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DIAMOND
COUNCIL

**System of Warranties
Education**

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Don't hesitate to reach out to Elodie Daguzan in case you have any questions or encounter any problems in the above-mentioned chapters.

ed@worlddiamondcouncil.org



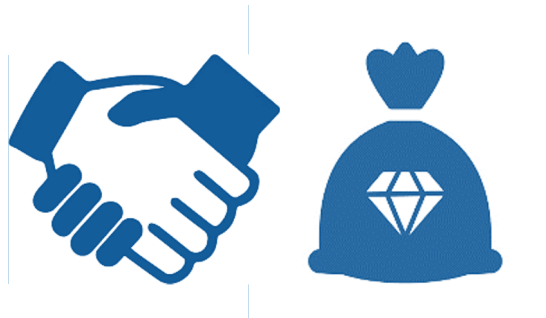
System of Warranties

UNDERSTANDING THE BASICS

1. What is the System of Warranties (SoW) ?

The SoW is a **warranty statement** added to B2B invoices or memos that needs to be **applied every time** a rough or polished **diamond changes hands**, both loose and set in jewelry

It assures the buyer that the diamond originates from a source, compliant with the Kimberley Process Certification Scheme (KPCS) and the universally accepted principles on human and labor rights, anti-corruption and anti-money laundering issues



2. Introduction : Current industry challenges & the WDC's response

Diamond industry challenges



Conflict diamonds



Complex regulation by governments



Closer collaboration with NGOs and Civil Society



New generations of consumers with new product requirements



Responsible business conduct



Access to finance



Increasing competition from other luxury segments



Undisclosed synthetic diamonds

WDC System of Warranties development and evolution

2000

The System of Warranties (SoW) was created by the WDC, in order to **comply with, support and strengthen the emerging Kimberley Process Certification Scheme** (KPCS). The WDC itself was created by the WFDB and IDMA, thus transforming the SoW to the cornerstone of industry self-regulation

2018

In response to current challenges, WDC adopted a **newly improved industry self-regulation instrument** covering an **expanded scope** of compliance areas to support the KPCS with industry-wide initiative **incorporating universal essentials** in responsible supply chain

3. Old vs New SoW

Old text of 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."

New text of Warranty

"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}**** . The seller hereby guarantees that these diamonds are conflict free and confirms adherence to the WDC SoW Guidelines."

***{sourced}** - may be used by companies that do not purchase from open market, but source and aggregate diamonds from production facilities that are owned/partly owned by them

****{where the invoice is generated}** - may be used by companies if they specifically want to reference the country of invoice issuance

Applicability

- Buyers and sellers of rough and polished diamonds and diamond jewelry
- Passing on warranty statement each time diamonds and diamond jewelry change hands`
- Old warranty's validity during **transition period**: three (**3**) years in case of rough purchases and five (**5**) years in case of all other purchases

4. New SoW: Improvements

	Old WDC SoW	New WDC SoW
Printed Warranty Statement	Yes	Yes
Usage Guidelines	No	WDC SoW Guidelines 2018
Compliance Self Assessment	No Limitation to abstract support of the KP	Yes Self Assessment as a key element of SoW implementation
Scope	KPCS, Industry Self-Regulation	KPCS, Industry Self-Regulation + universal standards on human rights, labor rights, AML/CTF and anti-corruption practices
Cross-recognition with Industry standards	No	Yes + OECD awareness



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System of Warranties

IMPLEMENTATION



6. Self Assessment - Step 1: Create an account

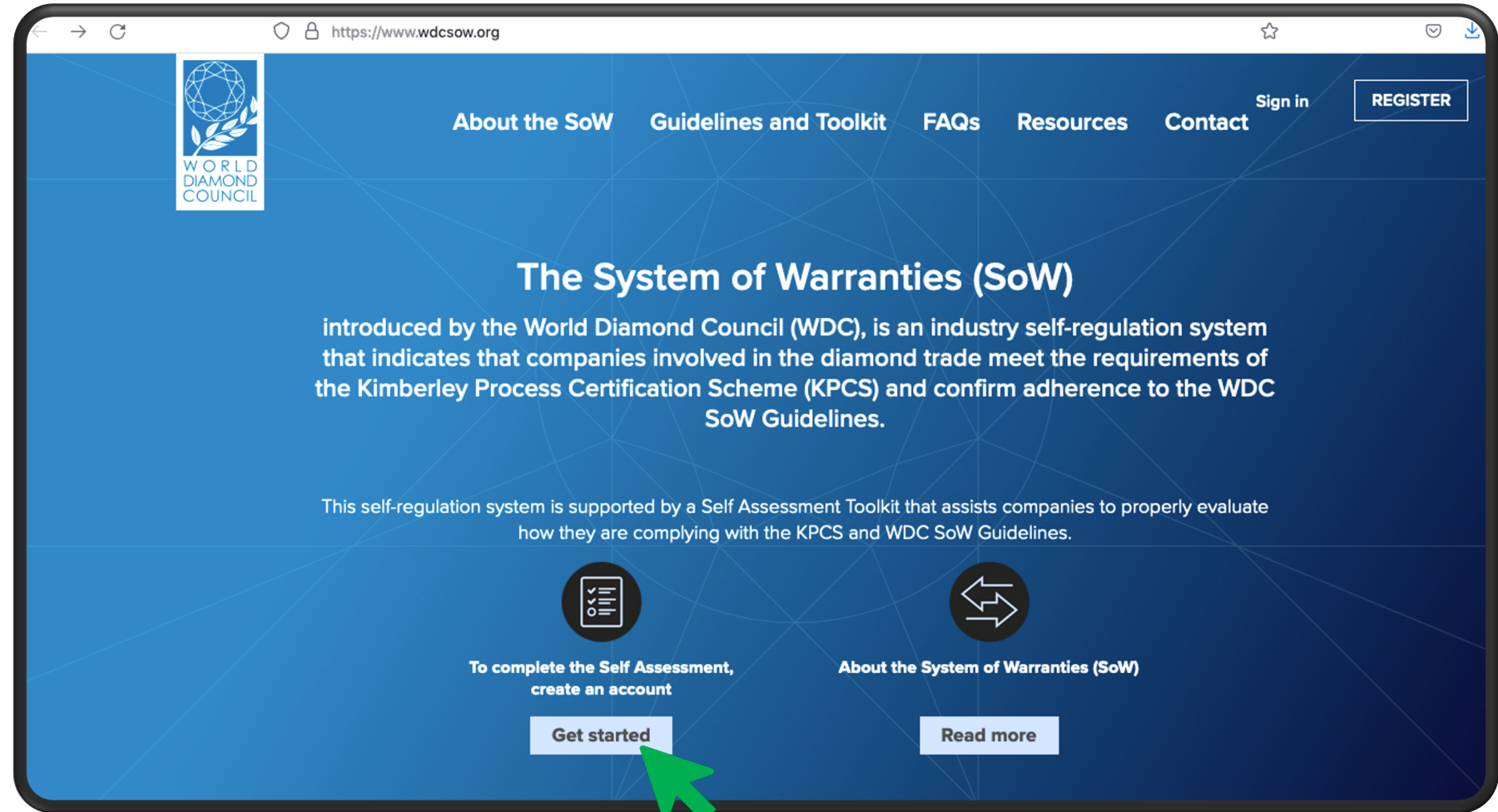
Step 1A:

What?

Log-in to the demo registration website.

How to?

- Go to www.wdcsow.org
Username: WDCuser
Password: WDC123
- Click on **Get started**



7. Self Assessment – Step 1: Create an account

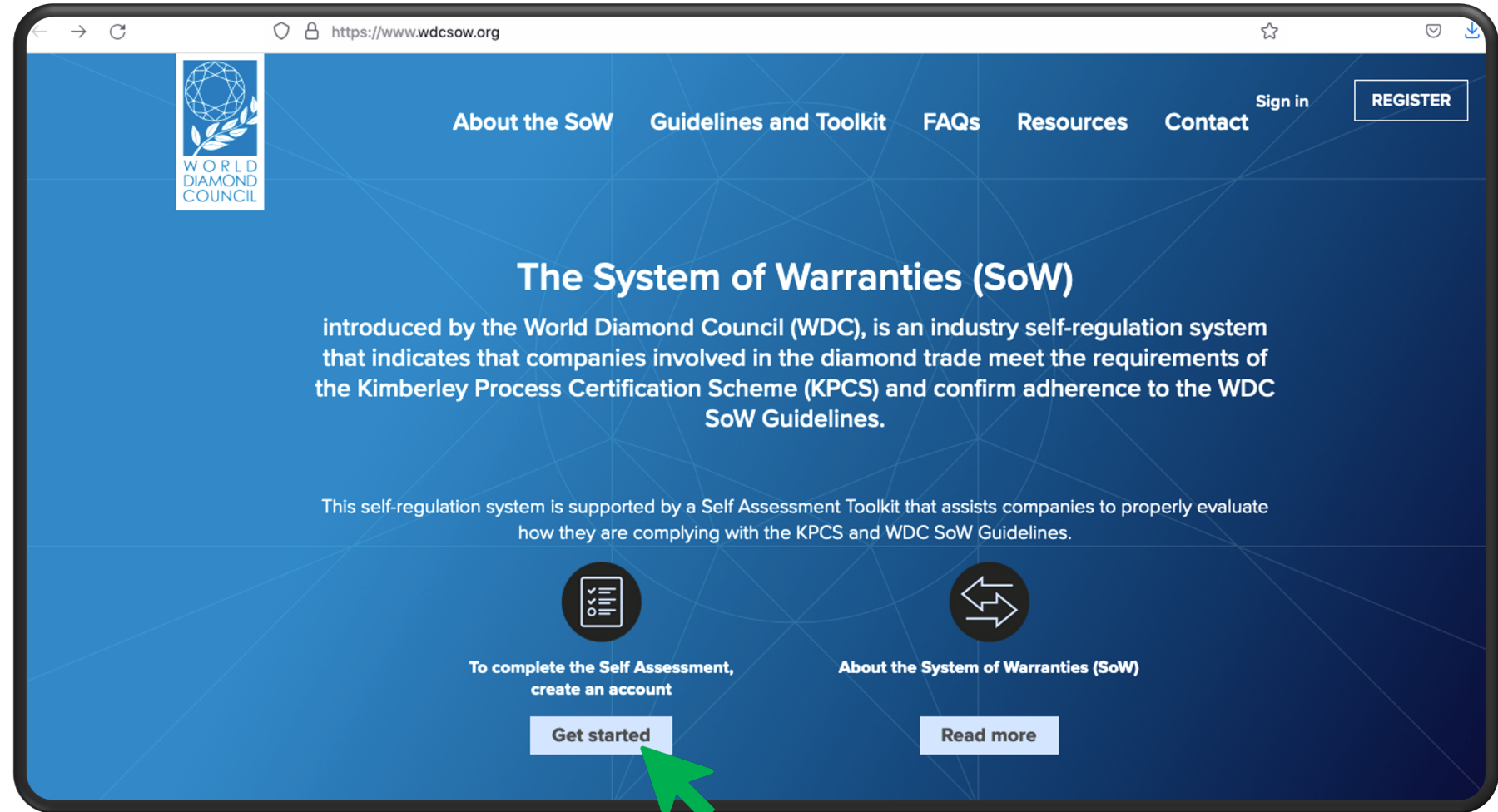
Step 1B:

What?

Create an account.

How to?

- Click on **Get started**.



https://www.wdcsow.org

WORLD DIAMOND COUNCIL

About the SoW Guidelines and Toolkit FAQs Resources Contact Sign in REGISTER

The System of Warranties (SoW)

introduced by the World Diamond Council (WDC), is an industry self-regulation system that indicates that companies involved in the diamond trade meet the requirements of the Kimberley Process Certification Scheme (KPCS) and confirm adherence to the WDC SoW Guidelines.

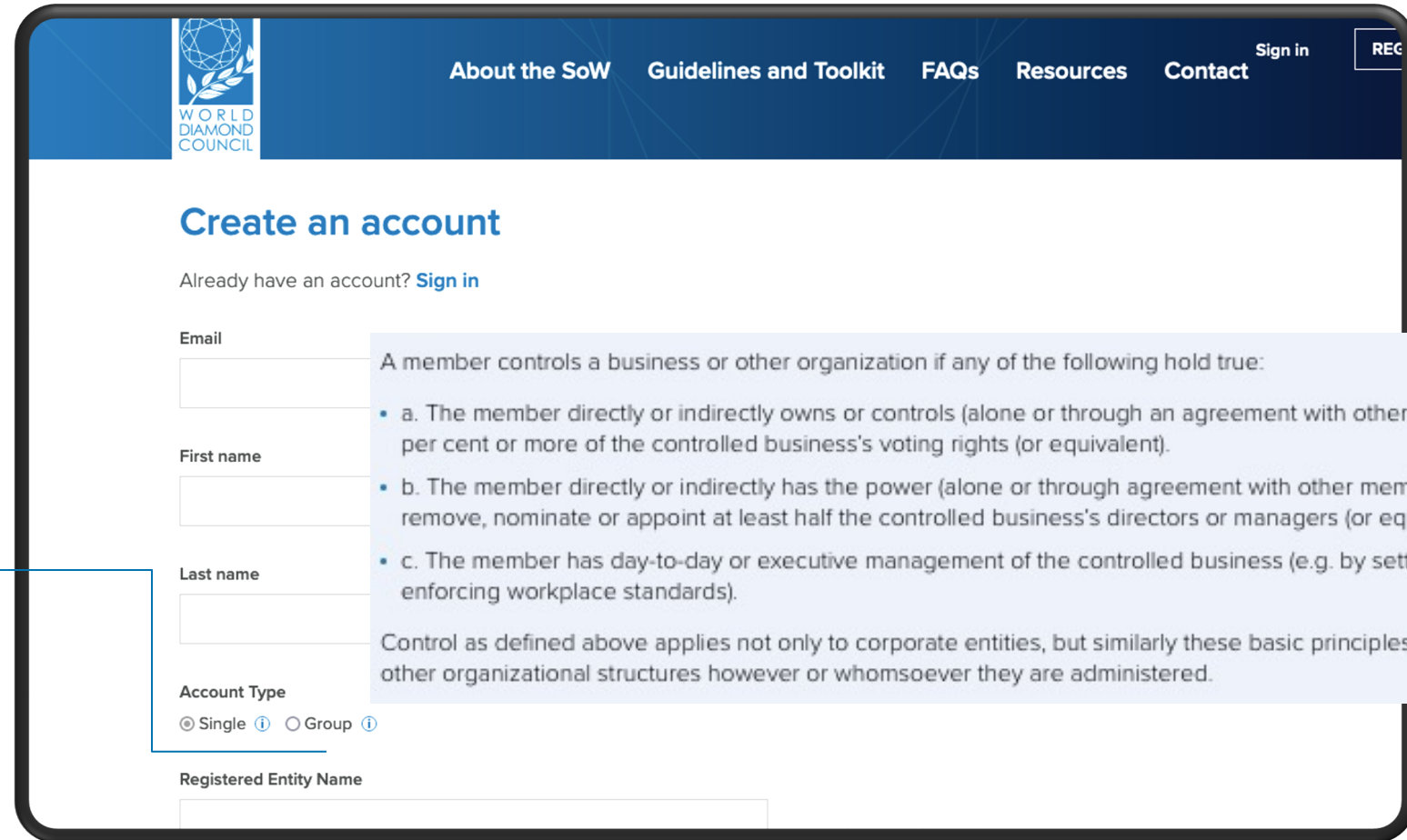
This self-regulation system is supported by a Self Assessment Toolkit that assists companies to properly evaluate how they are complying with the KPCS and WDC SoW Guidelines.

To complete the Self Assessment, create an account **Get started**

About the System of Warranties (SoW) **Read more**

8. Self Assessment - Step 1: Create an account (continued)

Please fill out **all requested fields** such as: email, first name, last name company name, account type, etc....



Create an account

Already have an account? [Sign in](#)

Email

First name

Last name

Account Type
 Single ⓘ Group ⓘ

Registered Entity Name

A member controls a business or other organization if any of the following hold true:

- a. The member directly or indirectly owns or controls (alone or through an agreement with other members) 50 per cent or more of the controlled business's voting rights (or equivalent).
- b. The member directly or indirectly has the power (alone or through agreement with other members) to remove, nominate or appoint at least half the controlled business's directors or managers (or equivalent).
- c. The member has day-to-day or executive management of the controlled business (e.g. by setting and enforcing workplace standards).

Control as defined above applies not only to corporate entities, but similarly these basic principles will apply to all other organizational structures however or whomsoever they are administered.


You can **click on this icon** ⓘ to read more information regarding the question.

➔ Explanation will appear in a light blue frame next to the questions.

9. Self Assessment - Step 1: Create an account (continued)

Please choose a password for your account and click on the **Register** button.

Mobile Phone

 +1

Password Show

- Use 8 or more characters
- Use upper and lower case letters (e.g. Aa)
- Use a number (e.g. 1234)
- Use a symbol (e.g. !@#\$)

Confirm password

Verification

On the next screen you will be asked to verify your account by email address.

By clicking 'Register', you agree to the WDC [Terms & Privacy Policy](#).

Register

register

By clicking 'register', you agree to the WDC [Terms & Privacy Policy](#)

10. Self Assessment – Step 1: Create an account (continued)

Once you've clicked on **Register** you will be redirected to a screen where you must fill out a verification code.

This code will be sent to you by email. Please insert it and click on **Validate OTP**.

Your account has now been successfully created!

Validate OTP (One Time Passcode) ← Go Back

A One Time Passcode has been sent to efrat@worlddiamondcouncil.org. Please enter the OTP below to verify your email address. If you cannot see the email in your inbox, make sure to check your SPAM folder.

A One Time Passcode has been sent to efrat@worlddiamondcouncil.org. Please enter the OTP below to verify your email address. If you cannot see the email in your inbox, make sure to check your SPAM folder.

A One Time Passcode has been sent to efrat@worlddiamondcouncil.org. Please enter the OTP below to verify your email address. If you cannot see the email in your inbox, make sure to check your SPAM folder.

Validate OTP Resend OTP

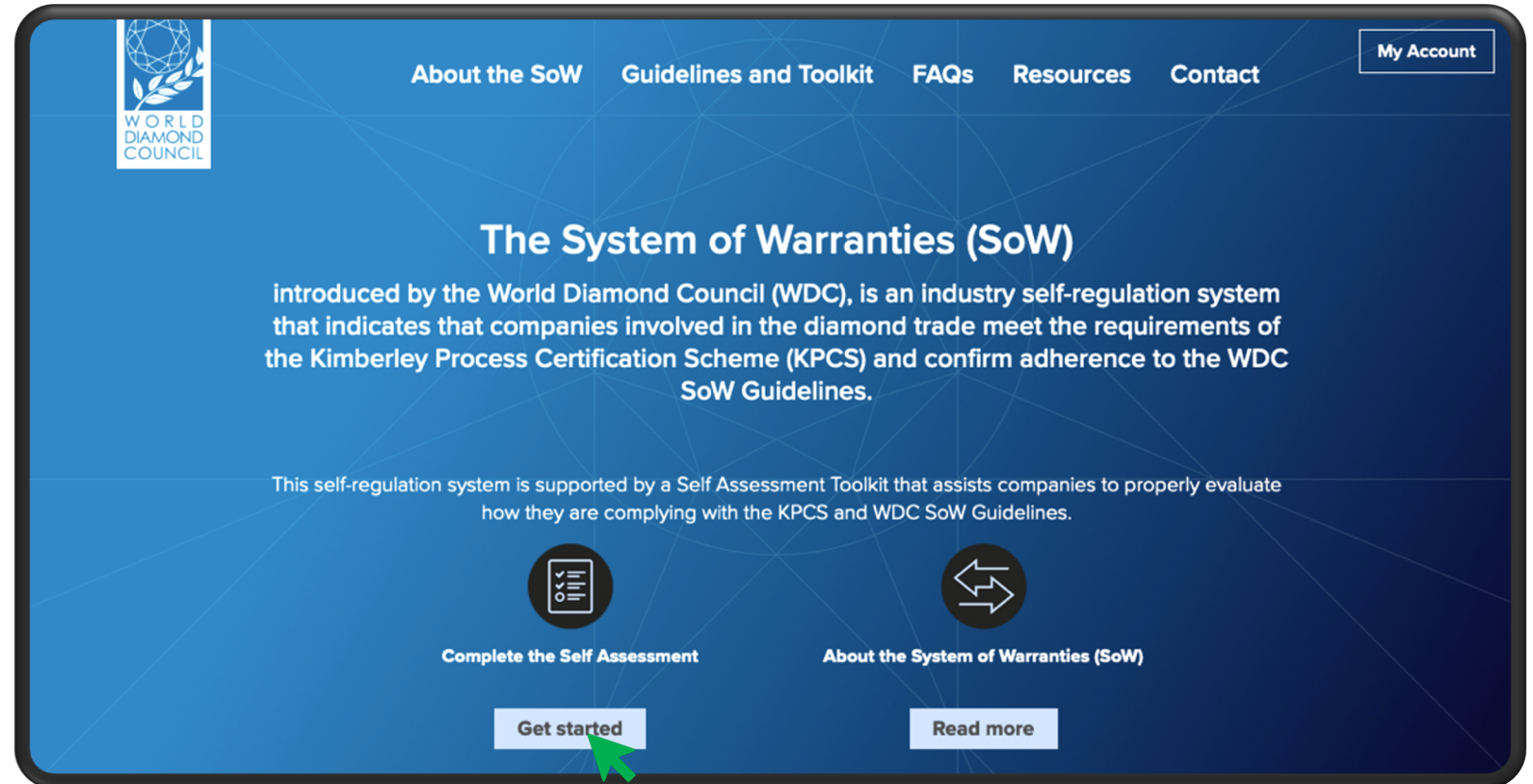
Step 2:

What do I have to do?

Complete the Self Assessment.

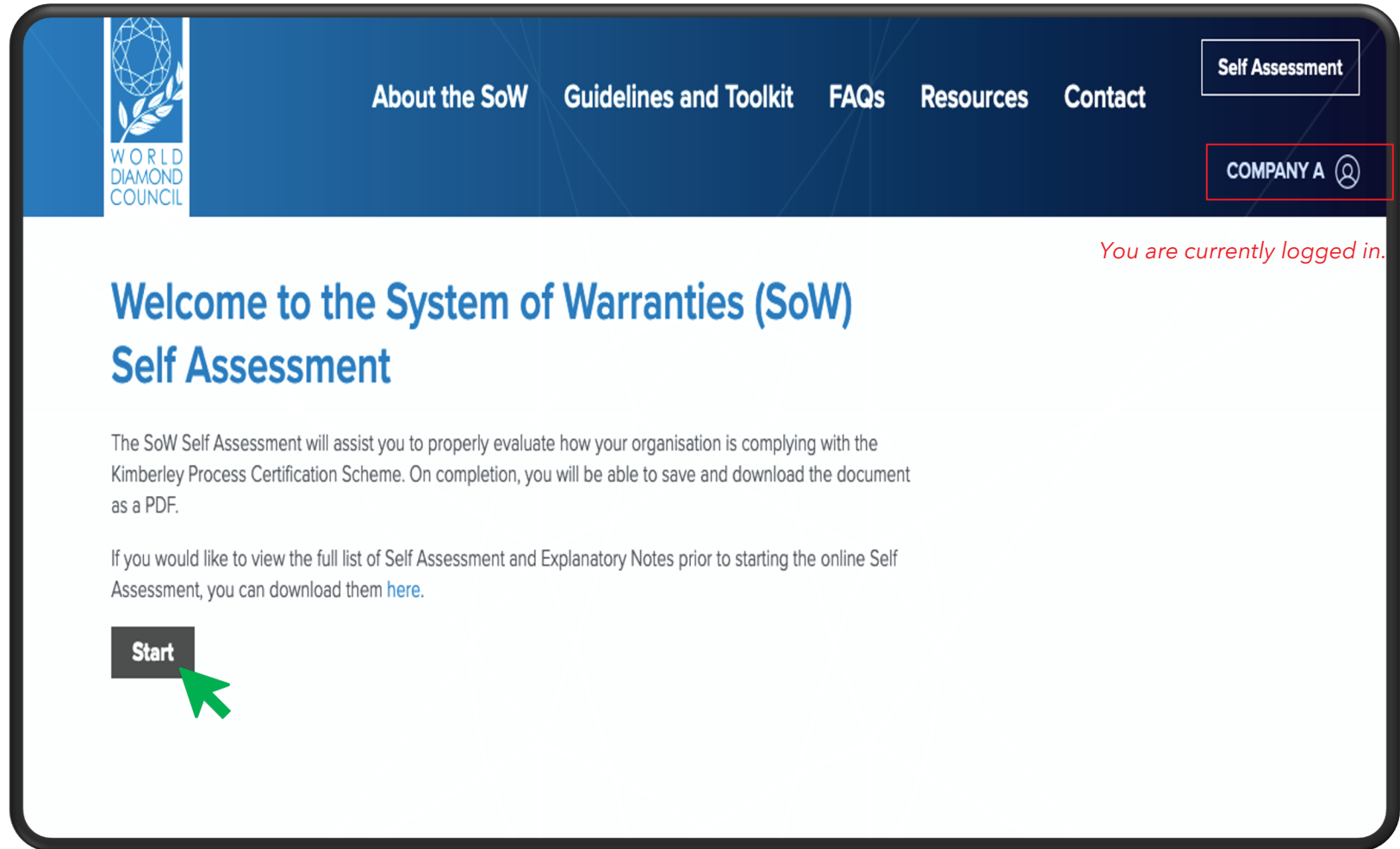
How to complete it?

After creating the account, you will be redirected to this home page where you should click on the **Get Started** button in order to proceed to the Self Assessment form.



12. Self Assessment – Step 2: Complete the online form (continued)

Please press the **start** button.



The screenshot shows the top navigation bar of the World Diamond Council website. On the left is the logo. The navigation menu includes 'About the SoW', 'Guidelines and Toolkit', 'FAQs', 'Resources', and 'Contact'. A 'Self Assessment' button is highlighted with a white border. Below the navigation bar, a red box highlights the user profile 'COMPANY A' with a person icon. A red message states 'You are currently logged in.' The main content area features a large blue heading 'Welcome to the System of Warranties (SoW) Self Assessment'. Below this, there is explanatory text about the assessment process and a link to download notes. A dark grey 'Start' button is prominently displayed with a green mouse cursor pointing to it.

Please note !

On every page of the self assessment, you will find a “save” button, you can click on that button to save all your data and resume filling out the form at your convenience.

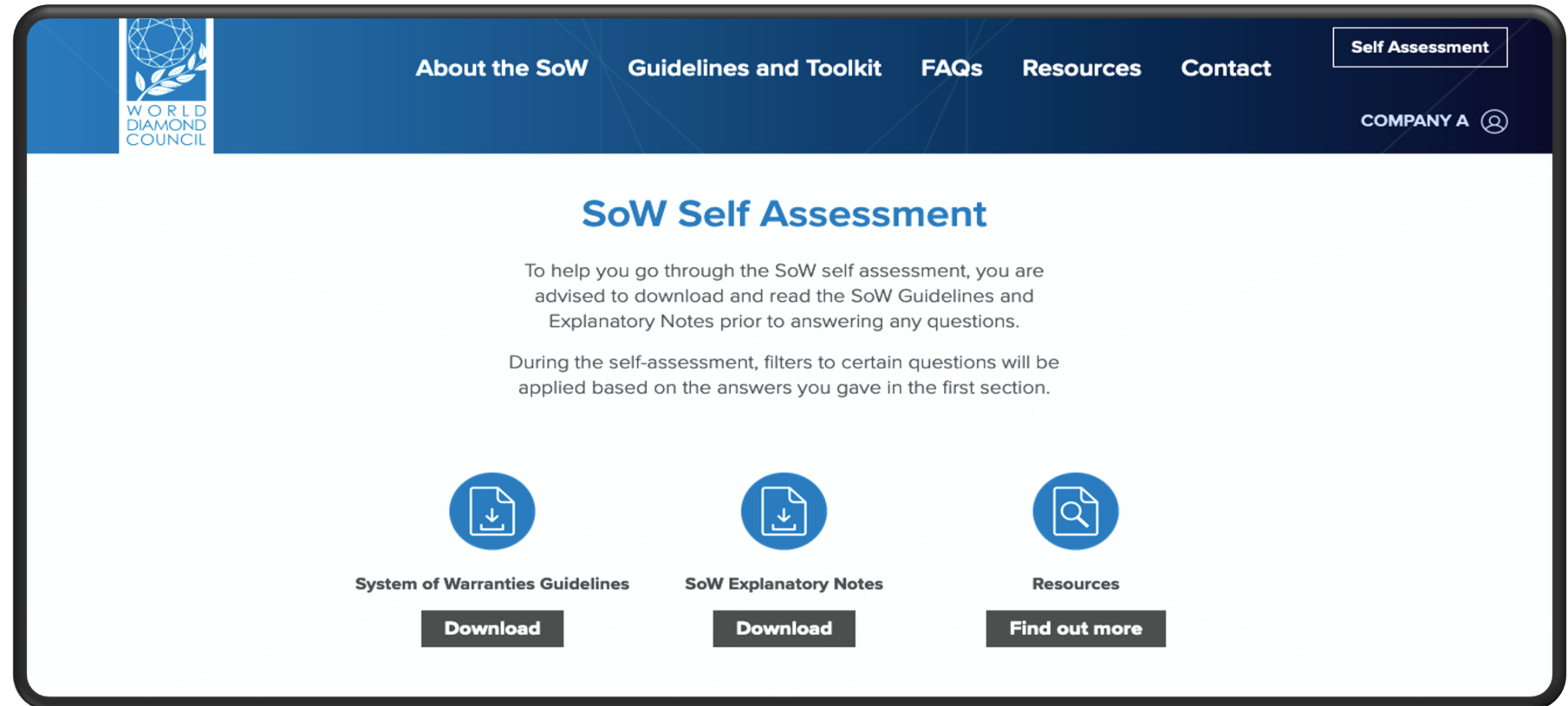
13. Self Assessment – Step 2: Complete the online form (continued)

After clicking the **Start** button, this screen will appear.

You may **download additional informational materials** and other useful resources,

OR

you can **scroll down the page to start** with the Self Assessment if you have the info already.




The screenshot shows the 'SoW Self Assessment' page. At the top, there is a navigation bar with the World Diamond Council logo on the left and menu items: 'About the SoW', 'Guidelines and Toolkit', 'FAQs', 'Resources', 'Contact', and 'Self Assessment' (highlighted). On the right of the navigation bar, it says 'COMPANY A' with a user icon. The main content area has the title 'SoW Self Assessment' and two paragraphs of text: 'To help you go through the SoW self assessment, you are advised to download and read the SoW Guidelines and Explanatory Notes prior to answering any questions.' and 'During the self-assessment, filters to certain questions will be applied based on the answers you gave in the first section.' Below the text are three icons: a document with a download arrow, a document with a download arrow, and a document with a magnifying glass. Under each icon is a button: 'Download', 'Download', and 'Find out more'.

14. Self Assessment – Step 2: Complete the online form: Explanatory Notes

The downloadable Explanatory Notes include **guidance** on each question in the SoW Self Assessment, and **explanation** about specific areas of compliance, including:

- KPCS
- WDC Self-Regulation
- Human Rights
- Labor Rights
- Anti-corruption
- AML/CTF



Question 25
Does the company have a mechanism to evaluate the risk of corruption when workers, agents, intermediaries or consultants deal with public officials (including workers of state-owned companies), officers and employees of other companies or any other persons capable of unduly assisting the company in any way?

About this Question to answer "Yes"

You should identify the third parties you deal with, whether those are public officials, officers, employees of other companies or other persons capable of unduly assisting your company. You should assess the risk of corruption of each third party and if applicable, take risk mitigating measures should there be an increased risk of corruption. The key indicators to look at:

- evaluate the potential areas of corruption including factors such as type of transaction, countries of operation, industries, and customers or business partners involved.
- evaluate the risk of corruption when workers, agents, intermediaries or consultants deal with public officials (including workers of state owned companies).
- evaluate the risk of internal and external conflicts of interest in relation to business partners.
- develop an action plan to address the risk of corruption, and have defined responsibilities for each task, as a minimum for high-risk areas.
- identify internal functions with the highest risk of corruption within the company and seeks to address these weaknesses.

Further Comments:
Risk assessment is the foundation of implementing anti-corruption tools in businesses. This assessment will have a different focus depending on the specific situation and context and should relate to internal structures of the company. It is important to include this analysis in the overall evaluation of business relationships and opportunities and look for ways to minimize the risks by providing appropriate counter measures. Operating in countries with a high level of corruption the risk assessment should be implemented in all procedures. Depending on the risk level, the company takes appropriate additional mitigating measures to do further due diligence on the third party and to reduce the risk of corruption if possible.

For example, generally public officials are considered to be more vulnerable to corruption. When dealing with a public official, the company can therefore take measures such as obtaining permission of the higher management in the company to enter into or continue the business relationship with these persons; taking appropriate measures to determine the origin of the funds which are used in the business relationship or transactions with these persons; exercising a stricter supervision on the business relationship and the execution of the transaction.

Registered Entity Information

You will now be required to **provide information** about the entity you represent.

Important !

Your responses in this section will activate a set of filters which will decide the questions of the Self Assessment in the upcoming sections.

Registered number ⓘ

Number of Employees

- Zero, self-employed
- < 100
- 100 or more

Do you buy/sell rough diamonds?

- Yes
- No

Do you purchase diamonds from artisanal small scale mining sources?

- Yes
- No

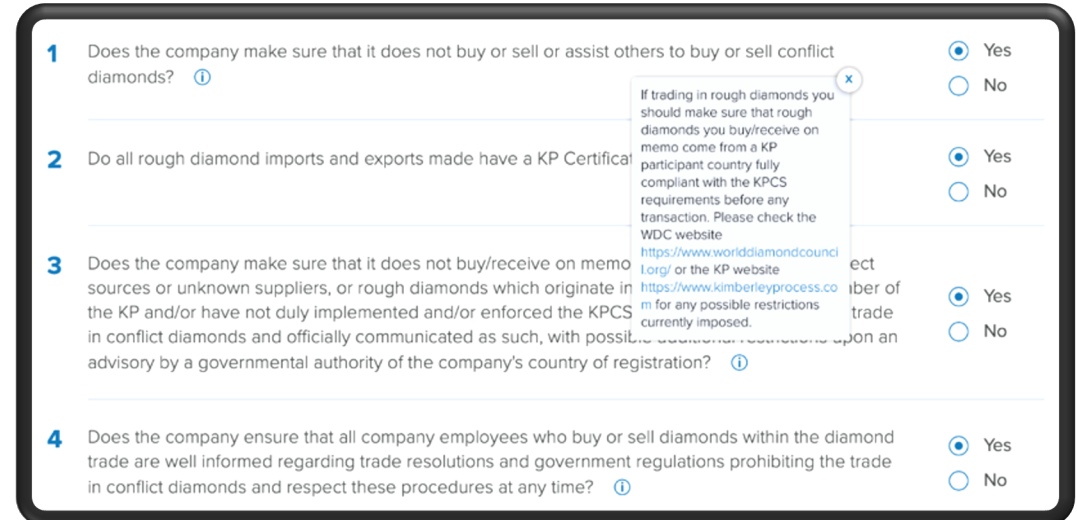
- No
- Yes

16. Self Assessment – Step 2: Complete the online form (continued)

According to your responses in the **Registered Entity Information section** of the Self Assessment, a set of filters will be applied.

➔ you will only be asked **relevant questions** in function of your activities in certain or all of the following four sections.

- Kimberly Process Certification Scheme
- Industry Self -Regulation
- Compliance
- Sourcing for artisanal sector



The screenshot shows a self-assessment form with four questions. Each question has a radio button for 'Yes' and a radio button for 'No'. A tooltip is visible over the second question, providing additional information.

Question	Yes	No
1 Does the company make sure that it does not buy or sell or assist others to buy or sell conflict diamonds? ⓘ	<input checked="" type="radio"/>	<input type="radio"/>
2 Do all rough diamond imports and exports made have a KP Certificate? ⓘ	<input checked="" type="radio"/>	<input type="radio"/>
3 Does the company make sure that it does not buy/receive on memo sources or unknown suppliers, or rough diamonds which originate in the KP and/or have not duly implemented and/or enforced the KPCS in conflict diamonds and officially communicated as such, with possible exceptions upon an advisory by a governmental authority of the company's country of registration? ⓘ	<input checked="" type="radio"/>	<input type="radio"/>
4 Does the company ensure that all company employees who buy or sell diamonds within the diamond trade are well informed regarding trade resolutions and government regulations prohibiting the trade in conflict diamonds and respect these procedures at any time? ⓘ	<input checked="" type="radio"/>	<input type="radio"/>

Tooltip: If trading in rough diamonds you should make sure that rough diamonds you buy/receive on memo come from a KP participant country fully compliant with the KPCS requirements before any transaction. Please check the WDC website <https://www.worlddiamondcouncil.org/> or the KP website <https://www.kimberleyprocess.com/> for any possible restrictions currently imposed.

17. Self Assessment – Step 2: Complete the online form (continued)

Please be aware that if you select **yes** in the last question, a drop down set of questions will appear on your screen.

What part of the diamond supply chain are you engaged in?

- Rough diamond producer and/or exporter from diamond mining country / ASM buying office
- Rough diamond trader
- Diamond manufacturer
- Polished diamond trader
- Jewellery manufacturer and/or wholesaler
- Jewellery retailer

Are you externally audited for your business practices, i.e. RJC, BPP?

- Yes
- No

Cancel

Save

Continue



Cancel

Save

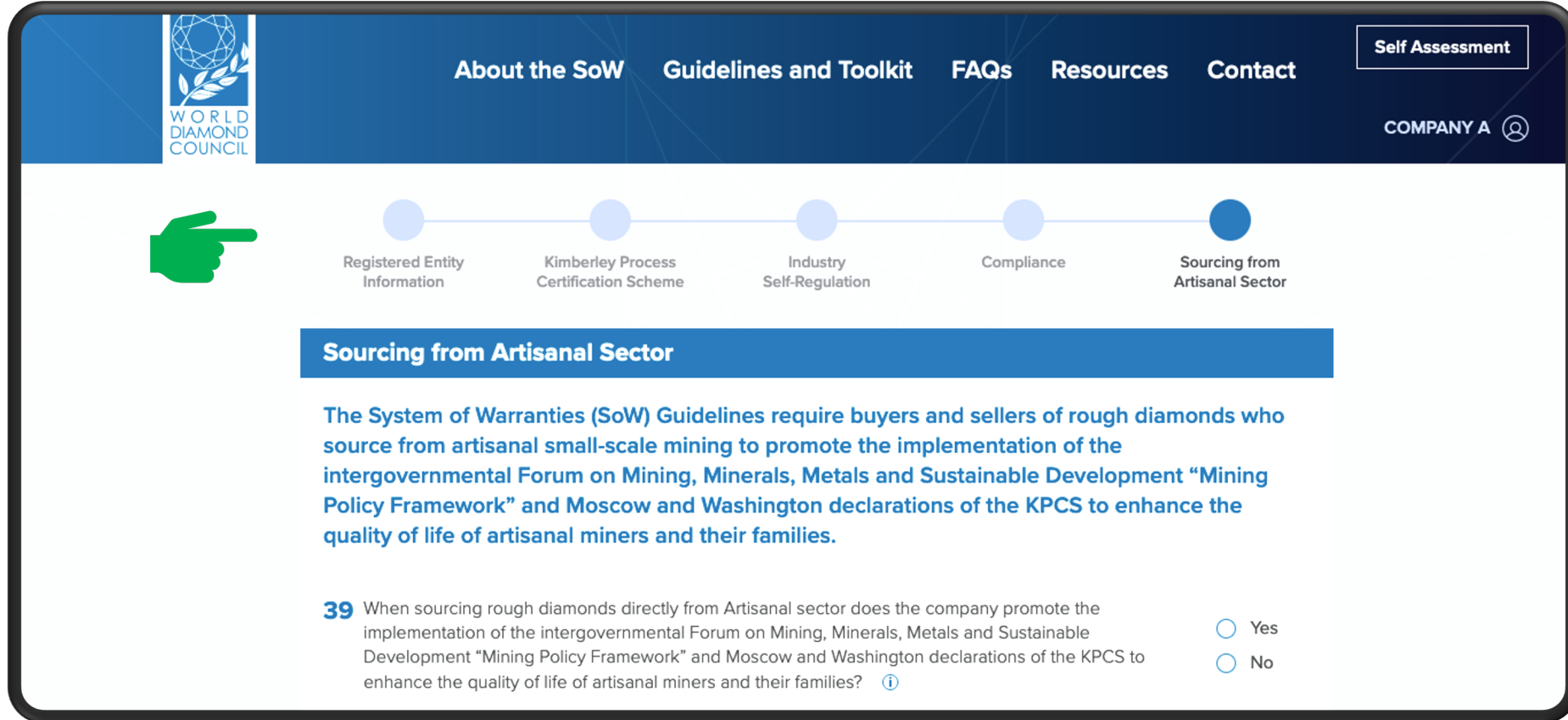
Continue

Once you have filled out this segment of the assessment, you can choose to **save** the information and resume filling out the form another time or you can click the **continue** button to proceed to the next segment..

18. Self Assessment – Step 2: Complete the online form (continued)

As you move along the Self Assessment you will be able to follow your progress by scrolling up to the top of the page.

→ You will see how many sections you have completed, and the sections you still have to go through.



The screenshot shows the top navigation bar of the World Diamond Council Self Assessment portal. The navigation menu includes: About the SoW, Guidelines and Toolkit, FAQs, Resources, Contact, and Self Assessment (highlighted). The user is logged in as COMPANY A. A progress bar below the navigation shows five steps: Registered Entity Information, Kimberley Process Certification Scheme, Industry Self-Regulation, Compliance, and Sourcing from Artisanal Sector. The 'Sourcing from Artisanal Sector' step is the current active step, indicated by a green hand icon pointing to it. Below the progress bar, a blue header reads 'Sourcing from Artisanal Sector'. The main content area contains the following text: 'The System of Warranties (SoW) Guidelines require buyers and sellers of rough diamonds who source from artisanal small-scale mining to promote the implementation of the intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development "Mining Policy Framework" and Moscow and Washington declarations of the KPCS to enhance the quality of life of artisanal miners and their families.' Below this text is question 39: '39 When sourcing rough diamonds directly from Artisanal sector does the company promote the implementation of the intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development "Mining Policy Framework" and Moscow and Washington declarations of the KPCS to enhance the quality of life of artisanal miners and their families?' with radio button options for 'Yes' and 'No'.

19. Self Assessment – Step 2: Complete the online form (continued)

One last step, and **you're done!**

After filling out the self assessment form, please click on **Submit**.

Once you've clicked on the Submit button your assessment has now been successfully completed.

You have now completed the SoW Self Assessment. Please press "Submit" to confirm your answers and complete the process.

Back

Cancel

Save

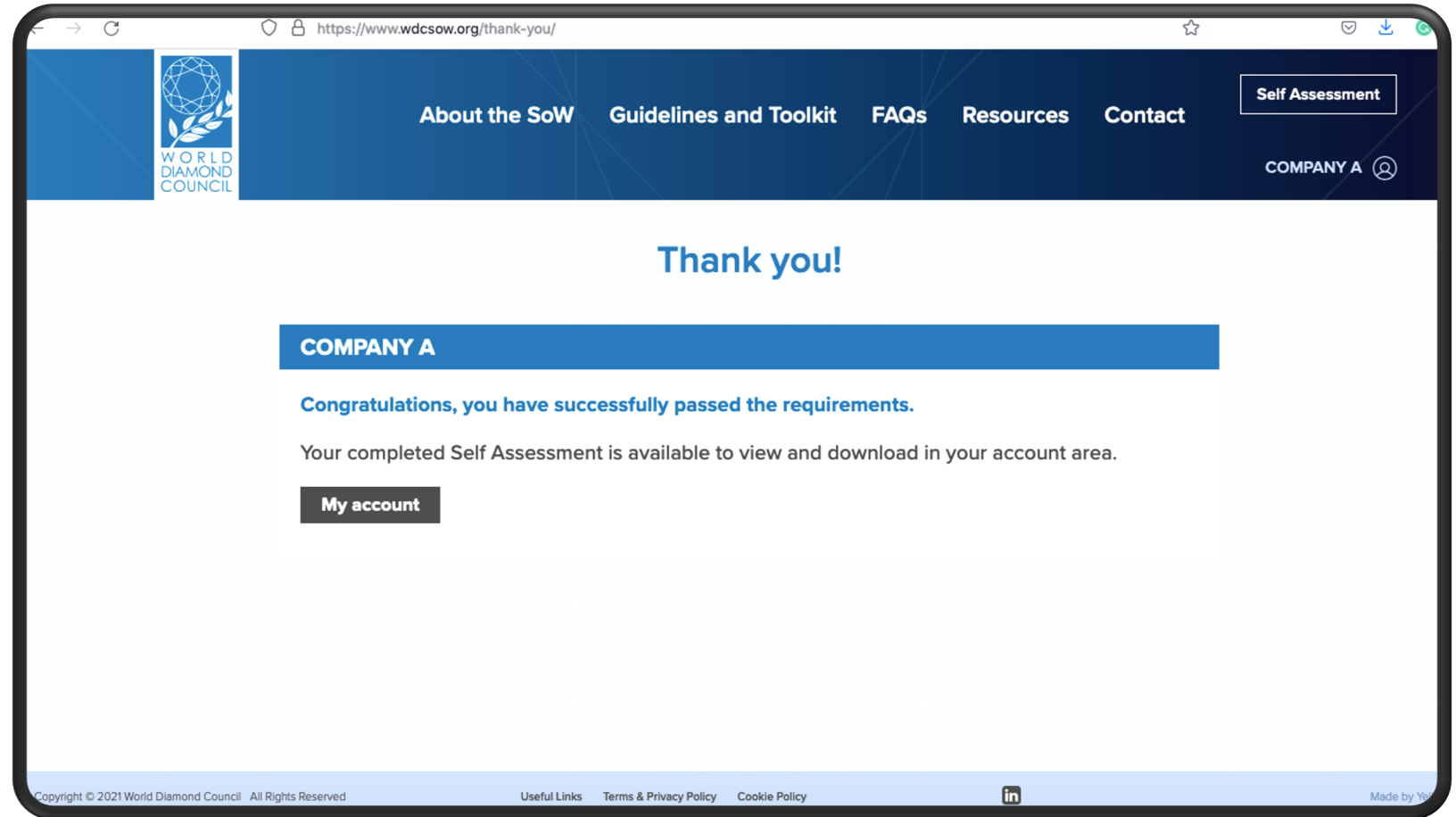
Submit 

20. Self Assessment – Step 2: Complete the online form: confirmation

DONE !

Thank you for submitting
your Self Assessment form!

You will now be redirected
to a confirmation page.



The screenshot shows a web browser window displaying the confirmation page for a self-assessment. The URL in the address bar is <https://www.wdcso.org/thank-you/>. The page features a dark blue header with the World Diamond Council logo on the left and navigation links for 'About the SoW', 'Guidelines and Toolkit', 'FAQs', 'Resources', and 'Contact'. A 'Self Assessment' button is highlighted in the top right corner. Below the header, the user is identified as 'COMPANY A'. The main content area displays a large 'Thank you!' message, followed by a blue bar with 'COMPANY A' and a congratulatory message: 'Congratulations, you have successfully passed the requirements.' Below this, it states 'Your completed Self Assessment is available to view and download in your account area.' A 'My account' button is located at the bottom of the main content area. The footer contains copyright information for 2021, useful links, terms and privacy policy, cookie policy, and a LinkedIn icon.

21. Download your last submission

STEP 3:

What do I have to download?

Download your latest SoW Submission in pdf format.

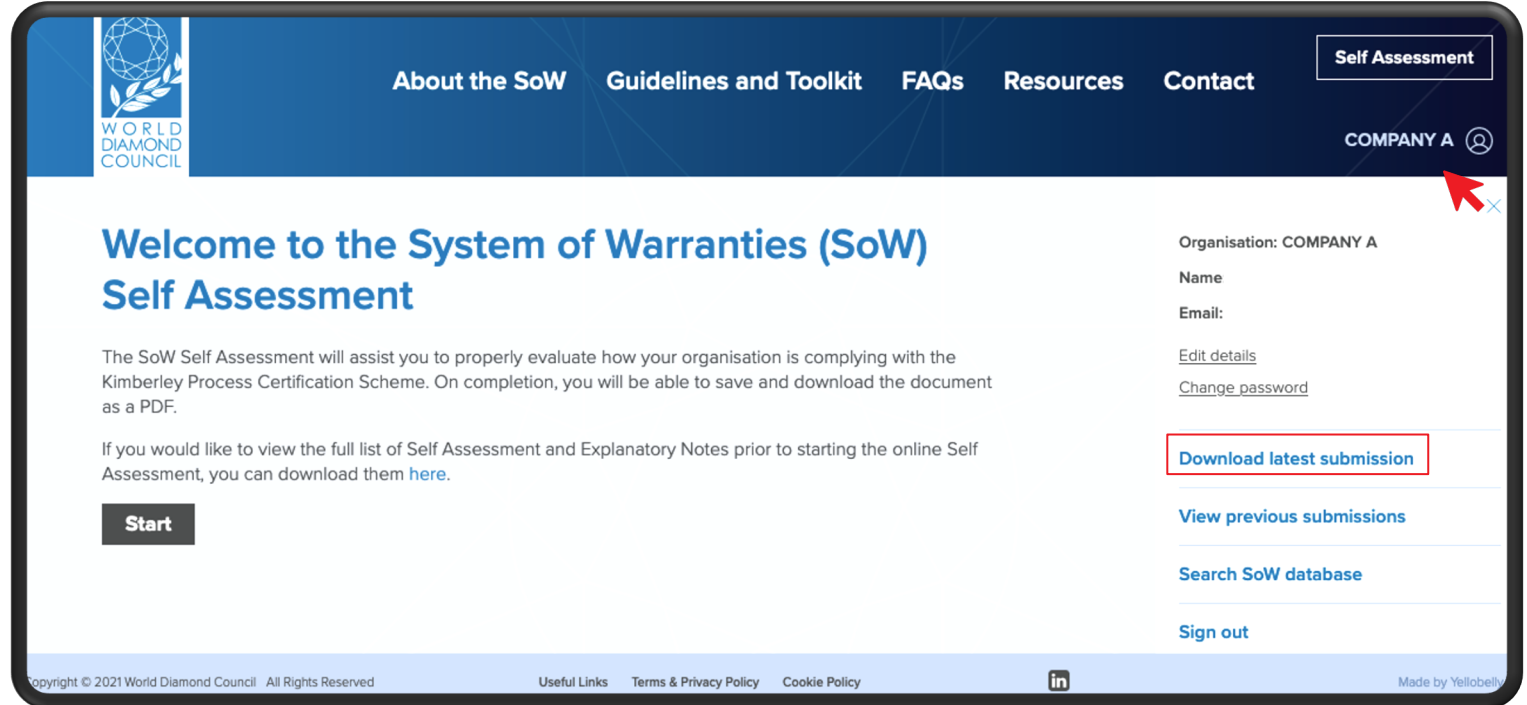
How do I download this file?

1. Click on your profile in the right corner of your screen
2. A drop-down menu will appear.
3. Click on Download latest submission and save the file.

Important information!

Please make sure to save your last submission, as this document can and should be shared with your current and new business partners.

Its **unique identification number** serves as proof of your company's compliance with the SoW.

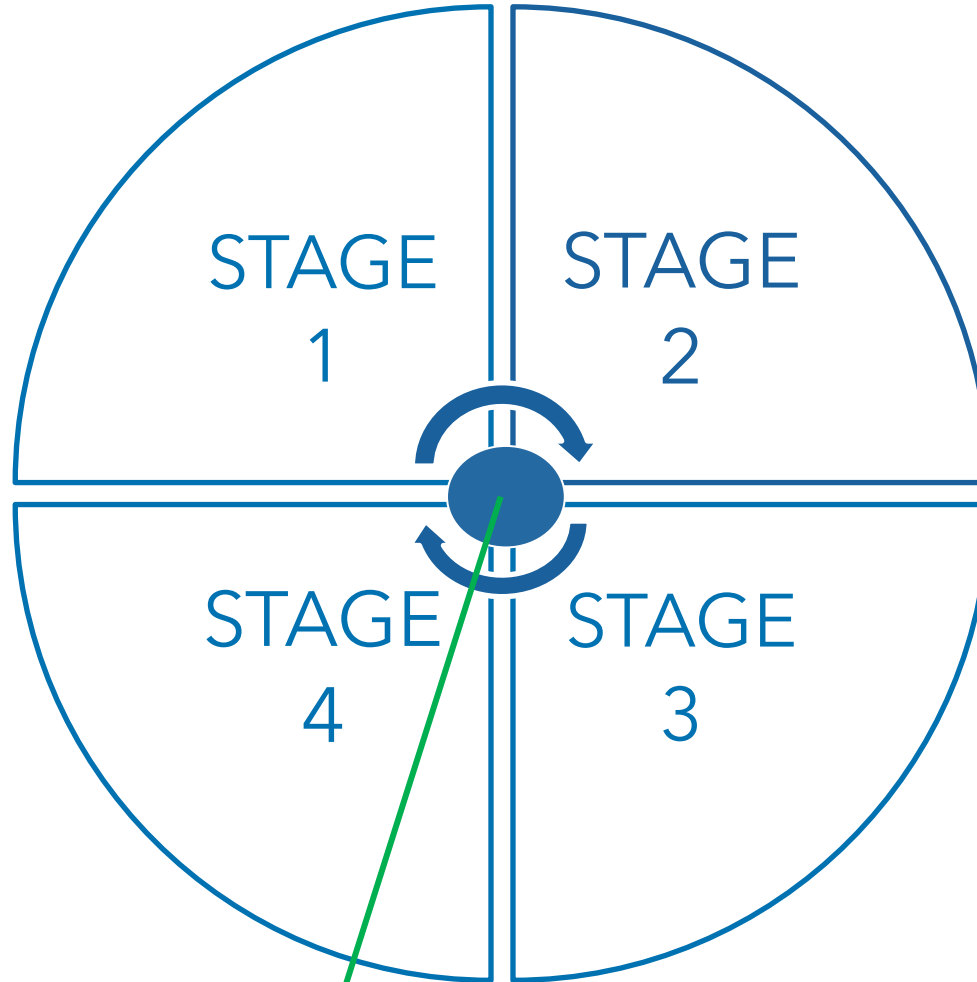


The screenshot shows the user interface of the SoW Self Assessment portal. At the top, there is a dark blue navigation bar with the World Diamond Council logo on the left and menu items: "About the SoW", "Guidelines and Toolkit", "FAQs", "Resources", "Contact", and "Self Assessment". On the right side of the navigation bar, the user's name "COMPANY A" is displayed next to a profile icon, with a red arrow pointing to it. Below the navigation bar, the main content area has a white background. The heading "Welcome to the System of Warranties (SoW) Self Assessment" is prominently displayed. Below this, there is a paragraph explaining the purpose of the SoW Self Assessment and a "Start" button. On the right side, there is a sidebar with the following information: "Organisation: COMPANY A", "Name", "Email:", and links for "Edit details" and "Change password". At the bottom of the sidebar, there are three buttons: "Download latest submission" (highlighted with a red box), "View previous submissions", and "Search SoW database". At the very bottom of the page, there is a footer with copyright information, useful links, and social media icons.

22. SoW in a nutshell

Create your account

Update your online registration and repeat self assessment on an annual basis



Download the informational materials, which you will use/need during your Self Assessment.

Complete the online Self Assessment and download your submission

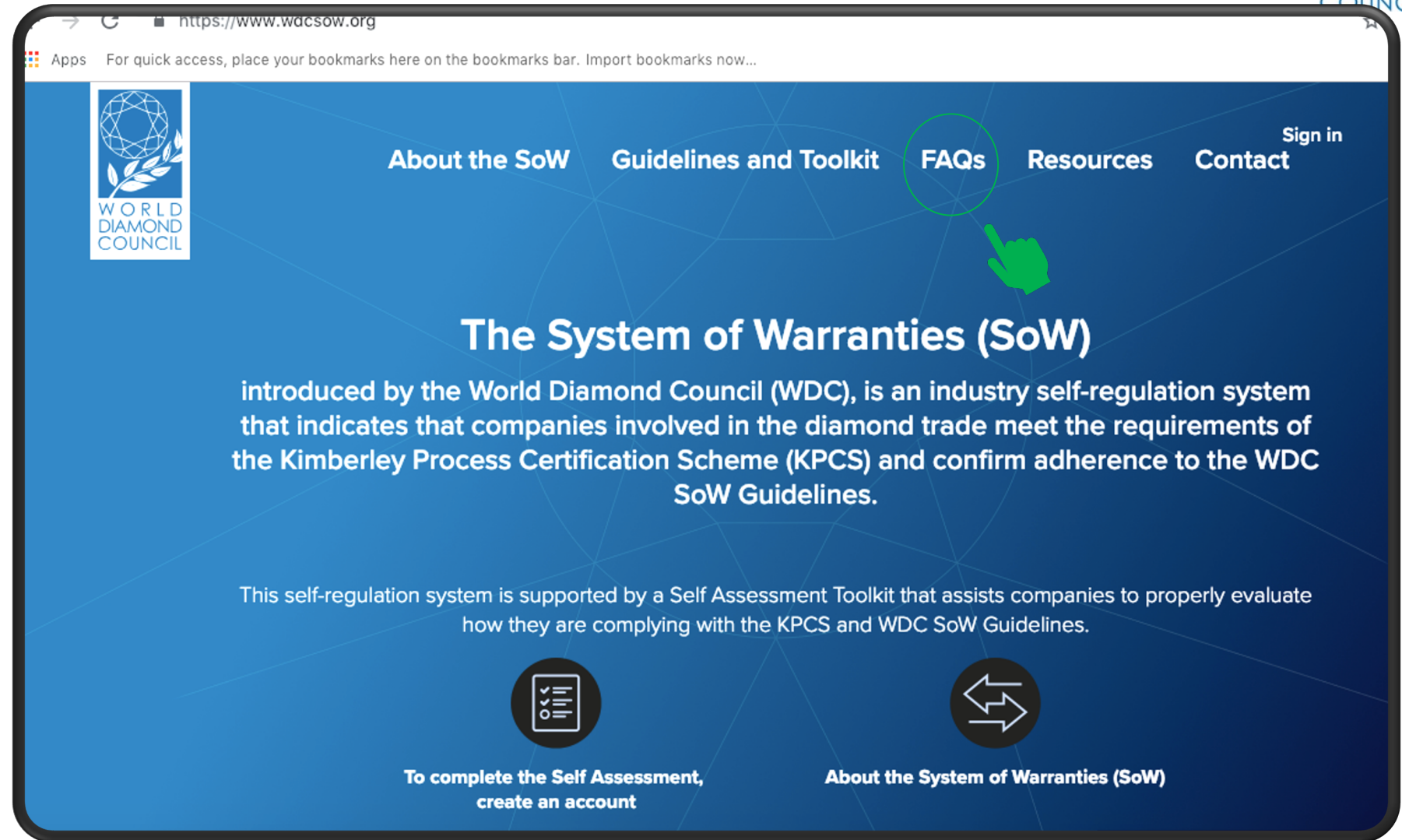
Don't forget to record all warranty statements issued and received on an annual basis

Need more info ?

Go to the FAQs section
on the SoW website

or

Contact us in case you
have additional
questions.





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Thank you!