



*Kimberley Process
Certification Scheme and
World Diamond Council
System of Warranties
COP 27*

Introduction and Agenda

1. **History and Background**
2. **Code of Practices Requirements**
3. **Guidance and Implementation**



Key Terms

Conflict Diamond: Rough Diamond 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

Kimberley Process Certification Scheme (KPCS): A joint government, international diamond industry and civil society initiative to stem the flow of Conflict Diamonds.

World Diamond Council System of Warranties (SoW): A program of self regulation that tracks diamonds, after the Kimberley Process certifies them, through the supply chain

System of Warranties statement: *“The Diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in conformance 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.”*

Brief History

Conflict diamonds began to gain prominence in the late 1990s with rebel groups in Angola, Sierra Leone and the Democratic Republic of Congo funding their wars against the legitimate governments through the control and sale of diamonds.



Meetings of NGO's, industry and governments were initiated in Kimberley, South Africa in May 2000. UN General Assembly unanimously supported the process.

Final draft of the Kimberley Process measures were ratified by more than fifty countries, with implementation on January 1, 2003.

World Federation of Diamond Bourses (WFDB) and International Diamond Manufacturers Association (IDMA) proposed a set of practical measures in 2000, which included the creation of the World Diamond Council (WDC), which in turn developed the SoW to complement and support the KPCS.

How it Works – the Kimberley Process

In accordance with the **KPCS ‘Core Document’**, participants (governments) must put in place national legislation and institutions; export, import and internal controls; and commit to transparency and the exchange of statistical data.



Each export shipment of rough diamonds is accompanied by a **government-validated Kimberley Process Certificate** and can only be exported to a co-participant country.

Once a certified shipment has entered its country of destination it may be traded and mixed with other parcels of rough diamonds as long as all subsequent transactions are accompanied by the SOW warranty.

Any rough diamonds being re-exported will also require Kimberley Process Certificates.

How it Works – the System of Warranties

All buyers and sellers of Diamonds must include the SoW statement on all invoices.

Each company trading in Diamonds keeps records of the warranty invoices received and the warranty invoices issued.

This flow of warranties in and warranties out must be audited and reconciled on an annual basis by the company's own auditors.

Each company trades only with companies that include warranty declarations on their invoices.



Reminders



KPCS certificates apply only to the import and export of rough diamonds.

Rough diamonds that are cut and polished within their country of origin do not fall under the KPCS.

The SoW applies to invoicing of all Diamonds, whether rough or polished, loose or set in jewellery, regardless of size or quality.

All invoices for Diamonds must contain the SoW Statement (however this does not apply to invoices to the end consumer). The SoW Statement applies at the level of the invoice, not the supplier.

Equivalent wording that provides the same warranty may be used for the SOW statement, under the RJC Code of Practices.

Summary of COP Requirements

27 *Kimberley Process Certification Scheme and World Diamond Council System of Warranties*

- 27.1 Members shall not knowingly buy or sell Conflict Diamonds or assist others to do so.
- 27.2 Members, where involved with the international trade of rough Diamonds, shall apply the rough Diamond export and import verification system and controls as laid out by the Kimberley Process Certification Scheme and relevant national legislation.
- 27.3 Members, where involved in buying and selling Diamonds, whether rough, polished or set in Jewellery, shall adopt the World Diamond Council System of Warranties and have systems to ensure that all associated invoices contain the following affirmative statement, or equivalent wording which provides the same warranty:
"The Diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in conformance 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."
- 27.4 Members shall keep records of all Kimberley Process certificates and System of Warranties invoices received and issued, and have them audited and reconciled on an annual basis either as part of an RJC Audit, or by an RJC Accredited Auditor during the Certification Period, or by a separate independent auditor, as suits the circumstances of the business. If asked for by a duly authorised government agency, these records must be able to prove compliance with the Kimberley Process.
- 27.5 Members shall maintain awareness of and comply with applicable international and national sanctions that prohibit transactions involving Diamonds with targeted individuals, entities or organisations.
- 27.6 Members shall inform all Employees that buy or sell Diamonds about government restrictions on the trade in Diamonds, Conflict Diamonds, the Kimberley Process Certification Scheme and the World Diamond Council System of Warranties.

COP Audit – Critical Evidence

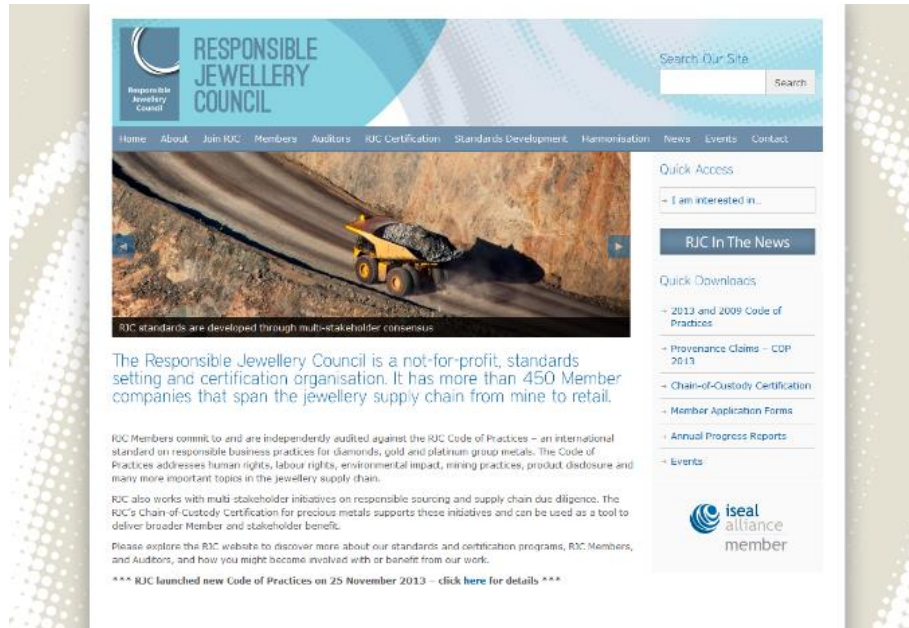
- ✓ *System in place* to ensure purchases are not made from sources that do not provide the warranty statement on invoices.
- ✓ Annual reconciliation (review) that all relevant shipments and invoices have the necessary warranty statement. Reconciliation against the physical inventory is not necessary.
- ✓ Independent audits conducted annually. Members may choose to have the audit of KPCS certificates and SoW invoices conducted by the RJC accredited auditor at the same time as the RJC certification audit, and annually during the Certification Period.
- ✓ Employees who buy and sell diamonds have been informed about the Kimberley Process and System of Warranties.

Implementation Suggestions

- ✓ Appoint a manager responsible for implementation of KPCS / SoW requirements and who keeps up to date on Conflict Diamonds related issues
- ✓ Ensure systems are in place that prevent transactions with suspect sources, and that prevent acceptance of invoices that do not contain the SoW statement
- ✓ Establish steps to follow when a supplier fails to provide the SoW statement on invoices
- ✓ Establish a training procedure and materials
- ✓ Identify all employees who buy and/or sell diamonds and maintain a register confirming they have received appropriate training

Thank you!

Any questions please contact the RJC using training@responsiblejewellery.com
or visit our website at <http://www.responsiblejewellery.com/>



The screenshot shows the homepage of the Responsible Jewellery Council website. The header features the RJC logo and a search bar. The main navigation menu includes links for Home, About, Join RJC, Members, Auditors, RJC Certification, Standards Development, Harmonisation, News, Events, and Contact. A large image of a yellow mining truck on a dirt road is featured, with the text "RJC standards are developed through multi-stakeholder consensus" overlaid. Below the image, a paragraph describes the RJC as a not-for-profit, standards setting and certification organisation with over 450 member companies. Further down, it states that RJC members commit to an independently audited Code of Practices, an international standard for responsible business practices for diamonds, gold, and platinum group metals. The website also mentions RJC's work with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence, and its Chain of Custody Certification for precious metals. A footer note states: "RJC launched new Code of Practices on 25 November 2013 - click here for details ***". On the right side, there are sections for "Quick Access" (I am interested in...), "RJC In The News", "Quick Downloads" (2013 and 2009 Code of Practices, Provenance Claims - CDP 2013, Chain-of-Custody Certification, Member Application Forms, Annual Progress Reports, Events), and an "iseal alliance member" logo.

- Last updated November 2014 -