

The new legislative impacts for Hong Kong and Chinese Suppliers exporting to the United States and Europe

-How to maintain and grow your business in major export markets -

Opening Remarks:

James Courage, RJC Chairman

Responsible Jewellery Council (RJC)



Mission

“To advance responsible ethical, social and environmental practices, which respect human rights, throughout the diamond, gold and platinum group metals jewellery supply chain, from mine to retail.”

- **Member based** organisation: businesses can join the Council to support its mission; RJC will support Members in meeting its standards through training, guidance and toolkits.
- **Standard-setting and certification** organisation: RJC sets responsible ethical, social and environmental standards for the jewellery supply chain.
- **Accreditation body**: RJC accredits auditors than can independently verify a member’s practices against RJC standards.

Responsible Jewellery Council (RJC)

Uniquely covers **all** parts of the jewellery supply chain: miners, refiners, traders, cutters and polishers, manufacturers, wholesalers, retailers.

Membership:

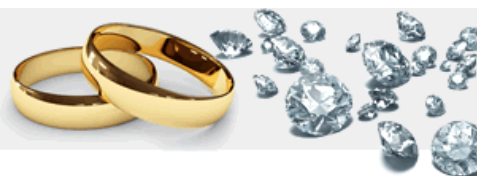
- 440+ Members
- EUR35+ billion in annual relevant sales

Auditor Accreditation:

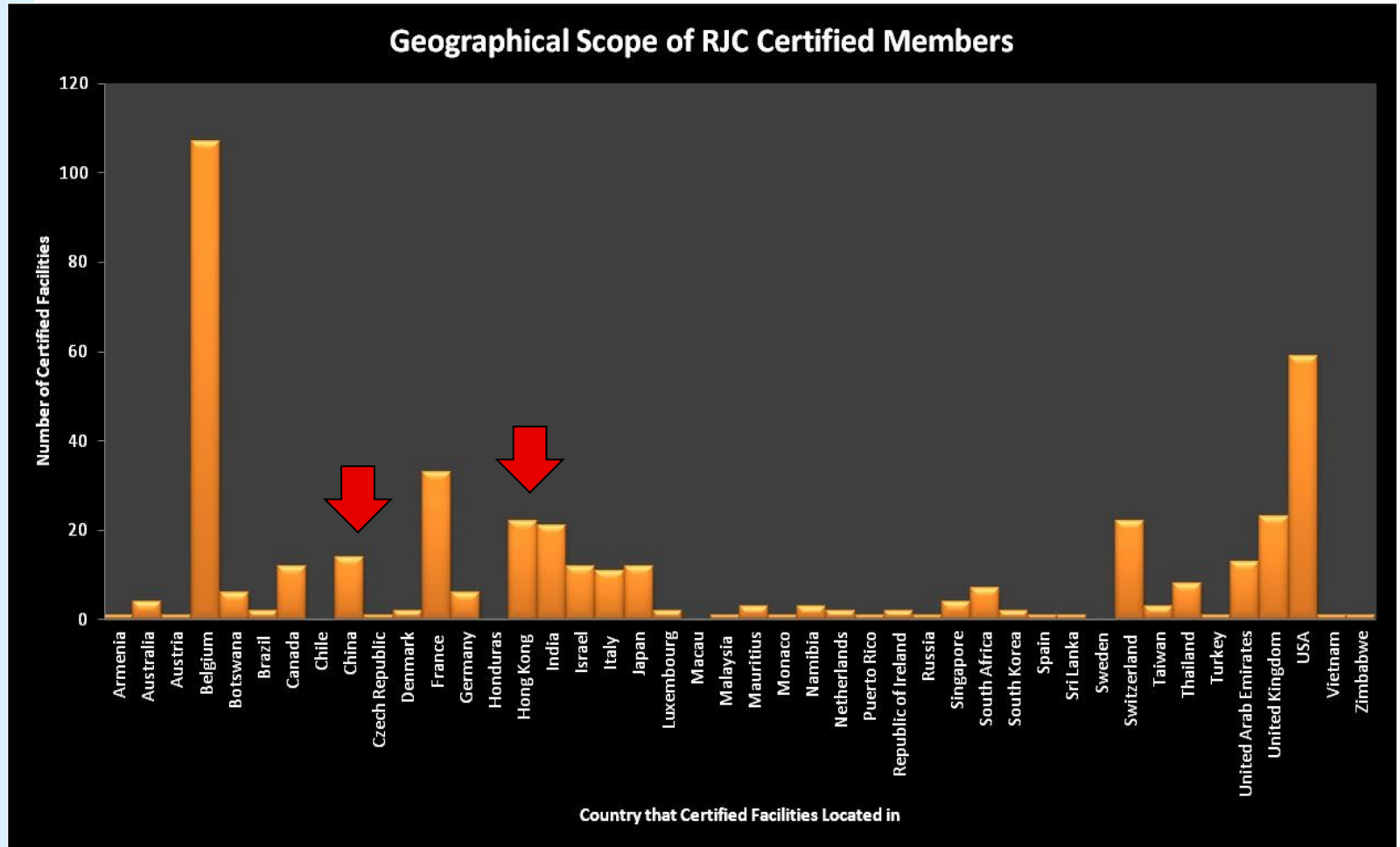
- 280+ RJC Accredited Auditors across 8 firms

Certification:

- 285+ Certified Members – growing daily



Geographical Scope of RJC Certified Members



Governance of the Council



Officers of the Council

Chairman: James Courage, Platinum Guild International

Vice-Chairman: Chikashi Miyamoto, Rosy Blue NV

Honorary Secretary: Mark Jenkins, Signet Jewelers Ltd

Honorary Treasurer: Feriel Zerouki, De Beers Group

Committee Chairs

Executive Committee: James Courage, Platinum Guild International

Standards Committee:

David Bouffard, Signet Jewelers Ltd- Ryan Taylor, The Fair Trade Jewellery Company

Communications Committee: Vania Grandi, Rio Tinto

Membership Committee: Nawal Ait-Hocine, Cartier

Legal Committee: Mark Jenkins, Signet Jewelers Ltd

People Committee: Michael Allchin, Birmingham Assay Office

Finance Committee: Ruth Batson, American Gem Society

Accreditation and Training Committee: Charles Chaussepied, Piaget

RJC Management

Michael Rae, Chief Executive Officer

RJC Code of Practices – Four Pillars

Business Ethics: - ethical business practices.

Human Rights and Social Performance: - respecting human rights, fair working conditions, and safe working environments.

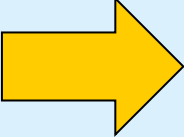
Environmental Performance: - efficient use of resources and energy; reducing and preventing pollution.

Management Systems: - legal compliance; company policies and systems; and managing supply chain risks.



RJC Standards

RJC Code of Practices

- 
- ✓ Launched in 2009
 - ✓ Assurance for Member's business practices
 - ✓ Compulsory for RJC Members
 - ✓ Revised Code to launch in Q4 2013



Chain-of-Custody Standard

- ✓ Launched for precious metals in March 2012
- ✓ Controls for conflict-sensitive sourcing AND for responsible business practices in the supply chain
- ✓ Voluntary for RJC Members



Steps to RJC Member Certification

Self Assessment

- Conducted by the Member
- Define the Certification Scope
- Corrective actions as needed

Verification Assessment

- Member engages an Accredited Auditor
- Auditor defines the Verification Scope
- Audits Facilities

Corrective Action Plans

- Required for non-conformances

Reports

- Detailed report to Member
- Recommendation to RJC

Certification

- Valid three years if no Major non-conformances

RJC Membership – Eligibility and Commitment

Eligibility - all businesses, **small**, **medium** and **large**, that are commercially active in the diamond, gold and platinum group metals jewelry supply chain.

Commitment - seek certification through an independent third party audit against the Code of Practices, within two years of joining RJC.

Annual Membership fees:

Producers and Retailers	\$45 per million dollars of annual relevant sales
Middle of the supply chain	\$30 per million dollars of annual relevant sales
Minimum fee	\$170 or £100
Maximum fee (cap)	\$102,000 or £63,750

RJC Standards

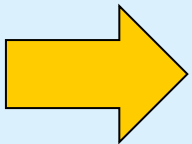
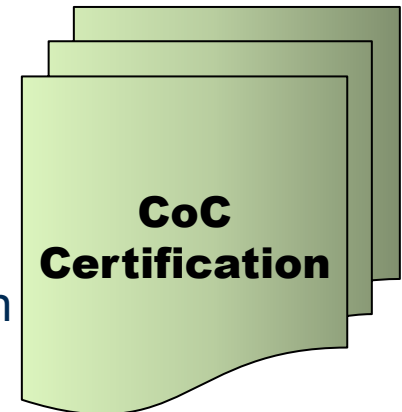
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RJC Chain-of-Custody Certification

- Applicable to gold and platinum group metals (platinum, palladium, rhodium). Diamonds under further review.
- Requires independent, third party auditing to achieve Certification against CoC Standard.
- Supports responsible, conflict-sensitive sourcing in supply chains via a chain-of-custody through Certified entities.
 - RJC Code of Practices (or similar) advances responsible business practices for all supply chain participants.
 - Gold refiners must apply conflict-sensitive sourcing for all sources of gold.
 - CoC gold must be conflict-free – due diligence by miners, verification by refiners, chain-of-custody through supply chain.

RJC is Full Member of ISEAL, the global association for social and environmental standards.



- ISEAL Alliance is the global association for social and environmental standards
- In June 2012, RJC was accepted as Full Member of the ISEAL Alliance. Other full ISEAL members include Fairtrade International, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC), Rainforest Alliance and Social Accountability International (SAI).
- As a Full Member of ISEAL, RJC commits to its mission and Code of Ethics and complies with ISEAL's Codes of Good Practice



RJC has agreed Memorandum of Understanding with ARM, DDII & Italian Government to advance their shared objectives which include:



- Improving social, environmental and labour practices in artisanal and small-scale mining (ASM);
- Facilitating constructive dialogue and where appropriate, collaboration between large-scale mining operations and ASM to create sustainable and fair local opportunities for communities in mineral rich regions;
- Increasing market access for jewellery raw materials produced by ASM communities.



- Improving social, environmental, labour practices and good governance in the artisanal diamond mining sector;
- Enhanced relationships between large-scale and artisanal diamond mining;
- Increasing market access for jewellery raw materials produced by artisanal diamond mining communities.



The organisations will work cooperatively to improve social, environmental and labour practices and good governance in the Italian jewellery sector.



NEWS RELEASE

Embargoed 1 September 2013

CIBJO and Responsible Jewellery Council (RJC) Announce Memorandum of Understanding at IJL London

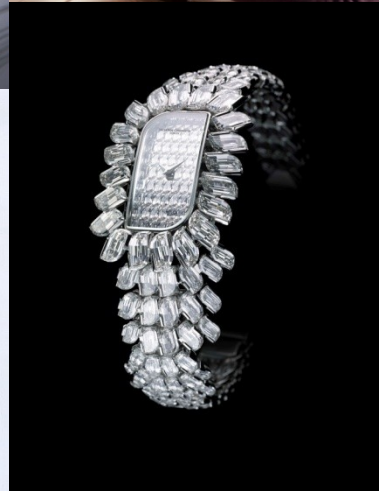


Benefits of RJC membership

Join a unique and global mine to retail initiative that can:

- Offer a knowledge platform for legislative impacts
- Support commitment to sustainable development
- Enhance business reputation
- Provide assurance of business practices
- Offer complimentary training to Members
- Involvement in a transparent supply chain approach
- Offer engagement platforms with key internal /external stakeholders
- Contribute to strategic work programs in RJC Committees

RJC has Certification documents available in simplified Chinese.



SIGNET RESPONSIBLE SOURCING PROTOCOLS ("SRSP"s)

Summary for suppliers from Hong Kong and China

David Bouffard
Hong Kong, September 2013



Context for “SRSP”s



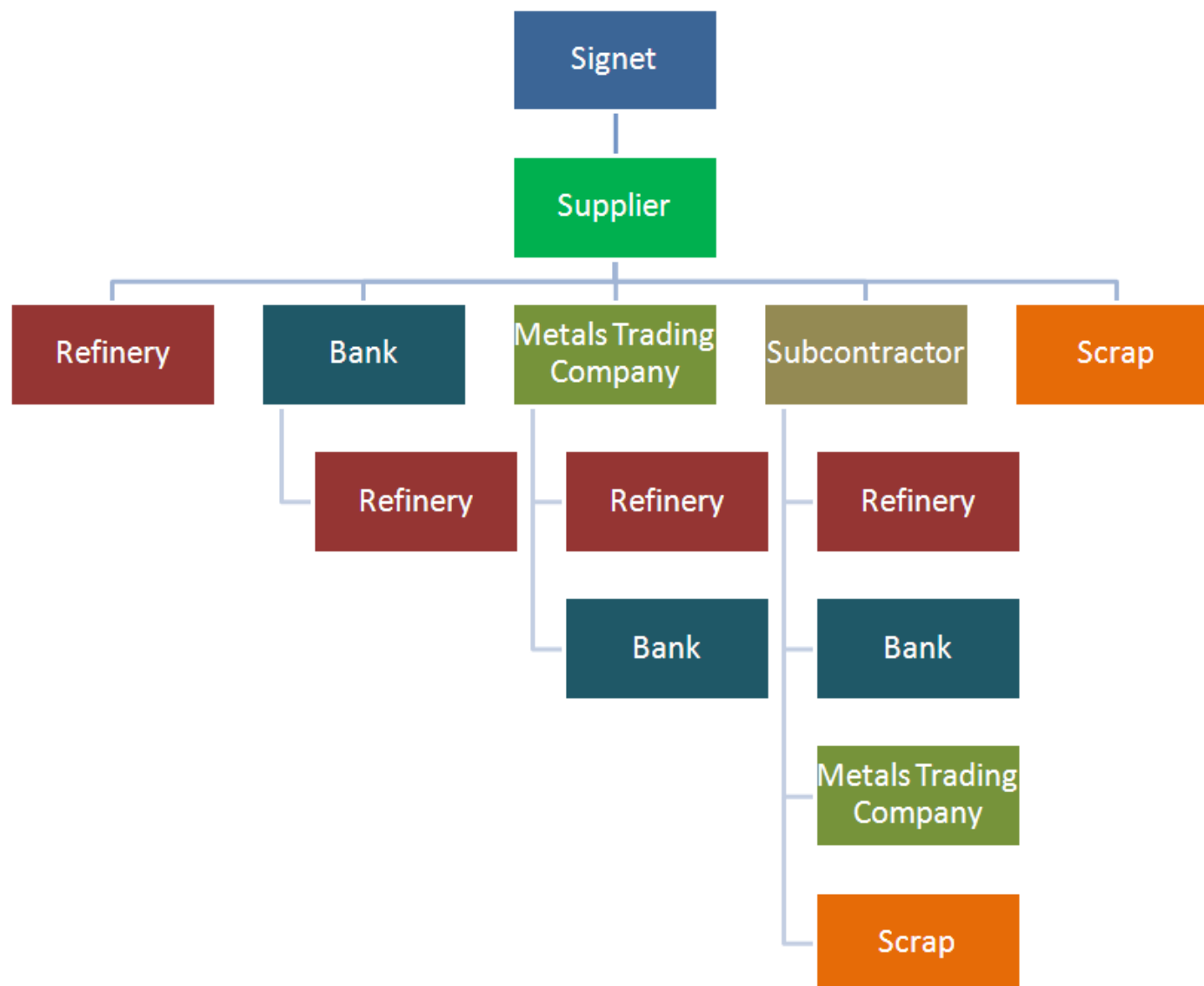
- Signet Jewelers Ltd. is legally required to comply with US legislation (Wall Street Reform and Consumer Protection Act, “Dodd-Frank”) relating to “conflict minerals” - gold, tin, tantalum and tungsten (“3TG”)
- “Dodd-Frank” applies to Signet Jewelers Ltd. ’s global supply chain, for both U.S. (Sterling) and U.K. (Signet) Divisions
- Signet Jewelers Ltd. is active in the development of harmonized industry guidance and standards (e.g., OECD, RJC, LBMA, CFSI, DMCC, etc.)
- Signet has produced global guidance for all suppliers of 3TG , which is aligned with these guidance and standards organizations
- The Signet Responsible Sourcing Protocol (“SRSP”) identifies compliance criteria to ensure Signet’s supply chain is conflict-free
- SRSPs are company policy since 1/1/2013; all suppliers are asked to be compliant by end 2013
- Similar legislation to “Dodd-Frank” is likely in Europe in 2014

Project Timeline of “SRSP”s



<u>Year</u>	<u>Key Activities</u>
2011	Research suppliers to understand supply chains Identify focal points in supply chain (esp. smelters/refiners, banks) Map Signet’s supply chain
2012	Built database of Signet’s 3TG supply chain Development of SRSPs and supplier testing Harmonization of SRSPs with industry guidance and standards Implementation of SRSPs, effective 1/1/13
2013	SRSP compliance reporting (quarterly) Identify and support any non-compliant suppliers Establish audit criteria and test SRSP compliance report for full year 2013
2014	Audit of SRSPs Establish annual review procedures

Signet Supply Sources for Gold (Simplified)



SRSP Supplier Requirements



- Signet's suppliers are required to validate, certify and audit supplies of gold from every source used, including subcontractors
- The SRSP is intended as a guide for suppliers to enable this certification
- Compliance reporting quarterly throughout 2013 via a simple online report
- Suppliers need to pass on the same SRSP requirements to all subcontractors, who will in turn need to assess this SRSP, ensure due diligence is undertaken on their own supply chain, and confirm a capability to certify and audit against the SRSP
- After reporting compliance, include *"The seller warrants that any products containing gold, tin, tungsten or tantalum have been supplied in compliance with the Signet Responsible Sourcing Protocol ('SRSP')"* on all invoices, delivery notes and any other documentation accompanying future supplies to Signet
- Suppliers must be prepared to provide an independent audit of compliance end 2013/early 2014

Supporting Evidence Required to Validate Compliance Claims (Examples)



1: Policy documentation in accordance with SRSP guidance; e.g.;

- Refineries: LBMA “good delivery” status, RJC member certification, other accredited certification, KYC procedures
- Metals Traders: terms of business, confirmation of certified refinery gold, KYC procedures
- Banks: terms of business, confirmation of certified refinery gold
- Subcontractors: as above, RJC Chain of Custody certification

2: Transaction documentation to support above policies, e.g.

- Delivery certificates showing certified refinery sources
- Delivery/transfer documentation which matches certificates
- Invoices with matching details

Documentation should be available for independent audit

SRSP Audit Procedures for 3TG



- Signet will provide list of accredited auditors and guidance for auditors
- Auditor list will be aligned with RJC, plus some local specialist companies with harmonized standards(e.g. SCS Global Services)
- SRSP audit will be mutually recognized and harmonized with RJC, SCS, CFSI, LBMA, DMCC, etc. audits to reduce costs and duplication
- Suppliers may choose audit company from the accredited list
- Suppliers will be responsible for appointing auditors, paying for audits and providing audit reports to Signet
- Audits should be 1-day desk audits, depending on quality of documentation, estimated < US\$2,000/day

Signet Supports Multi-Stakeholder Diamond/Precious Stones Initiative



The Precious Stones Multi-Stakeholder Working Group (PS-MSWG)

- an open, non-exclusive coalition of companies, associations, NGOs and governments interested in the issue of responsible sourcing for precious stones

Key principles underlying the PS-MSWG include:

- 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 existing initiatives, such as the Kimberley Process Certification Scheme
- The United Nations Guiding Principles are based upon voluntary due diligence as a key approach for business to identify and mitigate the risks associated with adverse human rights impacts

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

We believe that if standards can be established 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

The new legislative impacts for Hong Kong and Chinese Suppliers exporting to the United States and Europe

-How to maintain and grow your business in major export markets -

**Charles Chaussepied, Piaget Director of Corporate
Affairs and Richemont CSR Committee member**

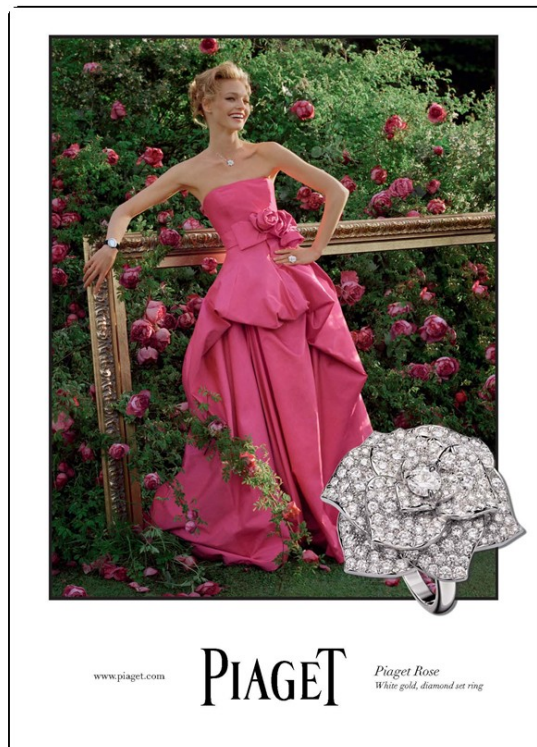
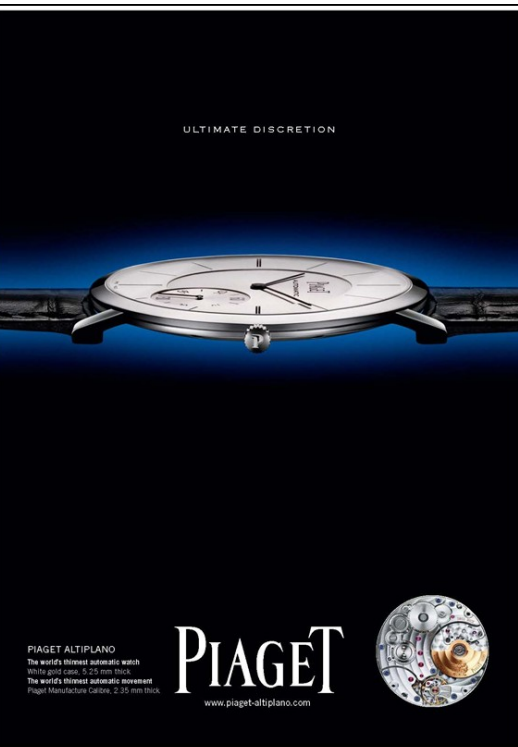
Reputation risks, how to mitigate them?

September 2013.

« Piaget, always do better than necessary»



New Piaget Brand ambassador Gong Li.



The common strengths of the Richemont Maisons

Ethical culture in the organisation

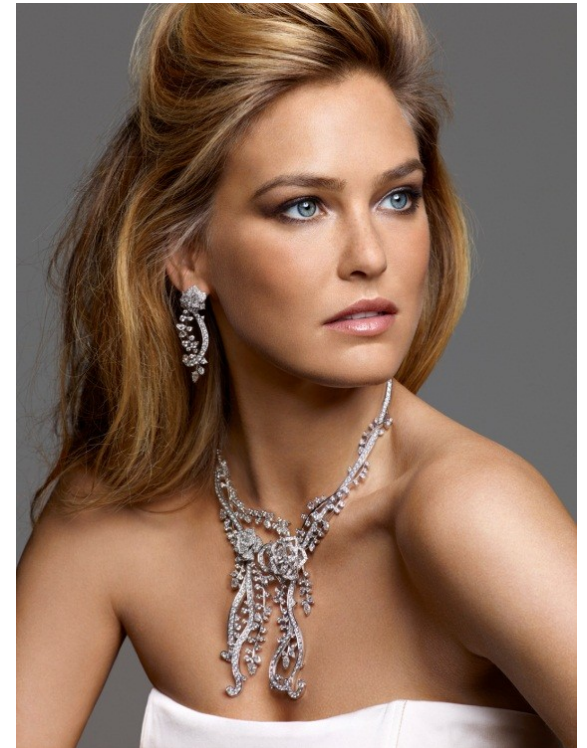
High level of awareness of CSR issues across management

Emphasis on quality, design and heritage - reputation is key

Culture of employee training and maintaining craft skills along the supply chain

Industry-wide issues being addressed through RJC and other trade associations
(Comité Colbert, Walpole, Authentics Foundation)

Enhanced health and safety evaluation, controls and monitoring
along the supply chain



Bar Refaeli, Piaget ambassador

Developments within the Richemont Group

2004	Corporate Social Responsibility (CSR) initiatives recognised as necessary
2005	Code of Ethics and Corporate Social Responsibility Guidelines adopted by the Board Cartier a founding member of Council for Responsible Jewellery Practice (RJC). Piaget follows 6 months later.
2006	First CSR content in annual report
2007	First web based report
2009	Website reporting meets GRI class C criteria
2011	7 major Richemont Brands are RJC CoP certified
2013	Launching of the Gold and Diamonds Traceability Project within the supply chain.

Reporting Environment

Social responsibility reporting is a business requirement





Risks
are
growing



Industry – Wide Risks

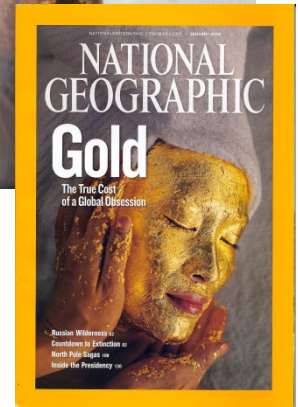
Child labour in the supply chain (raw materials, product, packaging)

Packaging materials

Gold and diamonds sourcing

Counterfeit – impact on customers

Safety of employees , customers & subcontractors



Industry Issues

RJC	Common Jewellery industry-wide responses Standard setting Certification process	 Responsible Jewellery Council	Cartier
Gold	Responsible mining criteria being defined Gold traceability with the RJC CoC LBMA gold guidance Dodd Frank Act conflict mineral legislations		Van Cleef & Arpels
Gemstones	Kimberley Process Burmese rubies Zimbabwe diamonds		Piaget
			Baume & Mercier
			Jaeger LeCoultre
			Montblanc
			Vacheron Constantin
			Montblanc
			IWC
			Etc..

Group test-case: a risks mitigation project is set up for the suppliers involved in the precious raw material and precious stones supply chain.

Risk

●

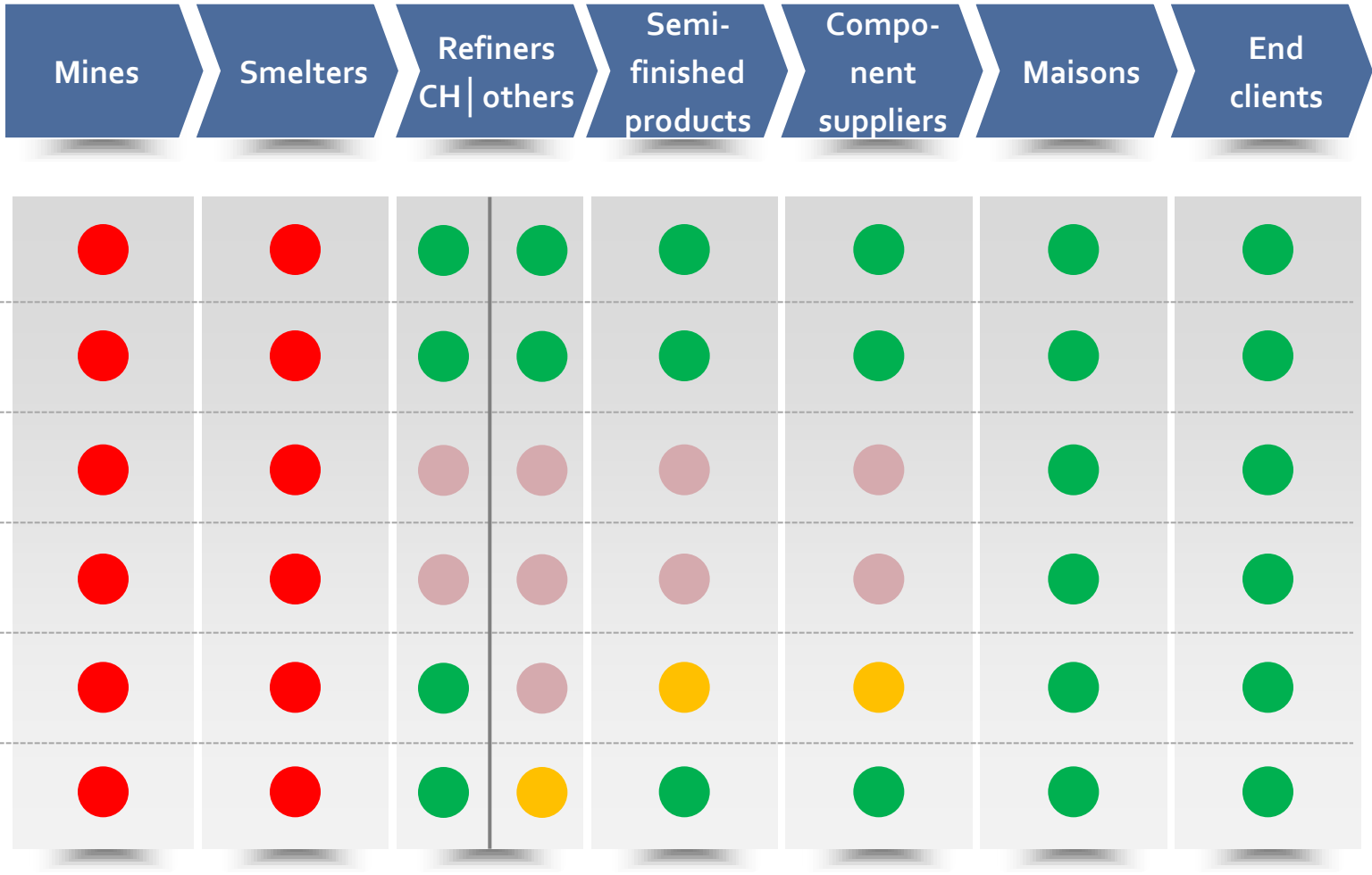
High

●

Medium

●

Low



Conclusion

Extend supply-chain initiatives eg. Gold and gemstone sourcing

Continued vigilance in working with suppliers

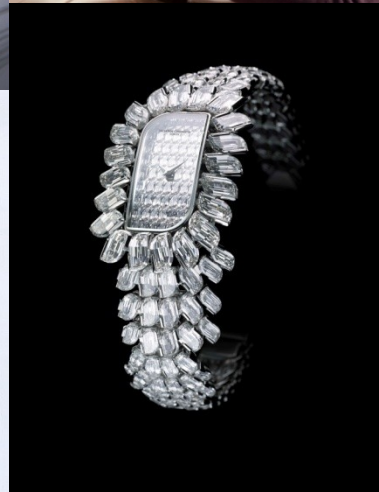
Support suppliers willing to join the RJC for CoP certification and CoC traceability project.

Comply with the Dodd frank Act

Be proactive while promoting the ethical and responsible business practices.



New Piaget Brand Ambassador Gong Li





Responsible
Jewellery
Council

***Comments and
Questions
are welcome!!***