

Implementation Guidance v Jan 2022

Step 1 | Structure your business internally

The overview below provides you with a basic checklist of key elements to structure your business internally and to prepare for supply chain due diligence. The overview below is indicative and non-exhaustive and should be adjusted to your business characteristics and availability of resources.

Define and Communicate your Supply Chain Policy

What?

Define the Supply Chain Policy for your company. This defines what your business commits to and what you expect from your business partners.

How?

Use the AWDC Supply Chain Policy template by:

- Tailoring the template to your business (e.g. fill out the template, include/exclude optional elements, ..)
- Communicate your policy to your business partners (e.g. through website, email, together with the consignment note or invoice, ...)

Assign a responsible person for supply chain due diligence

What?

Define who in your business is responsible to manage supply chain due diligence.

How?

We recommend appointing your AML officer as supply chain due diligence responsible since this person already has the know-how and understanding of due diligence processes and risk assessments.

Get supply chain due diligence training and stay up to day with trends & developments

What?

Ensure the supply chain due diligence responsible person performs key due diligence trainings and stays up-to-date with due diligence best practices, developments and key risks in the diamond industry.

How?

AWDC and RJC (and others) provide regular updates on the key trends and developments. Make sure you subscribe to their newsletters to stay on top of market insights, webinars, and guidance.

We recommend:

- Sign-up for AWDCs newsletter and webinars
- Regularly consult RJC news
- Take a look at the training material by the EU Due Diligence Ready! The trainings are free, pragmatic and tailored to the needs of SMEs

Collect key supplier details

What?

When you start to engage with your business partner, ensure that you collect key information about your business partner. Ensure that you check that the collected information is authentic and annually updated.

How?

To collect key information, we recommend to make us of:

- AWDC AML (client) letters to request all necessary identification documents of your supplier (available on the AWDC website)
- Bureau van Dijk database to collect key supplier details such as:
 - Politically exposed persons;
 - Country risks;
 - Sanctions and watchlist.
 - ...

Engage with your supplier

What?

For responsible supply chain management, it is important that you closely engage with your suppliers. We recommend that you reach out to your supplier using the below template in order to obtain the necessary information required for your supply chain due diligence.

1. Request your supplier to respect the commitments of your Supply Chain Policy;
2. If the mining origin of your diamonds is known, request confirmation of the origin from your supplier(e.g. specific mine site, region etc.); if the origin is unknown, ask for the origin of the diamonds and supporting evidence
3. Request evidence that your supplier has performed due diligence on his supply chain

We recommend you to use the below template to contact your supplier which has been inspired by the RJC COP7 Due Diligence Toolkit:

How?

Dear *[insert recipient's name]*,

*I am writing to inform you that **[your company name]** is committed to responsible sourcing of our diamonds in a way that respects fundamental human rights and does not contribute to conflict. Our commitment is clearly outlined in our Supply Chain Policy which can be accessed [\[provide link / attach the document\]](#).*

As part of our commitment, we are working with our diamond suppliers to understand the origin of the diamonds and the due diligence procedures performed to manage the key supply chain risks.

*To fulfil our obligations, we ask that you share the following information with us (where available) by **[date]**:*

- **Respecting our policy:** *Confirm in writing (for example on our supply chain policy) that you have read, understood and will respect the same commitments in your business that we outline in our Supply Chain Policy*
- **The mining origin of diamonds: Share with us the mining origin of the diamonds that you supply us with (for example on the invoice) and also specify the % of diamonds that you supply us with that fall into the following categories of available source information:**
 - **Detailed information about the mining origin:** *Rough/polished diamonds from known large-scale mining or artisanal and small-scale mining producers that provide information on the original source of production (e.g. company, mine or specific geographical area of production is known).*
 - **Some, but limited, information about the mining origin:** *Rough/polished diamonds from established suppliers or open markets where there is some, but limited, information on the original source of production (Please provide information that is known e.g. country of origin).*
 - **No information about the mining origin:** *Rough/polished diamonds from established suppliers or open markets where there is no information available on the original source of production.*
- **Due diligence evidence:** *Evidence that you have undertaken due diligence on the source of diamonds supplied to our company. This could include, for example, proof of adherence to the WDC system of warranties, copies of any company policies you have on responsible sourcing, copies of any supply chain risk assessments, reports or audits that you have done, evidence of participation in responsible sourcing initiatives or programs (e.g. Responsible Jewellery Council membership, ..)*

Feel free to contact me at [\[insert contact details, e.g. phone number, email address, ...\]](#).

Regards,
[\[insert name and signature\]](#)

Step 2 | Identify and assess risks in your diamond supply chain

The overview below provides you with a checklist of the key due diligence steps that we recommend you to complete. You should apply best effort to obtain due diligence information on your supplier and supply chain.

Validate the origin of your diamond purchases

What?

Once you have obtained origin information from your supplier, we recommend that you **validate or cross-check** the supplier statement on the origin of the diamond purchases.

How?

Try your very best to verify (double-check) the origin of the diamond(s) that you purchased:

- Make use of the information provided by the:
 - Country of mining origin on Kimberley Process Certificates;
 - World Diamond Council warranty statement on the invoice of your supplier;
 - Other company-specific warranties on the invoice of your supplier (e.g. 'The goods do not originate from ...')
 - Diamond Origin Reports for mining origin of polished diamonds (e.g. GIA origin reports, Sarin diamond journey, ..);
- When in doubt of origin of certain purchased diamonds, ask Diamond Office to do an inventory of the incoming shipments of diamonds before official import via foot printing methodology.
- Make sure suppliers invoices contain a detailed description of the diamonds (we refer to the AWDC Best Practice Guide for further details)
- Use information from gemological laboratory reports (polished stones only)

Should you find **inconsistencies** between the origin of diamonds stated from your supplier and your own validation checks, we recommend that you reach out to your supplier to clarify the inconsistencies. When inconsistencies are:

- Clarified: Use the now clarified origin of the diamonds for your due diligence.
- Not clarified: Consider to end the business relationship where the inconsistencies on the origin of the diamonds could not be clarified.

Check whether diamonds originate from a conflict-affected and high-risk area (CAHRA)

What?

Once you know the origin of the diamond, check whether the origin is a conflict-affected and high risk area.

Sourcing diamonds from CAHRAs is associated with high risk which should be addressed with more robust due diligence of your suppliers.

How?

We refer to the Responsible Jewellery Council COP 7 for a list of websites where you can find information about CAHRAs:

<https://responsiblejewellery.com/support/cop-2019-walkthrough/provision-07/>

Additionally information about CAHRAs relevant for the diamond industry can be found in publications on the website of (IPIS) International Peace Information Service <https://ipisresearch.be/>

In case of doubt, please reach out to the Head of Compliance at the AWDC.

CAHRAs are defined as areas which are in a state of conflict (including armed aggressions), which have weak or no governance or security and areas with widespread human rights abuses and violations of law.

Step 3 | Mitigate your identified risks from your supplier due diligence.

Once you have obtained the necessary due diligence information from your supplier, assess the information and check whether there is any indication or evidence of breaches with your Supply Chain Policy.

Scenario - You have no concerns

What?

Your supplier due diligence has revealed no concerns, meaning:

- Your supplier fully respects your Supply Chain Policy
- The origin of diamonds is not in a CAHRA.

How?

No specific risk mitigation steps required.

Scenario - You have concerns or have knowledge of breaches

What?

Do you doubt whether your supplier fully respects all of your commitments in your supply chain policy or maybe you are aware of specific breaches?

Is your supplier providing you with diamonds that originate from a CAHRA?

Does any of the due diligence information you collected from the supplier raise doubts (e.g. missing or inconsistent information, poor reputation, allegations in the media, ...)?

How?

If you have doubts or you know of breaches by your supplier, we advise the following options:

- Temporarily suspend the sourcing of diamonds from the supplier
- Contact your supplier to inquire more information and clarify the concerns (e.g. request evidence, supportive document and confirmation, ...).
- Conduct additional due diligence to validate the supplier information regarding the concerns or breaches, such as diamonds originating from CAHRA (e.g. perform media search, validate information with other sources (where possible and appropriate))
- Re-evaluate the indication of a breach by your supplier with your Supply Chain Policy with the additional information obtained.
- Take a decision to either continue the business relationship (if concerns are sufficiently addressed) or discontinue the business relationship (if the concerns remain).