



Reinforcing confidence in the diamond and gold supply chain

Principles Consultation: Stakeholder Report

Council for Responsible Jewellery Practices
June 2006

Executive Summary



CRJP consulted with stakeholders in industry, government and civil society on its Draft Principles between July 2005 and March 2006. During this time, nearly 250 stakeholders completed the Interactive Dialogue that the Council set up at its website to enable it to gather feedback from a global audience.

Key messages from the consultation include:

- Nearly half the responses to the survey came from members of the trade; responses came from a global audience.
- **97.7%** respondents agree on the need for a coordinated system to promote good standards of ethical, social and environmental performance in the diamond and gold jewellery supply chain.
- **97.6%** agreed that there was a need for the industry to prevent duplication in the development of standards; **97.0%** agreed on the need for monitoring systems.
- **86.6%** felt that ethical, social and environmental performance currently influence consumer decisions to some extent; **34.2%** felt there would be “**great influence**” in the future.
- **87.2%** expressed strong or quite strong support for the mission statement and Council activities.
- The majority of responders felt that the Council's draft Principles were a credible basis for promoting responsible jewellery practices in the diamond and gold industry, and were achievable within three years.
- There was a desire to see health and safety and environmental principles strengthened.

The Council thanks all those who took part in the consultation for their valuable feedback. After consideration of the feedback messages, the Council adopted its final Principles in May 2006.

Introduction: About the Principles



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In July 2005, the newly formed Council for Responsible Jewellery Practices launched its first public consultation exercise. The objective of the consultation exercise was to gather feedback from a global audience on the newly drafted “Principles.”

The Principles build on the Council’s mission statement. They express at a high level the fundamental elements of responsible business ethics, human rights, social and environmental performance for the diamond and gold industry that the Council believes underpin consumer confidence.

As part of their membership commitment, all Council Members subscribe to the Principles within their own organisations and undertake to work to promote them throughout the industry.

The Council’s draft Code of Practices, which is currently available on the Council website, with accompanying consultation questionnaires, develops the Principles into a more detailed pan-industry code, listing the specific practices the Council expects Member organisations will implement as they seek to live by the Principles.

Following the close of the Principles consultation in March 2006, the Council revised the Principles informed by the messages they had received from the more than 250 stakeholders that had completed the consultation. The final Principles (as shown on page 5) were approved by the Board and adopted at the Council’s first AGM in May 2006.

Council Mission Statement

Our objective is to promote responsible ethical, social human rights and environmental practices throughout the diamond and gold jewellery supply chain, from mine to retail.

The Consultation



The objective of the Principles consultation exercise was to gather feedback from a global audience of stakeholders including those in the diamond and gold jewellery trade and supply chain, governments, Non-Governmental Organisations, on the Council's draft Principles.

Feedback was used to inform the final drafting of the Principles prior to their adoption by the Council's Board and Members in May 2006.

The web-based interactive consultation questionnaire was available on the Council website from July 2005 until March 2006. The questionnaire was structured into three parts:

- **Part 1** invited consultees to comment on their **perception of the need for an organisation within the diamond and gold jewellery industry, such as the Council**, with an objective to define and promote standards of responsible business, and prevent duplication of effort within this sphere.
- **Part 2** invited consultees to **comment on the Principles themselves under the headings of business ethics, social performance and environmental performance**. Consultees were specifically asked to comment on each of the individual draft principles and to identify whether there were any gaps in the coverage of the draft Principles collectively.
- **Part 3** asked for comment from consultees on the **strengths, weaknesses, opportunities and threats for the Council** as an organisation .

This report presents a summary of the key messages received through consultation. The Council is happy to present its final Principles and would like to thank all those who took the time to take part in their consultation and provide their valuable feedback to assist us in the critical drafting process.

Council Principles

The following Principles were adopted by the Council in May 2006:

As Members of the Council for Responsible Jewellery Practices, we seek economic, social and environmental benefits from our business activities so that we contribute to Sustainable Development.

Business Ethics

- We are committed to conducting our businesses to a high ethical standard, and to ensuring integrity, transparency and conformance with applicable law.
- We will not engage in bribery and/or corruption
- We will not tolerate money laundering and/or financing of terrorism.
- We will adhere to the Kimberley Process Certification System and the World Diamond Council voluntary system of warranties
- We will fully and accurately disclose the material characteristics of the products that we sell.
- We will take reasonable measures to ensure the physical integrity and security of product shipments.
- We will respect commercial confidentiality and data privacy.
- We will not discriminate based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance, age, or any other applicable prohibited basis in the workplace, such that all individuals who are “fit for work” are accorded equal opportunities and are not discriminated against on the basis of factors unrelated to their ability to perform their job.
- We will not use corporal punishment under any circumstances and will prohibit the use of degrading treatment, harassment, abuse, coercion or intimidation in any form.
- We will adhere to working hours and remuneration legislation, or, where no such legal requirements have been established by law, the prevailing local industry standards.
- We will support the development of communities where we operate, contributing to their social and economic welfare.
- We will recognise and respect the rights of indigenous peoples and the value of their traditional, cultural and social heritage.

Social Performance

- We believe in and will respect the fundamental human rights and the dignity of the individual, according to the United Nations Declaration of Human Rights.
- We will not tolerate the use of child labour.
- We will not use any forced, bonded, indentured or prison labour, nor restrict the freedom of movement of employees and dependents.
- We are committed to high standards of health and safety in our operations.
- We will not prevent workers from associating freely. Where laws prohibit these freedoms, we will support parallel means of dialogue.

Environmental Performance

- We will conduct our businesses in an environmentally responsible manner.
- We will manage our environmental footprint by eliminating or minimising negative environmental impacts.
- We will ensure the efficiency of our business operations by managing our waste and our use of water and energy.

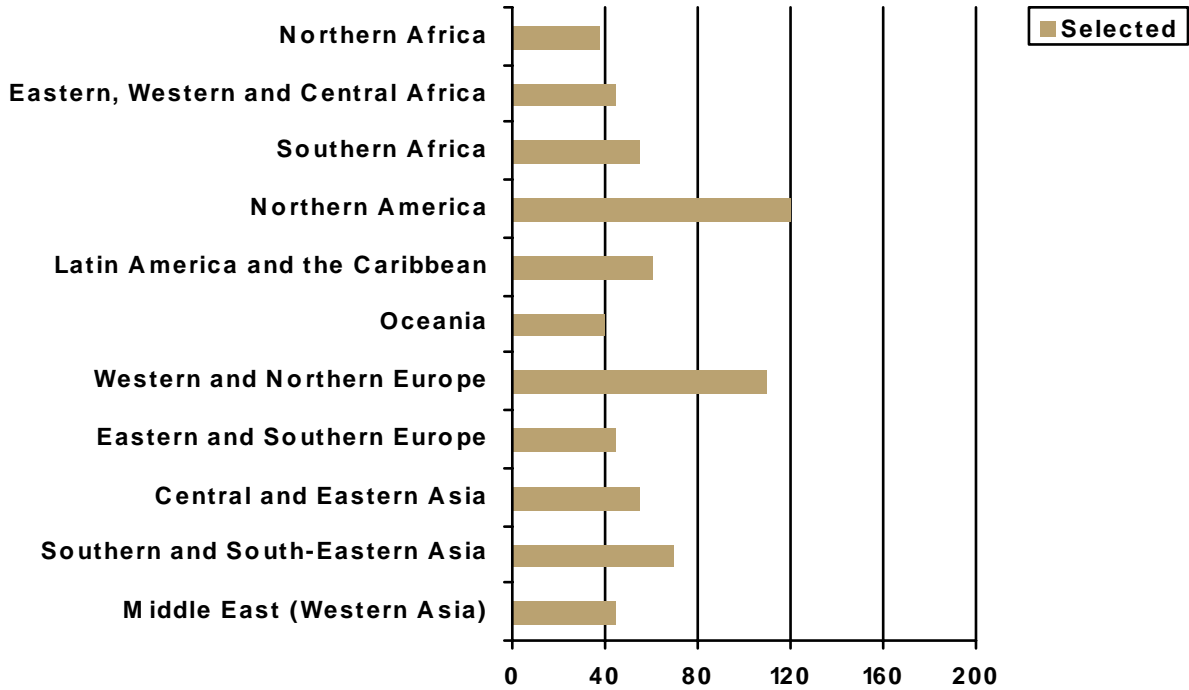
The Council bases its understanding of Sustainable Development on the 1987 World Commission on Environment and Development (the Brundtland Commission) definition: “*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*”

Who participated? A profile



- **238** accessed the consultation to provide feedback in one or more sections.
- **59.2%** identified themselves as trade representatives, including diamond and gold miners, refiners, smelters, cutters and polishers, jewellery manufacturers, traders, retailers, banks and insurers.
- There was a global response to the survey, with representation from all continents as illustrated in figure 1, below:

Figure 1: geographical location of responses to CRJP Principles consultation





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The Responses

The Council and its mission: is there a need?



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- **97.7%** agreed a need for a coordinated response to promote good standards of ethical, social and environmental performance
- **97.6% and 97.0%** respectively agreed that there was a need for the industry to prevent duplication in development of standards and monitoring systems respectively
- **86.6%** felt that ethical, social and environmental performance currently influence consumer decisions to some extent.
- **34.2%** felt there would be **“great influence”** in the future.
- **87.2%** expressed strong or quite strong support for the mission statement and Council activities.



In the following pages this report presents the stakeholder comments on the individual draft principles comments highlighted in green have been addressed by the Council in the final principles or else in the draft Code of Practices. Comments highlighted in red, the Council has not been able to address to date in its Principles and Code of Practices, but will continue to monitor best practice in these areas.

Principles – General



Principles are deemed to be credible

- **86.5%** of participants believe that the current focus of CRJP on diamonds and gold is a suitable starting point. However, several state that they would like to see inclusion of silver, precious stones, etc

Feedback comment	Council Action
<ul style="list-style-type: none"> • More detailed information on standards, supporting definitions and minimum requirements. 	<p>The Council is addressing this need through the development of the Code of Practices which is currently available and under consultation via the Council website.</p>
<ul style="list-style-type: none"> • More detailed information on implementation of Principles, monitoring, remediation, reporting, etc. 	<p>The Draft Code of Practices contains some information on the Council's intended monitoring system. Further detailed information is under development.</p>
<ul style="list-style-type: none"> • Repeated necessity to apply to all of supply chain and to contractors as well as service companies 	<p>The Council fully acknowledges the need to develop a “chain of confidence” across the supply chain. The Council is considering mechanisms to ensure this coverage in practice.</p>
<ul style="list-style-type: none"> • Comments on the language used, e.g. “reasonable”, “where appropriate”, “we seek”, “we will not tolerate” – call for clarity or more strength of commitment 	<p>The Council has strengthened the language in the final version of the Principles in recognition of this view.</p>
<ul style="list-style-type: none"> • Basis for Principles in national law is not sufficient – (particularly in relation to remuneration) 	<p>The Council has used national law (or relevant state or local law) as the fundamental basis for its standards. This is in recognition of the fact that business must respect the legal framework of the country in which it is operating. However, where no appropriate law exists, and there is a clear public interest in a standard being applied to Members operating in those countries, the Council bases its standards on appropriate broadly accepted global standards or industry best practice (for example, the ILO Conventions, the Kimberley Process Certification Scheme).</p>

Principles – Business Ethics



- Majority (60.7% - 73.3%) feel that Business Ethics Principles should be neither strengthened nor weakened
- Majority (69.7% – 78.5%) think Principles can be implemented in one to three years

Feedback comment	Council Action
<ul style="list-style-type: none"> • Strong support of need to improve disclosure of product / bribery and corruption 	<p>The Council has retained this section in the Principles. It is also covered comprehensively in the Code of Practices.</p>
<ul style="list-style-type: none"> • Transparency of revenue payments to government and use of security forces 	<p>The use of security guards is covered in the current draft Code of Practices. Transparency of revenue payments is an issue of key relevance to the extractive industries and will be addressed in the mining sector supplement to the Code of Practices, which is currently under development</p>
<ul style="list-style-type: none"> • Provide a mechanism for whistleblowing by employees of Member organisations to the Council. 	<p>The Council accepts this as an important element of its implementation mechanisms which are under development.</p>
<ul style="list-style-type: none"> • Develop ethical marketing provisions 	<p>The Council recognises the importance of ethical marketing. It considers that that for the purposes of the diamond and gold industry, these issues were addressed through the provisions in the Code of Practices relating to product integrity and disclosure.</p>
<ul style="list-style-type: none"> • Clarify and communicate the origin (e.g. geographical origin) of materials in finished product. 	<p>The current complexity and structure of the diamond and gold supply chain does not make this a viable possibility at this stage. The Council considers it a more positive use of resources to focus on providing a basis for consumer confidence in diamonds and gold from all sources.</p>
<ul style="list-style-type: none"> • Tackle corporate governance 	<p>Corporate Governance is not within the current scope of CRJP activities. This issue will be kept under review.</p>

Principles – Social Performance



- Majority (55.5% – 78.5%) feel that Social Performance Principles should be neither strengthened nor weakened (except H&S: 51.1% think strengthen)
- Majority (67.9% - 74.0%) think Principles can be implemented within less than 3 years

Feedback comment	Council Action
<ul style="list-style-type: none"> • Recognition of indigenous peoples rights 	<p>This important issue is an extension of the fundamental human rights Principle and is addressed through the code of practices</p>
<ul style="list-style-type: none"> • Active development / support of local communities and business, as well as promotion of local employment 	<p>This issue is addressed in the final draft of the Principles and the community impact section of the Code of Practices.</p>
<ul style="list-style-type: none"> • Child labour principle should be expanded to include transitioning children into full time education without negatively impacting the welfare of their families 	<p>The Council recognises that the any instance of child labour needs to be handled in manner that is sensitive to the best interests of the child and the family. This is addressed in accordance with best practice in the Code of Practices.</p>
<ul style="list-style-type: none"> • Reference to “living wage” 	<p>The debate as to what constitutes a “living wage” and how it might be consistently calculated still continues. The Council will monitor best practice in this area but feels that at this stage a requirement to implement payment of a “living wage” in all operations is not feasible. Standards are instead based on either the minimum wage or the prevailing local industry standards.</p>
<ul style="list-style-type: none"> • Consider pilot projects in child labour to understand how the issues in difficult areas could be tackled 	<p>This may be something that the Council is able to consider at a later stage in its development, once it has further progressed development and implementation of current draft industry standards</p>
<ul style="list-style-type: none"> • Right of employees to collectively bargain with employers to protect their interests should be affirmatively stated. 	<p>The CRJP recognises that this is a complex and important area of employee rights. This issue will be further addressed in the development of the Code of Practices.</p>

Principles – Environmental performance



- Majority (57.3% - 58.8%) feel that Environmental Performance Principles should be strengthened
- Majority (51.2% - 54.3%) think Principles can be implemented within three years

Feedback comment	Council Action
<ul style="list-style-type: none"> • Commitment to conduct risk assessments to identify the highest environmental impacts and to address these. 	<p>These are commitments of key relevance to the mining sector. The Council will address these feedback comments through the development of its code of practices mining sector supplement which it is currently progressing through a multi-stakeholder dialogue including industry and non-governmental organisation representatives. The mining sector supplement will tackle key mining sector environmental issues such as impact and risk assessment, biodiversity, and waste management.</p>
<ul style="list-style-type: none"> • Repeated requirement to strengthen Principle around remediation, e.g. “we will ensure that any environmentally damaging aspects of our operations will be rectified, cleared and that individual locations will be restored according to EPA regulations or other similar regulations in collective first-world countries 	
<ul style="list-style-type: none"> • Commitment to operate sustainably, to minimise environmental footprint by mitigating negative environmental impacts and investing in technologies to eliminate industrial waste and reduce emissions 	



Implementation process

Independent monitoring:

All respondents agreed that there was a need for a system of independent third party monitoring against business responsibility standards within the industry

Public reporting:

There were mixed messages on the need for public reporting of monitoring results ranging from calls for full transparency to a view that there should be no public reporting at all.

Membership: participants require further information on:

- Time required to make a meaningful contribution
- Expense of active participation and potential for return on investment
- How NGOs perceive the Council – will it be credible to external stakeholders?
- Direction Council wants to go in and evidence that the Council will achieve change

The Council : strengths, weaknesses, opportunities and threats identified by participants

<p>Strengths</p> <ul style="list-style-type: none"> • Clear remit • Many major players already on board from across the supply chain. • Stakeholders from the entire pipeline • Commitment from CEOs/Directors • Much needed consistent industry-wide approach 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of dates for implementation • Governance structure not specified • Complexity of industry and issues • Yet to evidence Council's influence in producing countries • Not addressing coloured stones
<p>Opportunities</p> <ul style="list-style-type: none"> • Potential to raise customer and industry awareness • Stakeholder engagement • Transfer learnings to and from other industry approaches • Establish credibility as leaders in social responsibility • Gradual raising of the performance "bar" 	<p>Threats</p> <ul style="list-style-type: none"> • Instability in producing countries • Performance standards that are set too low, i.e. "business as usual" • A few bad reports / stories of existing Members • "Louder and quicker critics" • Insufficient teeth for poor performing Members

Next steps



The Council is now running a public consultation on its draft code of Practices, which builds on the Principles to form a pan-industry code to which all Members will work to build their conformance through a system of ongoing self-assessment and independent monitoring.

The Council is also working to develop the tools and guidance materials that the industry will need to help them both to understand the business ethics, social, human rights and environmental challenges that face the industry as a whole and to develop their capacity as an organisation to respond appropriately.

To add your voice to the conversation on the Council's highly important Code of Practices, go to www.responsiblejewellery.com and click on the box entitled: "Join the consultation on draft Code of Practices." The draft code is now available to download and your comments are welcome until 31st July 2006.

The Council looks forward to continuing to work with the industry and its other stakeholders to continue to promote responsible ethical, social human rights and environmental practices throughout the diamond and gold jewellery supply chain, from mine to retail, and thanks you for your interest and contribution.

Contact us at

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