

MANAGER'S ACTION GUIDE

HOW TO USE YOUR CONFLICT DIAMONDS CONFIDENCE PACK



INTRODUCTION

■ Welcome to the Manager's Action Guide. You are now participating in a proactive solution to the conflict diamond issues facing our industry.

For the last six years, we have been taking steps in conjunction with governments, the United Nations and non-governmental organizations (NGOs) to eliminate the scourge of conflict diamonds once and for all.

With this guide we have developed simple ways for you and your staff to assure concerned and inquiring customers that the diamonds you are selling are certified to be from sources that are free from conflict, and to be part of the industry-wide initiative to ensure confidence and desire for diamonds.

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ACTION PLAN

1. Confidence in the Diamond Industry.

As a member of the diamond trade, you have much to be proud of in supporting the diamond industry. You are part of an industry that provides a livelihood for millions of people worldwide. Diamonds also contribute significantly to the prosperity and economic development of producing nations, including those in Africa and its people.

2. Educate Yourself and Stay Informed.

Become familiar with the materials in this Confidence Pack, especially those materials dedicated to the Kimberley Process and System of Warranties. Continue to read and follow news regarding diamonds and their global markets.

3. Verify Your Compliance – Be Accountable.

You should require written assurances from all diamond and diamond jewelry suppliers that they subscribe to the System of Warranties. Then you can be confident in the knowledge that every diamond you sell has come from legitimate sources.

4. Train Your Staff to Reassure Your Customers.

When asked your employees must be able to discuss conflict diamonds and the industry response. Use the easy to understand materials in this Confidence Pack and the Employee Training Manual to teach your employees about the important topics.

5. Additional Steps You Can Take.

This section lists ways to further show your support and commitment to the eradication of conflict diamonds and instill consumer confidence in the diamond industry.

#1: CONFIDENCE IN THE DIAMOND INDUSTRY

You and your employees are participating in a multi-billion dollar business that spans the globe. The diamond trade employs 10 million people directly and indirectly. It also provides revenue that is critical to the economic development and prosperity of diamond producing nations, especially those in Africa. Earnings from the diamond trade are helping to build hospitals, support treatments for HIV/AIDS and staff health clinics.

It is important to remind your employees that they are part of an industry that brings joy and happiness to your customers, helping them celebrate love, commitment and the milestones and moments of their lives.

We know that our customers love diamonds. We must always be sure that they feel good about every aspect of their diamond purchase. Learning the real facts about conflict diamonds and sharing them with your customers will go a long way towards accomplishing that goal.



#2: EDUCATE YOURSELF

Use these resources and others to continually keep informed of emerging issues that could become threats to the success of your business and your livelihood.

1. Review this guide completely.

In this guide you will find easy ways to educate your staff and yourself about specific things the industry has been doing to deal with conflict diamonds, along with easy ways of addressing the topic with your customers.

2. Read through all materials and have a thorough understanding of the “Mini Guide: Understanding the Processes in Place That Ban Conflict Diamonds.”

This guide is a concise, easy to use reference detailing the measures in place to address conflict diamonds. These include: the Kimberley Process, the System of Warranties, The Clean Diamond Trade Act and the U.S.A. Patriot Act. Make this pack required reading for everyone in your business who deals with buying, accounting, legal compliance or staff training.

3. Keep Yourself Informed.

Visit www.diamondfacts.org – the website designed for the trade, consumers and media to learn more about diamonds, conflict diamonds and the measures in place, as well as how diamonds make a difference to many parts of the world. (You can also download or order more Confidence Packs or elements of the Confidence Pack directly from the site.)

Look for information from various industry channels: the jewelry trade press, trade shows, professional organizations and many other industry organizations will continue to keep members and supporters informed about issues that can affect your business.

#3: ENSURE COMPLIANCE

Two important programs are in place to assure your customers that the diamonds you are selling did not come from countries engaged in conflict:

1. The Kimberley Process
2. The System of Warranties.

(Please be sure to read the “Mini Guide: Understanding the Processes in Place That Ban Conflict Diamonds.”) Under the Kimberley Process, each shipment of rough diamonds exported across an international border must be accompanied by a government-validated certificate assuring that the diamonds are certified to be from sources that are free from conflict. The System of Warranties in turn requires that every time diamonds (rough, polished or in jewelry) change hands, the seller must guarantee that the diamonds are obtained from legitimate sources. All diamonds traded after January 1, 2003 are required to comply with these programs.

1. Under the System of Warranties, manufacturers, retailers and dealers should require written assurances from all diamond and diamond jewelry suppliers that they are fully compliant.

The System of Warranties Assurance Statement below must appear on every invoice.

“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance 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.”

2. All companies trading in diamonds (rough, polished or in jewelry) must keep records of all warranty invoices issued and received when buying or selling a diamond. These warranties must be audited and reconciled on an annual basis by the company’s own auditor.

You are required to develop an audit system to keep track of the statements, then develop a system to maintain your records for five years.

Your bookkeeping or accounting people may need to be briefed on the process, and you may even want to share this information with the people who handle your legal or accounting issues.

Making sure that everyone is informed of the expectations and aware of the system for compliance is essential.

3. All industry members are required to develop a system for any vendors who cannot provide SoW assurance statements on their invoice.

A sample letter is included, or utilize one from your professional organizations.

4. Make a decision about what to do if a vendor cannot or will not comply with your standards.

You cannot be completely compliant if your vendor does not provide an assurance statement on their invoice. You may have to make some hard decisions about sources and find new ones when necessary. Socially responsible vendors should not have any problem in helping you take the necessary steps to becoming compliant.

5. Send the letter on this page (on your letterhead) to your suppliers and request an immediate reply.

Letter to Suppliers

Dear _____ ,

As you are aware, organizations in our industry agreed in 2003 on a program of self-regulation to complement the Kimberley Process created by the governments of nations involved in the diamond trade. We at <<insert company name>> welcomed the introduction of this global system to combat the illicit traffic in conflict diamonds and our policy has been to support the industry's self-regulation program.

The core of that program is a chain of warranties that follows rough diamonds, polished diamonds and jewelry containing diamonds through the supply chain. For any diamond product we buy we require you to make the following System of Warranties statement:

The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are certified to be from sources that are free from conflict, based on personal knowledge, and/or written guarantees provided by the supplier of these diamonds.

As a trade member supporting this program, we are continuing to require our suppliers to subscribe to the warranty system and will therefore review any supplier that declines to participate. We request that you respond to this notification as soon as possible informing us if your organization supports this industry initiative.

Sincerely,

Company

Name

Title

#4: EDUCATE YOUR ASSOCIATES

Prepare for a Staff Meeting

1. Post the date and time of the meeting.
2. Arrange for handouts and materials to be available.
3. Review the Employee Training Manual, and make your own notes.

Hold the Meeting

1. Explain your policy on conflict diamonds.
2. Distribute the Confidence Cards, the “Mini Guide: Understanding the Processes in Place That Ban Conflict Diamonds” and the Consumer Brochure (available August 2006) to each participant.
3. Hang up the Back Office Poster (to be put in the back office afterwards) and if possible, have a computer with **www.diamondfacts.org** to use as training aides.
4. Encourage participation.
5. Ensure that your associates understand and can use the information.
6. Conduct role-playing to facilitate new learning.
7. Close with a commitment. We are not alone in this crusade; it is part of a bigger initiative.

Follow-up after the Meeting

1. Conduct one-on-one skill practices.
2. Hang up the Back Office Poster in an area where all employees will see it.
3. Arrange to train new associates or anyone who missed the meeting.
4. Encourage employees to view **www.diamondfacts.org**.



#5: ADDITIONAL STEPS YOU CAN TAKE

1. Start with www.diamondfacts.org. There, you'll find information about the benefits diamonds provide to an immense population of the world as well as information about conflict diamonds and what the industry is doing to put an end to the trade of them.
2. Conduct conflict diamond awareness training for new employees.
3. Have periodic refresher courses for current employees. In retail stores, consider using a mystery shopper who will test employees' knowledge of the issue.
4. Add a section to your merchandising policy clarifying that your business refuses to support conflict diamonds.
5. If you have a website, include information about conflict diamonds and the successful measures in place (KP and SoW) and your policy about conflict diamonds. Also link to www.diamondfacts.org.
6. Educate everyone – all customers, friends, family, neighbors – about the positive difference diamonds make globally, especially in Africa.



WORLD
DIAMOND
COUNCIL

WORLD DIAMOND COUNCIL IN ALLIANCE WITH THE
FOLLOWING U.S. ORGANIZATIONS:
JEWELERS VIGILANCE COMMITTEE, JEWELERS OF
AMERICA, AMERICAN GEM SOCIETY, MANUFACTURING
JEWELERS & SUPPLIERS OF AMERICA, DIAMOND
DEALERS CLUB, DIAMOND MANUFACTURERS &
IMPORTERS ASSOCIATION OF AMERICA, JEWELRY
INFORMATION CENTER