

This document contains a proposal to support the effective implementation of further government-imposed import restrictions on the diamond trade proposed by G7 countries. The objective of this proposal is to help businesses demonstrate compliance to such import restrictions in a way that is inclusive and agnostic as to size, scale, business model or location.

The proposal (which will not be binding on any participant unless mandated by G7 countries) has been developed by industry participants acting through various trade associations that represent diverse interests across the diamond supply chain. Any subsequent iterations of the proposal and its proposed implementation will be subject to legal review.

During the development of this proposal, including the detailed consultation and approval processes administered through the various industry bodies, the WDC has adhered to all relevant antitrust laws and competition laws (and, by approving these proposals, participants and industry bodies confirm their understanding of, and compliance with, the relevant antitrust laws and competition laws in connection with this process).

The G7 Diamond Protocol aims to provide an industry solution to support the objectives set out in the G7 statements below:

G7 Statement: February 24, 2023

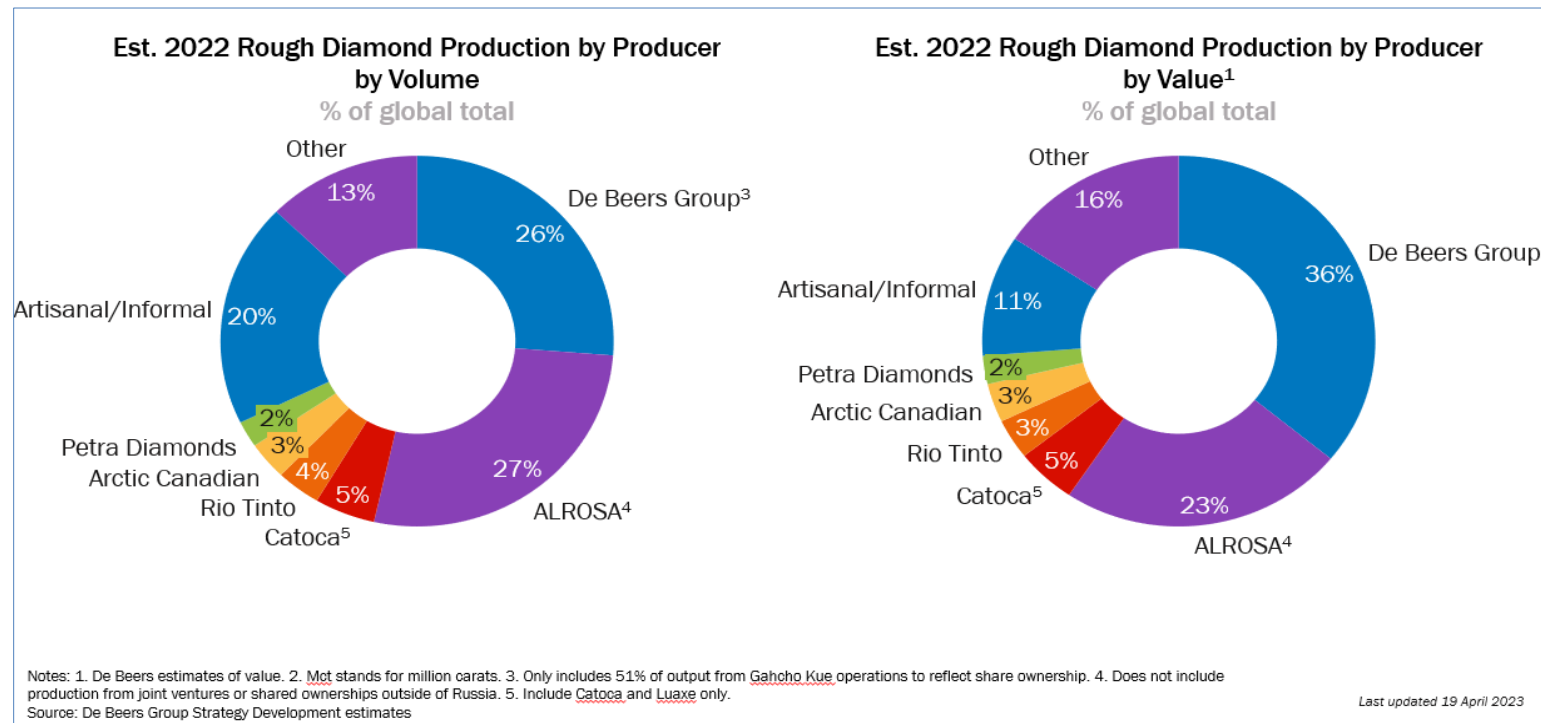
*“Given the significant revenues that Russia extracts from the export of diamonds, we will work collectively on further measures on Russian diamonds, including rough and polished ones, working closely to engage key partners.”*

May 19, 2023 | Hiroshima, Japan

*“In order to reduce the revenues that Russia extracts from the export of diamonds, we will continue to work closely together to restrict trade in and use of diamonds mined, processed or produced in Russia and engage with key partners with the aim of ensuring effective implementation of future coordinated restrictive measures, including through tracing technologies.”*

The estimated Russian rough diamond production accounts for 27% in volume and 23% in value of global diamond production. It is important to ensure that non-Russian production is segregated to secure its route to market into the G7 countries which account for 64% of global consumer demand.

### Supporting the Objective of the G7 position, while securing the route to market for Non-Russian Diamonds



## The World Diamond Council (WDC)

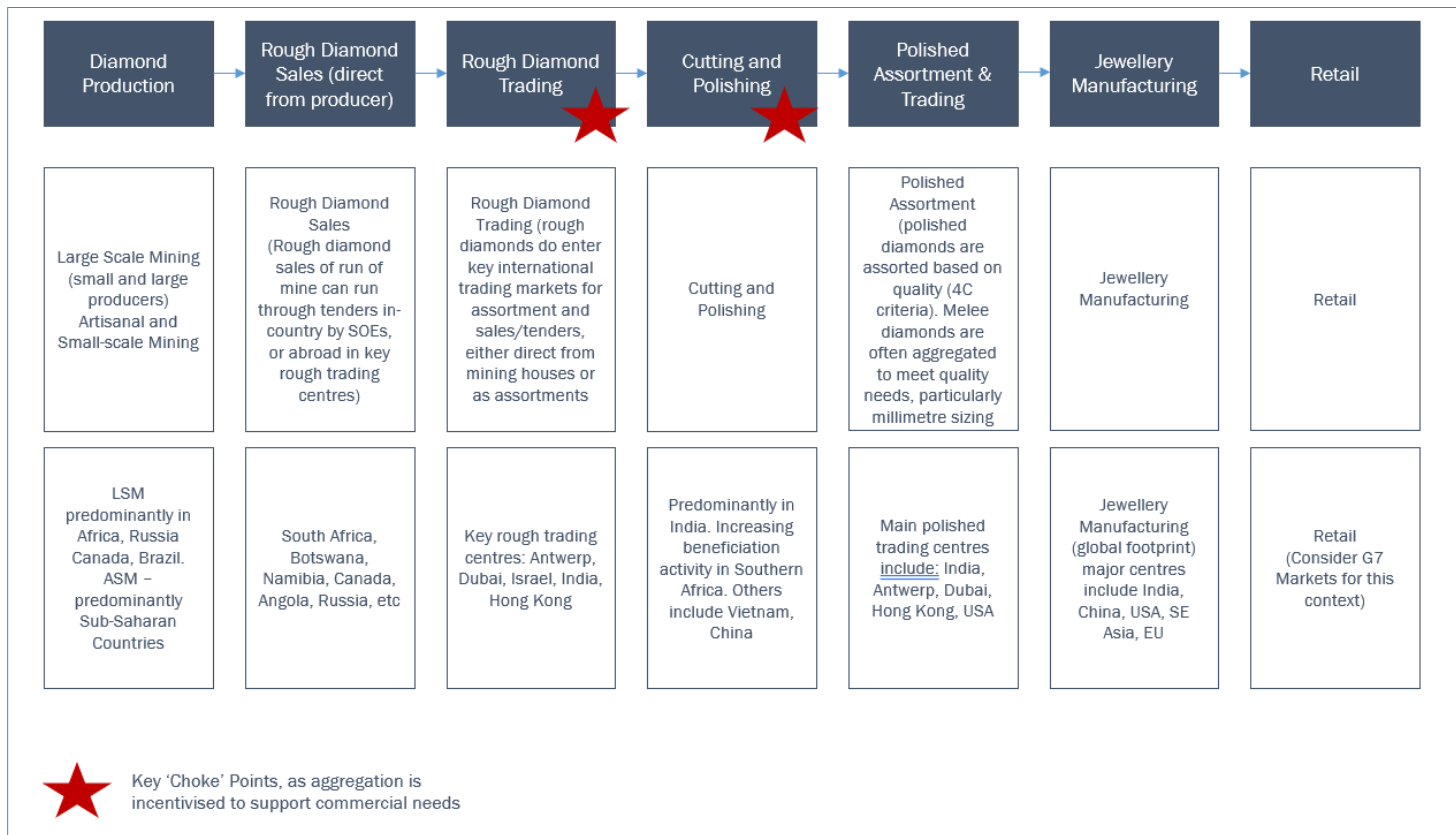
Created in 2000, the WDC is an industry association dedicated to protecting the integrity of natural diamonds and their distribution.

Members of the WDC include businesses and organisations from around the world engaged in all aspects of the diamond industry, from mining through to jewellery retailers.

The WDC establishes several industry-led layers of due diligence and consumer assurances which support universally accepted principles and international best practice standards on ethical and responsible sourcing, as a complement to the KP mandate.

Therefore, the WDC, as the premier representative of the natural diamond industry, with a global membership that covers the entire value chain, from mining to retail, is best positioned to facilitate an industry-wide alignment and adoption of measures in the interest of the G7 objectives.

## **Simplified Visual of the Diamond Value Chain and Associated Potential Choke Points for Russian Diamonds**



### **Artisanal production:**

Artisanal and small-scale mining (ASM) makes a major contribution to global rough diamond production – estimated at 15-20% of rough diamond supply by carat, and 5-10% by value. The sector is also a major contributor to livelihoods in mineral host nations, with approximately 1.5 million miners directly involved in diamond producing ASM globally, and an estimated 9 million dependents benefitting indirectly from the sector.

The vast majority of rough diamond ASM production is predominantly in sub-Saharan Africa (mainly in the following African countries: Central African Republic, Democratic Republic of Congo, Sierra Leone, Cameroon, Angola, Cote d'Ivoire, Guinea, Liberia, Tanzania, Ghana, Gabon). ASM does take place, although to a lesser extent, in South America as well (e.g., Guyana, Brazil).

In many diamondiferous areas, which tend to be remote, ASM diamond mining is the primary source of income, and from a development perspective, it is essential that access to responsible international markets is promoted. Income from ASM diamond mining (which tends to be above per capita GDP) is invested into local economies (agriculture, commerce etc.) promoting economic diversification - it therefore has a significant impact on local development beyond the diamond supply chains.

It should be noted that ASM producers are also very unlikely to *export* their production directly, rather selling to traders, who will aggregate various sources. Rough diamonds may exchange hands between traders several times before export.

Although it is generally understood that there is no artisanal production of rough diamonds in Russia, the ASM sector is likely to experience the highest impact of new measures, despite being the lowest risk segment of the trade for diamonds of Russian origin.

This proposal considers the particularities and challenges inherent in the ASM sector to avoid unintended consequences. whilst using the G7 measures as an opportunity to promote responsible engagement with the sector through increased transparency and formalization of the sector.

### **Cottage industry:**

India is a major contributor to the diamond industry as a key jurisdiction for both trade in diamonds (rough and polished), out of the main trading hub in Mumbai, and for cutting and polishing diamonds mainly in Surat and in surrounding villages across Gujarat. In 2022, India exported \$85bn worth of cut and polished diamonds. Approximately 14 out of 15 diamonds set in jewellery worldwide are processed in India, and approximately 1 million people are employed in the cutting and polishing sector, with many more dependents on their salaries.

The industry consists of large multinational organisations, but also very small/micro enterprises, forming an active 'cottage industry'. This cottage industry is a substantial employer, and is characterised by operating in informal manner, working out of rudimentary but effective workshops, relying on older technologies to cut and polish diamonds, and employing and training a large number of workers.

India's significance and scale in the diamond industry is critical and this sector, and particularly the cottage industry, provides the largest opportunity for buy-in and support to the G7 requirements.

## PROPOSAL: THE G7 DIAMOND PROTOCOL

The G7 Diamond Protocol comprises of a Declaration, Standard, Requirements and Assurance Framework, detailed below.

It is recommended that the G7 countries apply the upcoming requirements for 1ct certifiable polish diamonds and above to maximise the adoption of the proposed segregation standards. Further recommendations and/or amendments will be put forward after a year of implementation including challenges and potential mitigation.

### Reviews of the Protocol:

The review process shall follow these steps: Stakeholder consultation, Presentation of the proposed changes, Industry consultation and Vote by the Participants of the Protocol, facilitated by the WDC. The vote will be conducted as per the bylaws of the WDC.

### 1. THE G7 DIAMOND PROTOCOL DECLARATION

A declaration to be used on all invoices for diamonds of non-Russian origin, where origin means the country where the diamond was mined or recovered.

#### Proposed G7 Diamond Protocol Declaration

*The rough and/or polished diamonds herein invoiced do not originate from mining companies operating in Russia, and/or have not been processed or produced in Russia, based on adherence to the G7 Diamond Protocol standards, unless these diamonds were purchased prior to XX DATE (G7 to advise). The seller hereby supports this Declaration by adhering to the G7 Diamond Protocol Assurance Framework. I/We (PERSON/COMPANY Reps) understand this warranty is legally binding and failure to adhere to the G7 Protocol Standards could subject [PERSON/COMPANY] to penalties as applicable under the governing laws.*

This declaration is to be used on all invoices for diamonds of non-Russian origin exported to G7 countries, directly or indirectly, where origin refers to the country of mining or recovery. For diamonds not destined for G7 countries, the declaration on invoice is optional and subject to buyer/seller requirements.

To validate legally, enforce and thus ensure compliance with the international import restriction regulations in cross-border transactions related to the export of gems and jewelry to G7 countries, Government agencies such as Customs may oversee the verification process for international shipments and their supporting documents. These agencies will operate in accordance with the National Law of the respective country.

### 2. THE G7 DIAMOND PROTOCOL STANDARD:

- a. Companies/Entities/Facilities exporting to G7 Countries and participating in the G7 Diamond Protocol must make the following affirmative statement with no deviations on all invoices:
  - i. *'The rough and/or polished diamonds herein invoiced do not originate from mining companies, operating in Russia, and have not been processed or produced in Russia, based on adherence to the G7 Diamond Protocol standards, unless these diamonds were purchased prior to XX DATE (G7 to advise). The seller hereby supports this Declaration by adhering to the G7 Diamond Protocol Standard and Assurance Framework.'*

- b. The Company/Entity/Facility will need to confirm claims or statements made to customs, consumers or other businesses on the origin or provenance of diamonds or diamond jewellery through the use of the G7 Diamond Protocol Declaration.
- c. Companies/Entities/Facilities must use the exact wording of the declaration on all invoices, any amendment to the wording will be in breach of the G7 Diamond Protocol.
- d. Any Company/Entity/Facility participating in the formal sector that is required to use the G7 Diamond Protocol must develop documented policies/procedures or requirements to validate that the G7 Diamond Protocol Declaration is truthful and substantiated.
- e. Any Company/Entity/Facility participating in the informal sector that is required to use to the G7 Diamond Protocol must ensure that the procedure for segregation can be clearly articulated to all buyers or relevant assurance bodies to validate that the G7 Diamond Protocol Declaration is truthful and substantiated.
  
- f. Any and all provenance claims received and/or made by the Company/Entity/Facility must be disclosed to the relevant assurance body. While these will not be in the scope of verification during a spot check, the assurance body will need to have a view of these to support the veracity of the G7 Diamond Protocol Declaration and all other provenance claims will support the Company/Entity/Facility's compliance with the requirements of the G7 Diamond Protocol.
- g. The G7 Diamond Protocol and its related documents are issued separately and available on the WDC website.
- h. Each relevant Company/Entity/Facility shall maintain appropriate record keeping procedures, and verify that the criteria or requirements are met.
  - i. In addition, each company trading in rough and polished diamonds and adhering to the G7 Diamond Protocol is required to keep records of the G7 Diamond Protocol Declaration on invoices received, and the G7 Diamond Protocol Declaration on invoices issued, when buying and selling diamonds for a minimum of 3 years (from 2026). This flow of invoice declarations in and out must be reconciled on an annual basis by the company's/entity's/facility's own senior manager or equivalent.
  - ii. Producers adhering to the G7 Diamond Protocol must keep a record of annual production to be reconciled against sales.
- i. A senior manager or equivalent should be responsible for ascertaining which employees require training on the G7 Diamond Protocol. These employees must be able to respond to product enquiries and should be aware of their accountabilities demonstrating a full understanding of the G7 Diamond Protocol Declaration made. Training of relevant employees must be conducted annually.
- j. Any Company/Entity/Facility in the formal sector adhering to the G7 Diamond Protocol must maintain documentation related to training. This documentation must include Training materials and a training register with names and roles of attendees, date of training delivery and retain the training materials.
- k. Any Company/Entity/Facility in the informal sector adhering to the G7 Diamond Protocol must maintain ongoing training with a minimum of training sessions being held annually. Relevant employees must be able to determine verbally the internal procedures of segregation at any point to their customers and assurance bodies.
- l. Details about adherence to the G7 Diamond Protocol and systems to achieve compliance must be made available at point of sale and:
  - i. on the Company/Entity/Facility website in the formal sector or;

- ii. recorded and maintained by the buyer when sourcing from the informal sector.
- m. For sales direct to consumers in G7 countries, companies/ facilities/ entities must train their retail staff once a year on the G7 Diamond Protocol if the Declaration is used.
- n. All Companies/Entities/Facilities using the G7 Diamond Protocol Declaration must consent to the relevant assurance body conducting a spot check at the Company/Entity/Facility to demonstrate it has met the requirements and can substantiate the G7 Diamond Protocol Declaration.
- o. All Companies/Entities/Facilities using the G7 Diamond Protocol Declaration must consent to the relevant assurance body sharing aggregated, as per the Reporting Template in Annex 1, information regarding the results of the assurance process.
- p. The relevant assurance body must provide annual reports to the World Diamond Council, including:
  - i. Total number of entities verified per location and type of entity (producer, Tier 1 Entity Midstream, Tier 2 Entity Midstream, Polished Trade, Jewellery manufacturer/wholesaler, and/or retailer
  - ii. Nature of verification: spot check/3rd party audit
  - iii. Name(s) of auditor(s) for audits
  - iv. Names of Relevant Trade Body conducting the spot checks
  - v. Number of improvement opportunities, minor, major and material breaches.
  - vi. Summary of the nature of the breaches
- q. The World Diamond Council must collate the data and report it on its annual report due at the end of January of each year.

Further Considerations required for:

**Recycled Diamonds:** recycled diamonds are diamonds or diamond jewellery that was previously owned by a consumer, and that may be entering the trade again, as a piece of jewellery or loose diamonds. These could be diamonds that may have originated in Russia pre-G7 Diamond Protocol but remain within G7 markets. There is an active recycled diamond economy and measures to support the trade in diamonds that existed in G7 markets pre-war should be considered.

**Grandfathered Diamonds:** it is proposed that the G7 establish a date (e.g., the date of implementation of “further measures”) at which all diamonds in the trade prior to that date, should be considered ‘grandfathered’. A similar approach to the one adopted by the gold industry should be considered.

### 3. THE G7 DIAMOND PROTOCOL REQUIREMENTS:

	Upstream	Midstream			Downstream	
G7 Diamond Protocol Requirements	Rough Stones			Polished Stones		Diamond Jewellery
	Exploration, mining, ASM, rough exporters	Tier 1 (sourcing directly from exploration, mining and/or ASM)	Tier 2 (sourcing from rough exporter, Tier 1 or other Tier 2)	Polished Trader	Jewellery Manufacturing and wholesale	Retail
<b>Use of the G7 Diamond Protocol Declaration</b>	All industry participants can make the G7 Diamond Protocol Declaration, if they are able to substantiate it by meeting the requirements but must ensure there is no deviation from the wording.					
<b>Establish and implement a segregation mechanism</b> (can be rudimentary but effective (e.g., colour coding parcels) and sufficient to substantiate the G7 Diamond Protocol Declaration)	Ensure that there is segregation system to segregate non-Russian diamonds throughout the time that the product is in the Company/Entity/Facility's custody, from purchase to sale/consignment.	Ensure the segregation system effectively segregates non-Russian diamonds to comply with the G7 Diamond Protocol throughout the time that the product is in the Company/Entity/Facility's custody, from purchase to sale / consignment	Ensure that the segregation system effectively segregates non-Russian diamonds/diamonds with unknown provenance to comply with the G7 Diamond Protocol throughout the time that the product is in the Company/Entity/ Facility's custody, from purchase to sale / consignment.	Ensure that the segregation system effectively segregates non-Russian/diamonds with unknown provenance to comply with the G7 Diamond Protocol throughout the time that the product is in the Company/Entity/Facility's, from purchase to sale / consignment.	Ensure that the segregation system effectively segregates non-Russian/diamonds with unknown provenance to comply with the G7 Diamond Protocol throughout the time that the product is in the Company/Entity/Facility's custody, from purchase to jewellery manufacture to sale.	Ensure that the segregation system effectively segregates non-Russian/diamonds with unknown provenance to comply with the G7 Diamond Protocol throughout the time that the product is in your custody from purchase to point of sale to the consumer
<b>Develop a system for Record-keeping to substantiate the claims</b> and maintain records for a minimum of 3 years)	Establish mechanisms for record-keeping, for a minimum of three years. Key records to retain (and reconcile – see next requirement), include: <ul style="list-style-type: none"> <li>Carats, produced and sold</li> </ul>	Establish mechanisms for record-keeping, for a minimum of three years. Key records to retain (and reconcile – see next requirement), include: <ul style="list-style-type: none"> <li>Provenance information (where available)</li> </ul>	Establish mechanisms for record-keeping, for a minimum of three years. Key records to retain (and reconcile – see next requirement), include: <ul style="list-style-type: none"> <li>Provenance information (where available)</li> </ul>	Establish mechanisms for record-keeping, for a minimum of three years. Key records to retain (and reconcile – see next requirement), include: <ul style="list-style-type: none"> <li>Provenance information (where available)</li> </ul>	Establish mechanisms for record-keeping, for a minimum of three years. Key records to retain (and reconcile – see next requirement), include: <ul style="list-style-type: none"> <li>Provenance information (where available) and for which parcels/diamonds</li> </ul>	Provenance information (where available) and for which parcels/diamonds <ul style="list-style-type: none"> <li>Invoices in and out, including records of invoices with the G7 Diamond Protocol</li> </ul>



		<p>and for which parcels/diamonds</p> <ul style="list-style-type: none"> <li>Invoices in and out, including records of invoices with the G7 Diamond Protocol Declaration/ other provenance statements, or where no provenance is provided, retaining the documentation, and segregating the diamonds from these unknown provenances.</li> <li>Carat weight of rough diamonds received, rough to polished carat outcome and carat weight of any polished diamonds.</li> <li>Stone count (if available)</li> </ul>	<p>and for which parcels/diamonds</p> <ul style="list-style-type: none"> <li>Invoices in and out, including records of invoices with the G7 Diamond Protocol Declaration/ other provenance statements, or where no provenance is provided, retaining the documentation, and segregating the diamonds from these unknown provenances.</li> <li>Carat weight of rough diamonds received, rough to polished carat outcome and carat weight of any polished diamonds.</li> <li>Stone count (if available)</li> </ul>	<p>and for which parcels/diamonds</p> <ul style="list-style-type: none"> <li>Invoices in and out, including records of invoices with the G7 Diamond Protocol Declaration/ other provenance statements, or where no provenance is provided, retaining the documentation, and segregating the diamonds from these unknown provenances.</li> <li>Carat weight of polished diamonds manufactured and/or purchased and/or sold.</li> <li>Stone count (if available)</li> </ul>	<p>Invoices in and out, including records of invoices with the G7 Diamond Protocol Declaration/ other provenance statements.</p> <p>Carat weight of polished diamonds received.</p> <p>Stone count on receipt (if available)</p>	<p>Declaration/ other provenance statements)</p> <p>Carat weight of jewellery pieces, where available.</p>
<p><b>Reconciliation</b></p> <p>Undertake reconciliation of invoices with the G7 Diamond Protocol Declaration received and issued on an annual basis (similar to WDC System of Warranties)</p>	<p>Producers must maintain a record of annual production to be reconciled against sales and remaining inventory, annually.</p> <p>Commercially sensitive information can be redacted, where relevant.</p>	<p>Undertake a reconciliation of invoices containing the G7 Diamond Protocol Declaration received and issued, annually.</p> <p>This should be supported by data on carats/diamonds purchased and sold.</p> <p>Appoint a senior manager to undertake the reconciliation and maintain a record of the outcome and process annually.</p> <p>Commercially sensitive information can be redacted, where relevant.</p>			<p>Undertake a reconciliation of invoices containing the G7 Diamond Protocol Declaration received and issued, annually.</p> <p>This should be supported by data on carats/diamonds purchased and manufactured.</p> <p>Appoint a senior manager to undertake the reconciliation and</p>	<p>Undertake a reconciliation of invoices containing the G7 Diamond Protocol Declaration received and issued, annually.</p> <p>This should be supported by data on carats/diamonds purchased contained in jewellery.</p>

			<p>maintain a record of the outcome annually.</p> <p>Commercially sensitive information can be redacted, where relevant.</p>	<p>Appoint a senior manager to undertake the reconciliation and maintain a record of the outcome annually.</p> <p>Commercially sensitive information can be redacted.</p>
<p><b>Training and Communications</b></p>	<p><b>For both informal and formal sector participants:</b></p> <p>Appoint a senior manager to identify the employees that require training,</p> <p>Ensure that the training is sufficiently effective that relevant employees can respond to product enquires or where they are responsible for any activities, are aware of the segregation requirements.</p> <p>Provide details about adherence to the G7 Diamond Protocol and approaches taken to substantiate the Declaration on invoices and comply with the requirements at point of sale in the most relevant form.</p> <p><b>For the formal sector:</b></p> <p>Establish training documentation and deliver annual training on the G7 Diamond Protocol.</p> <p>The training must be documented, including dates, training register, information and content provided.</p> <p>Provide details on the approach to adhering to the G7 Diamond Protocol, including details on how the Company/Entity/Facility complies with the requirements, on the Company/Entity/Facility website.</p> <p><b>For the informal sector:</b></p> <p>Maintain ongoing training annually.</p> <p>Relevant employees that undergo the training should be able to effectively communicate segregation procedures at any point to customers and assurance bodies.</p> <p>Any buyers purchasing from the informal sector are required to record and maintain the information supplied by the informal sector participant at the point of sale that supports the G7 Declaration</p>			<p>In addition to the requirements detailed on the left, for sales direct to consumers in G7 countries, Companies/Entities/Facilities must train all retail staff annually on the G7 Diamond Protocol if the G7 Diamond Protocol Declaration is used at the point of sale.</p>

#### 4. THE G7 DIAMOND PROTOCOL ASSURANCE FRAMEWORK

Compliance to The G7 Diamond Protocol must be verified through an Assurance Framework that is accessible, inclusive and focused on the scope of the Declaration.

The Assurance and the verification to confirm compliance with the Protocol must be conducted at a minimum of once every three years.

The G7 Diamond Protocol Assurance Framework proposed is based on the OECD Due diligence 5-step framework for responsible sourcing. It is proposed to support all members in the diamond industry globally, large and small, while recognising and building on existing frameworks.

	Upstream	Midstream			Downstream	
Assurance Framework	Rough Stones			Polished Stones		Diamond Jewellery
Type of Entity	Exploration, mining, ASM, rough exporters	Tier 1 (sourcing directly from exploration, mining and/or ASM)	Tier 2 (sourcing from rough exporter, Tier 1 or other Tier 2)	Polished Trader	Jewellery Manufacturing and wholesale	Retail
Assurance Framework for small and micro enterprise/informal sector	<p>All Small and Micro Entities/Informal sector participants using the G7 Diamond Protocol Declaration shall allow spot checks to be undertaken by the relevant Trade Body in accordance with their process (a sample and risk-based approach to selecting Entities for a spot check to ensure that the mechanisms are in place. The relevant Trade Body may appoint a qualified third-party to undertake the spot checks independently.</p> <p>Material breaches of the assurance framework will require immediate attention and a suspension of the use of the G7 Diamond Protocol Declaration by the Company/Entity/Facility. Corrective actions must be monitored and closed by the Assurance Body prior to the approved use of the G7 Declaration.</p>					
Assurance Framework for formal sector not participating in a recognised scheme	<p>All Entities using the G7 Diamond Protocol Declaration for exporting to G7 countries may enlist an independent auditor to verify the entity's compliance to the G7 Diamond Protocol Standard and Requirements annually. <i>For example: small businesses importing/exporting out of the country can enlist their chartered accountant to conduct the reconciliation on an annual basis.</i></p> <p>The results of the audit must be shared with the relevant trade body for the purpose of reporting.</p>					
Assurance Framework for formal sector participating in a recognised scheme	Recognised schemes must recognise the G7 Diamond Protocol and agree to report annually to The World Diamond Council as per The G7 Diamond Protocol Standard 'section o'.					
Reporting	<p>Annually, all relevant Trade Bodies, Logistic providers, Labs or Recognised Schemes will compile a report outlining the outcomes of spot checks and/or third-party audits undertaken, and how serious issues were identified and addressed. The report will include:</p> <ul style="list-style-type: none"> <li>• Total number of entities verified per location and type of entity (producer, Tier 1 Entity Midstream, Tier 2 Entity Midstream, Polished Trade, Jewellery manufacturer/wholesaler, and/or retailer</li> <li>• Nature of verification: spot check/3<sup>rd</sup> party audit</li> <li>• Name(s) of auditor(s) for audits</li> <li>• Names of Relevant Trade Body conducting the spot checks</li> <li>• Number of improvement opportunities, minor, major and material breaches.</li> </ul>					

- Summary of the nature of the breaches

This report will be provided to the WDC, who will then consolidate all reports from all trade bodies globally, and submit a full, aggregated comprehensive report to the G7.

The role of the Trade Bodies is critical in supporting this assurance, as they have a broad membership and strong links with the national governments in the countries in which they are based and can help in driving awareness of the needs of the sector.

## PROPOSED RELEVANT TRADE ASSOCIATIONS (TBD)

### Regional Trade Bodies:

- The African Diamond Producers' Association, Africa
- The Antwerp World Diamond Council (AWDC), Antwerp
- The Asia Fancy Colour Diamond Association (AFCDIA), Asia
- The Dubai Multi Commodities Centre (DMCC), Dubai
- The Gem and Jewellery Export Promotion Council (GJEPC), India
- The Israel Diamond Institute (IDI), Israel
- The United States Jewelry Council, USA
- The NGTC, the Diamond Federation of Hong Kong (DFHK), China
- L'Union Française de la Bijouterie, Joaillerie, Orfèvrerie, des Pierres & des Perles (UFBJOP), France

### International Trade Bodies:

- World Jewellery Confederation (CIBJO), (National Associations in 42 Countries)
- World Federation of Diamond Bourses (WFDB), 27 Bourses
- International Diamond Manufacturers Associations (IDMA) – 14 National Associations
- Responsible Jewellery Council (RJC) - +1600 members

Logistics providers and Labs (description to be discussed)

## PROPOSED G7 DIAMOND PROTOCOL RECOGNISED SCHEMES

*Recognized Schemes are defined as schemes that verify provenance claims.*

The Recognized Schemes listed below, will formally recognize the G7 Diamond Protocol and use their existing procedures which require third party audits, for the purpose of verifying the compliance to the G7 Diamond Protocol.

The G7 Diamond Protocol recognizes that not all industry members take part in these schemes and offers alternative solutions through the Assurance Framework set forth in Section 4.

Members of the following recognized schemes and any other scheme accepted by G7 for the purpose that have been audited by a Third-party independent verifier will have had their compliance to the protocol assured and hence their diamonds should be deemed non-Russian and compliant with the G7 Diamond Protocol.

Customs officials may ask the following recognized schemes for the list of their audited members, and auditors.

### **Industry Initiatives**

**RJC - Code of Practices: Provenance Claims:** The RJC's Code of Practices (COP) is the only industry standard that encompasses the entirety of the jewelry and watch supply chain- from mine to retail. These codes establish a comprehensive framework for ethical, human rights, social and environmental practices that certified RJC members must follow. Within the COP, there is COP 14, which ensures that members who make claims about the provenance of materials, including source, origin, or sourcing practices, can have these claims audited as part of their RJC COP audit.

**USJC - JA:** USJC Source Warranty Protocol, Release Number 2.0 is an update of the original Diamond Source Warranty Protocol, commissioned in 2011 by USJC member Jewelers of America and then further sponsored by USJC members the Diamond Manufacturers & Importers Association of America (DMIA) and the Jewelers Vigilance Committee (JVC). It is a voluntary tool, designed as a template legal/commercial agreement between US companies and their (overseas) suppliers, to empower the smaller US jewelry companies in implementing their own ethical sourcing needs into their supplier contracts. The Protocol advises that buyers can audits their suppliers against the protocol, at the supplier's cost, if their 'sellers' have entered into Commercial Contracts or engage in Commercial Transactions on the basis of Commercial Documents that provide a Protocol Warranty.

### **Corporate Initiatives**

#### **De Beers - Best Practice Principles and Pipeline Integrity Programmes:**

The De Beers Best Practice Principles Programme, established in 2005, consists of a set of mandatory environmental, social and ethical standards, including human rights, applicable to De Beers' own operations as well as to its key rough diamond customers, Sightholders (and their relevant diamond contractors), and suppliers (jewellery manufacturers) and Beneficiation Project Members. All participants must submit an annual self-assessment demonstrating their

compliance with all applicable requirements. A third-party verifier, Société Générale de Surveillance (SGS), independently audits a selection of these assessments annually using risk-based criteria. The BPP programme requirements are based on leading international standards, meaning it is fully aligned with the OECD Due Diligence Guidance, the UNGPs on Business and Human Rights, the International Finance Corporation's Performance Standards, International Labour Organization Standards, and the Universal Declaration of Human Rights, among others. In addition, the BPP Requirements comprise a detailed section on Provenance Claims, setting criteria for substantiating any provenance claims made on the origin/source and/or provenance of any diamonds. The BPP Standards have always been publicly available, and can be viewed [here](#).

The Pipeline Integrity Programme is proprietary to De Beers and is a chain of custody standard, commonly known as the Diamond Pipeline Integrity Specification (DPIS), developed by De Beers in collaboration with the British Standards Institution. It sets guidelines for segregating and tracing eligible diamonds from non-eligible ones, providing flexibility for businesses. The program ensures the provenance of DTC diamonds by verifying that buyers and sellers track and separate them from others throughout the supply chain. It involves virtual and physical diamond tracking, including criteria for tracing melee diamonds. Entities handling [DTC](#) diamonds must comply with DPIS requirements and undergo an annual audit by SGS. Specific wording is required for DTC provenance claims in invoices and marketing materials, including melee diamonds.

**[DTC.com](#):** DTC.com provides transparency about where DTC diamonds come from, which specific mines, and the key data, information, audit reports and ESG performance for each mine is supplied on the website.

**GIA M2M Program:** M2M is a digital platform that integrates GIA's ability to scientifically match rough diamonds with their polished counterparts, while incorporating comprehensive data from every stage of the value chain, thereby encapsulating the journey of each diamond. Following a successful pilot phase, GIA has processed thousands of rough diamonds, spanning from one carat to over 100 carats.

**[Sarine Diamond Journey](#):** The Diamond Journey is a traceability solution for tracking natural diamonds from mine to consumer. The platform uses advanced technologies, such as AI and data analytics to capture detailed information about each diamond's characteristics, grading, and manufacturing processes. Its technology also provides customers with a comprehensive and detailed understanding of a diamond's journey.

**[Signet - Signet Promise](#):** Formerly known as the Signet Responsible Sourcing Protocol (SRSP), the SRSP is an open-sourced protocol available to all suppliers, and required for Signet suppliers that assures responsible sourcing. The SRSP for Diamonds applies to all diamonds supplied to Signet including loose rough and polished diamonds, and diamonds set into finished jewelry. The guidance is based on the OECD Due Diligence Guidance for Responsible Supply Chains and builds on the Kimberly Process and the WDC's SoW's.

**[Tiffany & Co](#):** Through its Diamond Source Initiative and since 2020, the jeweler is able to disclose the region or countries of origin for each newly sources diamonds (of 0.18 carats and larger) that it sets, guaranteeing provenance. Additionally, the jeweler is also able to provide insights into the specific locations where these diamonds are crafted.

**[Tracr](#):** Developed by De Beers, Tracr is a first-of-its-kind platform and solution that harnesses multiple technologies -including blockchain, artificial intelligence, and the Internet of Things - to identify and trace natural diamonds. It enables De Beers to provide assurance not only of conflict-free provenance, but also of a diamond's natural origin and its positive impact on the people and places it came from, creating an immutable record of provenance.

**[iTraceiT](#):** is an independent diamond traceability solution that can be used to track and trace diamonds of any size. This robust and highly secure software combines QR and blockchain technology to follow all diamonds throughout their journey from mining company to retailer. iTraceiT connects all steps of the diamond pipeline to offer the retailer full transparency in both the origin and journey of their product.

## Next Steps

The WDC will seek the support of Industry to recognise the G7 Diamond Protocol as a global industry standard through the following:

This paper will be circulated amongst key industry leaders, Relevant Trade Bodies and Organisations with identified recognised schemes across all jurisdictions for discussion and consultation.

Key industry leaders supporting this proposal will be asked to add their company name to a 'G7 Diamond Protocol Supporter' list.

Trade Bodies that sign up to the proposal, must recognise the G7 Diamond Protocol, join the 'G7 Diamond Protocol Supporter' list and amend their membership's code of conduct or equivalent in recognition of the Protocol. Those opting to become a Protocol Assurance Body must agree to conducting annual spot- checks on their members and reporting the outcomes to the WDC ahead of the annual report submission date.

- Recognised Schemes must formally recognise the G7 Diamond Protocol, join the 'G7 Diamond Protocol Supporter' list and require auditors to certify the G7 Diamond Protocol Declaration as per the audit requirements,
- Once the consultation process has been completed, the proposed G7 Diamond Protocol will be submitted to the G7 as an industry proposal complemented with a list of supporters.

# ANNEX 1



## **G7 Diamond Protocol Annual Reporting Form**



*Proposed Template* - Report on G7 Diamond Protocol Assurance Programme

Representation	Producer	Tier 1/ define	Tier 2/define	Polished Trader	Jewellery Manuf & Wholesale	Retail
Number of companies/Organizations						
Reporting Period						
Countries/Regions						

**Assurance Process**

Nature of the Assurance	<b>Spot checks</b>	Name of the Assurance Body
	<b>Audits</b>	Name of the Audit companies

**Assurance Process Outcomes**

Improvement Opportunities	
Minor Infringements	
Material Breach	
Summary of the breaches	
Corrective action/Mitigation	

**Name of the Assurance Body:**

**Date:**