RJC WEBINAR SERIES

Responsible Jewellery Council

Undisclosed Laboratory-Grown Diamonds

November 2016

RJC Vision and Mission

Our Vision is a responsible world-wide supply chain that promotes trust in the global fine jewellery and watch industry.

Our Mission is to be the recognised standards and certification organisation for supply chain integrity and sustainability in the global fine jewellery and watch industry.

RJC Membership in Figures

Responsible Jewellery Council

RJC Code of Practices

Responsible Jewellery Council

26 *Product Disclosure*

26.1 Members shall not make any untruthful, misleading or deceptive representation, or make any material omission in the selling, advertising or marketing of any Diamond, Synthetic or Simulant, and/or any Gold, and/or any Platinum Group Metals Jewellery Products.

26.2 Information on the physical characteristics of Diamonds, Synthetics or Simulants, Gold and/or Platinum Group Metals shall be disclosed in compliance with Applicable Law. Unless a conflict with Applicable Law exists, Members shall apply the following requirements to support relevant disclosure about physical characteristics.

b. Treated Diamonds: Treated Diamonds shall be disclosed as either "Treated" or with specific reference to the particular Treatment. The description shall be equally conspicuous as the word(s) "Diamond". Any special care requirements that the Treatment creates shall be disclosed.

c. Synthetic Diamonds: Wholly or partially Synthetic diamonds shall be disclosed as "laboratory created", "laboratory grown", and/or "Synthetic" and the description shall be equally conspicuous as the word "diamond".

d. Simulants: Simulants that imitate the appearance of Diamonds shall be disclosed as the mineral or compound that it is.

e. Diamond Quality – Polished Diamonds: When describing the weight, colour, clarity or cut of Diamonds and Synthetics, this shall be in accordance with the recognised guidelines appropriate to the particular jurisdiction.

f. Product Health and Safety Information: Any relevant health and safety information about Diamond, Synthetic, Gold and/or Platinum Group Metals Jewellery Products sold by Members to end consumers shall be disclosed.

Didier Backaert – International Consultant at Bonas & Co

Outlining the issue of undisclosed laboratory-grown diamonds

Purvi Shah – Product Integrity Manager of External and Corporate Affairs at De Beers

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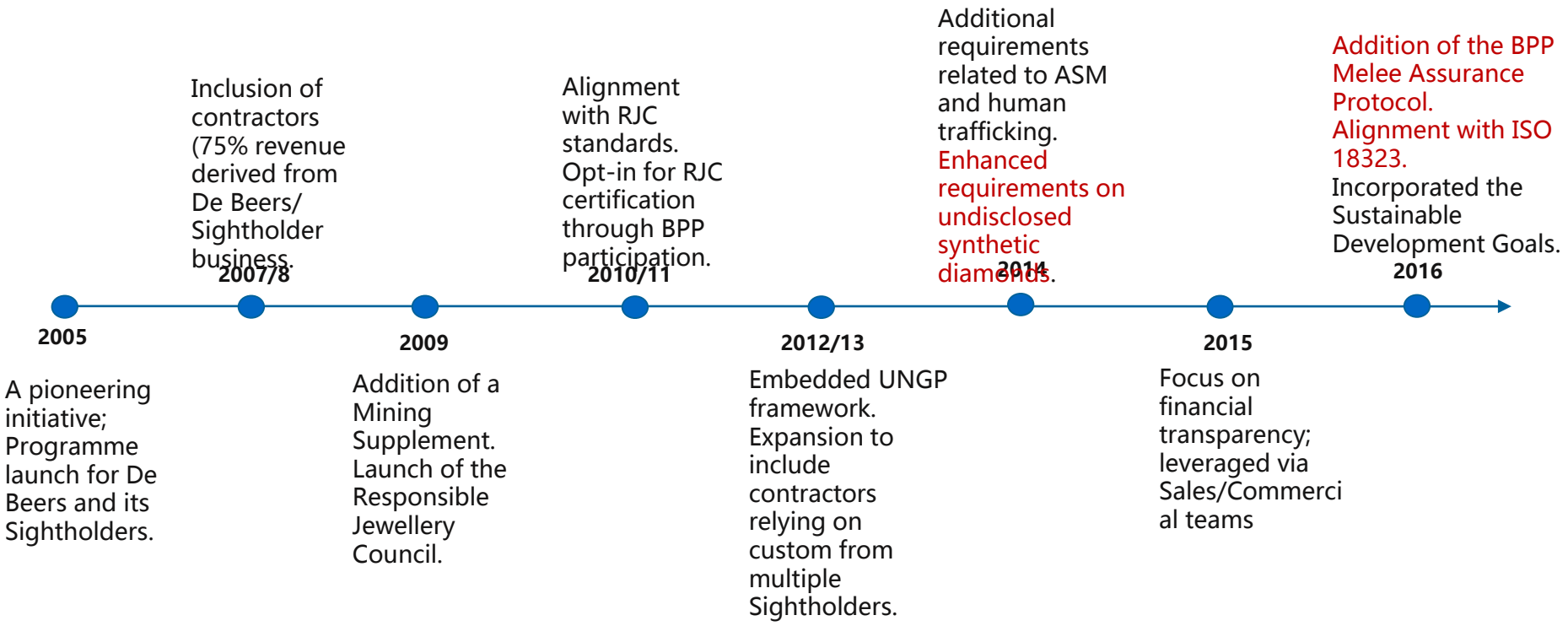
De Beers Best Practice Principles
Melee Assurance Protocol

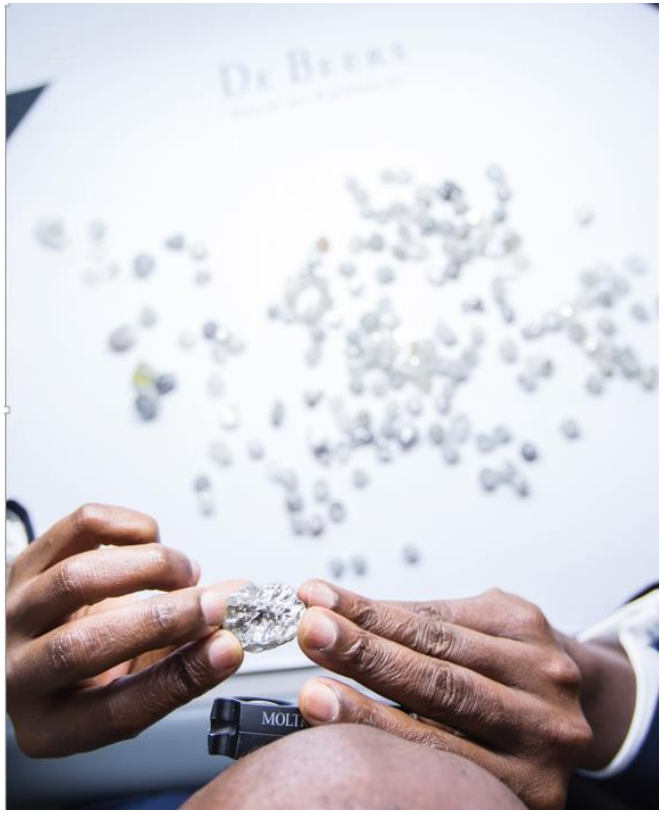
THE BEST PRACTICE PRINCIPLES PROGRAMME: A 10-YEAR EVOLUTION



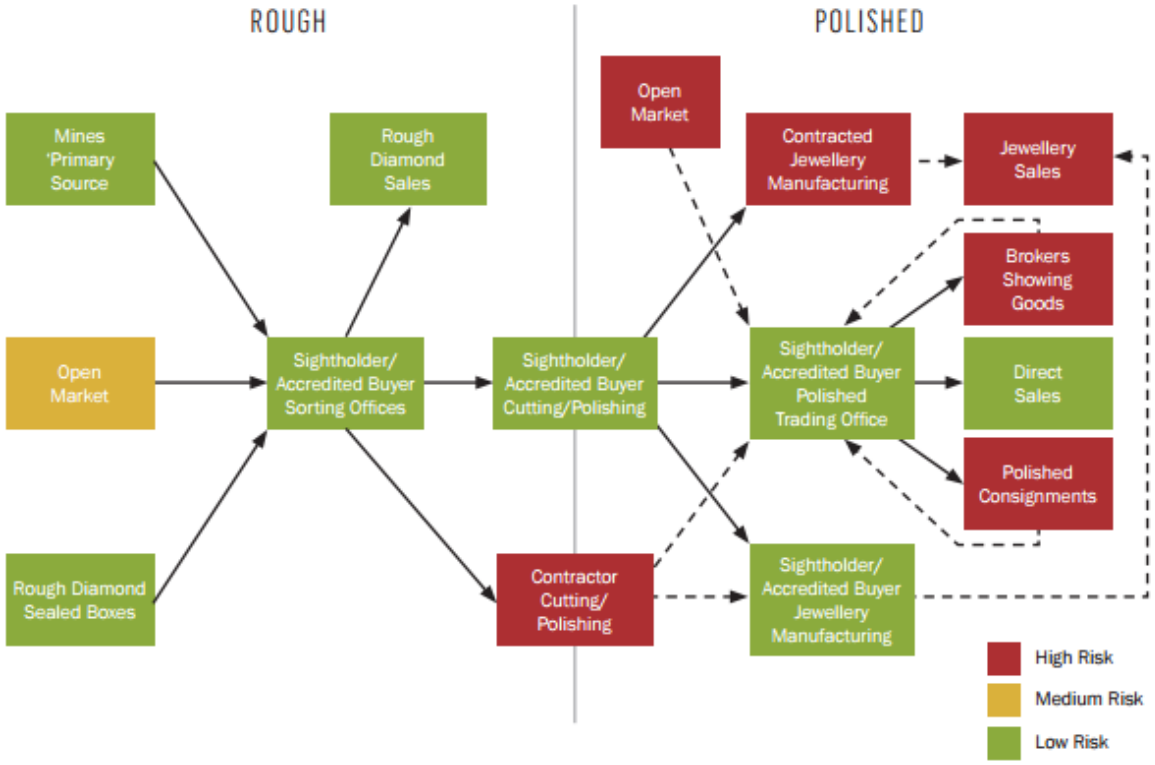
DISCLOSURE REQUIREMENTS RELATED TO PROTECTION AGAINST UNDISCLOSED SYNTHETIC DIAMOND PENETRATION IN THE PIPELINE

- Policies and procedures to protect the natural diamond pipeline
  - Including segregation if involved in the manufacture synthetic diamonds
  - Compliance with nomenclature requirements (e.g. ISO 18323: 2015)
- Internal pipeline risk assessment to identify contamination points of undisclosed synthetic diamonds
- Providing assurance statements on invoices, per the World Federation of Diamond Bourses Charter, for example:

  "The diamonds herein invoiced are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds."
- On-going training for relevant employees
- Access to effective detection equipment, in-house/outsourced
- Buying from trusted suppliers
- Strong factory controls in place (e.g. product security)
- Reporting



PIPELINE RISK ANALYSIS OF CONTAMINATION POINTS



BPP GUIDANCE ON TESTING

GUIDANCE:

- It is advised that parcels/stones from high risk areas are fully tested
- It is advised that all polished diamonds over 0.30 carats should be tested/accompanied by a certificate from a reputable grading laboratory.
- For diamonds below this size, and to address financial impacts, random testing per size category can help mitigate the risks and De Beers has developed a guide for random sampling

Size range	Expected pass rate	Margin of error	Threshold pass rate
1-3pt	97.5%	2.5%	95%
4-7pt	98%	2%	96%
8-14pt	98.5%	1.5%	97%
≥15pt	99%	1%	98%

SUGGESTED MINIMUM RANDOM SAMPLE SIZES AS A FUNCTION OF NUMBER OF STONES/PARCEL AND FOR DIFFERENT SIZE RANGES

(i) Number of stones in samples

Stones per parcel	1-3 pt	4-7 pt	8-14 pt	≥15 pt
50	37	40	42	44
100	60	65	72	79
150	75	83	94	108
200	86	97	112	131
250	94	107	126	151
300	100	116	137	168
350	105	122	147	182
400	109	128	155	195
450	112	133	162	206
500	115	137	168	216
600	120	143	178	233
700	123	148	185	246
800	126	152	192	258
900	128	156	197	267
1000	130	158	201	276
2000	139	172	224	320
3000	143	177	233	338
4000	144	180	237	347
5000	145	181	240	353
10000	148	185	246	366
20000	149	186	249	373
30000	149	187	250	376
40000	149	187	251	377
50000	149	188	251	377

(ii) Sample as a % of the parcel

Stones per parcel	1-3 pt	4-7 pt	8-14 pt	≥15 pt
50	75.0%	79.0%	83.5%	88.4%
100	60.0%	65.3%	71.6%	79.2%
150	50.0%	55.7%	62.7%	71.7%
200	42.8%	48.5%	55.8%	65.5%
250	37.5%	43.0%	50.2%	60.3%
300	33.3%	38.6%	45.7%	55.9%
350	30.0%	35.0%	41.9%	52.1%
400	27.2%	32.0%	38.7%	48.7%
450	25.0%	29.5%	35.9%	45.8%
500	23.1%	27.4%	33.5%	43.2%
600	20.0%	23.9%	29.6%	38.8%
700	17.6%	21.2%	26.5%	35.2%
800	15.8%	19.0%	24.0%	32.2%
900	14.3%	17.3%	21.9%	29.7%
1000	13.0%	15.8%	20.1%	27.6%
2000	7.0%	8.6%	11.2%	16.0%
3000	4.8%	5.9%	7.8%	11.3%
4000	3.6%	4.5%	5.9%	8.7%
5000	2.9%	3.6%	4.8%	7.1%
10000	1.5%	1.8%	2.5%	3.7%
20000	0.7%	0.9%	1.2%	1.9%
30000	0.5%	0.6%	0.8%	1.3%
40000	0.4%	0.5%	0.6%	0.9%
50000	0.3%	0.4%	0.5%	0.8%

BPP MELEE ASSURANCE PROTOCOL

- De Beers developed the BPP Melee Assurance Protocol, a pipeline of sealed melee/sealed diamonds, to address the risks relating to undisclosed synthetic diamonds in the 0.01ct and below range due to lack of detection equipment and increased risks
- Requirements:
  - Policies and procedures to protect the natural diamond pipeline
  - Internal pipeline risk assessment to identify contamination points of undisclosed synthetic diamonds
  - On-going training for relevant employees
  - Strong factory controls in place (product security)
  - Contractors manufacturing this size participate in the Contractor MAP BPP Programme; which includes requirements on:
    - Product security
    - Health and safety
    - Return of polished diamonds (contracted for polishing from rough) in tamper evident packaging to Sightholder/Accredited Buyer
  - Testing requirements for high and medium risk areas, in accordance with guidance provided

John Hall – Director of Sustainable & Responsible Solutions (SRS) and Consultant for Signet Jewelers Limited

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Signet Responsible Sourcing Protocol – D-SRSP

Signet's Commitment to Responsible Sourcing

A two-pronged approach

For Companies

RJC Certified Members *

Lee Schachter

Responsible Jewellery Council

ROSY BLUE
MORE THAN DIAMONDS

LE VIAN

RICHLINE GROUP
A Berkshire Hathaway Company

TOLKOWSKY

RJC membership and RJC certification reassures Signet of our suppliers responsible sourcing practices

For Products

Compliance with the SRSPs reassures Signet of the integrity of our supplier chain and the products we sell

Signet's Responsible Sourcing Protocols (SRSPs)

- Signet has produced global guidance for all suppliers of gold, tin, tungsten and tantalum ("3TG").
- The Signet Responsible Sourcing Protocols ("SRSPs") are aligned with industry (OECD, RJC, LBMA, etc.) guidance and standards and identify compliance criteria to ensure Signet's supply chain is conflict-free.
- Similarly, Signet has developed an SRSP for diamonds (D-SRSP), which is now being implemented in accordance with OECD guidance, which applies to all minerals.
- Signet expects suppliers to acknowledge the D-SRSP and work towards compliance in 2016. Compliance will be mandatory in 2017.
- Signet will phase in SRSPs for silver, platinum and precious stones.

Timeline of SRSP Development

The D-SRSP

- Requirements
- Categories
- Lab-Grown Diamonds

D-SRSP Requirements

- Membership of the RJC and certification under the Code of Practices & Provenance Claim provision (aligned with 3TG-SRSP).
- Elements include requirement that all suppliers must:
  - Meet the terms of the Kimberley Process Certification Scheme (KPCS) and the World Diamond Council System of Warranties (WDC SoW).
  - Apply a “Know Your Counterparty” policy and process.
  - Employ a robust inventory management system documenting its diamond sourcing which can be verified by audit.
  - Apply a due diligence process to identify and minimize supply chain risks, using the OECD DDG Five Step Framework.

The D-SRSP establishes 4 categories of diamonds, covering all types of diamond supply:

Category 1 Single Stone Tracking	• Individual diamonds supplied by or sourced from identified and verified diamond producers such as DeBeers, ALROSA, Rio Tinto or Dominion.
Category 2 Parcel Tracking	• Parcels of diamonds supplied by or sourced from identified and verified diamond producers such as DeBeers, ALROSA, Rio Tinto or Dominion, not individually tracked but verified to have derived from all or any of these producers.
Category 3 Mixed Sources	• This category allows for the mixing of diamonds deriving from a number of different sources, with some percentage of the diamonds deriving from identified and verified sources.
Category 4 Other Identified & Verified Sources	• This category applies to diamonds which derive from a producer country or particular mine, originally sourced from other than DeBeers, ALROSA, Rio Tinto or Dominion.

D-SRSP & Lab-Grown Diamonds

All Signet diamond suppliers must also:

- Take substantive and documented action to avoid the inclusion of undisclosed laboratory-grown/laboratory-created/synthetic diamonds, undisclosed treated diamonds or undisclosed diamond simulants in parcels provided to Signet;
- Obtain a written warranty from their suppliers to the effect that no undisclosed laboratory-grown diamonds are included in parcels supplied to them;
- Document their own and their suppliers' due diligence processes to ensure compliance with this requirement;
- Comply with the De Beers Best Practice Principles Standard Guidance – Undisclosed Synthetic Diamonds (2016) and the related Disclosure Practice Note (May 2016);
- Conduct an internal pipeline risk assessment identifying all possible points at which laboratory-grown diamonds could enter the Suppliers' natural diamond supply chain.
- Test diamonds internally using relevant detection technology, or outsource testing to a qualified gemological laboratory.

SIGNET JEWELERS

KAY JEWELERS

JARED The Galleria Of Jewelry

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ERNEST JONES LOVE & LIFE

H.SAMUEL THE JEWELLER

PEOPLES CANADA'S #1 DIAMOND STORE

Thank You!

For additional questions suppliers should contact: info@signetsrsp.com

Website: www.signetresponsiblesourcing.com

David Weinstein – Executive Director
International Gemological Institute (IGI)

Detection Technology

David Weinstein - IGI

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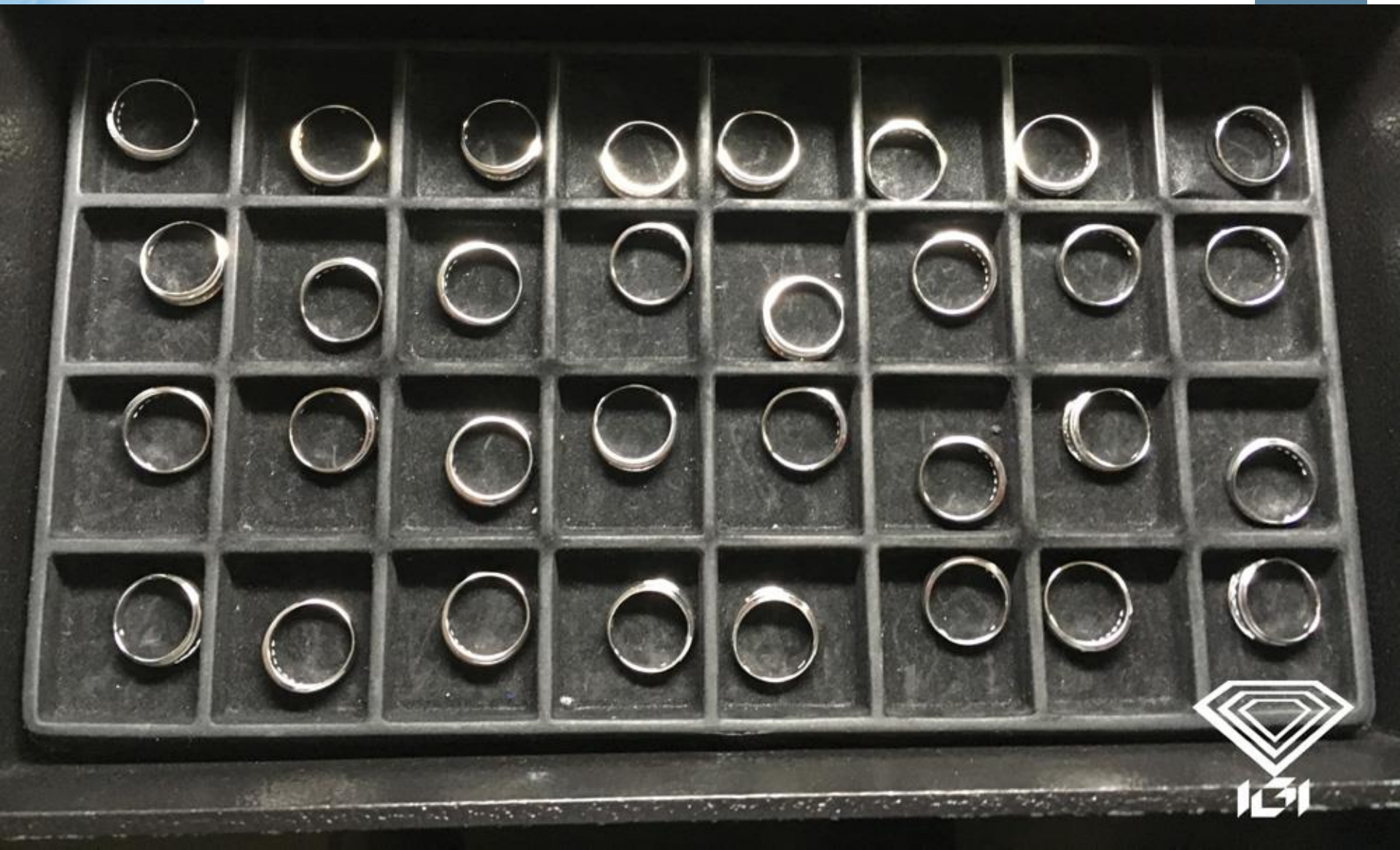

David Weinstein - IGI

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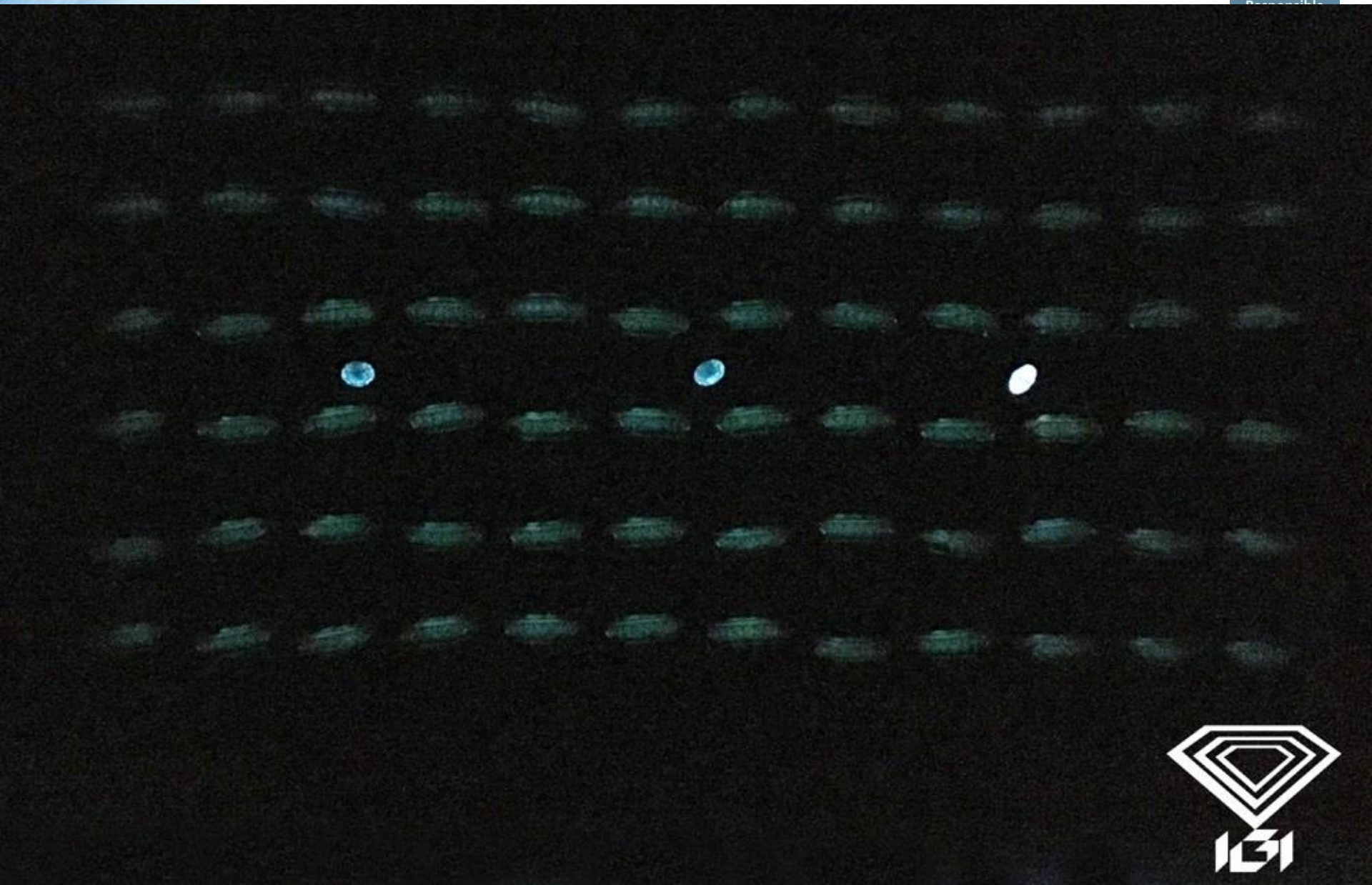

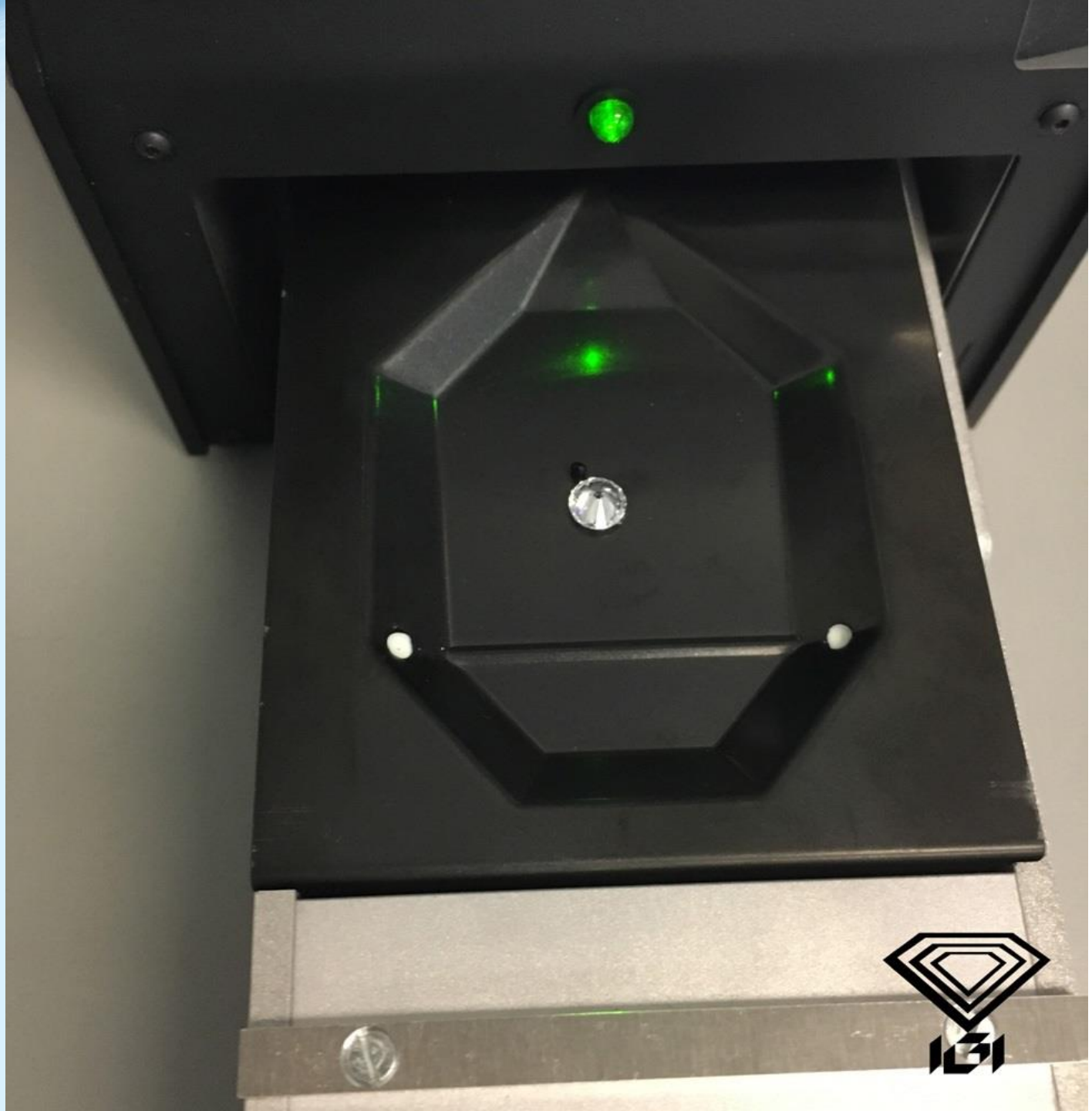

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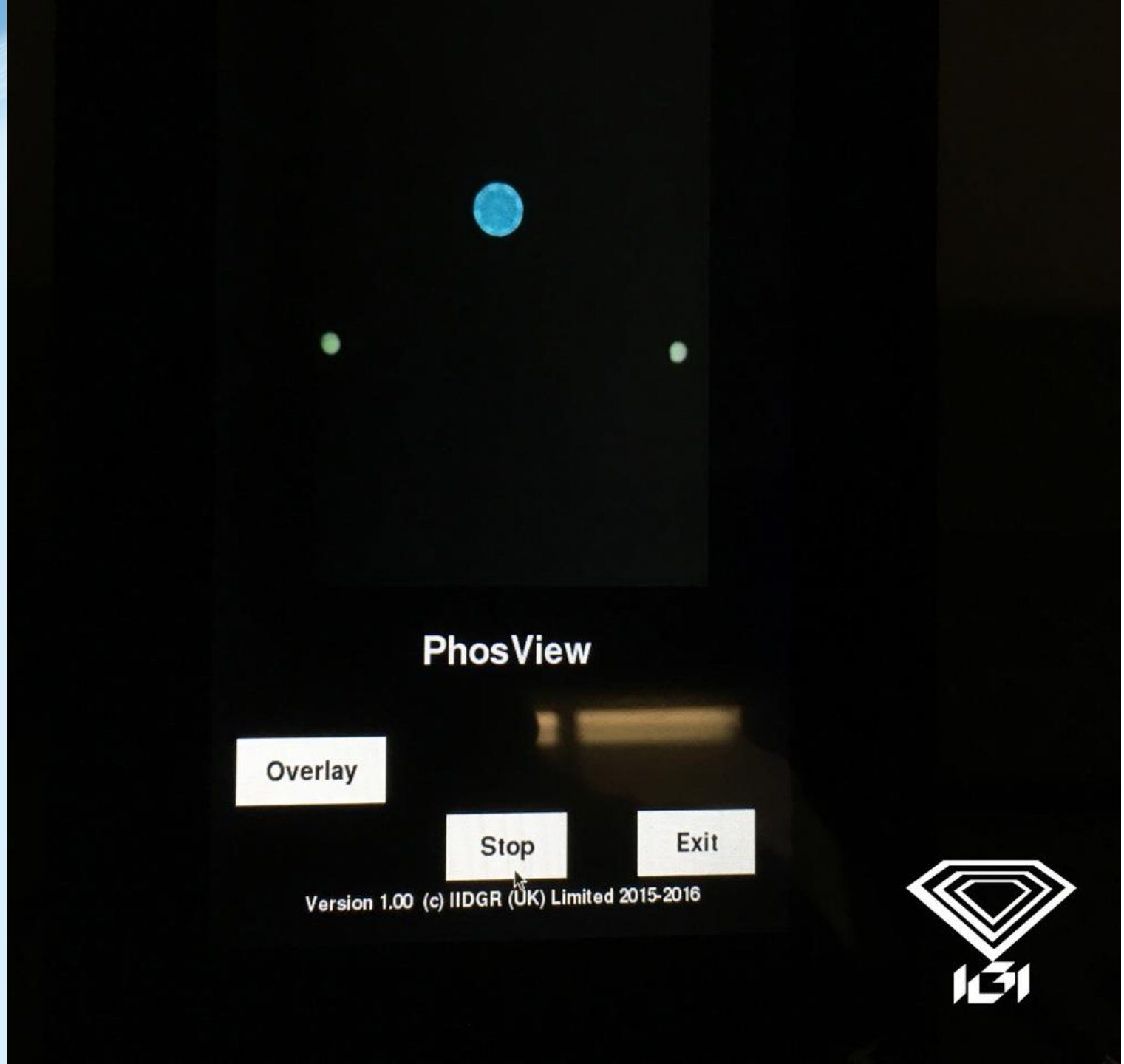

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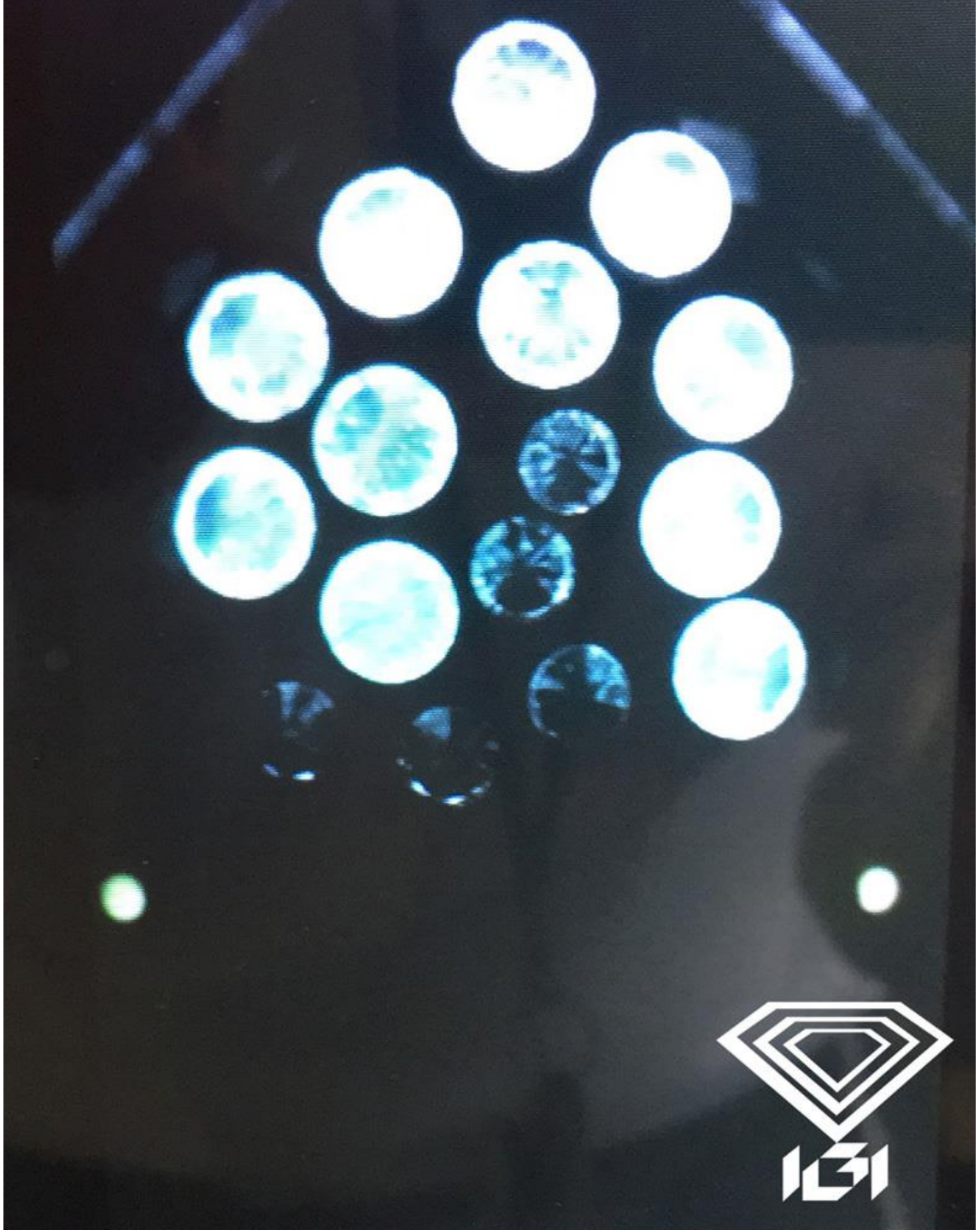

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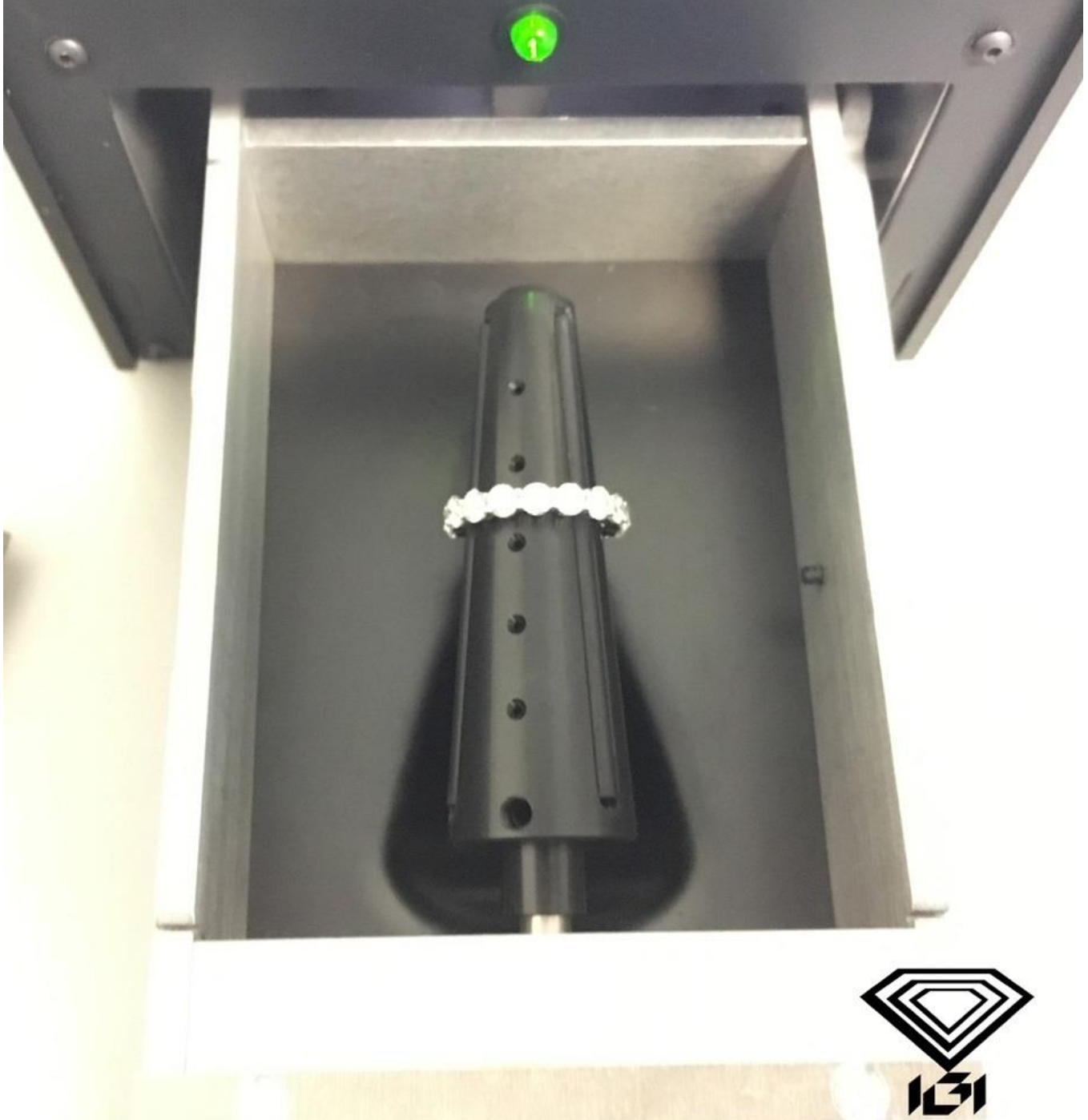

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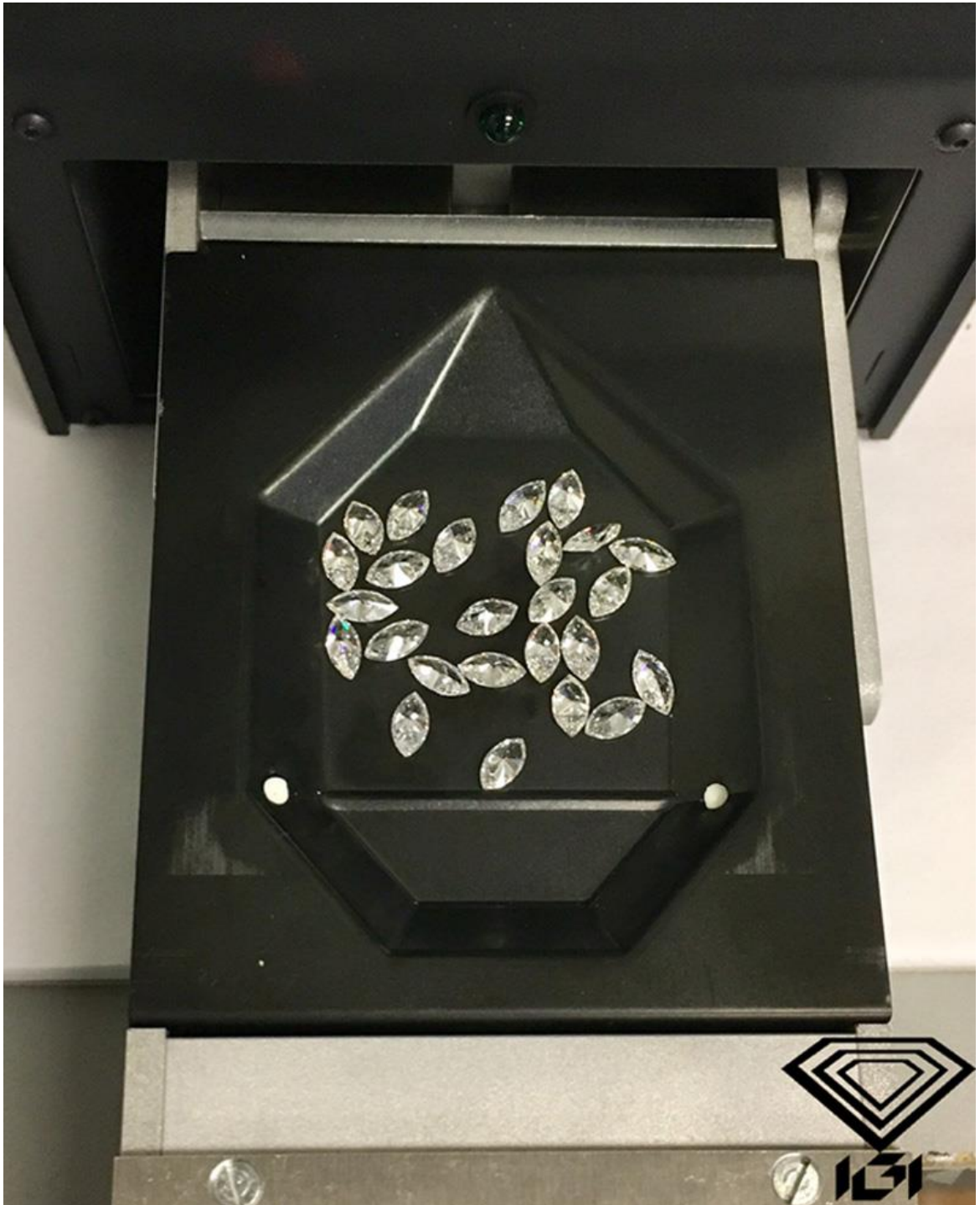

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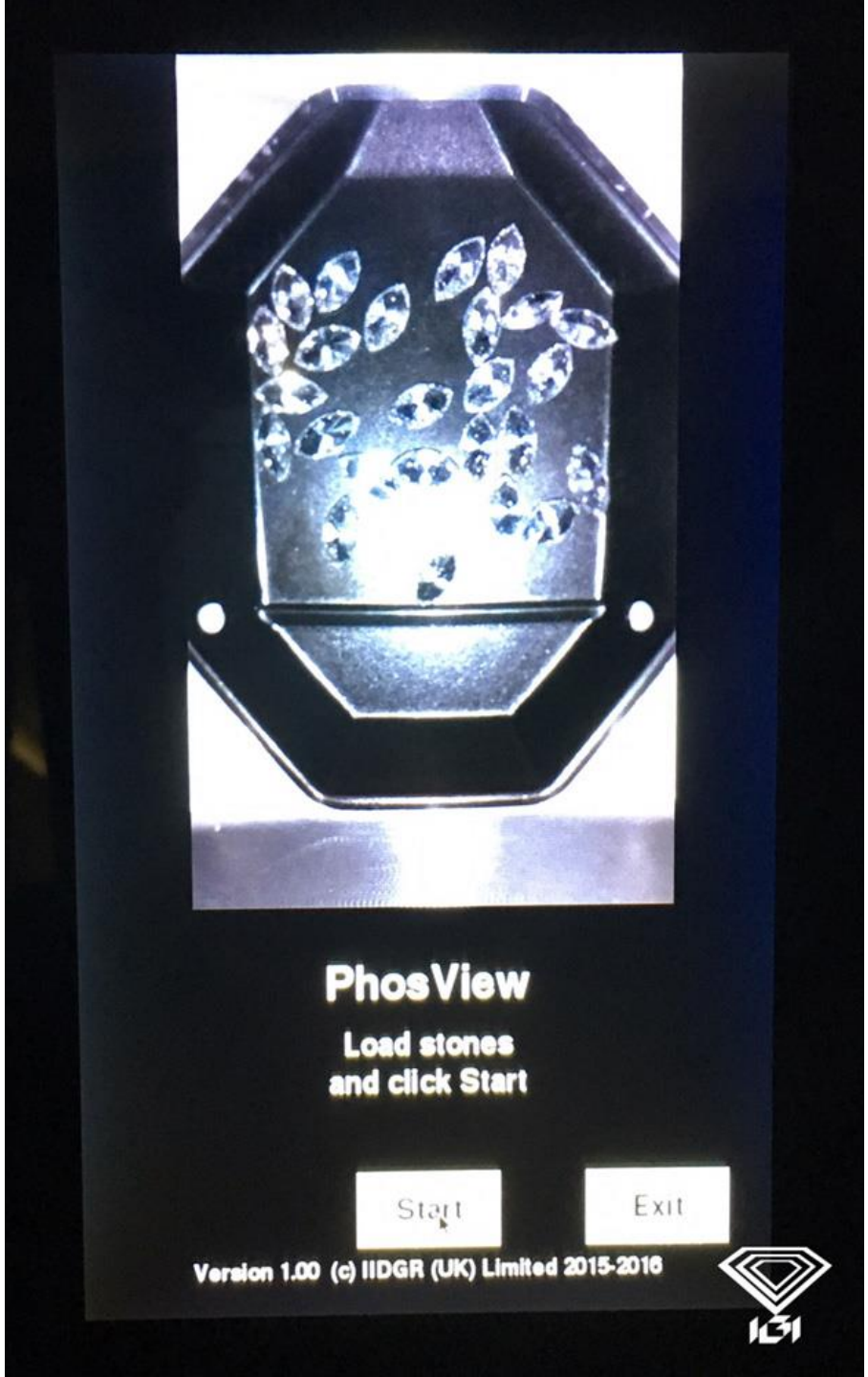

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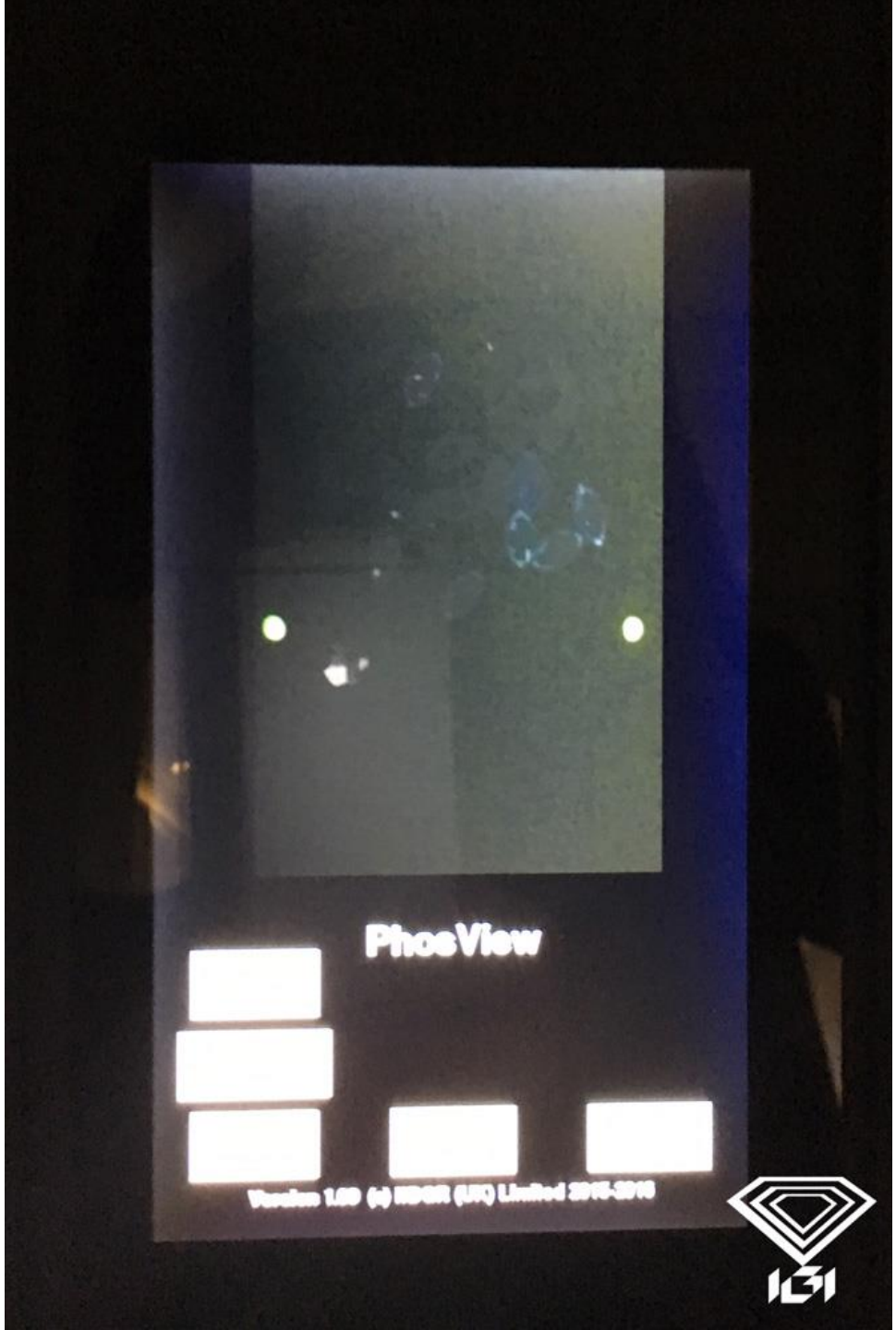
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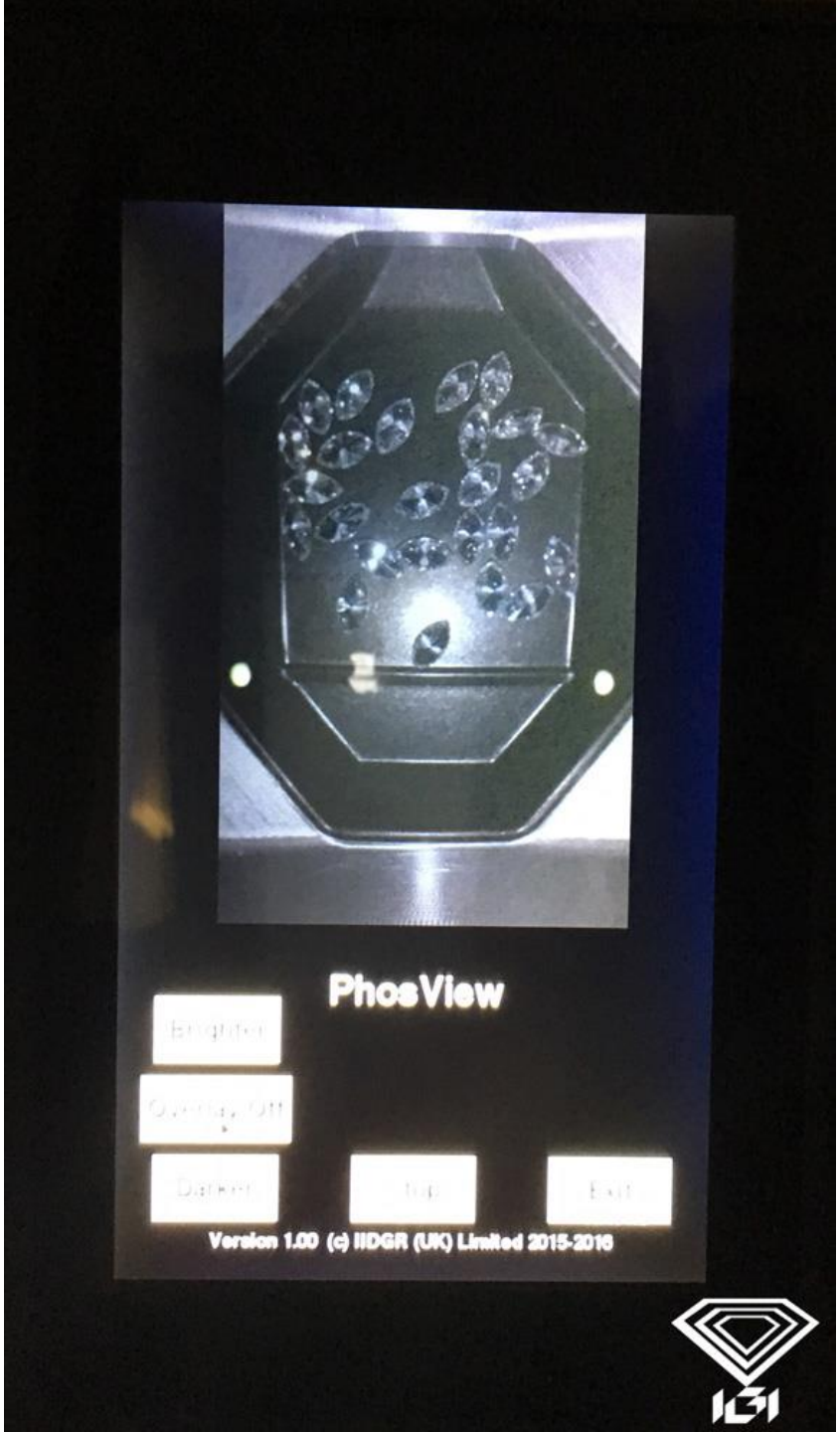
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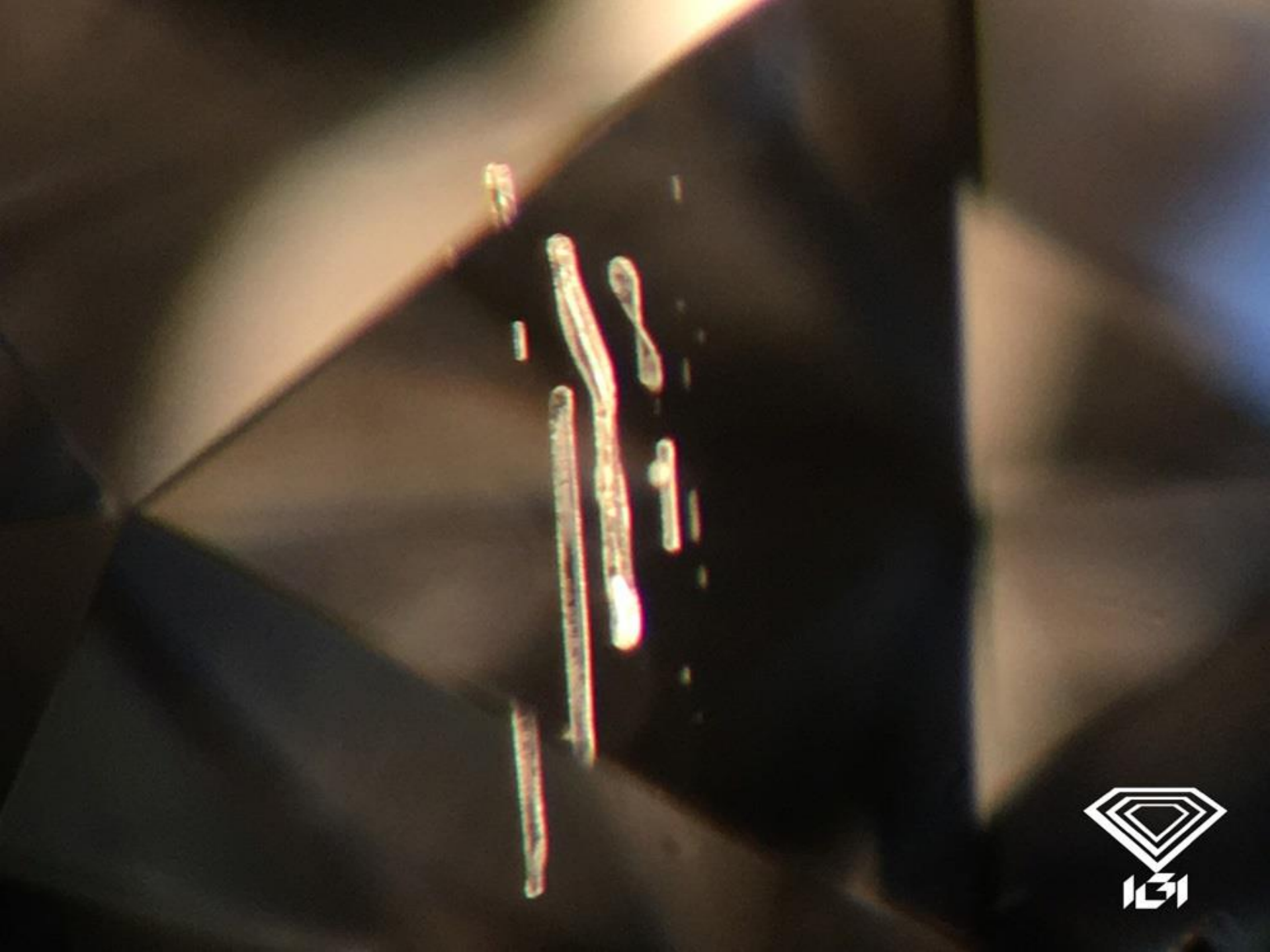

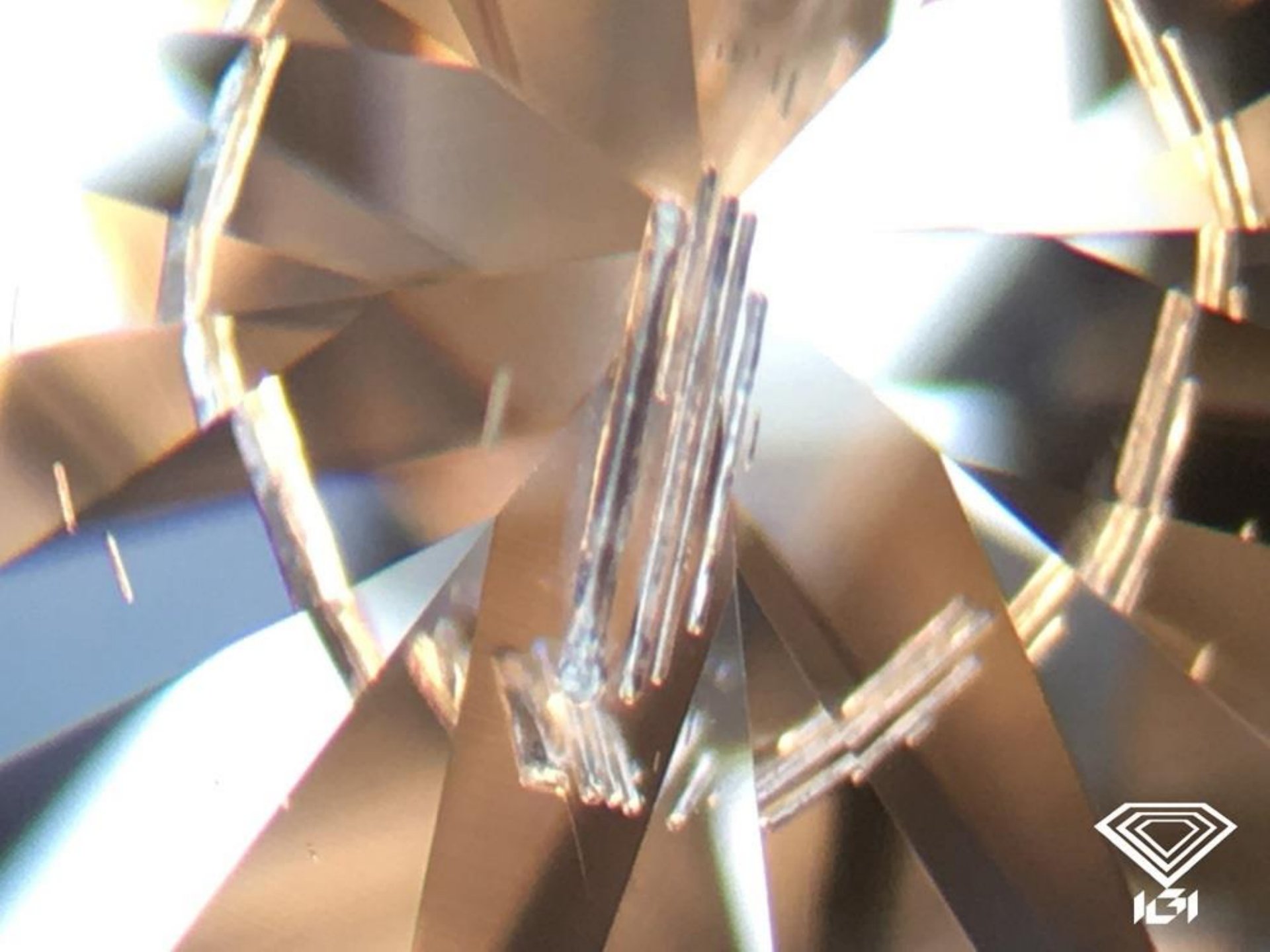

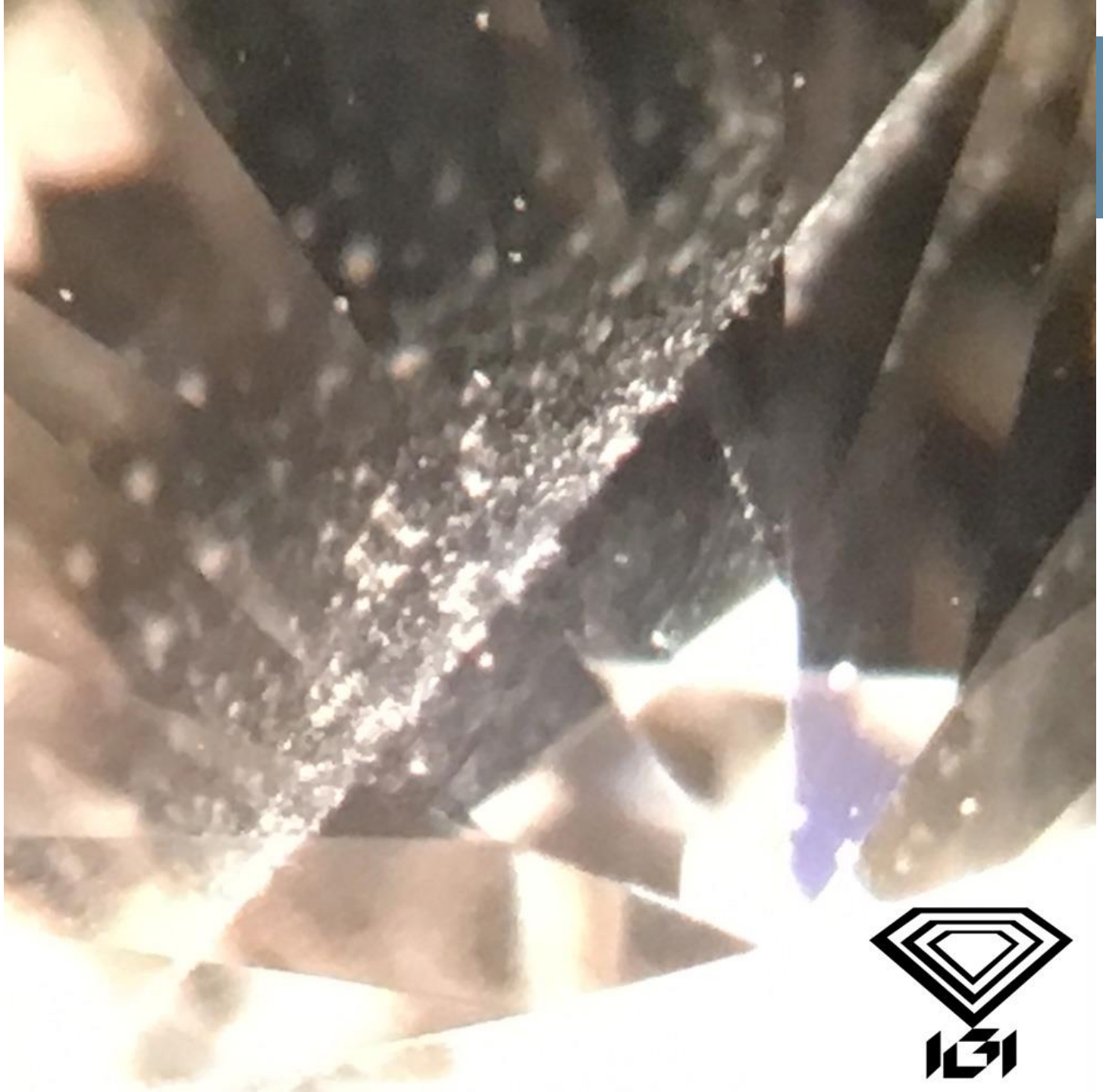

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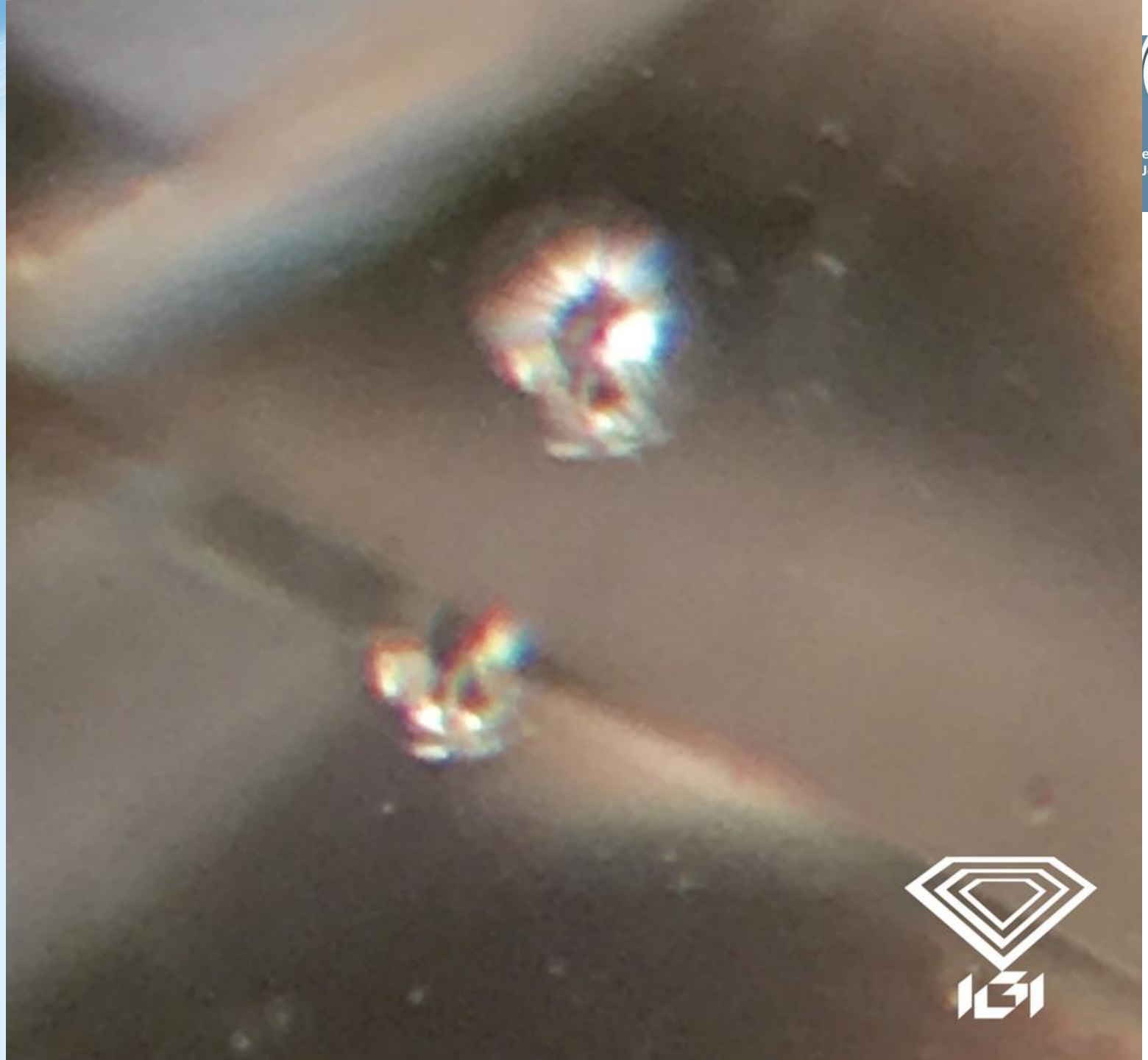

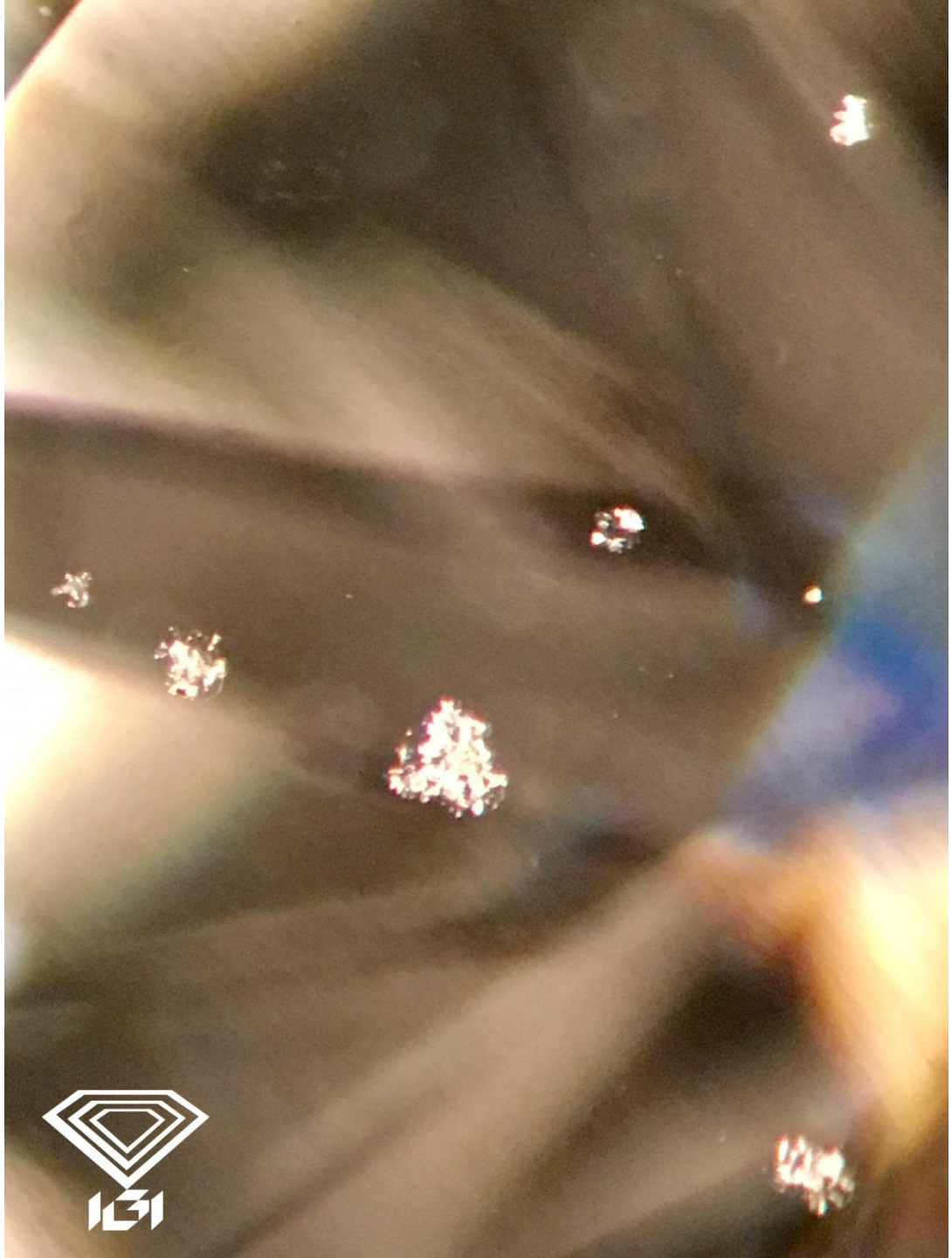

Q&A

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THANK YOU!

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