



Responsible Jewellery Council (RJC)

RJC Industry Briefing Webinar – “Coloured gemstones initiatives”

21 June 2013

Assogemme Ethical Committee on Coloured Gemstones



June 21 st Webinar
Luisa La Via, Bulgari

Assogemme Ethical Committee on Coloured Gemstones

- **May 6th 2013:** foundation of the Committee
- **Assogemme:** Italian Association Precious Gemstones & related material
- **Purpose and Objectives**

To define a procedural code aimed at assuring the production and the sale of coloured gemstones according to the ethical principles of RJC, from mine to retail

- **Members**

Italian Jewelers, Gemstones Cutters and Traders

(such as Bulgari, Pasquale Bruni, Pomellato, Gucci, Futurgem - C&R, Minerasia) with the support of a Scientific Committee, composed by Gemologists and Academics, and the contribution of **RJC** and Federorafi.

Assogemme Ethical Committee on Coloured Gemstones

Next steps

- Analysis of results of the study run by the Scientific Committee
- RJC Membership and Certification for all the Ethical Committee Members
- Sharing of related initiatives at worldwide level.

Signet's Initiatives to Ensure Responsible Sourcing

David Bouffard

Vice President, Signet Corporate Affairs

Signet Jewelers Ltd.

Largest Specialty Jewelry Retailer in US and UK

Total Sales \$3.983 Billion

82% US / 18% UK



Kay Jewellers - #1 mid-market brand
Sales: \$1.953B Stores: 949 in 50 states



H.Samuel - #1 in UK
Sales: \$387.0M Stores: 318



Jared - #1 Off-Mall "Destination Store"
Sales: \$1.003B Stores: 190 in 36 states



Ernest Jones - #1 UK upper middle market
Sales: \$322.5M Stores: 193

The US Jewelry Market

- World's largest jewelry market by retail value
- US Consumer Expenditures on Jewelry and Watches: \$71.3 Billion (4.4% Market Share)
- US Specialty Jewelry Store Sales: \$30.8 Billion (10.4% Market Share)
- #1 market for diamonds
- #3 market for gold
- Global trend-setter: product design is important
- Increasingly a branded jewelry market
- Main occasions:
 - Bridal (engagement and wedding)
 - Valentine's Day, Holiday, Christmas, Mother's Day
- Consumer trust is essential
- "Conflict-free" 3TG supply chain now a legal requirement for US-listed companies

Signet's Approach

- Signet believes that a responsible supply chain is fundamental to the reputation of the jewelry industry and its future. We are selling an aspirational product. Consumers assume that our systems guarantee certain standards. Now is the time to ensure that we don't disappoint them.
- The industry has not been idle and there has been much progress in the development of responsible supply chain standards.
 - The Kimberley Process provides one of the cornerstones of consumer reassurance.
 - The Responsible Jewelry Council is another cornerstone, with its system of standards and certification covering the entire supply chain from mine to retail.
 - The Diamond Development Initiative provides further strength, with its artisanal standards.
- These standards demonstrate a continuous improvement approach – building upon the existing foundations.

Shared Responsibility

- We must also recognize that the reputation of the jewelry industry is a shared responsibility. The industry must work together, to maintain and improve the integrity of the diamond supply chain in the eyes of all stakeholders.
- Equally, we share a responsibility to regulate ourselves. Industry needs to demonstrate real progress in responsible sourcing through the whole supply chain. We must do so because it is the right thing to do; it will assist us to avoid the imposition of legislation; and, it will help improve transparency throughout the industry.

Next Steps

- We believe there's a need for ongoing and continuous improvement in responsible sourcing practices due to evolving risks that the trade in precious stones may be associated with violence and human rights abuses.
- Signet is committed to taking a leadership position in facilitating the OECD exploration in the jewelry industry. We are committed to developing additional non-commercial, non-exclusive, industry-wide solutions to ensure a responsible supply chain for precious stones including diamonds, both polished and rough. I emphasize “non-commercial” because this issue is not about competitive advantage.

PS-MSWG OECD Initiative

- The Precious Stones Multi-Stakeholder Working Group (PS-MSWG) is an open, non-exclusive coalition of companies, associations, NGOs and governments interested in exploring how to advance and at the same time harmonize responsible sourcing and supply chains for precious stones.
- Key principles underlying the PS-MSWG include:
 - The United Nations Guiding Principles (UNGPs) on Business and Human Rights outlines how business has a responsibility to respect human rights. A key human rights consideration for the precious stones industry is preventing conflict financing and associated human rights abuses. The PS-MSWG believes that the jewelry industry must address this issue comprehensively and credibly.
 - Enhanced efforts to advance responsible sourcing for precious stones should complement and not undermine or replace existing initiatives, such as the Kimberley Process Certification Scheme and the recent UN initiative for colored gemstones.
 - The UNGPs are based upon voluntary due diligence as a key approach for business to identify and mitigate the risks associated with adverse human rights impacts. Reflecting this, due diligence with respect to conflict financing and human rights abuse is fast being established as the dominant standard with respect to responsible supply chain management.

PS-MSWG Background Principles

- Guidance for conducting due diligence ranges from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas to the UNGPs. A number of industry initiatives also provide tools to help companies implement these standards for gold and other minerals including the Responsible Jewelry Council's Code of Practices and Chain of Custody Standard.
- The PS-MSWG recognizes there are unique complexities in the supply chains of diamonds and other precious stones. These must be addressed. However, similar complexities have been successfully addressed and guidance provided to other sectors such as gold.

Proposed Study

- The PS-MSWG proposed to undertake a study to determine whether additional due diligence measures appear to be feasible or necessary within the precious stones supply chain and, if so, identify how such due diligence measures might be applied to precious stones supply chains.
- The PS-MSWG is in the process of discussion a Terms of Reference for the study, and is holding conference calls every two weeks to progress this work.

Signet SRSP Diamonds

- Signet has a record of success in developing such industry solutions: The Signet Responsible Sourcing Protocol (“SRSP”) for gold and the 3Ts went live on January 1, 2013.
- The SRSP is the result of active involvement in the development of industry guidance and standards, and was produced in collaboration with many companies and international associations. It is a public document, available to any company, and so will help “raise the bar” for the industry.
- We believe that if it can be done for gold, and, for that matter, coffee, timber, cotton and other products - it can be achieved for precious stones and diamonds too, both rough and polished, over time. So we are also researching the potential for an SRSP for Diamonds.

Conclusion

- Consumers have certain expectations of the retail store brand when they walk in, whether it's in the US, UK, or around the world, and we think they ought to have the assurance to meet that expectation wherever they buy diamond jewelry when it comes to product integrity.

**RJC webinar
Coloured Gemstones
21 June 2013**

Nawal Ait-Hocine, Cartier

What is UNICRI

UNICRI - United Nations Interregional Crime and Justice Research Institute

- ❑ UNICRI is a United Nations entity established by the Economic and Social Council (ECOSOC) in 1967 Resolution 1086, which urged an expansion of United Nations activities in crime prevention and criminal justice
- ❑ The Institute is an autonomous institution of the United Nations
- ❑ Its mission is to support countries worldwide in preventing crime and facilitating criminal justice.
- ❑ mandated to assist intergovernmental, governmental and non-governmental organizations in formulating and implementing improved policies in the field of crime prevention and criminal justice
- ❑ UNICRI acts with its partners in the international community to:
 - advance understanding of crime-related problems;
 - foster just and efficient criminal justice systems;
 - support the respect of international instruments and other standards;
 - facilitate international law enforcement cooperation and judicial assistance

What UNICRI Does

- ❑ The Institute
 - carries out action-oriented research and
 - Provides Institutional and on-the-job training and
 - implements technical cooperation programmes
 - facilitates the exchange and dissemination of information,
 - Facilitates cooperation in international law enforcement and judicial assistance

- ❑ Its programme activities arise from priorities identified by the UN Annual Crime Prevention and Criminal Justice Commission

- ❑ UNICRI partners a wide range of intergovernmental and governmental institutions, academic institutions and non-governmental organizations

Coloured gemstones project (1)

- ❑ In April 2013, UNICRI convened a preliminary consultative stakeholders and expert' meeting on the *establishment of a mechanism for the traceability and certification of ethical origin of the coloured gemstones* (in cooperation with the Vienna International Justice Institute – VIJI and the International Colored Gemstone Association - ICA)
- ❑ The meeting was attended by representatives from the public and private sectors
- ❑ Several countries were represented: Austria, Belgium, Brazil, Canada, China, Colombia, France, Kenya, Mozambique, the Russian Federation, South Africa, Sri Lanka, Switzerland, Tanzania and Zambia.
- ❑ The project represents a *bold attempt at creating a new framework of interaction between different stakeholders* (governments, artisans, small-scale and medium or large mining workers, processing and export companies, wholesale distributors, jewellery manufacturers, retail organizations and NGOs) in the coloured gemstones industry

Coloured gemstones project (2)

- ❑ The project has a holistic dimension and aims at establishing an instrument in the form of certificate of origin and its corresponding tracking system for colored gemstones based on the improvement of environmental, social and governance (ESG) performance along the supply and value chains, through a pragmatic approach.
- ❑ It takes, as a basic assumption, that growth of the coloured gemstone industry could be positively aided by more virtuous governance practices of the key actors in tackling different threats and abuses.
- ❑ Threats range from security issues to illicit trafficking, fraud, theft, money laundering, critical ecosystem impacts and environmental crime, unsafe working conditions and breach of core labour standards.
- ❑ The coloured gemstones industry faces two areas of significant national and international concern:
 - Harmful social and environmental conditions, especially at artisan and small-scale mining (ASM)
 - Illicit activities

Coloured gemstones project (3)

- ❑ Objective is to establish a **Chain-of-Custody (C o C) mechanism**, focusing on the **traceability, tracking and certification** of origin of the coloured gemstones (documented sequence of material flows from eligible starting points)
- ❑ The mechanism should provide a verifiable chain of documents at exports points and beyond, ensuring that ethical practices and appropriate measures have been applied to prevent illicit trafficking in precious gemstones, fraud and money laundering, critical ecosystem impacts and environmental crime, unsafe working conditions and breach of core labour standards
- ❑ The project will be carried out in two main consecutive phases:
 - An inception (assessment) phase
 - A development, implementation phase and a monitoring phase
- ❑ The project will be jointly implemented by UNICRI and the Vienna International Justice Institute (VIJI)



Responsible Jewellery Council (RJC)

Richemont Research Project on International Trade in and Responsible Sourcing of Coloured Gemstones

Marieke van der Mijn, Standards Co-ordinator

Overview Project Brief



- Project title: *Responsible sourcing of coloured gemstones: initiatives, opportunities and challenges*
- The Graduate Institute Geneva will oversee the study; research will be carried out by graduate students from Geneva Academy of International Development.
- Funding support by Compagnie Financière Richemont SA (RJC Supporter).
- RJC to assist with research oversight for students.

Research Questions & Methodology

1. Identify key risks in the coloured gemstones supply chain:
2. Review relevant initiatives for the responsible sourcing of coloured gemstones:
3. Identify opportunities and challenges for responsible sourcing initiatives in the sector:

Methodology:

- Literature reviews
- Interviews
- No field visits to mines or cutting/polishing centres are envisaged.

Timeframes and further information



- **End of June:** attribution of research topics to the student groups
- **End of June/early July:** Signature of a Memorandum of Understanding between the Graduate Institute and the partner
- **End of September:** First meeting between the student group and the partner coordinator
- **Mid-November:** Presentation and discussion of the first draft report, and feedback from partner
- **Mid-December:** Delivery by the student group of a written report and oral presentation of the results of the study.
- Progress of research will be posted on RJC website: www.responsiblejewellery.com



Questions and Comments are Welcome!