

DE BEERS PLC

**MODERN SLAVERY ACT
STATEMENT**

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

UK MODERN SLAVERY ACT STATEMENT

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“Millions of people around the world continue to be victims of modern slavery, so it’s crucial that all companies and industries maintain a sharp focus on tackling this issue. In 2017, De Beers Group continued to seek ways to further enhance systems and processes in this area – not only in our operations and within our own supply chain, but also in the wider diamond value chain”

Bruce Cleaver, CEO, De Beers Group

INTRODUCTION

This statement is made by De Beers plc pursuant to section 54 of the Modern Slavery Act 2015 (the Act). De Beers plc is incorporated in Jersey and is the holding company of The De Beers Group of Companies (De Beers). It encompasses De Beers Jewellers (DBJ), our network of diamond jewellery retail stores, and Element Six, our synthetic diamond and supermaterials business.

This statement sets out the steps that De Beers has taken to identify and mitigate potential risks of modern slavery occurring in its business and supply chains during the financial year ending 31 December 2017. It includes an update on progress during 2017 and our commitments for 2018. Our first statement was published in July 2017 and is available [here](#).

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

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

KEY CHANGES TO OUR BUSINESS IN 2017

De Beers plc now registered in Jersey: De Beers plc was originally incorporated as De Beers Société Anonyme in 2000 in Luxembourg. In late 2016 the company migrated to Jersey and was simultaneously renamed De Beers plc. We continue to maintain our current approach to report on the steps the Group is taking to address Modern Slavery, with specific emphasis on our UK based subsidiaries.

DBJ was an independently managed retail joint venture with Moët Hennessy-Louis Vuitton (LVMH) until March 2017, when De Beers acquired LVMH’s 50 per cent shareholding to take full ownership of DBJ.

Element Six completed a move of its Luxembourg companies to the United Kingdom at the end of October 2017, with its headquarters now residing in England and is now a UK tax resident.

UPDATE ON PROGRESS

SUMMARY OF ACTIONS TAKEN DURING FINANCIAL YEAR ENDING 31 DECEMBER 2017

Within our organisation, we have undertaken the following activities:

- Provided all internal 154 De Beers Group Best Practice Principles (BPP) Programme Managers for each of our Business Units and operations with information pertaining to the Modern Slavery Act, how to identify and assess potential risks of modern slavery in their business unit and in their supply chains. The BPP requirements require all entities to identify, assess and address the potential risks of modern slavery and human trafficking within their business and supply chains, including monitoring recruitment agencies, suppliers and contractors.
- Established and rolled out a new [Code of Conduct](#) to all employees across De Beers and Element Six through workshops held by the leaders across the organisation. The Code of Conduct brings together De Beers' values, principles and principal ethical policies in one document to help employees drive ethical decision-making on a day-to-day basis. These include all our policies relating to human rights.
- As part of the integration process, DBJ commenced the process of adopting and implementing all relevant De Beers group policies, including the employee and Human Rights Policy. This process continues.
- DBJ has started the process to review its contracts with ancillary service providers.
- Continued to improve human rights risk assessments undertaken at mining operations in line with our Social Way management system and mechanisms to share findings and lessons learned.
 - Implemented a more consistent approach to identification of human rights risks by engaging third party support to undertake risk assessments at all mining sites.
 - Conducted a third party review across all site risk assessments to help the Human Rights Working Group to identify common issues and the most significant challenges.
- Element Six produced a revised procurement manual including contracting procedures to support changes in the procurement structure within the business, with implementation ongoing into 2018. This revised manual sets out a global framework for all locations to follow and therefore minimises the risks within the supply chain. This in turn provides assurance to us because the suppliers will have been through the same screening process, which includes anti-human trafficking compliance statements.

WITHIN OUR SUPPLY CHAIN

Further to commitments made in 2016; Supply Chain has implemented the following:

- All contract templates have been amended to incorporate the requirements of the Responsible Sourcing Standard for Supplier, the Business Integrity Policy and the De Beers Code of Conduct.
- Supplier self-assessments have been under review and development, and will be a key focus area for 2018.
- Supplier registration is supported by policies and procedures. This includes financial credit checks which are performed on each new supplier and depending on the outcome of the checks, verified suppliers will be uploaded on the centralized vendor master data file. These checks include the verification of the absence of potentially poor business practices, including modern slavery.
- Annual financial checks are undertaken on the top 500 suppliers by spend, which include indicators on potentially inappropriate behavioural concerns, including risks or concerns relating to modern slavery.

WITHIN OUR VALUE CHAIN:

In 2017, we upgraded our Best Practice Principles (BPP) online management platform, the BPP SMART System, by undertaking a full re-write. The new platform is now more efficiently designed to allow us to run the BPP Programme in a more effective and risk-based manner, as well as to allow us to report on outcomes in more granularity, which will enable us to identify trends, impacts and risks in a more targeted way. The BPP Programme includes a number of requirements relating to human rights.

DE BEERS GROUP OVERVIEW AND SUPPLY CHAIN

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

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

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

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

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

Brands: De Beers has two diamond brands: Forevermark and DBJ.

Forevermark offers an inscription, grading and branding service to diamantaires and retailers for eligible polished diamonds across 25 countries.

DBJ is a world leading diamond jewellery retailer, with 34 stores in 17 consumer markets around the world.

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.

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

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

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

OUR SUPPLY CHAIN

For the purposes of this statement, we report on the steps taken during 2017 to ensure that modern slavery is not occurring within our organisation and in our supply chains, by which we mean those suppliers with which we deal directly to explore, mine, produce, sell, manufacture, design and market our products and services.

We also report on the steps that we require relevant rough diamond customers to take to identify and mitigate the risk of modern slavery in the diamond value chain. The Supply Chain function at De Beers is primarily responsible for central, group-wide procurement of direct, raw and ancillary goods, labour and services that support the exploration, planning and building, mining, transportation and processing required for our rough diamond operations. Certain procurement is also undertaken on a decentralised basis.

Our supplier base is wide and diverse, comprising a growing number of small and medium sized localised suppliers in the countries in which we have operations. Procurement of goods, labour and services available in our countries of operation is of strategic importance to De Beers because it plays a key role in developing thriving and healthy host communities.

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 entry into force of the MSA. This approach continues and has never been stronger.

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

Our approach to managing modern slavery risks is an integral part of our approach to respecting human rights. De Beers, through Anglo American, is a member of the United Nations Global Compact and has integrated the United Nations Guiding Principles on Business and Human Rights into its BPP Programme - a set of ethical standards developed by De Beers to promote responsible business practices, including human rights, both within De Beers' own operations¹ (including its on-site contractors) and in the diamond pipeline. It has also implemented the Anglo American Social Way, a social performance management framework for mining sites. De Beers believes in taking a holistic approach to addressing the risks of modern slavery within De Beers' operations and its supply and value chains.

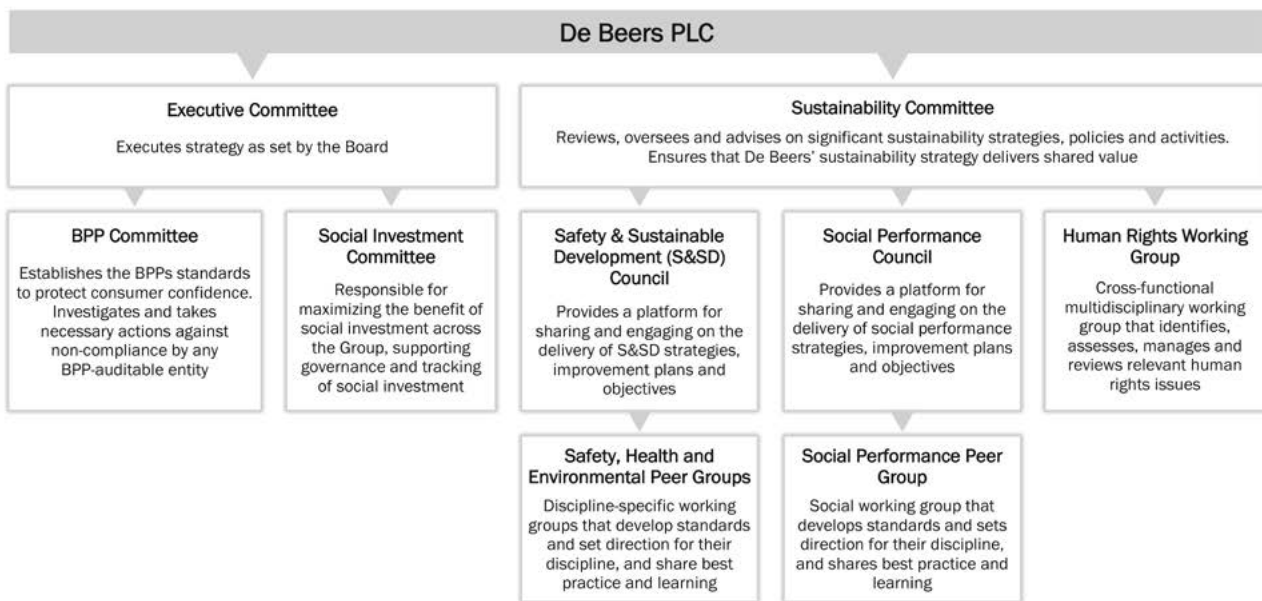
GOVERNANCE:

Accountability for sustainability at De Beers rests with the Board of Directors of De Beers plc, supported by the Sustainability Committee, which is chaired by the CEO, Bruce Cleaver, as well as several other sub committees and working groups.

As part of our commitment to continuous improvement, we have also established a Human Rights Working Group to better understand the human rights risks posed by our business and our value chain (both directly and indirectly) and, in turn, to review and enhance the ways in which we manage those risks.

¹ Excludes Element Six and any non-mine site related goods or services.

A summary of De Beers' governance approach in 2017 is shown in diagram below



POLICIES:

In 2017, the following policies underpinned our approach to managing modern slavery risk:

- *The De Beers Best Practice Principles and Assurance Programme*
- *Business Integrity Policy*
- *Employee Human Rights Policy*
- *Security Forces and Human Rights Policy*
- *Social Performance Policy*
- *The Code of Ethical Contracting*
- *Anglo American Responsible Sourcing Standard for Suppliers*
- *Forevermark Pipeline Integrity*

PROGRAMMES TO SUPPORT RISK ASSESSMENT AND DUE DILIGENCE

De Beers takes a risk-based approach to ensuring that high standards of business integrity are upheld. We have a number of programmes that support our ability to identify and mitigate risks in our own businesses and their supply chains, and 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 operations, as well as to our Sightholders and Accredited Buyers (the businesses that purchase the vast majority of De Beers' rough diamonds) and their relevant diamond contractors. This includes undertaking Know Your Customer (KYC) due diligence processes prior to becoming a Sightholder or Accredited Buyer that include enquiries relating to forced labour and human trafficking violations.

The use of child labour or forced labour and the abuse of human rights are a material breach of the BPP Programme. If serious human rights abuses, including modern slavery, are identified in our business or in our supply or value chains, De Beers will take measures to ensure it is eradicated in rights-compatible manner, and will take appropriate commercial actions and potentially impose sanctions in parallel until corrective actions are implemented.

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

All entities in the De Beers Group and all De Beers' on-site and substantial² contractors are required to participate in the BPP Programme. The BPP Programme consists of an annual, three-step assessment process:

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

During the 2017 BPP cycle, which ran from 30 March 2017 to 31 March 2018, the BPP Programme covered approximately 365,000 employees in 2,948 entities in 79 countries³. 135 on-site verification visits took place and 263 desktop reviews were conducted by SGS at De Beers, Sightholder and Accredited Buyer entities, and their relevant contractors.

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

Further information on the BPP Programme can be found [here](#).

SOCIAL WAY

The Social Way is our social performance management framework and sets out the key activities and requirements each mining site needs to implement on an ongoing basis, in order 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 human rights risk assessment, stakeholder engagement, understanding and addressing concerns of vulnerable groups, addressing grievances, and in our work with contractors 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.

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 2017, we enhanced our approach with regards to supplier on-boarding by ensuring that appropriate governance checks are in place in addition to revising the contract template and general terms and conditions so that they align with the Business Integrity Policy, our Code of Conduct, the Social Way Contractor Management standards, and the Responsible Sourcing Standard for Suppliers.

All on-site contractors involved in the provision of mining services, including the extraction of rough diamonds, are required to meet the requirements of the BPP Programme based on turnover criteria.

² 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.

³ 2017 data from the De Beers Report to Society.

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

Cross-functional training and annual risk assessments in accordance with the Voluntary Principles on Security and Human Rights were completed in 2017, strengthening our management approach to identify and address security-related human rights risks and impacts across relevant De Beers operations. Security and human rights related risks are integrated into the risk registers at each of our mining operations.

OTHER INITIATIVES

In addition to the above, for the purposes of its other businesses, the following complimentary 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 Auction Sales Diamond Trading Standard:** For the purposes of its rough and polished diamond auction services, DBAS implements a Responsible Sourcing Protocol. Any registered sellers wishing to sell certain rough or polished diamonds on the online auction platform must meet strict ethical requirements relating to their businesses and the product(s) they are selling. Further information is available [here](#).
- **DBJ:** 89% of DBJ's core strategic diamond suppliers, by value, are compliant with the requirements of the BPP Programme and/or are certified members of the Responsible Jewellery Council. Both the BPP and RJC requirements include 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. Further, the majority of DBJ's main jewellery manufacturers are RJC certified members.
- **IIDV:** For the purposes of its diamond valuation service, IIDV implements a stringent Know Your Customer/Know Your Supplier (KYC/KYS) protocol, which includes checks on potential human rights abuses.

EFFECTIVENESS AND KEY PERFORMANCE INDICATORS (KPIs)

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

SOCIAL WAY RESULTS

In 2017, all sites were assessed as, at least, complying with the Social Way requirements on human rights due diligence, grievance mechanisms, and implementation of the Voluntary Principles on Security and Human Rights.

OUTCOME OF BPP PROGRAMME VISITS:

Within our business:

A total of 55 self-assessment workbooks were submitted across the De Beers Group and 16 workbook reviews were conducted during the 2017 cycle. These have been rated in accordance with the BPP programme requirements and resulted in two Minor Infringements, being identified for which corrective action plans have been developed. 25 Improvement Opportunities were self-declared with the majority relating to the need for making additional effort to implement the new Code of Conduct.

In 2017, DBJ elected to have a combined BPP/RJC assessment to renew their RJC certification for early in 2018. Four visits were made for this purpose and the recertification activity was completed successfully with only three Minor Infringements, one of which was closed on the day of the visit and a three year recertification recommendation was made.

A further six on-site verification visits were completed at other De Beers Group entities, in addition to one on-site verification visit at a De Beers Group contractor, reflecting a mix of activities and geographical scopes. As a result of these visits, three Minor Infringements were noted relating to the following issues:

1. Provision of payslips: the payslips did not reflect the address of the company or the employee identity number at one of the audited sites.
2. Recording of Right to Work documentation: during a documentation review process at one of the audited sites a small sample of employees did not have the correct records placed in their personnel files, and therefore lacked sufficient demonstration of their eligibility to work.
3. The monitoring of recruitment agencies: one of the audited sites did not have demonstrable evidence in place to monitor the working practices of recruitment agencies.

Corrective Actions:

All sites have implemented corrective action plans and submitted satisfactory evidence to SGS of addressing these findings.

WITHIN OUR VALUE CHAIN:

All entities that are owned or 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 melee ⁴ diamonds must enable reviews to be undertaken to cover the new BPP Melee Assurance Protocol requirements.

During the 2017 cycle, 247 workbooks were reviewed and rated in accordance with the BPP programme requirements. In addition, 124 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.

⁴ For the purposes of the BPP Programme, melee diamonds are diamonds that are 0.01cts or less.

Non-compliance of BPP Programme requirements relating to modern slavery within our value chain:

Human Rights Indicators	2017	2016	2015
Total number of Improvement Opportunities identified under Child Labour/Forced Labour/Human Rights:	4	12	12
Total number of Minor Infringements identified under Child Labour/Forced Labour/Human Rights:	3	4	8
Total number of Major Infringements identified under Child Labour/Forced Labour/Human Rights	0	6	3

2017 showed a substantial decrease in the number of infringements relating to the sections covering modern slavery and broader human rights in our value chain. This could be the result of increased awareness of what steps to take when addressing human rights risks, and an increase in the number of proactive actions can be taken by our clients when reviewing and addressing these issues more closely. For comparison, the total number of infringements across the three key areas of responsibility have remained fairly constant during the past three years:

Overall number of infringements identified at client operations	2017	2016	2015
Business Responsibilities	39	35	24
Social Responsibilities	138	132	143
Environmental Responsibilities	10	8	6

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 was 5,052 (4,259 in 2016) and the number of people trained in human rights was 2,568 (2,437 in 2016).
- **Social Way:** As part of Social Way human rights risk assessments undertaken at sites in 2017, training was provided for relevant employees by an independent third party. Overall, 221 employees and contractors received training as part of the Social Way and implementation of Voluntary Principles on Security and Human Rights.

- **Anti-Money Laundering:** our anti-money laundering training programme is focused on employees whose roles and responsibilities require them to have a deeper understanding of the subject area and the methods criminals might use to launder money/finance terrorism, and to understand the relevant AML legislation in their jurisdiction and apply risk-based due diligence procedures to address risks of money laundering, trade sanctions and suspicious behavior. This training also includes a section on human trafficking as a form of criminal activity and how the proceeds of this sort of crime are laundered. In total, all relevant 540 employees participated in this training programme in 2017.
- **Code of Conduct Awareness Workshops:** 91% of all De Beers⁵ and 100% of all Element Six Leaders underwent Code of Conduct Leaders' workshops sessions. The cascading training and awareness model then required Leaders to run Code of Conduct sessions for their teams so that all employees had the opportunity to learn and understand more about the Code. These workshops entailed discussing workplace scenarios that employees might encounter relating to impacts on the human rights of both employees and external stakeholders, such as those from communities in which we operate.

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

PLANS TO STRENGTHEN OUR APPROACH IN THE FUTURE

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

Within De Beers

- Undertake a review of the Human Rights section within the BPP Requirements which are applicable to De Beers Group entities, Sightholders, Accredited Buyers and their onsite/substantial contractors.
- The Human Rights Working Group will review salient human rights issues to identify where further support is required to manage risks to rightsholders
- Share lessons learned in addressing common human rights risks through the Human Rights Working Group and Social Performance discipline peer network.
- Code of Conduct rollout and implementation at DBJ
- A responsible sourcing policy for diamonds will be developed and steps for implementation will be defined.

Upstream Supply Chain:

In 2018, we plan to enhance elements of the Anglo American Responsible Sourcing Standard for Suppliers as follows:

- Sensitise the top 20 suppliers by spend to the self-assessment tool and encourage performance of self-assessment.
- Adopt the Anglo Supplier Life-cycle Management standard to enrich the supplier data held in the centralised vendor master database.
- Explore alignment to the Anglo American Contractor Social Management framework.
- Schedule upstream, on-site contractors' Code of Conduct training for completion in 2018.

For further information on the Responsible Sourcing Standard for Suppliers, please see the 2017 Anglo American Modern Slavery Statement.

⁵ Excludes DBJ as 2017 was a transition year. Our joint ventures have adopted their own Codes of Conduct and are at varying degrees of implementation.

Within our Diamond Supply Chain/Value Chain

- Review the Human Rights section within the BPP Requirements, applicable to De Beers Group entities, Sightholders, Accredited Buyers, and their onsite/substantial contractors.
- Establish and implement a responsible sourcing policy for De Beers that includes a specific section on sourcing from artisanal and small scale miners. This will include clear requirements that support our zero tolerance to modern slavery, in both our business and supply chains. This will be further supplemented by all external standards that we support, such as the Diamond Development Initiative Maendeleo Diamond Standards Programme⁶ (or its equivalent), and our own supplementary criteria.



Bruce Cleaver
CEO, De Beers Group

18 July 2018

⁶ <http://www.ddiglobal.org/login/resources/overview-maendeleo-diamond-standards.pdf>