

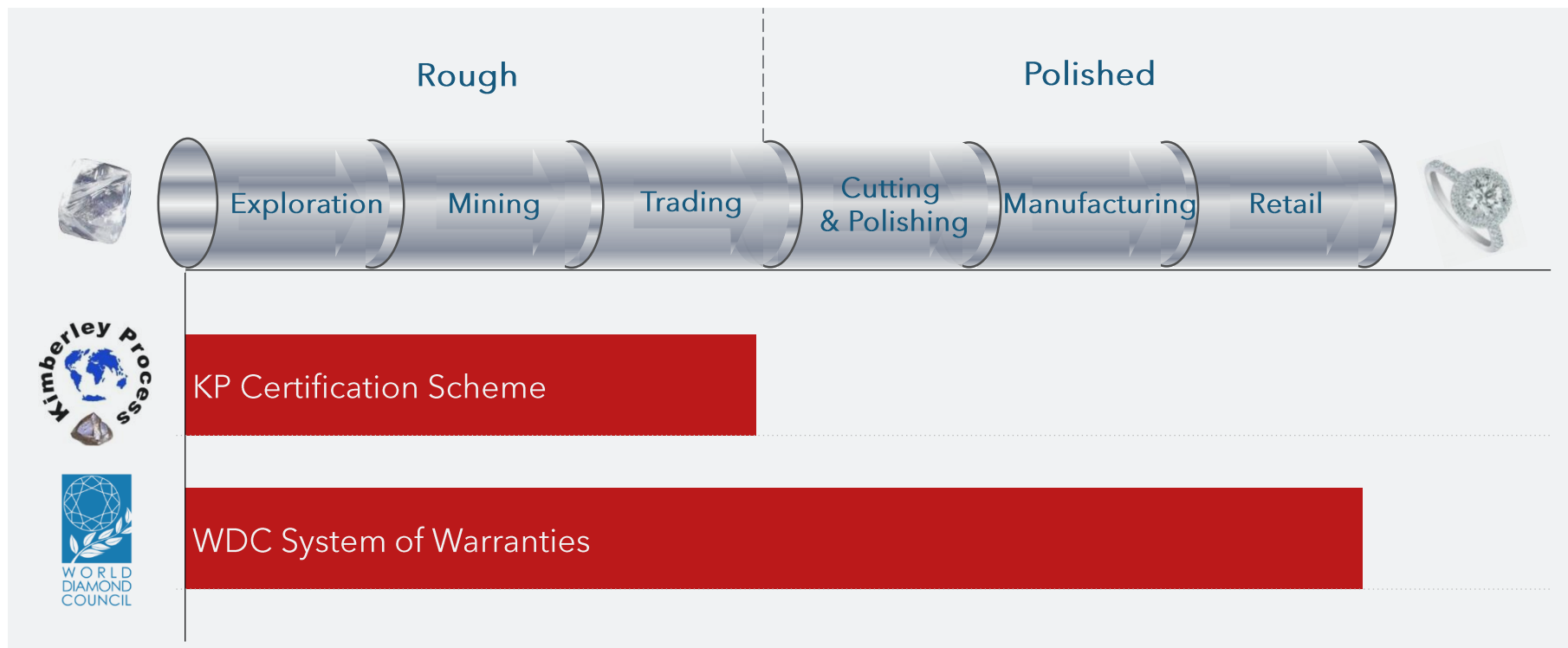


WORLD  
DIAMOND  
COUNCIL

# Reform of the System of Warranties

Explanatory Paper  
5 June, 2018

# Scope of the System of Warranties (SoW)



# New WDC System of Warranties at a Glance

1

Updated single wording  
for all sectors...

*"The diamonds herein invoiced have been (sourced) purchased from legitimate sources not involved in funding conflict, in compliance with United Nations Resolutions and corresponding national laws (where the invoice is generated) as per the System of Warranties Guidelines. The seller hereby guarantees that these diamonds are conflict free"*

New wording

2

...that is based on Guidelines with  
specific applications

## WDC SoW Guidelines

- Publicly available document for companies wanting to use the SoW;
- Endorsed by all WDC members;
- Compulsory in support of KPCS and trade in non-conflict diamonds;
- Voluntary in support of universally accepted principles on human and labour rights, anticorruption and AML;
- Cross-recognition with all available industry standards;
- After the Guidelines adoption self-assessment tool to be introduced as a basic method of verification, renewed annually;
- Separate reference on artisanal small-scale mining (ASM).

## WDC SoW Adherence to be based on Following Standards:

Obligatory:

- ✓ KPCS Minimum Requirements and Recommendations on industry self-regulation issues;

Voluntary:

- ✓ UN Guiding Principles on Business and Human Rights;
- ✓ UN Convention Against Corruption;
- ✓ FAFT 40 Recommendations on Money Laundering for Dealers in Precious Metals and Stones;
- ✓ ILO Declaration on Fundamental Principles and Rights at Work.

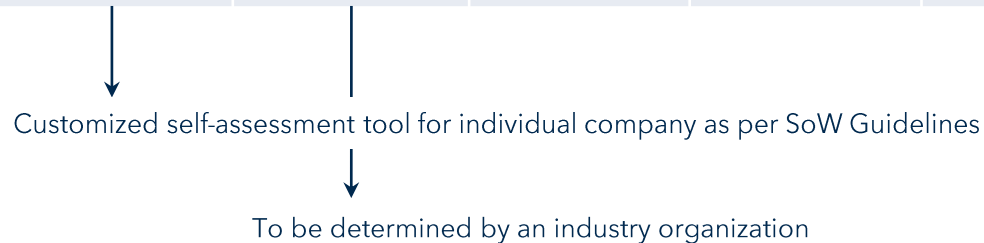


- ✓ Universal Declaration of Human Rights – *“support” for ASM with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development “Mining Policy Framework” as reference for continuous improvement.*

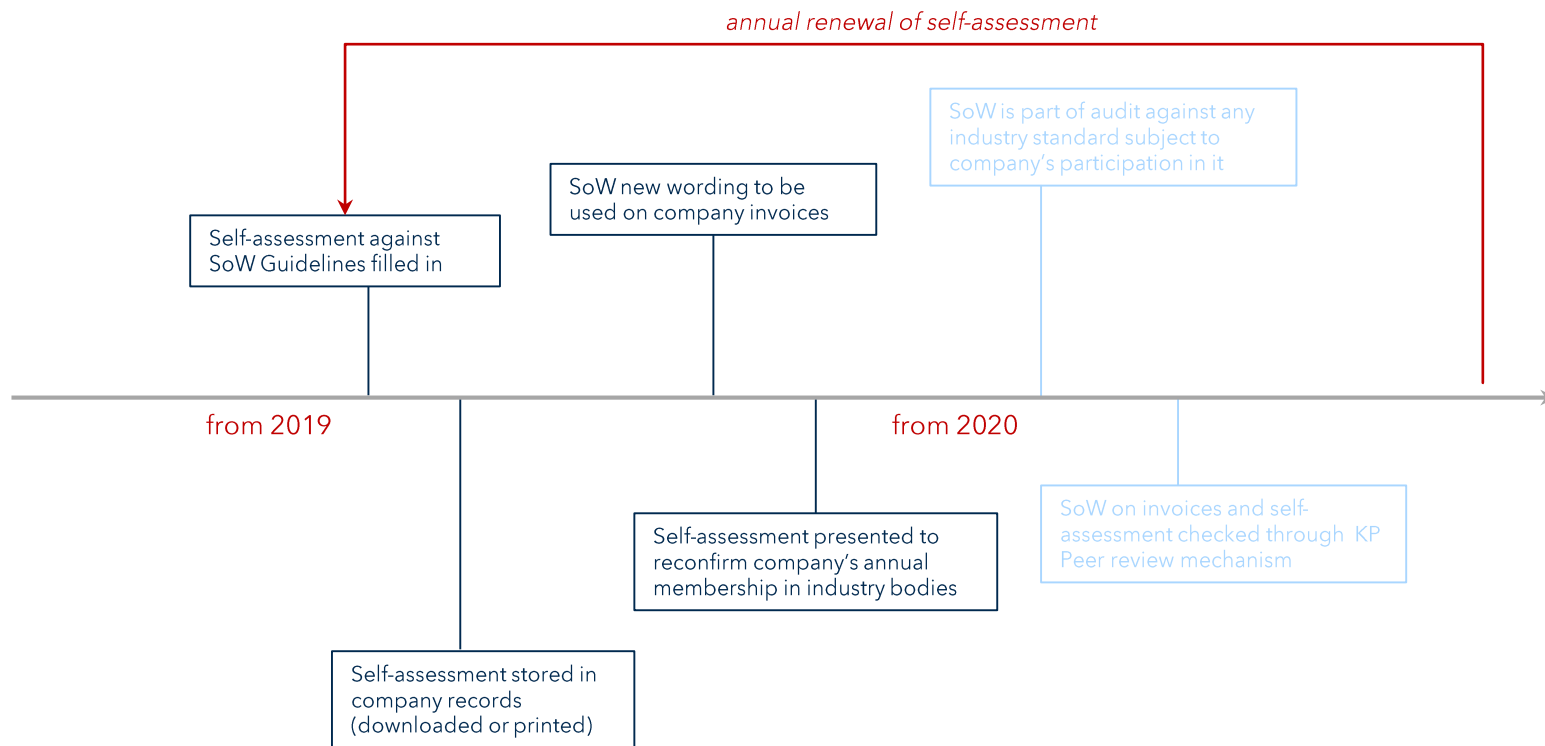
Support of the KPCS with industry-wide initiative to  
incorporate universal basics in responsible supply chain

# WDC SoW New vs. Old

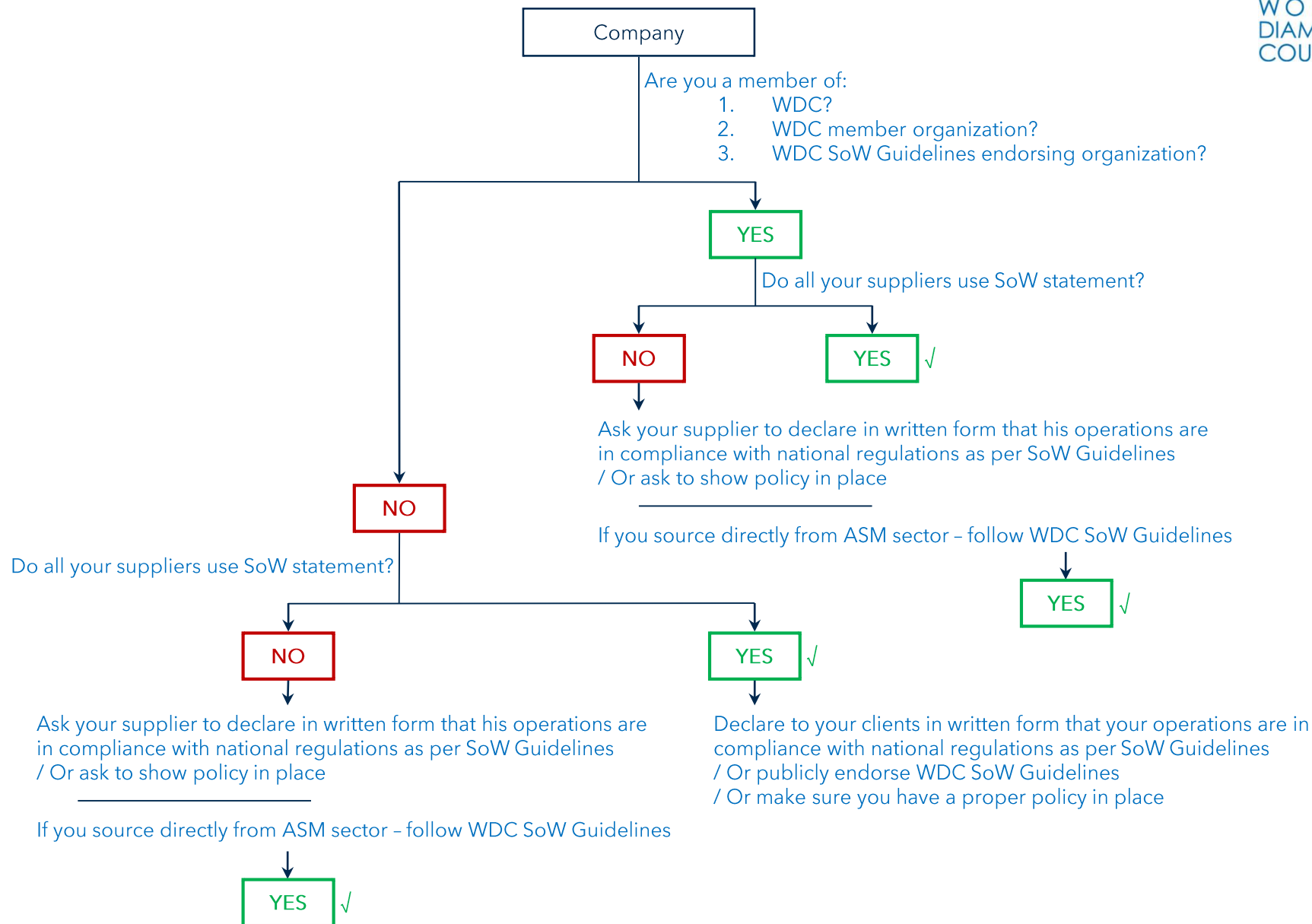
	Printed Statement	Statement Backing	Assurance and Verification	KPCS Compliance	Human & Labour Rights Issues	AML, Anticorruption Issues	Endorsement by all Pipeline Segments
Current SoW	Yes	Personal, Verbal	No	Voluntary	No	No	No
Proposed SoW	Yes	Guidelines	Yes	Obligatory	Voluntary	Voluntary	Yes



# New WDC SoW Implementation Timeline for Individual Companies



# New WDC SoW Implementation Procedure for Individual Companies



# Glossary of Main Terms

Term	Definition	What it is not
Assurance	An official inspection of an organization's accounts, typically by an independent body	An obligatory reporting or peer review system
Verification	The process of establishing the truth, accuracy, or validity of something	An audit
Spot Checks	An inspection that is carried out at random or limited to a few instances	An unannounced audit or compulsory check
Guidelines	Advice or information document aimed at understanding the procedure and resolving a problem or difficulty	Compulsory set of rules
Chain of Accountability	Where an assurance cannot be the responsibility of one company alone. It requires supply chain partners to be responsible for what they do and must be able to give a satisfactory assurance to stakeholders across the supply chain	Chain of Custody
UN Guiding Principles on Business and Human Rights	An instrument implementing the United Nations 'Protect, Respect and Remedy' framework on this issue of human rights and transnational corporations and other business enterprises, global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and continue to provide the internationally-accepted framework for enhancing standards and practice regarding business and human rights.	Legislation imposing legally binding regulation and audit



Thank you!

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