.
- iii) A treated Diamond must be disclosed as either 'treated' or with specific reference to the particular treatment and the description must be equally conspicuous as and immediately preceding the word(s) 'Diamond' or 'synthetic', as the case may be.
- iv) A description of the type of treatment and the methods used to achieve the treatment must always accompany the Diamond.
- v) Any term that is designed to disguise that treatment has occurred, or to imply that a treatment is part of the normal polishing process or that misleads the consumer in any way should not be used. For example the term 'improved' must not be used to describe a treated Diamond.
- vi) Any significant effect on the Diamond's value caused by the treatment must be disclosed.
- vii) Any special care requirements that the treatment creates must be disclosed.
- viii) Names of firms, manufacturers or trademarks are not to be used in connection with treated Diamonds, unless such names are clearly succeeded by the word 'treated' as defined in this section or are otherwise equally conspicuously and prominently disclosed as treated. For example, a Diamond business trading as Acme may describe its treated Diamonds as 'Acme Treated Diamonds' or 'Acme Diamonds, treated by HPHT' but not as 'Acme Diamonds'.

#### **1.4.6. Diamond Simulant**

- i) A Diamond simulant must always be disclosed either as the mineral or compound that it is or as a 'Diamond simulant', 'imitation Diamond' or 'fake Diamond'. The unqualified word 'Diamond' must never be used with Diamond simulants.
- ii) Names of firms, manufacturers or trademarks are not to be used in connection with Diamond simulants, unless such names are clearly succeeded by the terms as defined in this section. For example, a business trading as Acme may describe its Diamond simulants as 'Acme Cubic Zirconia' or 'Acme Diamond Simulants' but not as 'Acme Diamonds'.

#### **1.4.7. Real, Genuine and Natural**

- i) The words 'real', 'genuine' and 'natural' must not be used to describe:
  - i.a) Any synthetic (see paragraph IV.iii);
  - ii) The words 'real' and 'genuine' must not be used to describe:
    - ii.a) Any treated Diamond (see paragraph IV.ii);
    - ii.b) Any diamond simulant (see paragraph IV.iv);

The word 'natural' must not be used to describe any diamond simulant if the simulant is not a naturally occurring mineral or compound.

### **1.5. Supply Chain Management / Best Endeavours**

- 1.5.1. Programmes and/ or procedures should be established to address compliance with the BPPs by contractors and sub-contractors that are directly involved in the mining, handling, manufacture and sale (or purchase as applicable) of Diamonds and/ or Diamond jewellery.

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- 1.5.2. Tier 1,2 and 3 entities will need to demonstrate that they have taken appropriate action to satisfy the requirement to use Best Endeavours to ensure the commitment of Tier 4 entities (i.e. a supplier that has sold Diamonds or a client that has bought Diamonds) to comply with the *BPPs* (the Best Endeavours Requirement).
- 1.5.3. Such actions must include providing relevant Tier 4 entities with a copy of the *BPPs* as well as information on the practical implementation of the *BPPs* (for example, copies of the BPP Requirements and the BPP Workbook). Other appropriate actions could include, but are not limited to:
- i) Offering Tier 4 entities assistance on the implementation of the *BPPs*;
  - ii) Obtaining a contractual undertaking from the relevant Tier 4 entity that it will comply with and implement the *BPPs*, including an undertaking by the entity to carry out Assessments and report the results of such Assessments to the Sightholder;
  - iii) If appropriate, and with the consent of the Tier 4 entity, carrying out Third Party Assessments of the Tier 4 entity at intervals and a basis to be agreed between the parties.
- 1.5.4. Each Tier 1, 2 and 3 entity will need to provide written evidence of the actions it has taken to satisfy the Best Endeavours Requirement.

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## 2. SOCIAL RESPONSIBILITIES

### 2.1. Employment

- 2.1.1. The De Beers Group of companies, including the Diamond Trading Company, is committed to the pursuance of the provision of the highest standards of employment conditions. The *BPPs* require Diamond Trading Company Sightholders and their applicable contractors to make identical commitments.
- 2.1.2. All businesses should pay particular regard to the following elements:
- i) The work performed should be based on recognised employment relationships. Obligations to workers should not be avoided by the use of alternative hiring arrangements, such as apprenticeship schemes where there is little or no attempt at imparting skills.
  - ii) Payment and remuneration details shall be agreed before commencement of employment and documentary evidence to confirm contractual agreements shall be supplied by the employer. Businesses should keep appropriate records.
  - iii) Wages and benefits paid for a standard working week shall at least be paid at a minimum national legal standard and these should be adequate to cover basic needs and provide some discretionary income. These provisions constitute minimum and not maximum standards and this should not prevent companies from exceeding these standards.
  - iv) There should be no limitations placed on the disposal of income by workers, nor coercion to make use of company stores or services where these exist. In the case that partial payment of wages in the form of allowances has been agreed and appropriately negotiated on behalf of the worker, these allowances should be for the personal use of the worker and his/her family and the value attributed to such allowance should be fair and reasonable.
  - v) Working hours (including overtime), holidays and rest intervals shall comply with national legislation regulations. Workers shall be entitled to be provided with at least one day off for every seven-day period.
    - v.a) If workers operate on a shift or rotational working period basis, such as 12 days on followed by two days off, workers shall be entitled to be provided with the equivalent amount of time to at least one day off for every seven-day period.
    - v.b) Employers should ensure that workers do not work in excess of the national limit of hours per week on a regular basis. Overtime should be voluntary, should not be demanded on a regular basis and should always be compensated in compliance with national legislation.
    - v.c) Religious festivals should be respected.
  - vi) Where workers are provided with housing, medical care or food, these should be of a good standard and the principles of respect and equality for the dignity of individuals and their families should be applied.
  - vii) When required, recognition should be given to the existence, membership and lawful activities (consistent with recognised international good practice and norms) of worker representative bodies, and worker representatives should be given access to carry out their responsibilities/functions and businesses should not act in any way that undermines this principle.
    - vii.a) Where the right to freedom of association and collective bargaining is restricted under law, no steps should be taken to hinder the development of parallel means of free association and collective bargaining.
  - viii) Arbitrary dismissal procedures for individuals should be avoided and in the event of major changes in operations reasonable notice of such changes to the appropriate authorities and representatives should be made in order to minimise adverse employment effects.

- ix) Information regarding employment needs and working practices and conditions should be provided according to national law in order for meaningful negotiations to occur between worker representatives and the business enterprise.

## **2.2. Health & Safety**

- 2.2.1. The De Beers Group of companies, including the Diamond Trading Company, is committed to the pursuance of the highest standards of health and safety, and the provision of a safe and healthy working environment for individuals in accordance with the national minimum requirements of the relevant countries and with due consideration to the international standards set out in ILO Conventions.
- 2.2.2. The following provisions constitute minimum and not maximum standards and should not prevent companies from exceeding these standards. Furthermore, where local laws relating to the provision of proper working conditions and employment and working practices stipulate certain general standards but provide that certain businesses (for example, small businesses) are subject to lower or no set standards, the Diamond Trading Company encourages compliance with these general standards.
- 2.2.3. General responsibility for health and safety should be assigned to a senior management representative and a clear description be made available of the formal agreements and communications between employer and worker representatives on issues related to health and safety.
  - i) Investigation of work-related accidents (and diseases), fatalities and record keeping of incidents, their causes and subsequent remedial action, should be undertaken to prevent repetition.
  - ii) Co-operating fully with workers' representatives for health and safety and appropriate safety authorities to provide on-going programmes of improvements and solutions to potential hazards is encouraged (if required).
- 2.2.4. Policies and/ or procedures should be established to ensure that workers are not under the influence of, or abusing, drugs, alcohol and/ or illegal substances.
- 2.2.5. There should be evidence of compliance with national laws on health and safety and with the following requirements:
  - i) Clear information in both written and oral forms and in languages that are familiar to workers should be provided about health and safety standards relevant to workers' activities and based on best practice standards from across the industry. Special hazards, tasks or conditions of work should be highlighted together with the relevant measures and procedures provided, including any relevant training, to protect individuals.
  - ii) Appropriate procedures for dealing with emergencies and accidents should be clearly available; personal protective clothing (with instructions) should be provided as appropriate, and first aid equipment must be regularly checked and updated and in compliance with national law. Appropriate training in first aid should be given to nominated individuals in the workplace. Workers should receive regular health and safety training and information which should be repeated for new or reassigned workers.
  - iii) Businesses should have policies actively to prevent accidents or injury by minimising as far as is practicable the possible causes of hazards. Monitoring the working environment and health of workers exposed to hazards should be undertaken regularly.
  - iv) Workers have the right to remove themselves from work situations in which reasonable concern over imminent and serious danger to life or health is apparent. They should not be subjected to any consequences as a result of this action nor should they be required to return to their work environment as long as the hazardous situation continues.

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- v) The safe number of workers per room should be established in factories so that it is not injurious to the health of the workers whilst working and is safe in the event that emergency evacuation procedures or regular safety drills need to be implemented. This should in any event at least conform to national legislation. Such action should not prejudice remuneration or employment.
- vi) There must be provision of adequate means of escape for use in cases of emergency (these must be clearly marked). This includes provision of adequate gangways in relation to the number of workers and spacing between machines and equipment shall not be such that means of escape are hindered.
- vii) All workplaces shall be adequately constructed to meet accepted national building regulations (including flooring, ceilings, staircases, communal or shared areas, etc.).
- viii) Appropriate lighting should be provided for the task to be performed and this should include provision of emergency lighting.
- ix) All electrical wiring shall be installed and checked to meet national electrical wiring and safety regulation; all loose wires and open electrical switchgear and fuseboards should be made safe.
- x) All equipment shall be installed to a high quality of electrical and mechanical safety, free from any health hazard.
- xi) All machinery must only be used with adequate safeguards as per legislative requirements; for example, laser machine doors should be interlocked and fitted to safeguard operatives and those working in the vicinity from exposed or reflected beams when in operation.
- xii) Use and disposal of chemicals (and other waste) must be effectively controlled and evidence of operational procedures and adequate and safe facilities for disposal and/or neutralising of used chemicals (and other waste) prior to disposal shall be displayed.
- xiii) Suitable and sufficient first aid provisions and appliances including fire-fighting equipment shall be available in all workplaces and these shall be accompanied by instructions understandable to all workers.
- xiv) Suitable and sufficient fire alarms and other fire safety devices shall be installed in all workplaces.
- xv) Of particular importance will be the provision of a working environment with acceptable working conditions appropriate to the tasks performed with regard to noise, heat, cleanliness, air quality and ventilation. This will include:
  - xv.a) Extraction or appropriate ventilation of dust from grinding machines and around polishing wheels to minimise exposure to airborne particles. In practice this requires that Diamond impregnated scaifes must be cobalt free;
  - xv.b) Extraction and neutralisation of chemical fumes in the context of the environmental policy;
  - xv.c) All chemicals and cleaning materials shall be adequately and appropriately labelled and stored;
  - xv.d) Decibel levels, temperatures and air quality will be compliant with national legislation;
  - xv.e) Provision of adequate hygienic washing and toilet facilities commensurate with the number and gender of staff employed;
  - xv.f) Provision of drinking water and sanitary facilities for food storage;
  - xv.g) Evidence of routine daily cleaning of premises.

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## 2.3. Non-Discrimination and Disciplinary Practices

- 2.3.1. Discrimination can mean distinction, exclusion or preference; and, therefore, policies and procedures should be documented clearly to take account of issues relating to the hiring, discharge, pay, promotion and training of workers. No worker should be discriminated against on the basis of race, caste, national origin, religion, age, disability, physical appearance, gender, marital status, sexual orientation, membership of worker representative bodies or political affiliation or any criteria that are unlawful at any level of the organisation including the corporate governance body.
- 2.3.2. Workers should have the right to express their grievances or concerns without suffering any prejudice or retribution and to have that grievance or concern examined according to written and appropriate procedures.
- 2.3.3. Discrimination and disciplinary appeal procedures should be established and effectively communicated to all employees.
- 2.3.4. Deductions from wages as a disciplinary measure shall not be permitted nor shall deductions not provided for by national law be permitted without the express permission of the worker concerned.

## 2.4. Child Labour

- 2.4.1. The definition of 'child labour' set out in the United Nations International Labour Organisation Minimum Age Convention (138), and as set out below, must be adopted.

'A child is defined as any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. Child labour is therefore any work by a child younger than this age and any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, moral or social development.'

- 2.4.2. The following requirements must be met:
- i) Subject to the paragraph immediately below, the minimum age for admission to employment in any occupation shall not be less than 15 years or the age of completion of minimum compulsory schooling, whichever is greater;
  - ii) Notwithstanding the paragraph above, companies operating in countries whose economy and educational facilities are insufficiently developed may, after consultation with the governments and workers involved, initially specify a minimum age of 14;
  - iii) The minimum age for admission to employment, which by its nature or circumstances, (for example if it takes place at night or in hazardous conditions), is likely to jeopardise the health, safety or morals of young persons, shall not be less than 18 years;
  - iv) Vocational training, technical education or work done in schools is allowed where such work is carried out in accordance with conditions prescribed by the competent authority, and where it is an integral part of: a course of education or training for which a school or training institution is primarily responsible; a programme of training mainly or entirely in an undertaking, in which the programme has been approved by the competent authority; or a programme of guidance or orientation designed to facilitate the choice of an occupation or of a line of training;
  - v) Policies and programmes of action must be developed to provide for the transition of any child found to be performing child labour to enable him or her to attend and remain in quality education or vocational training until no longer a child. Such programmes must also assess the impact of this transition on the social and economic situation of the child and his or her family and include measures for the provision of suitable alternative opportunities;
  - vi) If any children are present in the workforce, policies and procedures must be developed to

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ensure that the child's combined hours of daily transportation, school and work time do not exceed 10 hours per day, and to ensure that no child is employed during school hours;

- vii) Policies and/or procedures in respect of child labour shall be effectively communicated to personnel and other interested parties.

## **2.5. Forced Labour**

- 2.5.1. The Universal Declaration of Human Rights states 'no-one shall be held in slavery or servitude' and ILO Convention 29 defines forced or compulsory labour as 'all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily...'. This requirement and definition must be adhered to.
- 2.5.2. The selection and recruitment of workers must be carried out to industry-wide standards and there should be no forced, bonded or involuntary prison labour.
- 2.5.3. Workers should not be required to lodge deposits or identity papers with their employers and they should be free to leave their employer after reasonable notice at which point all necessary documentation and assistance should be given to them.
- 2.5.4. Where the facility operates hostels for workers, these workers (and their dependants, as applicable) should have reasonable freedom of movement within the accommodation and to come and go.

## **2.6. Human Rights**

- 2.6.1. Each worker shall be treated with equality, respect and dignity.
- 2.6.2. Consideration of human rights performance should be a factor in any investment decision as well as the selection of suppliers/contractors.
- 2.6.3. No worker should be subject to direct or indirect physical, sexual, racial, religious, psychological, verbal or any other discriminatory form of harassment or abuse, nor subject to intimidation or degrading treatment.
- 2.6.4. Security personnel should receive training on policies and/ or procedures concerning all aspects of human rights relevant to operations.

### **3. ENVIRONMENTAL RESPONSIBILITIES**

Please note that this section is applicable to large-scale operations, particularly mining related operations or activities, and may not always be entirely applicable to operations further down the supply chain.

#### **3.1. Best Environmental Practice and the Regulatory Framework**

- 3.1.1. In pursuance of the highest standards of environmental care and protection, commitments should be guided by international law and best practice voluntary norms on the following:
- 3.1.2. Manage all issues of environment policy as integral parts of company business and planning.
- 3.1.3. Develop appropriate environment policies and programmes, monitor their consistent implementation by accountable and adequately resourced personnel, and ensure that these policies and programmes are communicated to all employees.
- 3.1.4. Foster awareness of shared responsibility and accountability for the environment among workers through a communication programme which embraces interaction and co-operation with all stakeholders.
- 3.1.5. Conserve biodiversity, energy and water, and other natural resources through employing, wherever practical, the principles of reduction, recovery, re-use and recycling.
- 3.1.6. Manage wastes, emissions, dust and the use of potentially harmful substances so as to prevent pollution.
- 3.1.7. Assess potential environmental impacts on land, water, air and biodiversity when planning any developments or expansions, exploration programmes and mining projects and include recommendations for reducing possible negative environmental and social impacts as well as planning for closure.
- 3.1.8. Prepare and update plans for managing environment risk and potential emergencies and ensure that the burden of negative environmental consequences will not fall on vulnerable racial, ethnic and socio-economic groups.
- 3.1.9. Conduct regular environmental audits to evaluate compliance and effectiveness of the environment policy of the business and report the outcomes annually to the supervisory board of the business.

## GENERAL CONSIDERATIONS

### 3.2. The Scope of Application of the Diamond Best Practice Principles

- 3.2.1. The following definitions are taken from the 'Sightholder Criteria and Other Considerations' and the 'Notes to the Sightholder Criteria and Other Considerations' and are repeated here for completeness with some explanation, where relevant.
- 3.2.2. The Introduction to the Sightholder Criteria and Other Considerations states that: "Applicant" shall, unless the context otherwise requires, include any member of the applicant's group'.
- 3.2.3. Criterion 7 requires that the applicant must comply with the Diamond Best Practice Principles. Therefore all members of the applicant's group must comply with the Diamond Best Practice Principles.
- 3.2.4. Group means any company, its holding company from time to time and any subsidiary from time to time of such company or holding company, in each case to the extent such company's businesses relate to Diamond manufacturing and/or distribution.
- 3.2.5. For the purposes of the definitions of subsidiary and holding company, a company is a subsidiary of another company, its holding company if that other company: (a) holds the majority of voting rights in it; or (b) is a member of it and has the right to appoint or remove the majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or (d) is a subsidiary of a company which is itself a subsidiary of that other company.
- 3.2.6. Although these definitions specifically define 'Group' in a corporate context, the same principles as are set out in the definition will apply by analogy to other organisational arrangements. Consequently, an applicant's group may include individuals or entities other than companies (e.g. partnerships/unincorporated associations/co-operatives).
- 3.2.7. These Requirements are designed to ensure the Diamond Best Practice Principles are observed throughout the Diamond industry.

## V. RESOURCE APPENDIX

The following sources have been used to develop the BPP Requirements:

Background paper for ICEM World Conference for the Diamond, Gem, Ornament and Jewellery Production Section, Bangkok 23–25 November 2001

CANADA D – Misuses of Terminology

CANADA D2

CANADA D4

CANADA D5

CANADA D7

CANADA D13

CANADA D17

CIBJO Diamond Book 1.3

CIBJO Diamond Book 1.4

CIBJO Diamond Book 6.1

CIBJO Diamond Book 6.2

CIBJO Diamond Book 6.3

CIBJO Gemstone Book 4.1e

CIBJO Gemstone Book 5.d

Diamond Best Practice Principles Leaflet

ETI No. 2.2

ETI No. 3.3

ETI No. 3.4

ETI No. 3.5

ETI No. 5.3

ETI No. 8.2

FTC section 23.11(a)

FTC section 23.11(b)

FTC section 23.22(b)

FTC section 23.22(c)

FTC section 23.24

ICESCR Article 15

ICESCR Article 6

ILO Convention No. 1 on Hours of Work (1919)

ILO Convention No. 29 on Forced Labour (1930)

ILO Convention No. 95 on Protection of Wages (1949)

ILO Convention No. 111 on Discrimination (1958)

ILO Convention No. 115 on Radiation Protection (1960)

ILO Convention No. 120 on Hygiene (1964)

ILO Convention No. 131 on Minimum Wage Fixing (1970)

ILO Convention No. 135 on Workers' Representatives (1971)

ILO Convention No. 143 on Migrant Workers (1975)

ILO Convention No. 148 on Working Environment (1977)

ILO Convention No. 155 on Occupational Safety and Health (1981)

ILO Convention No. 158 on Termination of Employment (1982)

ILO Convention No. 174 on Prevention of Major Industrial Accidents (1993)

ILO Convention No. 176 on Safety and Health in Mines (1995)

ILO Declaration on Fundamental Principles and Rights at Work

ILO Recommendation No. 129 on Communications within the Undertaking (1967)

Indian Factories Act (1948, amended 1987)

Kimberley Process Certification Scheme, section 1

RD

TDP No. 2.2

TDP No. 27

TDP No. 30

TDP No. 31

TDP No. 32

TDP No. 33

TDP No. 37

UN Norms No. 2a

UN Norms No. 7b

UN Norms No. 7c

UN Norms No. 7d

UN Norms No. 8b

UN Norms No. 8d

World Diamond Council, Essential Guide to Implementing the Kimberley Process

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