

DE BEERS
GROUP OF COMPANIES

THE DE BEERS AUCTION SALES DIAMOND TRADING STANDARD

For rough diamonds:

As the world's leading diamond producer, De Beers was the first company to develop and implement standards across the diamond supply chain from exploration through to retail, and set an example for others to follow. De Beers believes it is in the interest of those participating in the diamond industry to encourage long-term consumer demand for diamond jewellery. This goal can only be attained if the industry meets consumer expectations, which increasingly demand that businesses proactively take responsibility for the impact of their actions beyond the pursuit of profit. Now more than ever, businesses must demonstrate compliance with good business, social and environmental practices embedded in international law and increasingly adopted in national laws and best practice voluntary codes.

Furthermore, changes in the international diamond trade over the past decade have created vulnerabilities in the global diamond 'pipeline' structure where money laundering national regulations alone are insufficient to mitigate the risk. Companies need to be robust in their approach to compliance across their global supply chain.

As De Beers is the only diamond mining company whose brand is recognized by consumers, it is our interest to maintain and grow trust not just of De Beers but use our position to build earned trust for the diamond brand by upholding the highest ethical standards to meet and exceed consumer's expectations. The standards are based on national and international legislation, and best practice frameworks including the Organisation for Economic and Cooperation Development (OECD) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. The requirements include policies and procedures to address risks and impacts of conflict diamonds, anti-corruption, product security, environmental, social, and human rights.

As part of the De Beers group, De Beers Auction Sales (DBAS) is committed to facilitating the sale of all eligible¹ diamonds through an elevated trading platform demonstrating new standards of transparency and accountability for responsible selling and sourcing.

¹ Eligible diamonds accepted by DBAS for sale on the Service platform are defined as single stones, either rough or polished, that are larger than 2.5CT and/or fancy colours. All diamonds submitted must conform to the DBAS provenance claims and manufacturing procedures set out in Page 9 of this document.

De Beers created the **De Beers Auction Sales Diamond Trading Standard** in order to complement internationally-recognized initiatives, such as the Kimberley Process Certification Scheme, the World Diamond Council's System of Warranties, the World Federation of Diamond Bourses' Charter, and the Responsible Jewellery Council; thereby raising industry standards in the auction sector.

With the De Beers Auction Sales Diamond Trading Standard, all Registered Sellers can differentiate themselves as sellers of eligible diamonds that have not contributed to conflict and human rights abuses and that have demonstrated high standards of integrity. Registered Buyers of diamonds at our service auctions can bid with confidence that all diamonds offered for sale are natural, untreated diamonds from demonstrated reputable sources. The result is an elevated trading platform providing De Beers Auction Sales Registered Sellers² with a new route to market, and Registered Buyers with greater access to unique, high value diamonds.

² A Registered Seller is defined as an independent entity which has applied for and been accepted by DBAS to participate in auctions. Further information on eligibility requirements for Registered Seller status is set out on Page 14.



AN ELEVATED
TRADING PLATFORM

The De Beers Auction Sales Diamond Trading Standard sets out compliance requirements in three main areas:

1. Registered Seller Integrity:

- a. All prospective Registered Sellers employing the DBAS platform to sell diamonds, be they upstream producers, midstream businesses (*Sightholders and non-Sightholders*), downstream retailers or industry lenders, are required to meet the highest level of ethical criteria as a gated condition to becoming a DBAS Registered Seller.
- b. Upstream producers, midstream businesses (*Sightholders and non-Sightholders*) and downstream retailers wishing to register as a Registered Seller are required to demonstrate commitment to ethical business practices through participation in the De Beers Best Practice Principles Programme; certified membership of the Responsible Jewellery Council.
- c. Industry lenders wishing to register as Registered Sellers are required to demonstrate commitment to ethical business practice through membership of the United Nations Global Compact.

2. The DBAS Source of Origin Provenance

Claim: For rough diamonds:

DBAS has established strict provisions on the provenance of the rough diamonds sold on its platform, building on compliance with the Kimberley Process and ensuring the diamonds have not contributed to conflict or human rights violations, to ensure the integrity of the product being sold through the platform. These strict provisions form the DBAS Source of Origin Provenance claim.

For polished diamonds:

In addition to the above, there are additional requirements for Registered Sellers wishing to sell polished diamonds through the service. Registered Sellers will need to provide a full set of manufacturing files along with fluorescence and colour estimations.

3. Product disclosure:

All diamonds will undergo a rigorous screening process to:

- a. Stem the flow of any smuggled or conflict diamonds into the legitimate diamond trade, and to ensure that its Source of Origin Provenance Criteria are met, DBAS uses the Kimberley Process foot-printing guidance to verify each diamond is reviewed before it is approved for sale on the DBAS auction platform.
- b. Ensure that there are no undisclosed synthetic or treated diamonds sold on the platform through using synthetic diamond and treatment detection equipment for verification.

1. Registered Seller Integrity Requirements:

DBAS Registered Sellers could include upstream producers, midstream businesses (*Sightholders and non-Sightholders*), downstream retailers or industry lenders.

A Producer seeking to sell diamonds on the De Beers auction platform is required to:

- Be on De Beers' list of Approved Sources³
- Register on the DBAS website and provide all the necessary documentation in order to be qualified as a Registered Seller (*documents include: company details, all director's passports and company registration documents*)
- Accept the Registered Seller Third Party Sales Terms and Conditions
- Accept the Registered Seller Declaration of Compliance, Integrity and Probity, which outlines the requirements for auction participation, best practice principles acceptance and compliance with anti-corruption laws

A Sightholder seeking to sell diamonds on the De Beers auction platform is required to:

- Register on the DBAS website and provide all the necessary documentation in order to be qualified as a Registered Seller (*documents include: company details, all director's passports and company registration documents*)
- Produce proof of bourse membership
- Be compliant with the De Beers Group of Companies Best Practice Principles (BPP) Programme
- Accept the DBAS Terms and Conditions
- Accept the Registered Seller Third Party Sales Terms and Conditions
- Accept the Registered Seller Declaration of Compliance, Integrity and Probity, which outlines the requirements for auction participation, best practice principles acceptance and compliance with anti-corruption laws
- Meet DBAS Source of Origin Provenance Criteria requirements for all diamonds due to be sold on the DBAS platform and demonstrate this through certifying this claim through the RJC Provenance Claim provision or verifying this claim through the BPP Programme.

³ For more information on Approved Sources, please contact your Account Manager or a member of the DBAS sales team.

A Non-Sightholder seeking to sell diamonds on the De Beers auction platform is required to:

- Register on the DBAS website and provide all the necessary documentation in order to be qualified as a Registered Seller (*documents include: company details, all director's passports and company registration documents*)
- Produce proof of bourse membership
- Accept the DBAS Terms and Conditions
- Accept the Registered Seller Third Party Sales Terms and Conditions
- Accept the Registered Seller Declaration of Compliance, Integrity and Probity, which outlines the requirements for auction participation, best practice principles acceptance and compliance with anti-corruption laws
- Be a certified member of the Responsible Jewellery Council (RJC) (*required for new customers; for existing Registered Buyers wishing to upgrade to Registered Seller status, RJC membership is sufficient, with a 2-year grace period to achieve certification*). RJC Members commit to and are independently audited against the RJC Code of Practices, which addresses human rights, labour rights, environmental impact, mining practices, product disclosure and many more important topics in the jewellery supply chain
- Meet DBAS Source of Origin Provenance Criteria requirements for all diamonds due to be sold on the DBAS platform and demonstrate this through certifying this claim through the RJC Provenance Claim provision as part of the RJC certification process

An industry lender such as a Bank seeking to sell diamonds on the De Beers auction platform is required to:

- Register on the DBAS website and provide all the necessary documentation in order to be qualified as a Registered Seller (*documents include: company details, all director's passports and company registration documents*)
- Accept the Registered Seller Third Party Sales Terms and Conditions
- Accept the Registered Seller Declaration of Compliance, Integrity and Probity, which outlines the requirements for auction participation, best practice principles acceptance and compliance with anti-corruption laws
- Sign up to the United Nations Global Compact (UNGC), the world's 'largest corporate sustainability initiative'. By doing so they commit to doing business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, environment and corruption. They also demonstrate strategic action to broader societal goals such as the UN Global Goals for Sustainable Development
- Demonstrate that the diamonds being sold on the DBAS platform meet DBAS Source of Origin Provenance Criteria



**TRADE WITH
COMPLETE CONFIDENCE**

2. Source of Origin Provenance Criteria:

Once a DBAS Registered Seller is approved, for every submitted auction request accepted by DBAS, the diamond must:

- a. Be accompanied by a valid and legitimate Kimberley Process certificate
- b. Originate from DBAS' list of Approved Sources
 - (i) If the rough diamonds are purchased directly from a producer company, the Registered Seller must provide an invoice with each diamond demonstrating the producer of origin, with commercially sensitive information redacted. This is to verify that the diamond comes from pre-approved sources. If it is not possible to provide an invoice from the producer company with commercially sensitive information redacted, the Seller must provide an additional declaration on the consignment invoice with the wording as follows: "*The Registered Seller warrants that the diamonds herein originate from 'PRODUCER NAME'.*"
 - (ii) If the rough diamonds are from the secondary market, the Registered Seller must provide a signed declaration stating that the rough diamonds have been purchased from legitimate sources not involved in funding conflict, in compliance with relevant sanctions and the DBAS Source of Origin Provenance Criteria. This will be verified through DBAS' internal assessment of rough diamonds to ensure that these diamonds have not come from sources not included in the DBAS Source of Origin Provenance Criteria and addresses risks of smuggled or synthetic rough diamonds. The assessment process consists of an evaluation by a DBAS rough diamond expert in each market reviewing the rough diamonds against existing foot-printing documentation, such as that provided by the Kimberley Process.

- c. Be accompanied by an invoice stating the following provenance claim statement
“The Registered Seller warrants that the diamonds included in this consignment comply with the De Beers Auction Sales’ Source of Origin Provenance Criteria requirements”
- d. Be accompanied by an invoice with the WDC Warranty Declaration stating that
“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The Registered Seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds”
- e. Be accompanied by an invoice stating the following in accordance with the World Federation of Diamond Bourses Charter on Disclosure of Synthetic, Treated Natural and Natural Diamonds *“The diamonds herein invoiced are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds”*
- f. Be accompanied by its inclusion plotting file (Sarin Galaxy, Lexus Helium / MBox)

The Source of Origin Provenance claim is to be verified through RJC/BPP process and documented in the RJC certificate and/or BPP report.

For polished diamonds:

In addition to the requirements for rough diamonds purchased directly from a producer company, as set out above, any seller wishing to submit a polished stone into the service must provide the manufacturing information for that stone – *refer to Appendix Fig. A on Page 16.*

Please note for polished diamonds from the secondary market, unless there is full audit trail of information required, DBAS will not be able to accept the polished stones into the service, as DBAS will not be able to validate the provenance. For clarity, any polished stones submitted that do not meet the requirements above (*excluding b.ii*) will not be accepted.

Verification by DBAS Registered Seller

The Registered Seller will need to demonstrate, during their RJC audit under the provision on provenance claims, that it has systems and controls in place to ensure the diamonds it is offering for sale on the DBAS auction platform meet the DBAS Source of Origin Provenance Criteria.

If the Registered Seller purchases diamonds from a third party, it will need to demonstrate to the RJC auditor that these diamonds originate from an Approved Source, and that they have a separate system for ensuring that stones have been adequately segregated from purchases from other sources not on the Approved Source list.

A key element of DBAS' processes to stem the flow of any smuggled or conflict diamonds into the legitimate diamond trade, and to ensure that its Source of Origin Provenance Criteria requirements are met, DBAS uses the Kimberley Process foot-printing guidance to verify each diamond is reviewed before it is approved for sale on the DBAS auction platform.

Approved Sources

DBAS maintains a list of Approved Sources. Only rough diamonds purchased from an Approved Source may be offered for sale by a Registered Seller on the DBAS auction platform (*subject to a Registered Seller submitting an auction request and DBAS approving the auction request*). The Approved Source List is subject to on-going review by DBAS. DBAS acknowledges that commercial and reputational considerations are dynamic within the diamond industry and proposes to evaluate the Approved Source List and revise as necessary according to the aforementioned considerations.

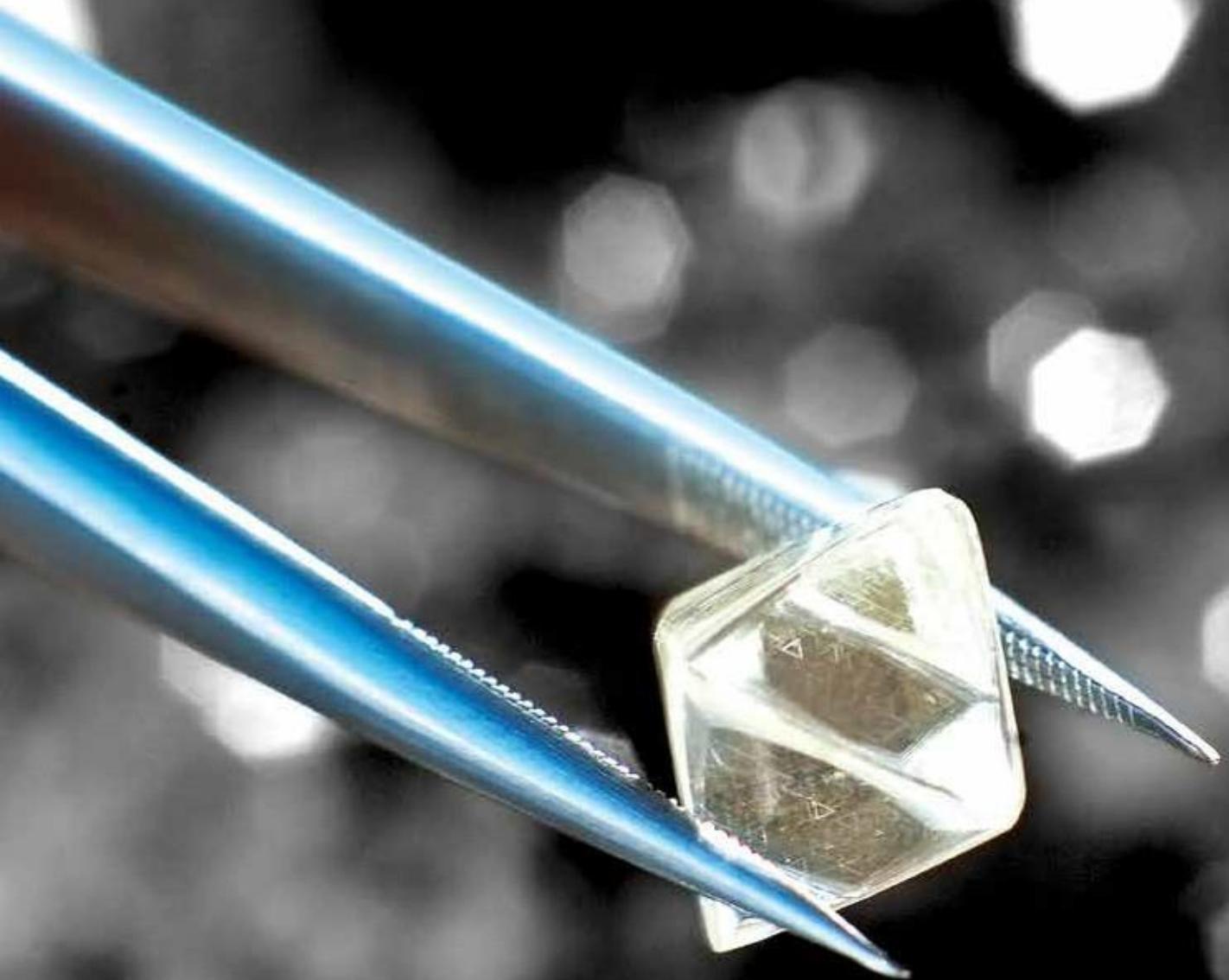
Additional requirements for polished diamonds

In addition to adhering to the Source of Origin Provenance Criteria set out above, a Registered Seller looking to sell eligible polished stones on the service must provide a series of files that clearly show the progress of the stone through the manufacturing stages of plotting, planning, laser sawing, blocking, polished outcome and certification – *refer to Appendix Fig. A on Page 16*.

This series of files provide the manufacturing audit trail that allows DBAS to verify that the resulting polished stone being submitted for sale on the service originated from the rough stone as claimed by the Registered Seller.

It may be necessary for DBAS to review the same manufacturing files for all polished stones originating from the rough stone in question.

BROUGHT TO YOU BY THE PIONEER
IN ONLINE AUCTIONS



3. Product Disclosure

In addition to the foot-printing guidance listed above, DBAS also has in place a comprehensive screening process for all diamonds that Registered Sellers intend to put up for auction on the service platform.

For rough diamonds:

A 3-level screening process is in place. Level 1 screening involves a series of technology-enabled tests to identify synthetic and/or treated rough diamonds. However, should further testing be required, a comprehensive set of processes has been put in place to be able to detect all known examples of rough diamond treatments. The Level 2 and 3 screenings will be done through the International Institute of Diamond Grading & Research (IIDGR), located in Maidenhead, UK. The cost of this referral will be borne by DBAS.

For polished diamonds:

Polished diamonds submitted to DBAS must be pre-graded and include a laser inscription from a recognised laboratory. Polished diamonds will be rigorously tested in-house using De Beers proprietary technology, so as to validate to DBAS Registered Buyers that the stones are natural and untreated. Similar to rough diamonds, additional screenings will be done through the International Institute of Diamond Grading & Research (IIDGR).

Registration process for DBAS customers

De Beers Auction Sales has three levels of customer registration:

- **Registered Buyer (able to purchase diamonds)**

To become a Registered Buyer of De Beers Auction Sales and participate in De Beers Auctions, an applicant must complete the online registration form on www.debeersgroup.com/auctionsales/en/register.html and submit the necessary documentation required.

- **Registered Seller (able to offer for sale eligible diamonds through De Beers Auction Sales)**

To become a Registered Seller of De Beers Auction Sales, able to offer for sale eligible diamonds through us, an applicant must complete the online registration form on www.debeersgroup.com/auctionsales/en/register.html and submit the necessary documentation

required, as well as comply with additional requirements. At the end of the process, the applicant will be asked to confirm that he wishes to apply to become a Registered Seller, following which an account manager from the preferred sales office location will contact him and explain the additional requirements that must be met.

Please note that any producers, brokers or banks wishing to register with DBAS can only apply to be a Registered Seller.

- **Registered Trader (able to purchase AND sell eligible diamonds through De Beers Auction Sales)**

To become a Registered Trader of De Beers Auction Sales, able to purchase and sell eligible diamonds through us, an applicant must complete the online registration form on www.debeersgroup.com/auctionsales/en/register.html and submit the necessary documentation required, as well as comply with additional requirements. At the end of the process, the applicant will be asked to confirm that he wishes to apply to become a Registered Trader, following which an account manager from the preferred sales office location will contact him and explain the additional requirements that must be met.

For existing Registered Buyers seeking to upgrade to Registered Trader status, they will be required to contact their account manager directly.



AN EXCEPTIONAL PLATFORM
FOR EXCEPTIONAL STONES

PROVENANCE

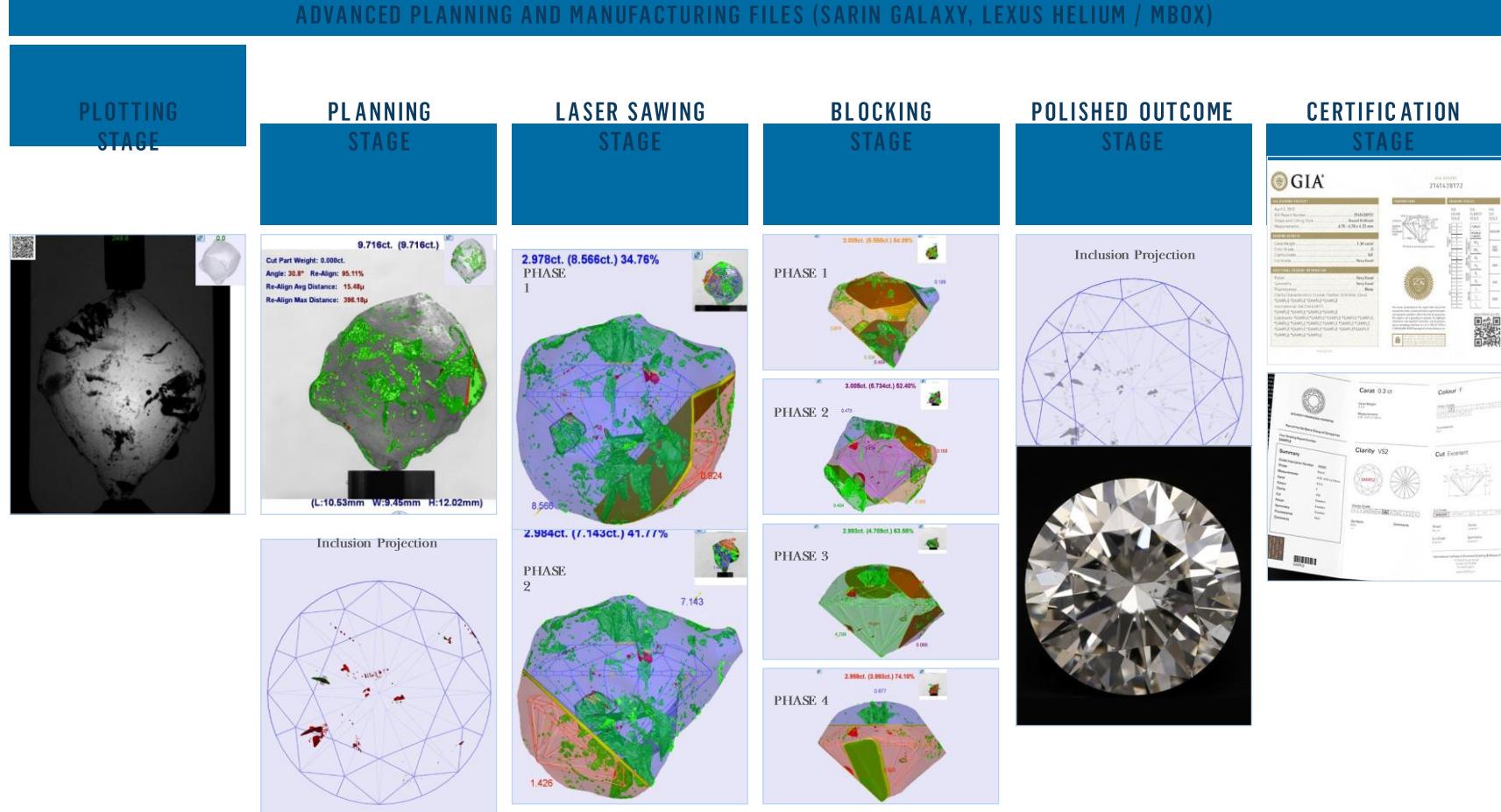
DOCUMENTS REQUIRED FOR ROUGH AND POLISHED STONES SOLD ON THE SERVICES PLATFORM

REGISTERED SELLER WILL NEED TO PROVIDE THESE DOCUMENTS: POLISHED

REGISTERED SELLER WILL NEED
TO PROVIDE THESE DOCUMENTS:

ROUGH

Inclusion
Plotting
Planning File



- Machine reading or
Sellers' estimate
(Very Strong, Strong,
Medium, Faint, Non)

- Machine reading or
Sellers' estimate
(Very Strong, Strong,
Medium, Faint, Non)

- Machine reading or
Sellers' estimate
(Very Strong, Strong,
Medium, Faint, Non)

- Machine reading or
Sellers' estimate
(Very Strong, Strong,
Medium, Faint, Non)

- Machine reading or
Sellers' estimate
(Very Strong, Strong,
Medium, Faint, Non)

- Machine reading or

COLOUR

FLU



Sellers' estimate (e.g. T col)

All files provided by Registered Sellers are for verification purposes only; no files will be shared with Registered Buyers of De Beers Auction Sales.

De Beers Auction Sales will request the same set of files for ALL polished stones manufactured from the original rough if the manufacturing 'story' of the stone being submitted into the service does not check out and reserves the right to not accept stones into the service.

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www.debeersgroup.com/ auctionsales