



The GemFair Way

2021-2022

Building a path forward for artisanal
diamond miners by raising
standards and supporting livelihoods

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The context

This year saw GemFair expand its footprint to include more artisanal diamond miners in Sierra Leone and continue to offer fair value for their diamonds and important training on standards and safety equipment. Our field team increased their efforts to reach every mine site in our programme - which now has more than 260 sites, 157 of which are currently in the mining phase - to teach additional safety measures, provide onsite training and distribute free personal protective equipment.



Our financing programme for miners, which we call the Forward Purchase Agreement (FPA) programme, grew to reach more members. We refined our approach to select sites and included new requirements on wages to support participants as they cope with inflationary pressures gripping the artisanal mining sector and the country.



This was the year that we returned to meeting in person and we were privileged to speak at several topical conferences as well as host the Kimberley Process delegation at our office in Kono. There we showed delegates from civil society and diamond producer country governments how our programme works, from onboarding artisanal miners, training on safer and more environmentally friendly mining practices, valuing and buying diamonds in our bespoke buying office and our export and transport procedures. We hope to highlight more of our learnings over the past five years of operation in the coming months.



Building Forever

As De Beers Group continues to make progress on its Building Forever sustainability commitments, GemFair played a key role in advancing the company's goal to develop scalable solutions to raise livelihoods of artisanal and miners by 2030.

In 2022, GemFair made progress in three key areas:

- **Understanding ASM livelihoods:** We gained a better understanding of the livelihoods of the artisanal mining community of Kono, Sierra Leone through a household survey following up on the baseline we took at the beginning of the program in 2018;
- **Providing access to finance:** We provided access to fair and transparent pre-financing for more artisanal miners; and
- **GemFair in the world:** We continued to set an example for responsible sourcing from the ASM sector.



Understanding the varied income-generating strategies of Kono's mining community

Mine site reclamation

We commissioned an independent assessment in the Kono district of Sierra Leone to provide data and analysis on the socio-economic conditions of artisanal and small-scale mining households. The researchers conducted a household survey of 127 participants from GemFair and sixty-one participants who are not yet in the GemFair programme. The sample included three dozen respondents who participated in our 2018 baseline assessment which we commissioned before we launched the GemFair programme. In particular, the researchers studied food security, cost of living and seasonal distribution of livelihoods in the region. The purpose of this follow-up assessment was to inform our strategy to bolster livelihoods of Kono's ASM community. Below are some of the study's key findings.

Who are the miners?

We learned more about the profile of the miners we work with, namely that 90 per cent of artisanal diamond miners are male, with an average of nine dependents. Most miners participating in GemFair have over 10 years of experience in mining. In addition to mining, 82 per cent of the respondents take a second job during the slower mining months. The primary secondary livelihood for Kono's miners is farming and indeed over half of the respondents' income comes from a secondary livelihood.

Food security

Since the onset of the pandemic, we have been concerned about the food security of ASM communities in Kono, so we used this assessment to investigate whether the food security situation has changed since we conducted our baseline survey in 2018. The household survey analysis revealed that while food security has worsened since 2018, respondents are not experiencing a food emergency. Still, food prices have increased an average of 38 per cent in Sierra Leone, and we are mindful of those inflationary pressures on mining communities.

How we are using these findings in our programming

One interesting result of the study was that by and large, mine sites that are part of the GemFair programme pay higher wages, employ more workers, and see overall better working conditions. Moreover, the researchers found that in geographical areas where there is a cluster of sites participating in GemFair's access to finance programme, local GemFair members have established a tacit unwritten agreement with managers from other sites where they rotate the workforce in order to give everyone a chance to work on a GemFair member site.

We are actively looking at ways to help make the programme more inclusive and accessible to a wider group of miners, while still meeting GemFair's expected standards. The intention is for more miners to access the benefits of the GemFair programme and improve their working conditions along the way.

Fair access to finance programme scaled

GemFair recognises that financing artisanal miners is of critical importance to drive the improvement of standards, raise incomes and build a commercially sustainable programme. This year, our fair access to finance programme, called the Forward Purchase Agreement programme (FPA), was our biggest yet. Throughout 2022, we fully financed the operations of forty-nine mine sites across seven diamondiferous Chiefdoms in the Kono district. We hope to grow the proportion of members participating in FPA in the coming years.

We created 418 full-time jobs as part of our access to finance programme

Forging agreements hand-in-hand with miners

Our FPA programme is more than just the provision of finance: we are committing to a deeper partnership with our ASM members, from mine planning through to extraction and production. We start with extensive consultation between the field team and the licence holder to co-develop a work plan for the site based on the geology and the available resources. We build the contracts on mutually agreeable terms, and we communicate the contracts to beneficiaries in local languages to ensure they provide informed consent. The contracts further establish the roles, responsibilities, and rights of both parties, with an emphasis on establishing equity.

Once mining is underway, our GemFair staff make regular visits to each site to monitor progress, support miners to make critical decisions related to mine operations and ensure that miners are meeting the required standards. During a consultative workshop held with FPA participants in June, miners underscored the importance of this regular contact time, saying GemFair supports the continuous improvement and professionalisation of their mining operations.

As we grow the programme, we are also getting smarter about how we select sites, based on accumulated experience from the previous years' pilots.



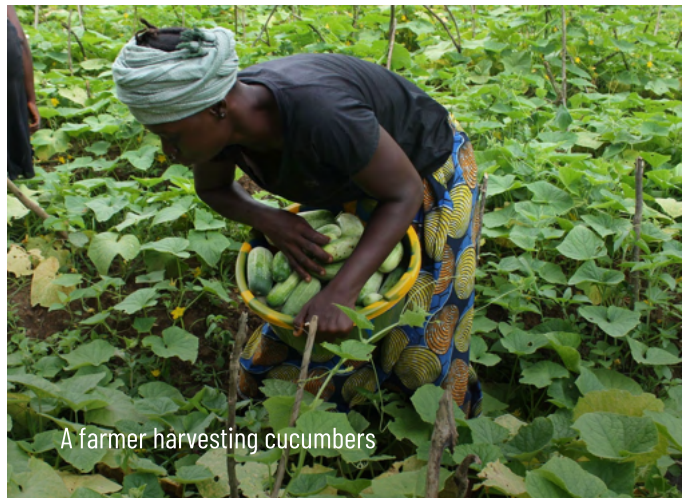
Mine site reclamation in progress



Visiting a GemFair supported farm



Planting the next crop



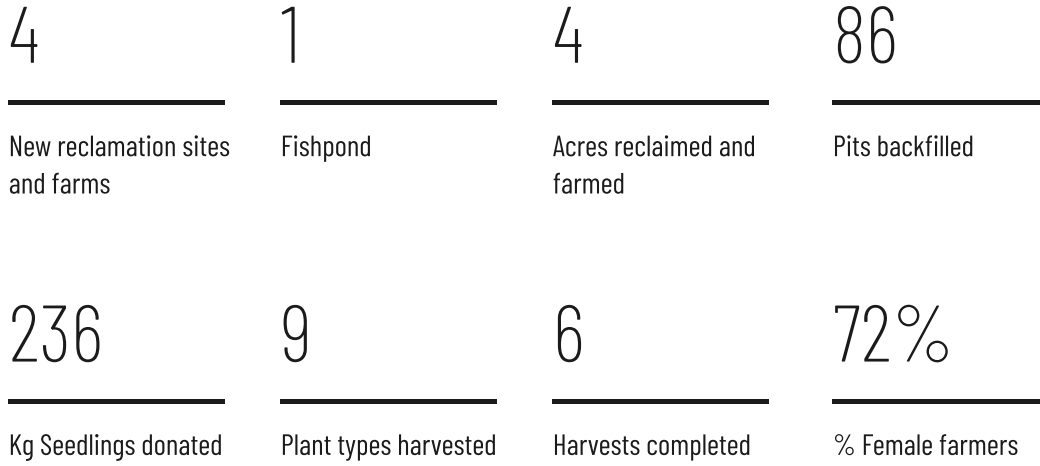
A farmer harvesting cucumbers

GemFair's reclamation programme transforming former mine sites into farms

As a signatory of the Paris Climate Accords, the Government of Sierra Leone has prepared its Nationally Determined Contribution (NDC) report, which was most recently updated in 2021. We are pleased to see that the NDC places a significant focus on agriculture and the reclamation of previously mined areas. GemFair supports the objectives of this ambitious plan by expanding our mine site reclamation project and enabling the conversion of former mining land into sustainable smallholder farms.

This year saw us grow our reclamation and cultivation project from three sites to seven. We worked closely with village authorities and community members to select sites that would have the greatest benefit for the community, both in terms of removing the potential safety hazard of abandoned mining pits, but also bringing the land back to a state where farmers could once again cultivate it. Each of the villages adjacent to the sites selected the reclamation workers and the families who would be cultivating the former mines. We introduced new crops this year as well, including bananas and carrots. The farmers harvested and sold a portion of the fruits and vegetables at the local market and took a proportion home to supplement their family meals.

Indicators



We created sixty-two full-time jobs this year in our reclamation and farming programme



Training the trainers session at a GemFair farm



Determining the depth of the topsoil



Delineating the crop beds



Setting up plant beds with sufficient space to encourage ideal growth

We invited an agronomist to return to Sierra Leone for a second project evaluation visit. During his visit, he conducted 'train-the trainers' sessions for our field team, toured the farms and recommended improvements in irrigation, soil, composting, seed selection and more.

Overall, the agronomist's assessment of the project, and the communities involved in transforming former mining areas into sustainable productive farms, was extremely positive. There is always room for improvement, however, and we will carry forward the following recommendations:

- **Restoration of topsoil:** For crops to grow, there needs to be sufficient topsoil. We will advise the reclamation workers to ensure that they complete the back filling of sites with a 20-centimeter layer of topsoil. Moreover, we will reduce the acidity of the soil by distributing lime to the farms throughout the coming year.
- **Seedling quality:** We are introducing higher-quality organic perennials and biennial seeds so we can see our crops return year on year.
- **Composting:** The agronomist taught our field team and the farmers how to set up composts at each of the farms to improve the quality of the soil and eliminate the need for chemical fertilisers.

One year anniversary of our farms

At the one-year anniversary of supporting smallholder farmers to cultivate reclaimed diamond mines, we marked the occasion with a small ceremony at the request of the participating farmers. At the ceremony, the GemFair team distributed a certificate to each farmer as a token of accomplishment and our appreciation for sticking with us since the beginning of the programme.



Anniversary ceremony for our founding farms

Programme

The purpose of GemFair's Responsible Artisanal and Small-scale Mining Assurance Programme is to promote responsible sourcing in line with the OECD's Due Diligence Guidance. More than that, however, we support the implementation of the Washington Declaration, the Kimberley Process and indeed, the Extractive Industries Transparency Initiative, of which Sierra Leone is a proud member. Responsible sourcing is not for the private sector alone to resolve: We work hand in hand with our host country government, civil society organisations, other responsible sourcing initiatives and artisanal miners to forge the formalisation of the sector, increase transparency and traceability and raise working conditions at the mine sites from which we purchase diamonds.

In our fifth year of operation, we have deepened our relationship with our miner partners – some of whom have been with us since the beginning – by spending time at both our buying office and their mine sites, taking training on standards from the classroom to the mine site.



GemFair staff and miners during a mine site visit

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Before becoming a GemFair member, I never knew how to weigh a diamond or how to use the [hand] loupe to know its quality, but after attending GemFair training, I can now weigh my diamond, look at the quality and I am sure of getting a better price.

Daniel, Team leader

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Our management system

This year we expanded GemFair’s membership and supported miners participating in the programme to raise their working practices in line with the GemFair ASM Standard Requirements. We identified these gaps through a baseline assessment and collaborated with miners to develop approaches to address the gaps, which were primarily focused on:

- **Safety equipment:** Many miners cannot afford to buy personal protective equipment for their workers, so we set up a programme to distribute the kit to the eligible miners free of charge.
- **Marking unsafe areas:** We worked with miners to use commonly available materials (such as wooden posts or ribbon) to designate areas of the site that were deemed unsafe.
- **Reclamation:** Many of the mine sites do not have a site closure plan in place. One way to expedite closure when the time comes is for workers to separate topsoil from gravel and back-fill the pits as they go. We provided instruction in this area and even funded the backfilling of one GemFair member’s mine site as part of our reclamation programme.
- **Work agreements:** Although most workers have a verbal work agreement with their manager, we worked with more members to formalise the agreements on paper. We used a template that allowed each miner and worker to fill in the details on roles and responsibilities, benefits, daily wage, and commission on diamond sales, among others.

2022 results

263

Sites participating in GemFair

3,933

Individual workers (approx.)

121

Anti-money laundering checks

27

Classroom trainings

375

People trained

2,479

Mine site assessments (cuml. since 2018)

129

Sites received PPE

2021 results

221

Sites participating in GemFair

3,165

Individual workers (approx.)

413

Anti-money laundering checks

27

Classroom trainings

563

People trained

1,509

Mine site assessments (cuml. since 2018)

Third-party management system audit completed

We commissioned our third independent assurance programme audit this year conducted by SGS. The purpose of this third-party audit is to align with our Step 4 requirements under OECD's Due Diligence Guidance for Responsible Mineral Supply Chains. The auditor found that GemFair's assurance program, underpinned by our digital solution, meets, and in some places exceeds, the OECD's guidance. GemFair published the findings of the audit and the subsequent plan to implement the recommendations for improvement it identifies.



GemFair staff preparing the roster of mine sites to visit for the monthly outlook

How does our whistleblowing procedure work?

As a part of the wider Anglo American Group, GemFair endorses and implements the Group Whistleblowing Policy. This means that anyone who participates in or is impacted by the GemFair programme or any of our members can voice their concerns, complaints, or grievances. Material issues are detailed in our Whistleblowing Policy and Procedure which can be found on our website.

We offer four mechanisms for stakeholders to do this, including, for example:

- **Phone:** The GemFair duty line telephone number is made available to miners and wider community members.
- **Email:** Our email address is: hello@gemfair.com.
- **In person:** Our office is centrally located in Koidu city, and our staff is available during working hours.
- **YourVoice:** Anglo American Group has put an independently managed and anonymous whistleblowing line in place. Reports are welcome by anyone with material concerns, and they can be placed anonymously. The reporting link can be found here: <https://tinyurl.com/2thd3akp>

Our whistleblowing policy and procedure provides detailed information on our guidance for disclosure, our process for investigating incidents and our monitoring and reporting process. This policy can be found on our website.

In the past year, no grievances have been raised.

GemFair in the world

Valuation training in London and Koidu

This year saw us expand our offering in diamond valuation training. In May, we hosted ten participants from the ASM sector and civil society at our Koidu diamond buying office. This hands-on training focused on many aspects of the rough to polished process and the 4C's (colour, cut, clarity and carat) behind diamond valuation. Each participant was able to practice with real rough diamonds and grading equipment so they could visualise the potential polished outcomes.

At the request of the National Minerals Agency of Sierra Leone, we held a second diamond valuation training session at our Koidu office for nine participants. Participants attended from two diamond-producing districts and the capital Freetown, and included mines compliance officers and an intelligence officer.



GemFair Diamond Valuation Foundation Training
Photographs by GIZ/Michael Duff

At the De Beers Group office in London, GemFair and the De Beers Group Institute of Diamonds hosted seven government diamond valuers from the Mano River Union (MRU) countries for a four-day diamond valuation training programme. The training formed part of our partnership with the MRU and the German Development Cooperation (GIZ) and focused on developing diamond valuation skills to help ensure producer countries capture fair revenue from diamond exports. We covered specialist grading skills from rough to polished, which is essential in appreciating the true value of a diamond as it moves from the mine to jewellery. These included: rough diamond sorting and categorisation; polished diamond grading; the rough to polished diamond journey and the utilisation of Sarine (RTOP mapping technology), and synthetic diamond detection.

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With the experience gained from the Diamond Foundation Training, I will never be undersold by a local dealer again.

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Pastor Senessie, Miner

GemFair as a best practice case study during the KP audit

In October 2022, a delegation of stakeholders from government, the mining sector, civil society, and law enforcement visited our office in Koidu as well as one of the GemFair member sites to understand how our programme works. It was an excellent opportunity for us to answer questions about GemFair's mission and show the delegates how our digital solution and buying office operates.

Contribution to DELVE

This year saw us expand our offering in diamond valuation training. In May, we hosted 10 participants from the artisanal mining sector and civil society at our Koidu diamond buying office. This hands-on training focused on many aspects of the rough to polished process and the 4C's (colour, cut, clarity and carat) behind diamond valuation. Each participant was able to practice with real rough diamonds and grading equipment so they could visualize the potential polished outcomes.

Participation in advancing best practices in the industry

In 2022 we also returned to participating in conferences in person. A couple examples of conferences attended by the GemFair team are summarised below:

- **Initiatives in Arts and Culture annual conference, New York, July 2022:** GemFair had the opportunity to participate in the twelfth annual Initiatives in Arts and Culture Conference: Boldly Building the Future: Gold, Diamonds and Jewellery in a Transformational Age. GemFair took part in a panel on Mining in the ASM Sector: Comparative Approaches to Design and Adaptation of Best Practices along with other responsible sourcing programs, including the Swiss Better Gold Association, Moyo Gems and Just Gold.
- **Natural Diamond Summit, Gaborone, October 2022:** The Summit, hosted by De Beers Group and the Government of Botswana brought together six hundred leaders and experts in the diamond industry from across the world together to converge around the theme of “Diamonds for Sustainable Development.” The GemFair team moderated a panel that highlighted the inspirational example of regional cooperation in the Mano River Union region of West Africa to support implementation of the Kimberley Process Certification Scheme (KPCS) and wider efforts towards responsible production and trade of diamonds.
- **African Mining Indaba, Cape Town, May 2022.** GemFair joined a panel discussing the contribution of artisanal and small-scale mining to local development and the global mineral economy. The event was a great platform to promote the ASM sector to industry leaders and regulators. We focused on the core message that engagement and inclusion of ASM – especially through on the ground operations and financial services - is beneficial both for miners and to satisfy global demand for minerals.
- **Inhorgenta Munich: TrendFactory, April 2022.** Hosted at Europe’s leading jewellery, watch and gemstone trade fair, the TrendFactory explores the industry trends of tomorrow. As a pioneer of responsible sourcing from artisanal and small-scale miners in Sierra Leone, GemFair shared details of our growing programme, covering themes such as building the ASM story for consumers, ASM inclusion and finance, supply chain due diligence, and the digital tracking and tracing of diamonds from mine to wholesale.

Conclusion

In 2022, we carried on with the daily work of engaging one-on-one with GemFair’s artisanal miner members, buying their diamonds at a fair price and developing and refining our programming to support a mining community with diversified and sustainable livelihoods. We know that mining is not the only activity artisanal miners undertake to support their livelihoods. We want to ensure that during the half of the year when our members are engaged in ASM, they are doing so in the safest and most productive manner with a focus on minimising their environmental footprint. We are doing this with our general membership every day, as well as through customised FPA workplans.

When miners are not mining, we are learning how we can better support their other activities, which, in most cases, is farming. The reclamation and cultivation project we are running, while small, is creating jobs and providing more food to families in Kono as well as an additional source of income for the farmers. We plan to expand to more sites in 2023 to bolster the livelihoods of the mining community in Kono, learning and refining as we go.

In the year ahead, we will explore new ways to help miners capture efficiencies, both by tapping into geological data and planning their operations with care, a clear working budget and mining with a workplan that takes account of the closure process. We also hope to find feasible and responsible ways to build an even more inclusive GemFair programme that is accessible to a greater number of miners. We believe that engagement with artisanal miners, wherever they may be on their journey of continuous improvement, is the best way to raise standards in the sector and to support empowerment and a fair share for those working within it.



We welcome your thoughts!
Submit your feedback to: hello@gemfair.com