ESG TOOLKIT

The Future of Business

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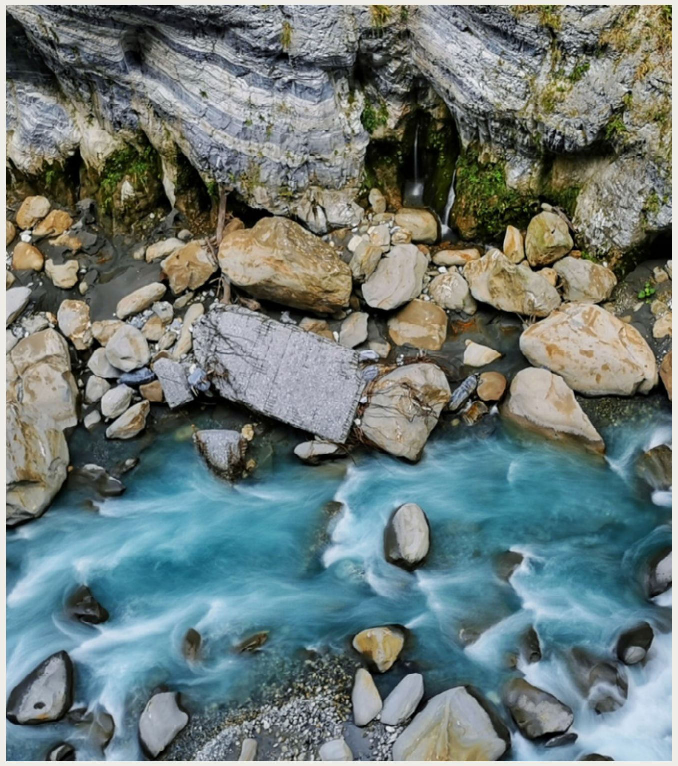
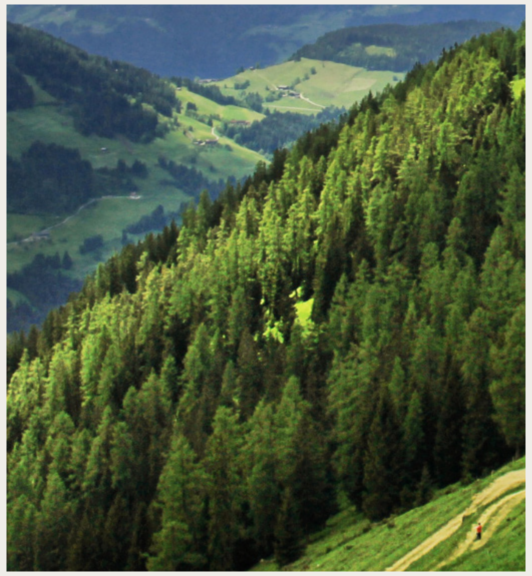
RESPONSIBLE
JEWELLERY
COUNCIL

Contents



Welcome



Dear valued RJC members and stakeholders.

We are delighted to present the RJC's ESG toolkit, created as a blueprint for members to apply environmental, social and governance criteria to their businesses globally.

In November 2024, the world's focus shifted to Baku, Azerbaijan, for the 29th Conference of the Parties (COP29). The summit concluded with a landmark agreement on a New Collective Quantified Goal (NCQG) for climate finance, establishing a new target for developed nations to mobilize at least $300 billion annually by 2035 to support developing countries in tackling climate change. The conference also achieved a long-awaited breakthrough by finalising the rules for international carbon markets under Article 6 of the Paris Agreement, a critical step for unlocking further climate investment and cooperation.

The climate summit put Environmental, Social and Governance (ESG) data and ESG reporting firmly in the spotlight, placing the Financial Sector front and centre in solving global sustainability challenges. It asked governments and regulators to keep developing ESG reporting mandates and work together on a global framework.

At the G7 summit in Puglia, Italy, in June 2024, leaders reaffirmed their commitment to the Paris Agreement's 1.5°C goal. They reinforced the consensus reached at COP28 to transition away from fossil fuels in energy systems and committed to phasing out existing unabated coal power generation during the first half of the 2030s. Crucially, leaders reiterated their strong and continued support for the International Sustainability Standards Board's (ISSB) work in establishing a global baseline for corporate sustainability and climate-related reporting standards.

The RJC decided to contribute by creating this toolkit, providing insights into key ESG frameworks, trends and regulatory requirements. It helps our members understand and apply ESG in a practical fashion to their business as members will eventually have to be ESG ready in what is now a mission critical business requirement.

The work presented in this toolkit is the mapping of the Code of Practices (COP) against the relevant ESG frameworks and the SDGs.

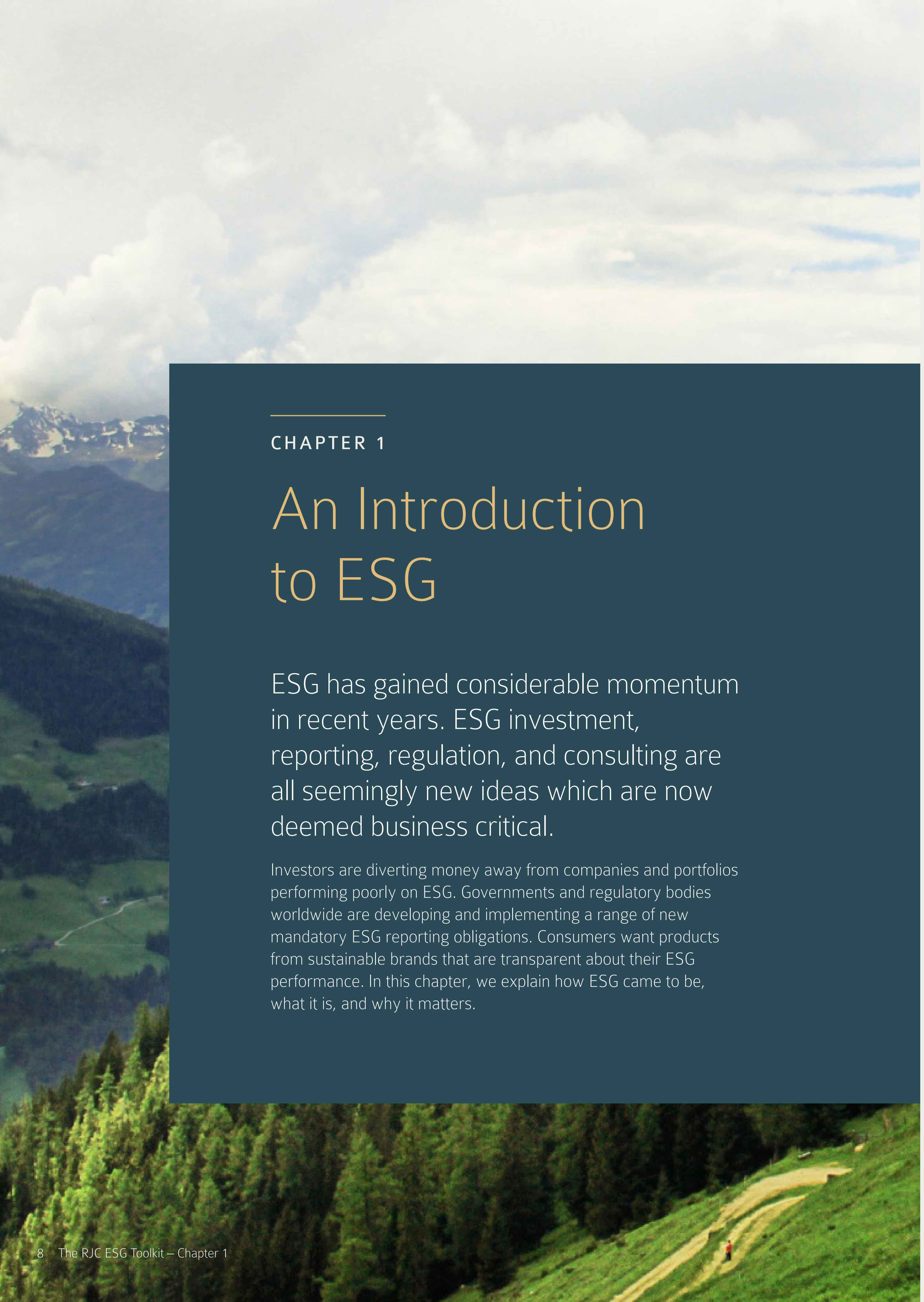
RJC certified members have demonstrated that they are compliant against the COP but by using this guidance, members will save valuable time by complying with multiple reporting frameworks at the same time. We understand that our membership is comprised of a multitude of business models, all varying in complexity and maturity. Our measure of success is one singular framework that meets the needs of all.

Regardless of where you are in the supply chain, ESG will affect your business. We have created this toolkit to guide you on that journey towards compliance.

Learning Objectives

By the end of this toolkit, you will understand:

- HOW ESG COMPLIANCE CAN HELP YOUR BUSINESS
- HOW ESG REGULATION WILL AFFECT YOUR BUSINESS
- THE RELEVANCE OF ESG TO SMALL AND MEDIUM ENTERPRISES (SMES)
- UNDERSTANDING SCIENCE BASED TARGETS AND THE SBTI
- A BREAKDOWN OF KEY GLOBAL REPORTING FRAMEWORKS (GRI, SASB, ISSB)
- HOW GLOBAL REPORTING FRAMEWORKS LINK TO THE RJC CODE OF PRACTICE (COP)
- HOW TO IMPLEMENT ESG IN ACCORDANCE WITH THE COP
- GRI CHIEF OF STANDARDS’ RECOMMENDATIONS TO THE JEWELLERY AND WATCH INDUSTRY
- A 3-STEP GUIDE TO AN EFFECTIVE ESG REPORT
- HOW TO COMMUNICATE WITH CREDIBILITY AND AVOID GREENWASHING



CHAPTER 1

An Introduction to ESG

ESG has gained considerable momentum in recent years. ESG investment, reporting, regulation, and consulting are all seemingly new ideas which are now deemed business critical.

Investors are diverting money away from companies and portfolios performing poorly on ESG. Governments and regulatory bodies worldwide are developing and implementing a range of new mandatory ESG reporting obligations. Consumers want products from sustainable brands that are transparent about their ESG performance. In this chapter, we explain how ESG came to be, what it is, and why it matters.

WHAT IS ESG?

Environmental Social Governance, also known as 'ESG' is an umbrella term that refers to a variety of factors and metrics that support the analysis of non-financial performance of an organisation or investment.

These categories are not exhaustive and there is no global consensus on the exact issues under each of them, but it is common to think of them as follows:

Environmental

The environmental impact of a company and its role as a steward of our natural environment as well as the key environmental-related issues that impact its operations.

- Biodiversity
- Climate change
- Greenhouse gas emissions
- Pollution
- Water management
- Land degradation
- Circular economy
- Natural resources
- Waste

Social

The social impact and interactions a company has with employees, suppliers, and customers and how its operations affect communities where it does business and vice versa.

- Consumer protection
- Data security
- Working conditions
- Health & safety
- Diversity, equity & inclusion (DEI)
- Compensation and services
- Education
- Human rights & forced labour
- Cultural heritage
- Human capital

Governance

The policies, practices, and processes of a company and how it complies with the law and interacts with external parties.

- Risk management
- Corporate ethics & corruption
- Incentives, compensation & salaries
- Accounting and Taxes
- Board and management structure
- Board diversity & independence
- Ownership structure

E, S and G can serve as powerful drivers of financial, operational, and reputational risk. An ESG report contains company performance data within these three key areas. This provides stakeholders with insight into the ambitions, achievements, and overall impact of a business.

THE EVOLUTION FROM CSR TO ESG

Corporate Social Responsibility (CSR) became the term of choice in the 2000's to embody the idea that corporations have a responsibility to society in addition to a responsibility to their shareholders.

In the RJC's Small Business Sustainability Toolkit[1] we defined CSR as a set of voluntary actions by businesses to take responsibility for the impacts of its activities on society and the environment - going beyond legal compliance.

Many of the resulting corporate initiatives from the CSR movement were related to philanthropy, charitable services, employee volunteering, and human rights. Through the founding of the Global Reporting Initiative (GRI) in 1997, reporting and transparency also became an intrinsic part of the CSR movement.

Later in the 2010's, the term "sustainability" began to eclipse CSR as the most popular buzzword. Whilst sustainability has many interpretations and applications, the most widely acknowledged definition is typically rooted in the Brundtland Commission's definition of "sustainable development", published in Our Common Future in 1987[2]:

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The issuance of the United Nations Sustainable Development Goals (SDGs) outlined a universal call to action towards sustainable development in the 2030 Agenda. The 17 ambitious goals, such as ending poverty and hunger, are to be achieved by 2030 (refer to the RJC's 'Roadmap to 2030 and Beyond' for further information on how we are advancing action against the SDGs).

The proliferation of CSR and sustainability as serious concepts in investment and business hit a tipping point in the past decade, albeit at different paces in different regions, under the new umbrella term "ESG".

ESG is a term developed by the investment community that has been adopted by companies as the most recent evolution in the journey of corporate sustainability. It is now used by both corporate and investment circles as a set of criteria to measure and evaluate a company. Corporate governance and the consideration of environmental and social concerns are of course not new concepts, but the focus from the international business community on climate change as a prominent, disruptive global risk has intensified the debate.

Amongst the key changes brought about by the ESG wave is the emphasis on reporting metrics. CSR often involves self-regulated practices and policies that capture a company's commitment to positive impact. Whilst these CSR commitments can be communicated widely through marketing messages, they often lack quantifiable and comparable data to validate their outcomes. Storytelling remains key with ESG, but it is validated with specific metrics that gauge a company's holistic performance.

CSR and ESG can be used by a business simultaneously, in its journey to become more sustainable. For example, CSR may provide an internal framework for certain impact-driven initiatives, whilst ESG may provide measurable goals and performance metrics.

1 Responsible Jewellery Council. 2021. Small Business Sustainability Toolkit. https://responsiblejewellery.com/wp-content/uploads/RJC-SME-Toolkit-June-2021.pdf

2 World Commission on Environment and Development (WCED). 1987. Our common future. https://www.are.admin.ch/are/en/home/media/publications/sustainable-development/brundtland-report.html

KEY PLAYERS IN THE ESG ECOSYSTEM

ESG involves an entire ecosystem of actors who produce, use, and regulate sustainability information. Understanding these players can help companies see how ESG data flows and why it matters.

Information Producers

- Businesses and organisations responsible for collecting, compiling, and disclosing ESG performance data such as environmental impacts, social responsibilities, and governance practices.
- They accomplish their goals through internal monitoring systems, ESG management software, and partnerships with data collection platforms to streamline reporting.
- All Responsible Jewellery Council (RJC) certified members fall under this category, as they actively report their ESG performance to meet certification and stakeholder expectations.

Framework and Standard Setters

- Define and develop standards, guidelines, and frameworks for ESG reporting to ensure consistency and comparability across industries.
- Standards are developed and updated through extensive stakeholder consultation, expert committees, and alignment with global sustainability goals on an ongoing basis.
- Prominent examples include the Global Reporting Initiative (GRI), Corporate Sustainability Reporting Directive (CSRD), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD), and the International Sustainability Standards Board (ISSB).

Information Users

- Stakeholders who rely on ESG disclosures to make informed decisions about investments, partnerships, purchasing, and regulatory compliance.
- They utilize the ESG data provided by companies to evaluate risks, guide investment decisions, hold corporations accountable, and inform consumer choices.
- Major examples include institutional investors, ESG rating agencies (MSCI, Sustainalytics), regulatory bodies (London Stock Exchange, UK Government, U.S. Securities and Exchange Commission), financial institutions, NGOs, and major corporate buyers assessing ESG criteria in supplier selection.

Information Validators

- Independent entities that verify and ensure the accuracy, reliability, and integrity of ESG disclosures provided by companies.
- Validators perform this role through detailed audits, assurance engagements, and systematic verification processes in line with recognised auditing standards.
- Leading examples include auditing firms such as Deloitte, EY, KPMG, PwC, and specialised ESG assurance providers like SGS.

Understanding the 'E' within ESG

Climate change is the most important ESG topic in the global sustainability agenda today and arguably represents the gravest threat to humanity.

The World Economic Forum's 2022 Global Risks Report highlights the most severe risks over the next 10 years, with climate action failure and extreme weather ranking as the top two. A key component of the fight against climate change is the reduction of emissions and phasing out the dependency of polluting fossil fuels with an aim of reaching net zero emissions.

As climate change continues to dominate the agenda of politicians, business, civil society, and regulators, it is critical for companies to reduce their carbon footprint and communicate transparently on how they are managing their climate-related impacts. The recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) have emerged as the most widely acknowledged framework to report on climate-related disclosures, compelling new laws, rules and guidance globally.

Biodiversity has also rapidly gained prominence, with the global recognition that biodiversity loss and climate change must be addressed simultaneously. For jewellery businesses, biodiversity impacts from mining activities (such as habitat disruption, deforestation, and water pollution) are increasingly scrutinised. Industry initiatives now include biodiversity goals, such as avoiding sourcing from protected areas, minimising environmental disturbances, and contributing positively through conservation efforts.

Key Concepts

- **Net Zero Carbon Emissions:** Acheiving net zero or becoming 'carbon neutral' means balancing carbon emitted with an equivalent amount sequestered or offset.
- **Climate Transition Plans:** Deadline driven action plans that outline how a company will move its entire business model toward the requirements of climate science. These plans are vital ensuring that investors and other stakeholders can see companies evolving their business models as the economy transitions to net zero.
- **Carbon Offsetting:** Purchasing credits through emission reduction projects or carbon trading schemes to compensate for carbon emitted.
- **Science-Based Targets:** Science Based Targets is a joint initiative of CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF. Their goal is to enable leading companies to set ambitious and meaningful corporate GHG reduction targets.
- **Nature-Positive Strategies:** Initiatives aimed at reversing biodiversity loss and contributing positively to ecosystem health. This involves responsible sourcing practices, habitat restoration, and aligning business operations with global biodiversity frameworks.

SCIENCE-BASED TARGETS EXPLAINED

Companies are increasingly asked to report on their emissions and set emission reduction targets. But how much carbon reduction is enough? And how can companies be sure to work on a plan that will make a real difference?

The Science Based Targets initiative (SBTi) is now the gold standard to answer these questions. More than 9,000 businesses and financial institutions worldwide are already working with them. The SBTi sets guidelines for carbon reduction targets and validates those submitted by companies to ensure that targets are based on scientific information in line with the Paris Climate Agreement and COP climate goals of limiting global warming to 1.5°C above pre-industrial levels. The SBTi has also established a Corporate Net-Zero Standard to provide a credible and consistent framework for companies to set long-term net-zero targets.

The underlying logic is simple – if every organisation had a Science Based Target and achieved it, the world might avoid the worst of climate change.

SBTi guidelines are complex, and vary by industry – but they're all rooted in a few key ideas:

- **Set a temperature target:** The Paris Agreement, signed by nearly 200 countries in 2016, commits the world to keep global temperature rise "well below" 2°C. Since then, the UN IPCC has urged a ceiling of 1.5° C. When a company sets an SBT, it must align its near-term targets with the 1.5°C pathway.
- **Start reducing now:** Targets must be achieved in the next 5-15 years. SBTi doesn't give credit for long-term goals that will be too late for solving climate change. SBTs must count down from your most recent emissions inventory—meaning no credit for prior reductions. (You can use 2019 as a base year, or a multi-year average, if a recent year is not representative of typical business operations).
- **Offsets don't count:** SBTi only gives credit for true reductions in your carbon footprint, not carbon offsets or avoided emissions. Under the Net-Zero Standard, companies must achieve deep decarbonisation of 90-95% before using permanent carbon removals to neutralise any limited residual emissions.
- **All emissions are in scope:** SBTs look broadly at all of a company's carbon emissions. 95% of Scope 1 and 2 emissions must be incorporated, and if Scope 3 emissions are 40% or more of the total footprint, a Scope 3 target is required.

According to the SBTi there are five initial steps to take when setting SBTs (SMEs and Companies with fewer than 500 employees are allowed to enter a streamlined program that offers a simplified, automated target validation pathway):

- **Commit:** submit a letter establishing your intent to set an SBT, which automatically registers a commitment to the 1.5°C pathway. Filing gets your company listed as "Committed" on the SBTi website and makes you eligible to be part of the UN's Race to Zero campaign for extra recognition.
- **Develop:** Once your letter of intent is acknowledged by SBTi, a 24-month countdown begins for you to put together a detailed plan on how much you'll reduce emissions, and by when.
- **Submit:** present targets to the SBTi for official validation. This will typically take 30-60 business days and may involve a "revise and resubmit" request before a final answer – most commonly because the submitter has failed to account for all their Scope 3 emissions in their initial inventory. (Remember: even if your company isn't required to have an SBT, you must still report them so that SBTi can approve your exemption).
- **Communicate:** Once your target(s) have been officially validated, you can announce your target and inform your stakeholders, then get deep into the work of actual reductions.
- **Disclose:** Report company-wide emissions and track target progress annually. This is often done following the TCFD framework guidelines and disclosed in a standalone report, within your sustainability report, and/or by filing with CDP. Increasingly, this disclosure is being aligned with the IFRS S2 Climate-related Disclosures Standard, which has incorporated the TCFD framework.

For further information, please refer to the RJC's climate research 'Accelerating Decarbonisation in the Watch and Jewellery Sector'

Understanding the 'S' within ESG

Social issues have long been central to the jewellery and watch industry, and are perhaps the most widely understood.

Problems such as forced and child labour, unsafe working conditions, and community health impacts are well-documented by NGOs and media.

The RJC **'Small Business Sustainability Toolkit'** highlights the significance of this industry's impacts on such topics. For example, artisanal and small-scale mines (ASM) account for about 20% of global gold supply, 80% of global sapphire supply and 20% of global diamond supply. ASM is also where child labour is most problematic, accounting for a significant portion of the more than one million children engaged in child labour. These mining activities often have serious health consequences for children, such as silicosis related respiratory diseases, joint and bone deformities, eye injuries and neuroglial damage. Freedom from child labour and forced labour are part of the fundamental principles and rights at work and are also basic human rights.

Significant progress has been made, with many companies adopting responsible sourcing policies and certification schemes such as RJC certification and Fairmined.

Increasing scrutiny from investors and regulators has transformed human rights due diligence from voluntary guidance into mandatory requirements, exemplified by the EU's Corporate Sustainability Due Diligence Directive (CSDDD).

Social ESG extends beyond labour issues, encompassing proactive community engagement and workplace inclusivity. Jewellery companies are expected to engage positively with local communities, maintain safe working environments, and actively promote Diversity, Equity, and Inclusion (DEI).

Recent updates to RJC standards have strengthened requirements around inclusive practices, aligning with growing societal expectations.

Key Concepts

- **Human Rights Due Diligence:** Companies must systematically identify, prevent, and mitigate human rights impacts across their operations and supply chains. Alignment with frameworks like the UN Guiding Principles is crucial to managing these risks effectively.
- **Labour Rights:** Ensuring workers' rights, including fair wages, safe conditions, and freedom from forced or child labour, is fundamental. Adherence to international labour standards through compliance with RJC's Code of Practices is essential.
- **Community Engagement:** Actively investing in and responding to local community needs builds trust and ensures sustainable business operations. Effective community engagement strategies are crucial for operational stability and reputation management.
- **Diversity, Equity, and Inclusion (DEI):** Promoting workplace diversity, ensuring equitable opportunities, and creating inclusive environments foster innovation and employee satisfaction. Strong DEI practices align companies closely with market demands and societal values.

Understanding the 'G' within ESG

Governance refers to the systems and processes by which businesses are directed and controlled. In essence, it's the framework for decision-making across an organisation.

Governance encompasses the culture, policies, and rules that provide a business with structure whilst ensuring ethical behaviour and compliance with laws and regulations. Corporate governance encompasses virtually every aspect of management, making its risks material to all companies, regardless of the industry.

In the jewellery industry, the importance of governance cannot be overstated. From ensuring ethical sourcing of precious materials, maintaining labour rights in production processes, to adopting environmentally friendly practices, governance shapes the very fabric of industry operations. Proper governance allows for transparency and accountability, leading to trust from customers, stakeholders, and regulatory bodies. Governance failures, such as bribery or safety cover-ups, can quickly escalate into significant reputational damage.

This is why governance has always been a top priority for RJC, best captured through our Code of Practices (COP), which guides members through policies on anti-corruption, money laundering prevention, whistleblower protection, and regulatory compliance. It serves as a roadmap, guiding our members towards responsible governance that goes beyond the letter of the law. Adherence to the COP not only helps in maintaining the highest standards but also boosts the reputation and credibility of our member organisations in the eyes of consumers and regulators alike.

Effective governance incorporates clear risk management strategies, ensuring ESG risks like climate impacts and supply chain integrity are regularly reviewed and managed at board level. Compliance is another critical component, requiring robust ethical standards, transparent practices, and adherence to anti-corruption laws. Stakeholder engagement is integral to good governance, ensuring open dialogue with communities, employees, and investors, thereby proactively addressing concerns and maintaining accountability.

Recent ESG regulations (including the EU's ESRS and the ISSB climate standards), demand explicit disclosure of governance structures, requiring boards to actively oversee ESG matters and executives to integrate ESG targets into performance metrics. As ESG reporting matures, simply delegating responsibilities to a sustainability department is insufficient—boards and senior leadership must be knowledgeable and directly accountable.

Key Concepts

- **Risk Management:** Effective governance requires identifying, assessing, and managing risks that could impact the company's ability to achieve its objectives. This includes ESG-related risks, such as those related to climate change, human rights, and regulatory compliance.
- **Ethics, Integrity and Compliance:** A strong ethical culture is a fundamental component of good governance. It includes establishing a clear corporate purpose, adhering to core values, and creating a culture that goes beyond mere compliance to regulations. It also involves taking a proactive stance against corruption and bribery, and creating mechanisms for addressing ethical issues when they arise.
- **Stakeholder Engagement:** Governance isn't just about decision-making within the company, it also involves open dialogue and collaboration with stakeholders. This could include employees, shareholders, customers, suppliers, communities, and others affected by the company's operations. Their voices should be considered in the decision-making process, particularly when it comes to ESG matters.

CHAPTER 2

The Business Case for ESG

Publicly traded companies and large private companies are facing a range of new and evolving pressures around the disclosure of ESG data, from regulators, consumers, suppliers and investors. SMEs often fall behind larger corporates in integrating ESG factors into their strategy and publicly reporting on their performance.

In this rapidly evolving world of ESG, SMEs have fewer resources to dedicate and face less pressure from stakeholders. It is bad news for sustainable outcomes and ultimately business, given the combined impact of SMEs.

In this chapter we describe how ESG drives business value and the distinction between what makes ESG relevant for large companies vs SMEs.

GROWING REGULATION AFFECTS THE WHOLE VALUE CHAIN

ESG regulation and reporting mandates are clearly on the rise at a global scale, with Europe and the US as the two key emerging markets. The ongoing development of the International Sustainability Standards and the European Sustainability Reporting Standards are two very strong signals of what is to come – technical, auditable, and in-depth mandatory corporate disclosure on a range of ESG issues across industries and business sizes.

Whilst there isn't yet an internationally agreed reporting standard for the jewellery industry, some of the most popular standards (such as SASB) already include industry-specific recommendations that give an indication of the expected topics and disclosures for this sector. Regulatory standards in the jewellery industry are starting to emerge to help structure sustainability best practices. The Dodd-Frank Wall Street Reform and Consumer Protection Act Implemented by the Securities and Exchange Commission (SEC), was enacted in July 2010 to improve accountability and transparency of US listed companies and contained specialised disclosure provisions for responsible sourcing of minerals. In addition, the EU issued the Conflict Minerals Regulation that came into force in the EU in January 2021 to ensure responsible sourcing of minerals such as gold.

Regulation already impacts SMEs. New regulatory frameworks are adopting a whole value chain approach – companies are responsible for reporting all the way down to the level of their subsidiaries. For example, when large multinationals are required to report on their emissions, they will need to understand their supply chain (Scope 3) emissions as well, and therefore will require subsidiaries and suppliers to report on that data. What's more, whilst first impacting large companies, regulation will eventually also pass on to SMEs.

> ESG (reporting) is thus quickly transitioning from being a voluntary nice-to-have, to a legal must-have requirement.

SUSTAINABLE PROCUREMENT CREATES COMPETITIVE ADVANTAGE

Reporting helps you to differentiate yourself from competitors and attract new customers. Whether it becomes regulation or not, the reporting of scope 3 emissions is a Business to Business (B2B) requirement. Therefore, SMEs need to develop the understanding and/or tools to report into the requirements of their upstream suppliers and clients. There is now increased competition for contracts driven by business preferences. More and more companies are now choosing to engage with suppliers that have a net zero strategy or are actively tracking their environmental footprint. The SMEs that don't track this data may risk being left behind by suppliers.

CHANGING CONSUMER DEMANDS

Calls for the jewellery industry to act more responsibly in terms of environmental and social impact are growing louder, particularly from younger consumers, who are increasingly favouring brands that do so with a compelling brand presence both online and offline. In fact, according to a McKinsey study, by 2025, 20-30% of global fine jewellery sales will be influenced by sustainability considerations from environmental impact to ethical sourcing practices. This is equivalent to as much as $110 billion, which is a 3 to 4 time increase in sustainability-influenced purchases since 2019. The study also finds that this trend is expected to impact companies of all sizes and geographies alike, with companies buying diamonds and gemstones wholesale coming under the same degree of scrutiny as vertically integrated players that operate their own mines.

To show consumers that they are credible and sincere about driving environmental and social progress, companies will need to improve the traceability and transparency within their supply chains. Not adapting to this shift in consumer desire is a high risk to reputational strategy. In an industry underpinned by emotion, the costs of such lapses can be significant. Whilst reporting is only part of the necessary action, the business case for transparency around ESG performance is clear.

Changing consumer demands are equally relevant for SMEs. Consumer behaviour is changing rapidly and whilst customers used to look at big, established brands as guarantors for quality, Millennials are now turning to small businesses and local brands with a compelling narrative and strong ideals. Failing to keep up with changing expectations will affect the bottom line.

ATTRACT CAPITAL AND ACCESS TO FINANCE

Reporting and tracking ESG performance helps businesses to attract new sources of capital, as investors put more emphasis on non-financial data in their due diligence process.

The jewellery industry has traditionally faced significant pressure on several ESG issues from civil society organisations. In recent years however there has been an increased focus by investors and commercial banks on the ESG performance by jewellery companies, incorporating key data points into investment and lending decisions. In 2018 through the Investor Alliance, more than 60 entities issued a statement on Responsible Sourcing in the Jewellery Supply Chain, calling on companies in the industry to review their policies and practices and take action to ensure responsible sourcing of gold, diamonds, and other precious minerals and gems.

On the one hand, the changing consumer demands steer investors towards creating sustainable portfolios. On the other, financial firms are increasingly subject to reporting mandates, such as the EU SFRD, that force them to be more transparent and show how they incorporate ESG in the investment policies. As a result, credit rating agencies are explicitly integrating ESG considerations into fixed-income ratings[3,4], asset managers increasingly disclose how they market "green" investment vehicles, and asset owners are making formal ESG commitments to the Principles for Responsible Investment (PRI) to name a few examples.

It's clear that ESG considerations are increasingly influencing capital allocation. As pressure from investors and the financial sector grows, the risk of inaction is clear – access to capital will be more difficult and more expensive.

With investors increasing relying on sustainability reporting to guide their funding decisions, SMEs who fail to share transparent and reliable information could be denied vital financing, stifling growth, and innovation. According to a Eurobarometer survey, more than a quarter of SMEs that have undertaken activities related to the circular economy reported difficulties in accessing financing due to a lack of clarity about their overarching sustainability strategy.

ONGOING KEY STAKEHOLDER PRESSURES

Next to regulators, consumers, and owners of capital, the pressure from civil society organisations is yet another factor that signals the importance of taking ESG reporting seriously. In 2018, 29 international NGOs and trade unions, called upon the jewellery industry in a joint letter to turn its commitment to responsible sourcing into effective action. They asked for the implementation of robust supply chain due diligence systems aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as more human rights due diligence and reporting. In 2020, the EU committed to a legislative initiative on mandatory human rights and environmental due diligence obligations for EU companies in early 2021, including liability and enforcement mechanisms and access to remedy provisions for victims of corporate abuse.

At its core, ESG promotes business ethics and social prosperity. Adopting, promoting, and reporting on sustainable practices enhances both causes and allows companies to obtain and maintain a social license to operate.

IDENTIFICATION OF OPERATIONAL RISKS AND OPPORTUNITIES

ESG reporting should identify the most important ESG issues and adjust corporate strategy to address them. Doing that has several benefits that go beyond responding to key stakeholder expectations and regulatory demands. It helps you identify your strengths and weaknesses, across E, S and G factors.

Companies that manage climate change risks often benefit from financial savings resulting from improved energy efficiency, reduced exposure to carbon taxes or supply chain disruptions. Companies that make efforts to alleviate risks of bribery, corruption, and conflict sourcing can have more trust in their supply chain, reduce the likelihood of harmful events and penalties, and reduced operational costs from improved internal process[5]. Companies that improve their diversity and inclusion outperform less gender-balanced ones because diverse workforces tend to attract and retain talent and be more innovative, which contributes to better financial performance[6,7].

> Going beyond ESG compliance generally improves operational outcomes through better understanding and management of risks and opportunities.

3 G&A. 2020. How are credit rating agencies integrating ESG factors?

4 UN PRI. https://www.unpri.org/credit-risk-and-ratings/statement-on-esg-in-credit-risk-and-ratings-available-in-different-languages/77.article

ESG ENABLES YOU TO DEFINE YOUR BUSINESS VISION AND STRATEGY

ESG reporting helps you set and communicate your company's purpose, vision, and strategy in the context of sustainability. Engaging your employees in this process increases employee motivation, helps you attract new talent, and improves overall productivity. Transparent communication of your vision and strategy to your stakeholders builds reputation and trust. Once you have a clear company vision, management systems can be developed to capture, track, and validate data. This leads to improved risk management processes such as the identification of climate risks and implementation of risk-mitigation and adaptation strategies.

5 Transparency International. 2016. The benefits of anti-corruption and corporate transparency. https://images.transparencycdn.org/images/2016_WP1_CorporateTransparency_EN.pdf

6 HBR. 2019. Research: When Gender Diversity Makes Firms More Productive. https://hbr.org/2019/02/research-when-gender-diversity-makes-firms-more-productive

7 McKinsey. 2020. Diversity wins: How inclusion matters. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

CHAPTER 3

Regulatory Developments

The landscape of Environmental, Social, and Governance (ESG) reporting is undergoing a significant transformation.

The trend has accelerated rapidly, moving decisively from primarily voluntary disclosures towards comprehensive, mandatory requirements across major global economies. While efforts continue towards globally harmonized standards, spearheaded by initiatives like the International Sustainability Standards Board (ISSB), regional and national governments are implementing binding regulations at an unprecedented pace.

Understanding this evolving regulatory environment is no longer optional; it is critical. These mandatory requirements, coupled with heightened stakeholder scrutiny of corporate ESG performance and amplified concerns over greenwashing, profoundly impact businesses of all sizes. Non-compliance or lagging performance can affect access to capital, market access (particularly within international supply chains), talent retention, and overall brand reputation.

The following illustration highlights significant mandatory and/or pending ESG reporting and due diligence requirements shaping the landscape as of early 2025. Note that while direct regulation often targets larger entities first, the impact cascades. If you are an SME supplying goods or services to a company covered by regulations like the EU's CSRD or CSDDD, you will face increasing information demands to support their compliance.

Global Shift Towards ESG Disclosure

Key global and regional ESG regulations/frameworks (as of 2026)

GLOBAL BASELINE & FRAMEWORKS

IFRS FOUNDATION (ISSB)
- IFRS S1 & S2, Global, 2023, Large Public & Financial Institutions

TNFD
- TNFD Framework, Global, 2023, Large Public & Private, Financial Institutions

EUROPE

EUROPEAN UNION
- Corporate Sustainability Reporting Directive (CSRD), EU, 2024-2028, Large Public & Private, Listed SMEs

EUROPEAN UNION
- Corporate Sustainability Due Diligence Directive (CSDDD), EU, 2027-2029, Large Public & Private

UK DEPT. FOR BUSINESS & TRADE
- UK Sustainability Disclosure Standards (SDS), UK, ~2026, Large Public & Private

SWISS FEDERAL COUNCIL
- Ordinance on Climate Disclosures, Switzerland, 2024, Large Public & Financial Institutions

AMERICAS

U.S. SEC
- Climate-Related Disclosures, USA, ~2026 (pending legal review), Large Public

STATE OF CALIFORNIA
- SB 253 & SB 261, USA (California), 2026, Large Public & Private

GOVERNMENT OF CANADA
- Bill S-211: Supply Chain Act, Canada, 2024, Large Public & Private

BRAZILIAN CVM
- Resolution 193, Brazil, 2026, All Listed Companies

ASIA-PACIFIC

AUSTRALIAN GOVERNMENT
- Mandatory Climate Disclosures, Australia, 2025, Large Public & Private

CHINA STOCK EXCHANGES
- Sustainability Report Guidelines, China, 2025, Large Public (Listed)

HONG KONG STOCK EXCHANGE
- Climate-related Disclosures, Hong Kong, 2025, All Listed

SECURITIES/EXCHANGE BOARD OF INDIA (SEBI)
- Business Responsibility and Sustainability Reporting (BRSR), India, 2022, Large Public (Top 1000 Listed)

SINGAPORE EXCHANGE (SGX)
- Climate-related Disclosures, Singapore, 2025-2027, All Listed, Large Private

CHAPTER 4

Global ESG Frameworks Explained

Before you can begin reporting, you must first decide on the right ESG framework for your business. With the increased global interest in ESG, the practice of disclosing data has also risen and become an indispensable activity for businesses over the past decade.

Since July 2020 about 90% of the companies in the S&P 500 have already created annual ESG reports and made it a standard[8]. Globally, 96% of the world's leading 250 companies engage in sustainability reporting[9].

WHAT IS THE PURPOSE OF REPORTING?

Reporting primarily allows for the communication of information that is relevant for understanding a company's long-term economic value and contribution towards a sustainable global economy, taking account of the company's economic, environmental, social and governance performance and impacts. ESG or sustainability reports contain summaries of quantitative and qualitative data and are complemented by a performance analysis in these three areas to provide stakeholders and investors with an insight into the goals, achievements, and the impact of your business.

Reporting is mostly undertaken for the benefit of key stakeholders who will make decisions based on that information. Key stakeholders typically include both external and internal groups, each with their own needs and expectations. E.g., investors want concise, actionable data to base investment decisions on, while customers may be more interested in companies' missions and values.

8 G&A. 2020. S&P 500 Flash Report

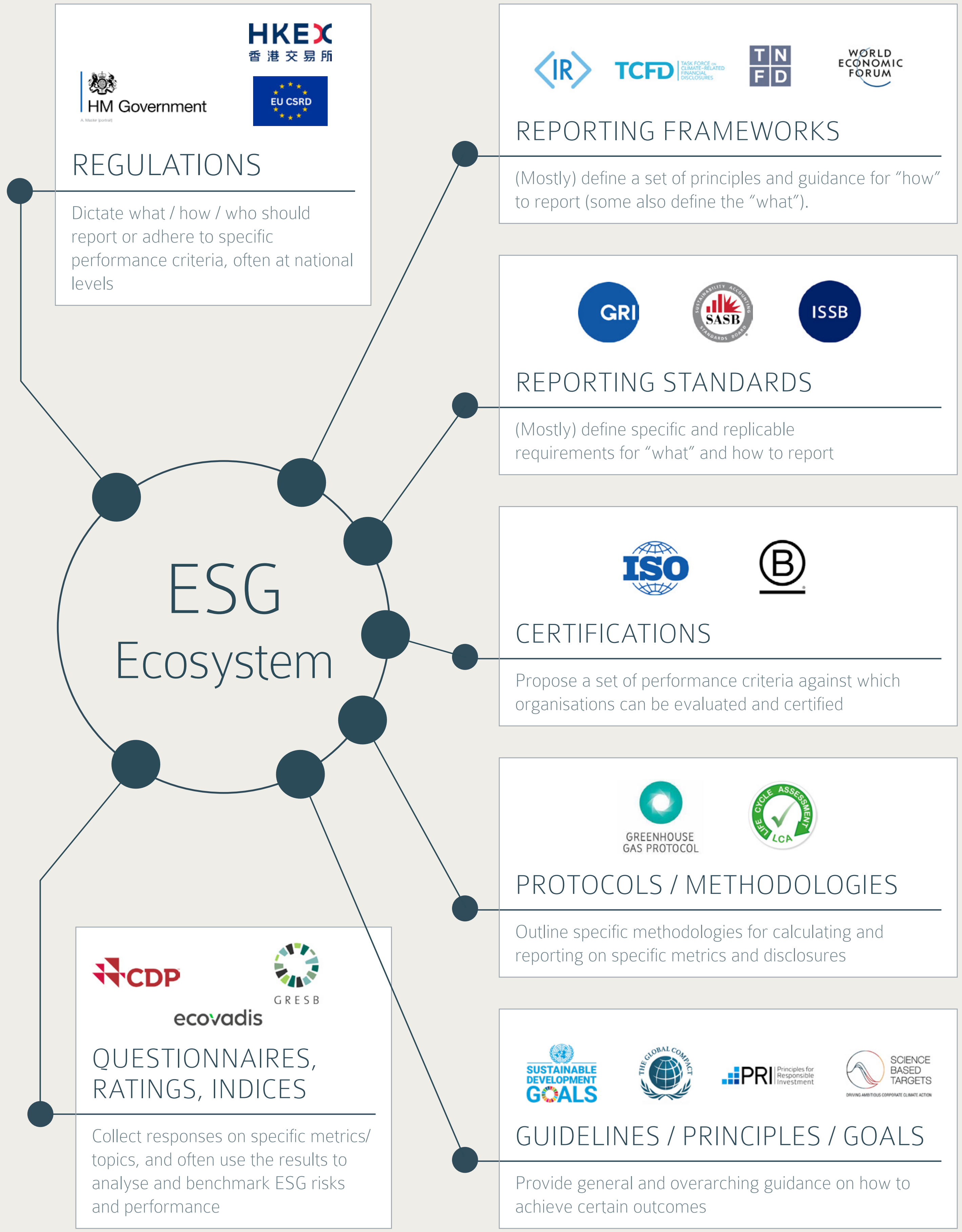
9 KPGM. 2022. Big Shifts Small Steps. https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/10/ssr-small-steps-big-shifts.pdf

KEY REPORTING FRAMEWORKS

As ESG reporting has gained traction in recent years, (in response to the 2015 Paris Agreement on Climate Change and the introduction of the SDGs) several voluntary standards and frameworks have been introduced to help companies share relevant environmental, social and governance information with interested parties. Some of the most popular include the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Taskforce for Climate-Related Financial Information (TCFD), amongst many others.

This proliferation of voluntary disclosure frameworks previously filled a void left by regulators. However, that landscape is changing rapidly. As described in the previous chapter, governments and regulatory bodies worldwide are implementing mandatory ESG reporting provisions at an accelerating pace, particularly concerning climate-related disclosures, often aligning with the global baseline established by the International Sustainability Standards Board's (ISSB) IFRS S2 standard. Alongside this focus on climate, dedicated frameworks addressing nature and biodiversity, notably the Taskforce on Nature-related Financial Disclosures (TNFD), are also emerging and gaining prominence. Concurrently, significant consolidation is occurring among major standard-setters (the IFRS Foundation now houses the ISSB) driving towards greater global coherence, especially for investor-focused sustainability information. Yet, whilst internationally endorsed standards solidify, companies must navigate this evolving ecosystem carefully.

There are many ways to categorise ESG frameworks, as each has a different purpose, thematic focus, industry scope, and relevance. A first key distinction to make is the general purpose of the framework. The graphic opposite summarizes some of the key categories that are used today. While many involve corporate reporting at some level, their core purpose creates a useful way to start making sense of the ecosystem.



DIFFERENCES IN KEY REPORTING FRAMEWORKS, STANDARDS AND GUIDELINES

Zooming in to some of the most popular and relevant names in the ESG ecosystem, the table below summarises the main differences between them.

NAME*	TYPE	PURPOSE	WHERE TO REPORT?	KEY AUDIENCE	INDUSTRY GUIDANCE	TOPIC SCOPE	MATERIALITY FOCUS
GRI	Standards	Organisational disclosure on economic, governance, social and environmental impacts	Sustainability reports	Broad audience	Yes	Across ESG	Impact
SASB/VRF	Standards	Corporate disclosure of financially material sustainability information	ESG reports, annual reports, and other	Mainly investors	Yes	Across ESG	Financial
TCFD	Framework	Corporate disclosure of financially material information on climate-related risks and opportunities	Mainstream financial fillings, ESG reports	Mainly investors	Yes	Climate	Financial
CDP	Questionnaire / Rating	Collect, assess and disclose information on the environmental performance of companies, cities and regions	CDP reporting system	Mainly investors	Yes	Carbon, Water, Forests	Unclear
SDGS	Goal setting and target Initiatives	Guide worldwide action, particularly among governments, towards sustainable development objectives	Sustainability reports, website, and other	General public	NA	Across ESG	NA
UN GLOBAL COMPACT	Principles & Guidelines	Guide corporate action via key principles and allow companies to demonstrate their commitments	Dedicated reports	General Public	No	HR, labour, environment, corruption	NA
EU CSRD, SFRD, TAXONOMY	Regulatory frameworks	Require companies to disclosure key ESG data to guide investments and actions toward sustainable goals	Dedicated portal, ESG reports and other	Regulators	No	Across ESG	Double
IR	Framework	Explain how organisations use capital to interact with the external environment to create/preserve/erode value	Integrated Reports	Mainly investors	No	Across ESG	Unclear
WEF	Framework	Corporate disclosure on key ESG metrics	Annual reports to investors and proxy statements	Mainly investors	No	Across ESG	Unclear
ISSB	Standards	Comprehensive global baseline for sustainability disclosures	Dedicated reports, ESG reports and other	Mainly investors	Yes	Across ESG	Financial
SBTI	Goal setting and target initiatives	Define and promote best practices in emissions reductions and net-zero targets in line with climate science.	ESG/sustainability reports and other	Broad audience	Yes	Emissions	NA
TNFD	Framework	Corporate disclosure of financially material information on nature-related risks and opportunities.	Mainstream financial filings, ESG reports	Mainly investors	Yes	Nature	Financial

*For further information please refer to the Glossary.

CONVERGENCE OF ESG FRAMEWORKS

The previously fragmented landscape of ESG reporting is undergoing significant consolidation. Led by the IFRS Foundation's International Sustainability Standards Board (ISSB), a global baseline for investor-focused sustainability (IFRS S1) and climate-related (IFRS S2) financial disclosures is now established and influencing regulations worldwide. Key frameworks like the TCFD recommendations and the SASB Standards are now integrated within this structure, providing greater coherence for capital markets.

What to do?

While significant convergence has occurred, a single, universal ESG standard covering all reporting purposes has not fully materialised. With that in mind, its important that you:

- Understand the range of reporting frameworks and standards currently available, as well as their key differences and purposes.
- Understand the evolving reporting requirements and regulations in your country of operation and relevant industry.
- Select the frameworks that best suits your business and reporting needs.
- Develop internal mechanisms to track key ESG performance data so that you prepare your business for future reporting expectations.

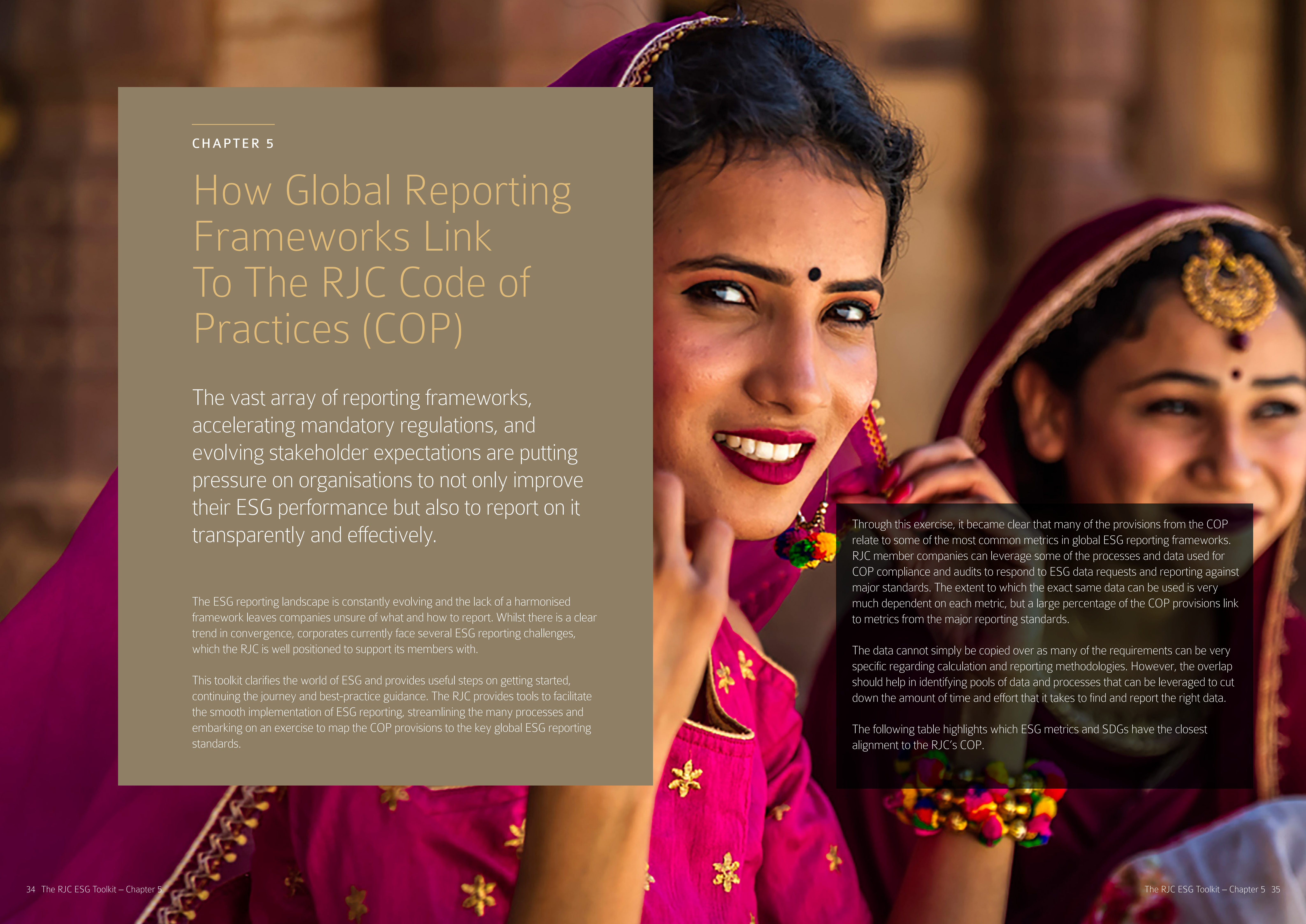
How to choose a framework

Below are the most important consideration when selecting an ESG reporting framework:

- **Geography and disclosure requirements:** Understand whether your company is subject to any disclosure requirements through national regulations or mandates (e.g., stock exchange). For example, mandatory climate reporting aligned with ISSB S2 is being implemented or planned in jurisdictions like the UK, EU (via CSRD/ESRS E1), Canada, Australia, Singapore, Hong Kong, Brazil, and impacting companies globally. Being listed in certain exchanges often carries specific ESG reporting requirements.
- **Materiality and topic-coverage:** Understand the issues material to your business (impact and financial). This focuses efforts on key topics. For example, if climate change (GHG emissions, transition risks) is material, consider disclosures aligned with ISSB S2. If nature or biodiversity impacts/dependencies are material, explore the TNFD framework recommendations.
- **Stakeholder expectations:** Understand demands or requests from investors, industry associations, or a parent company. For example, investors might want to see more in-depth detail about ESG goals and performance than employees. Regulators and insurers might want to see more about material usage and risk management. SASB is better suited if your main stakeholders are investors, while may be a better option if your report is directed to the general public.
- **Sector:** Some frameworks are designed specifically to help companies in a particular sector or industry report on the most relevant topics. Understand if there are frameworks for your sector and industry-specific recommendations from other frameworks. For example, SASB gives sector-specific recommendations for companies in the consumer goods industry.

Notes on implementation

- **It is possible to combine frameworks.** Oftentimes your reporting needs and requirements will be best served with a combination of frameworks or disclosures from different standards. Many companies produce reports that comply or follow two or three reporting frameworks.
- **It is often better to start small.** Complying with a given ESG framework or standard can seem like an overwhelming task. Keep in mind that unless you are being required to do so, you can often start small, reporting on a subset of topics, with a few disclosures.



CHAPTER 5

How Global Reporting Frameworks Link To The RJC Code of Practices (COP)

The vast array of reporting frameworks, accelerating mandatory regulations, and evolving stakeholder expectations are putting pressure on organisations to not only improve their ESG performance but also to report on it transparently and effectively.

The ESG reporting landscape is constantly evolving and the lack of a harmonised framework leaves companies unsure of what and how to report. Whilst there is a clear trend in convergence, corporates currently face several ESG reporting challenges, which the RJC is well positioned to support its members with.

This toolkit clarifies the world of ESG and provides useful steps on getting started, continuing the journey and best-practice guidance. The RJC provides tools to facilitate the smooth implementation of ESG reporting, streamlining the many processes and embarking on an exercise to map the COP provisions to the key global ESG reporting standards.

Through this exercise, it became clear that many of the provisions from the COP relate to some of the most common metrics in global ESG reporting frameworks. RJC member companies can leverage some of the processes and data used for COP compliance and audits to respond to ESG data requests and reporting against major standards. The extent to which the exact same data can be used is very much dependent on each metric, but a large percentage of the COP provisions link to metrics from the major reporting standards.

The data cannot simply be copied over as many of the requirements can be very specific regarding calculation and reporting methodologies. However, the overlap should help in identifying pools of data and processes that can be leveraged to cut down the amount of time and effort that it takes to find and report the right data.

The following table highlights which ESG metrics and SDGs have the closest alignment to the RJC's COP.

2024 CODE OF PRACTICES (COP) VS KEY ESG REPORTING FRAMEWORKS AND THE SDGS

COP THEME	COP PROVISION	COP PROVISION TITLE	GRI	SASB	ISSB	CSRD	SDGS
General Requirements	1	Legal Compliance	2-27			ESRS 2	16
	2	Policy And Management Systems	2-23, 3-3		S1.27,44 S2.6		16
	3	Reporting	2-1, 2-2, 2-3, 2-4, 2-5		S1*, S1.64-70, AG**	ESRS 2	12, 16
	4	Financial Accounts			S1.8-20, B38	ESRS 2	16
Responsible Supply Chains And Human Rights	5	Business Partners	2-6, 205		S1.B5	S2, E1, S4	8, 12, 16
	6	Human Rights	1-3, 405, 406, 408, 409	CG-AA-430b		S1, S2	8, 16, 10, 5, 17
	7	Due Diligence For Responsible Sourcing, Including From Conflict-Affected And High-Risk Areas	414	EM-MM-210a		S2, E1, S4	12
	8	Sourcing Directly From Artisanal And Small-Scale Mining (Asm)	204, 203, 414, 308	EM-MM-210a		S2, S4	8, 12
	9	Sourcing Post-Consumer Industrial Precious Metals Directly from Informal Recyclers	204, 203, 414, 308	CG-AA-430b		S2, E5	12
	10	Community Development	413	EM-MM-160a		S2, S4	3, 4, 6, 7, 8, 11, 16
	11	Bribery and Facilitation Payments	205	EM-MM-510a		ESRS 2.AR 11	16
	12	Know Your Counterparty (KYC): Money Laundering And Financing Of Terrorism	205	EM-MM-210b		ESRS 2.AR 11,AR 13	16
	13	Security	410	EM-MM-510		S1, S4	8, 16
	14	Claims	417			ESRS 2, E4, S4, G1, E4, E5	12
Labour Rights and Working Conditions	15	General Employment Terms	401			S1	1, 8, 10
	16	Working Hours	401, 407			S1	5, 8
	17	Remuneration	2-19, 2-20		S1. 27, S2.29	S1-16	1, 8, 9, 10
	18	Harassment, Discipline, Grievance Procedures and Non-Retaliation	2-25,26, 406, 403			S1	5, 8, 10, 16
	19	Child Labour	408	CG-MR-310a		S2	4, 8
	20	Forced Labour	409			S2	8
	21	Freedom of Association and Collective Bargaining	407	EM-MM-310a		S1-8	8
	22	Non-Discrimination	406	CG-AA-430b		S1	4, 5, 8, 10
	23	Diversity, Equity And Inclusivity	2-30, 401, 405-1, 405-2, 406			S1	5, 8, 10

** Application Guidance

COP THEME	COP PROVISION	COP PROVISION TITLE	GRI	SASB	ISSB	CSRD	SDGS
Health, Safety And Environment	24	Health and Safety	403	EM-MM-320a		S1-14	2, 3, 5, 6
	25	Environmental Management	2-22, 2-23, 2-24, 3-3, 301-308	EM-MM-110a, EM-MM-130a, EM-MM-160a, EM-MM-140a, EM-MM-150a	S1*, S2*	ESRS 2, E1, E2, E3, E4, E5	12, 13, 15
	26	Hazardous Substances	306, 403, 2-27			E2-5	3, 15
	27	Wastes and Emissions	305, 306, 303, 307, 2-27	EM-MM-110a, EM-MM-120a, EM-MM-150a	S1*, S2*	E1, E2, E5	6, 7, 13, 15
	28	Use of Natural Resources	303, 301	EM-MM-130a, CG-MR-130a, EM-MM-140a		E3, E5	6, 7, 12, 13, 15
Gold, Silver, PGM, Diamond and Coloured Gemstone Products	29	Product Disclosure	417	EM-MM-510a		S4	12
	30	Kimberley Process Certification Scheme and World Diamond Council System of Warranties	204, 414				16
	31	Grading, Analysis And Appraisal	417				16
Responsible Mining And Mineral Processing	32	Extractive Industries Transparency Initiative (Eiti)	207, 415	EM-MM-510a			12, 17
	33	Stakeholder Engagement	2-25, 2-29, 413, 203	EM-MM-210b	S1*, S1.B2	ESRS 2. AR17, S3	9, 11
	34	Indigenous Peoples And Free, Prior And Informed Consent (Fpic)	411, 414	EM-MM-210a		S4	6, 11, 15
	35	Impact Assessment	308, 414	EM-MM-160a	S1*, S2*	E(1-5), S(1-4)	5, 6, 9, 11, 12, 15
	36	Artisanal And Small-Scale Mining (Asm) And Large-Scale Mining	413	CG-AA-430b		E(2-4), S4	6, 9, 11, 12,15
	37	Resettlement	413			S4	10, 11
	38	Emergency Response	403, 413			S1, S4	3, 6, 11
	39	Biodiversity	101	EM-MM-160a		E4	11
	40	Tailings and Waste Rock	306	EM-MM-150a			11, 12
	41	Cyanide	306	EM-MM-150a		E2	3, 11, 12
	42	Mercury	305	EM-MM-120a		E2	3, 11, 12
	43	Rehabilitation And Closure	203, 413				14, 15, 11, 12
	44	Community Health and Safety	413-1, 403-2, 403-7, 302, 303, 304, 305, 306-3, 306-5, 2-25				3, 6, 8, 11, 12
	45	Cultural Heritage	411-1, 413-1, 413-2, 2-25			S3	11, 15, 16

** Application Guidance

Q&A with the Global Reporting Initiative (GRI)

The mapping of the RJC Code of Practices (COP) against key ESG reporting frameworks shows that the greatest convergence is with the GRI standards. We sat down with them them to find out more.

Q: Why was GRI created - what is its mission, history, and governance?

A: GRI marked its 25th anniversary last year. We were founded in 1997 with the aim of creating the first reporting mechanism to hold companies accountable for their environmental conduct – which was then broadened to include social, economic and governance issues. This led to iterations of GRI sustainability reporting guidelines, which gradually become more and more widely used by organisations around the world. In 2016, we transitioned to become a global standard setter, with the launch of the GRI Standards, which are now used by most major companies (for example, 78% of the largest businesses in the world report with GRI).

Our mission is to empower sustainable decision-making, as enabled by transparency and open dialogue about impacts. We do this by providing the global common language for organisations to report their impacts. Central to our ways of working is to embody a 'multi-stakeholder' ethos. This is reflected through our governance and in all standard-setting activities. As such the GRI Standards are highly relevant to a multi-stakeholder audience, which includes reporting companies, investors, civil society and other groups.

Q: What is the key purpose behind sustainability reporting?

A: This question could be deemed as quite philosophical, and the answer here really depends on your perspective! For some it will be primarily to meet regulatory requirements, for others to respond to the information needs of stakeholders, and for other it's about how to track efforts to improve corporate sustainability performance.

Bastian Buck,
GRI Chief of Standards

Interview date - June 2023

From GRI's point of view, all of these aims are valid but at the core is demonstrating transparency on how an organisation is contributing to sustainable development. Transparency is the catalyst for accountability. Ultimately, providing the data that leads to more responsible and sustainable decision-making is the purpose of sustainability reporting.

Q: How can the jewellery industry use and implement the GRI Standards?

A: The GRI Standards are relevant to all organisations – irrespective of size, location or sector. What this means is that a jewellery business can start to use our Standards to report on their impacts in a globally consistent way, which is designed to meet the information needs of their stakeholders.

The Standards are designed as an easy-to-use modular set, which can be used to provide an inclusive picture of a company's material topics, their related impacts, and how they are managed. An organisation starts out with the Universal Standards – which apply to all, then use applicable Sector Standard(s) to determine material topics, and report on those using relevant Topic Standards. And as I'll come on to, we have a new Sector Standard under development that will apply to the jewellery industry.

Q: How will the adoption of the GRI Standards reap business benefits - what value can companies expect to see through reporting?

A: At the heart of effective reporting – sustainability or otherwise – is quality and decision-useful data. The old adage that 'you only manage what you measure' is very true: how can a company understand what its impacts are on the world around them if they don't report? Businesses that fully commit to GRI reporting will be better placed to respond to the legitimate expectations from customers, regulators, investors and other stakeholders on what their impacts are, positive and negative. By incorporating sustainability data into business strategy, they can unlock efficiencies and long-term viability.

Q: What advice does GRI have for SMEs who are at the beginning of their reporting journey?

A: For smaller companies and first-time reporters, the biggest challenge is often figuring out how and where to begin. The newly updated GRI Universal Standards provide excellent guidance on how to get started, through a materiality assessment and stakeholder engagement. Reporting is an iterative process though, and companies often find they can improve and deepen their reporting over time.

GRI also offers a variety of support services for reporters. From guidance with the content index to specific courses and a full Certified Training Program, we are here to help.

Q: How can we overcome reporting challenges - are there any common pitfalls to be aware of?

A: Sustainability reporting needs to be robust and comprehensive, reflecting the material impacts that an organisation has, on the economy, environment, and people. Incomplete or selective reporting is a concern and opens up companies to accusations of 'greenwashing'.

That's why we always encourage companies to be open about both their positive and negative impacts, and if information is not available, to explain why. That's not always an easy conversation to have with stakeholders, yet full transparency is the route map to improvement and change.

Q: What is GRI's perspective on the jewellery industry – which sector standards should we be using?

A: GRI is currently working on the development of a Sector Standard for textiles and apparel, in which other fashion elements will be included, such as jewellery and accessories. Fine jewellery and watches are a key segment of the luxury industry, which also includes clothing and footwear, bags and accessories, and cosmetics. Thus, companies in the textiles industry tend to merge their businesses with jewellery and watches.

The major sustainability challenges in the textiles and apparel sectors also tend to coincide with some of the jewellery industry's main challenges. These include aspects such as traceability of supply chain, labour and human rights related topics, as well as waste and recycling.

We are now in the process of recruiting the multi-stakeholder Working Group who will be tasked with developing this new Sector Standard. The Group will include representatives from civil society, investment institutions, labour, and other parties with expertise in impact reporting. We expect to launch a draft standard open for public comment in mid 2024.

Q: What were the key learnings from COP27 regarding the sustainability reporting landscape?

A: The final outcome of COP27 set out the urgent need to address the climate crisis and biodiversity loss in a synergistic manner with explicit references to the importance of protecting, conserving and restoring natural ecosystems. This internationally agreed resolution is highly relevant for companies around the world because it raises the bar for expectations on business to be accountable for their climate impacts.

There are two developments through the GRI Standards that are significant in this space. Firstly, we have a started a review of all climate-related standards, to bring reporting in line with global instruments in the field of climate change, greenhouse gas emissions and energy. And secondly, we are at an advanced stage in the progress of a major update to the GRI Biodiversity Standard, expected to launch in a few months' time.

Q: We know that there is a strong need for convergence between frameworks to reduce reporting burden - how is the work of GRI and the ISSB helping to deliver standardisation?

A: GRI has built a track-record in collaboration and cooperation with other organisations, to improve and streamline sustainability reporting, meeting the needs of companies and their stakeholders. With the ISSB, we agreed on a MoU in March 2022 by which we have coordinated standard-setting work programs. Central to this is the premise that impact reporting for a multi-stakeholder audience, as enabled by GRI, and investor-focused financially material disclosure, through the ISSB, are on an equal footing.

We have also been working with EFRAG to support the new European Sustainability Reporting Standards (ESRS), which are coming soon for many companies operating in the EU. Encouragingly, it's been confirmed that the impact disclosure requirements in the draft ESRS are closely aligned with the GRI Standards.

We recognize concerns about reporting burden, which is why it's important that there is interoperability between these new developments and the sustainability reporting practices through GRI that many organisations around the world already have in place. While there remains more progress to be made, we are confident this will be achieved.

CHAPTER 6

A 3-Step Guide to Writing an Effective ESG Report

The previous section showed you which ESG metrics have the closest alignment to the RJC's COP. You now have a good understanding of which framework(s) to select, and which topic areas to focus on for your ESG disclosure. Most companies provide their ESG disclosure in an annual sustainability report. In this section, we will cover best-practices and useful tips to get started on or upgrade current practices around corporate ESG reporting.

STEP 1

MATERIALITY ASSESSMENT & STAKEHOLDER ENGAGEMENT

- Identify potentially material issues
- Assess double materiality
- Engage with internal and external stakeholders
- Mapping and Prioritization
- Alignment with key management and strategy development
- Document the process and outcome

STEP 2

DATA COLLECTION

- What data to collect?
- How to collect data?

STEP 3

REPORTING

- The basic elements of an ESG report
- Principles of ESG reporting
- Where to disclose?

Step 1
Materiality assessment & stakeholder engagement

Materiality assessments are processes used to identify and evaluate the most relevant and significant ESG topics for a business and its key stakeholders. They are often regarded as the backbone of sustainability reporting and corporate sustainability strategies. These assessments help companies understand their most important ESG issues, which should inform business strategy and ultimately help decide on the topics to be included in a sustainability or ESG report.

Materiality can be defined from at least two key perspectives, external (impact) or internal (financial/operational). In other words, ESG topics and issues can be material from the perspective of how a company impacts society and the environment (outward or impact materiality) or vice versa, how the world impacts a company and its ability to operate (inward or financial materiality). That is the basis of the concept known as double materiality.

Given the different perspectives on materiality, and the diverging needs of different businesses and industries, there isn't a single way to conduct a materiality assessment. There are however some general best practice steps, outlined below:

Phase 1:
Identify potentially material issues

Start with the identification of a broad universe of potentially material issues. This is done by referencing multiple sources, which is essential to minimize the risk of overlooking any emerging issue and ensuring a comprehensive, credible analysis. These sources generally include:

- A previous materiality assessment
- Industry and peer reports or benchmarks
- Ratings and rankings
- Mandatory regulatory requirements
- Best practices and recommendations from voluntary policies (e.g., GRI, SASB)
- Online news and media

You can refine the long list of potential material topics by clustering them into a limited number of higher-level categories (e.g., by business unit, country, theme). Align them with existing terminology, strategy and policies used by your company to put them into context and language that your key stakeholders will understand.

Phase 2:
Assess double materiality

Phase 1 can produce a large range of different ESG issues, ranging from greenhouse gas emissions to the gender diversity of employees. It can seem daunting for a company to address and manage all of them. This is why it is important to use a standard process to prioritise the issues that are most material to its business and most relevant to its stakeholders.

To start measuring materiality, it is important to explore each topic to understand its relevance to the business and its stakeholders. Applying a double materiality approach, identify evidence of materiality, both from an impact/outward and a financial/inward perspective (double materiality) for the shortlisted topics.

Remember, impact/outward materiality refers to the impacts of your company to society and the environment. As per GRI, these are:

> "Topics that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on their human rights"

By contrast, financial/inward materiality refers to the impacts that society and the environment have on your company. As per SASB, these are:

> "Topics that are reasonably likely to significantly impact the financial condition, operating performance, or risk profile of the typical company".

Phase 3:
Engage with internal & external stakeholders

A stakeholder is often defined as someone that is significantly affected by the reporting organisation's activities, products, and services, or whose actions affect the ability of the organisation to implement its strategies and achieve its objectives.

Engaging stakeholders is a core element of any materiality assessment, as no organisation can be sustained without understanding the needs and expectations of its customers, employees, investors, or managing board. Stakeholder engagement is often both an instrumental source of inspiration in identifying potentially material issues and a crucial step in validating and prioritizing them.

Companies often use structured surveys as part of the materiality assessment to gather uniform information as to the most important topics for each stakeholder group. In these surveys, stakeholders are often asked to rank the list of issues identified in the previous Phases by their relative importance. The results are then used to map and prioritise key topics.

Make sure to define the methodology you will use to 'score' each topic and assess the strategic importance of each topic to the business. Set a threshold or cut-off point for defining which topics will be considered material. If possible, use the same thresholds used by enterprise risk management when conducting a materiality assessment, taking impact on corporate value creation as the basis for assessment.

Soliciting stakeholder feedback helps to get third-party perspective and adds credibility to the process. A company will generally publicise that it consulted experts in the field and used that engagement to guide its process. For a more detailed guide on stakeholder engagement, check out BRS's Five-Step Approach to Stakeholder Engagement.

Phase 4:
Mapping and prioritisation

In this phase, all the data collected from internal and external stakeholders is put into a model or framework (generally with a quantitative ranking component) that can be used to map and prioritise issues.

With that goal, companies often use "materiality matrices" to map the prioritization of material topics based on assigned scores and weights. Whilst there is no global consensus on the use and methodology behind these matrices, one of the most common combinations is plotting business impact against stakeholder importance. With the increasing importance of double materiality, some companies have started using matrices that plot inward against outward materiality.

Materiality matrices are not always necessary. The important part of this phase is that you prioritise material topics, ideally based on both the strategic importance to the business as well the importance to stakeholders and the social, economic and environmental impacts of each topic in the value chain.

Make sure to identify relevant business functions and decide which internal stakeholders should be involved in prioritising topics. Is every category linked to a relevant business function that is involved in prioritizing the final topic list? Are the business functions involved in assessing and prioritizing topics sufficiently senior and knowledgeable to provide meaningful insight?

Use the scoring methodology developed in Phase 3 to score each topic and select your list of most material topics based on internal and external feedback. It is important to note that while it is useful to make the mapping process quantitative and 'scientific', it is a process that tends to be more 'art' than 'science'.

Phase 5:
Alignment with key management and strategy development

With a final list of topics, potentially organized in a matrix, it is important to test the results of your materiality assessment with key internal audiences to validate the outcome.

Be sure to assign senior managers based on the scope of your assessment. For instance, for a company level assessment, this should at a minimum involve the executive in charge of sustainability and the relevant divisional managers.

This review process ensures the assessment and outcome are considered credible both internally and externally, and that management has accepted the results and considered the implications. The results can then feed into the wider corporate strategy development process, outlining how it will work on the identified material issues, and developing metrics to track impact.

It is best practice to revise materiality assessments at least once every two years, and ideally every year. This is because ESG issues evolve quickly and what used to be a minor issue can rapidly become material – and vice-versa. This is a concept known as "dynamic materiality". As such, materiality assessments should not be considered as static.

Phase 6:
Document the process and outcome

Documenting the materiality assessment process and outcome carefully is important, not only because it is often seen as a best practice to describe the process in your sustainability report, but also because it is increasingly expected and mandated.

The EU CSRD demands limited assurance of reported data, which means that presenting the results of the double materiality assessment is no longer good enough. Thorough documentation of the entire process is now expected.

Documentation should not be limited to a general description of the process but should include explanations of how sustainability matters were identified and assessed. This also includes how the evidence or information was used during the consideration process, the thresholds applied, and why and by whom sustainability matters were finally deemed material either from a financial, impact or both perspectives.

Step 2: Data collection

Whether you are preparing your annual sustainability report, responding to data requests from key stakeholders, or simply trying to understand your ESG performance internally, you will need data – accurate, detailed, consistent, and comparable data.

This is generally one of the hardest and most time-consuming tasks in the sustainability reporting process for corporates, who need to figure out what data to collect as well as how to collect it.

What data to collect?

Given the vast data troves that live inside organisations today and the wide-ranging sustainability areas your company is likely to touch through the course of doing business, it's easy to get side-tracked by the data you could be collecting. To maintain focus, align your data collection efforts to your strategy. This is where the materiality assessment discussed in Step 1 comes into play. The data you collect should connect to your goals, which in turn reflect the issues most material to your business.

As your materiality analysis and goals drive which metrics to track, you should consult well-established reporting frameworks to inform your data collection approach. The most globally recognised reporting frameworks such as GRI, SASB and TCFD all provide extensive guidelines for the type of data and metrics to be reported for select material topics as well as sector-specific recommendations and best-practices.

Remember: If you're just starting out, create a roadmap, prioritise the data you need to acquire and grow this list over time.

How to collect data?

The data underpinning ESG reporting is often scattered throughout the business. It is often necessary to coordinate efforts across the company, engaging different business units and departments such as HR, finance, facilities, legal and other functions to execute data collection. Across the business world, the systems to produce, distribute and consume ESG data are in general significantly less mature than those for financial information[10].

Below are some best practice steps for collecting and processing data effectively:

Identify key roles across the company for different data sets

- Identify people directly involved in the collection (producers and owners) as well as those responsible for collating, bringing other teams together and consolidating (coordinators and reporters).
- Make sure to work together across the organisation and avoid siloed thinking – data collection requires collaboration.
- Engage with finance and internal audit teams to apply controls over the data, including evidence trails and identify responsibilities for reviews and sign-offs.
- Make the business case to build human resource either within the team or through external consultants.

Identify sources of data and collect

- Underlying data comes from different sources and can be internally generated or externally sourced.
- Identify the sources for the data and set out the methodology and frequency for gathering it.
- Engage with suppliers, customers and clients on data needs and consider where the ESG data can be useful to all parties.
- Consider collaborating with industry peers to facilitate collection of information from common suppliers – particularly where the supply chain is fragmented.
- Think of introducing different levels of review against evidence of the data source to help mitigate the risks of manual input.
    - Internal data can typically be derived from contracts, budgets, HR processes and staff surveys. Unless the data is input or uploaded directly onto an online/cloud-based solution, it is often input manually into spreadsheets or operational platforms (e.g., HR or specialised environmental tracking systems). Internal data can be measured directly, for example by taking site meter readings for energy usage, or generated automatically in real time, such as smart meters.

- External data consists of data from third parties, primarily from suppliers. It is typically requested at contract or onboarding stage and at regular periods during the business relationship. It often includes data on emissions in Scope 3, labour conditions and materials sourcing and can be further requested via questionnaires, online portals, or supply chain platforms. External data can be challenging to obtain, as it relies on external parties. Data on waste, recycling, packaging, ingredients of third-party products, or flight emissions are typically obtained from consultants, suppliers, or external agencies such as energy or waste management entities.

Process and analyse the data

- Collate the date and organize it in one location to allow for analysis, using calculations and aggregation methodologies. This is typically done through the export of data into master spreadsheets, business intelligence platforms, specialized data platforms, financial reporting systems and/or enterprise resource planning systems.
- Consider if your reporting tools and systems are suitable for current needs as well as those in the medium term. Introduction of new regulation and standards is an opportunity to think about building flexible, robust, and agile systems across financial and non-financial data.
- Think about sharing lessons learnt on data collection across the group, from different functions to subsidiaries, to strengthen the maturity of data and improve related systems and controls.

Validate the data.

Once collected, the data should be assessed for accuracy and validity before it is used. Typically, this is performed through:

- **Variance analysis:** The data is analysed through comparison with past periods or relevant forecasts. Think of implementing a system to spot unusual variances and try to provide explanations where relevant.
- **Reporting control:** A series of control processes are applied to assess and review the data. In this case, companies often work with risk or governance control teams to help establish control frameworks and checklists for data preparation, applying similar principles to financial reporting controls.
- **Internal audit:** Engaging an internal audit team to provide assurance over ESG data. Typically, this is done for specific data sets, such as climate-related data.
- **External assurance:** Seeking external assurance over areas such as data processes and controls, as well as the data itself. Think of starting with a limited assurance engagement and then moving towards reasonable assurance.

For more detailed guidance, check out the publication by the UK's Financial Report Council (FRC), which provides a best-practice model for how companies should gather, and make effective use of ESG data.

10 FRC, 2022. FRC Lab report: Improving ESG data production

Step 3: Reporting

Once companies have identified their key material topics and collected appropriate data, it is time to decide how and where to disclosure ESG performance data.

While ESG reporting frameworks and standards provide comprehensive technical guidance on what and how to report on key metrics for your material topics, companies still need to decide how they will structure and share this information with their key audiences.

There are currently no universally agreed guidelines for how to write and structure ESG reports, and indeed reports vary widely in their structure, content and designs across industries, business sizes, and jurisdictions. There are however several reporting best practices and basic elements worth keeping in mind.

BASIC ELEMENTS OF AN ESG REPORT

Some of the basic elements to consider incorporating in your ESG and sustainability reports are:

PROFILE AND CONTEXT

An overview of your business, including its mission and values, and the market environment in which you operate, to contextualise your reporting for the reader.

GOVERNANCE

A description of the governance processes, controls and procedures put in place to monitor and manage sustainability matters

STRATEGY

A description of your sustainability strategy over the short, medium and long term, demonstrating how this is integrated in your core corporate strategy and permeates throughout your business. This includes a description of the actual and potential impacts of the ESG risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

A description of the processes to identify, assess and manage material impacts, risks and opportunities, including how these processes are integrated with the organisation's overall risk management.

PERFORMANCE, METRICS & TARGETS

A description of the metrics and targets used to assess and manage relevant ESG risks and opportunities, including disclosures on the performance against those metrics and targets.

Principles of ESG reporting

Next to some of the basic elements of an ESG report, it's important to consider key reporting principles to ensure that you are producing and publishing high-quality information that allows users to make informed assessments and decisions.

In that regard, the GRI Standards provide a useful list of industry-agnostic and widely applicable reporting principles which it notes are fundamental to achieving high-quality sustainability reporting:

- **Accuracy:** The organisation shall report information that is correct and sufficiently detailed to allow an assessment of the organisation's impacts.
- **Balance:** The organisation shall report information in an unbiased way and provide a fair representation of the organisation's negative and positive impacts.
- **Clarity:** The organisation shall present information in a way that is accessible and understandable.
- **Comparability:** The organisation shall select, compile, and report information consistently to enable an analysis of changes in the organisation's impacts over time and an analysis of these impacts relative to those of other organisations.
- **Completeness:** The organisation shall provide sufficient information to enable an assessment of the organisation's impacts during the reporting period.
- **Sustainability context:** The organisation shall report information about its impacts in the wider context of sustainable development.
- **Timeliness:** The organisation shall report information on a regular schedule and make it available in time for information users to make decisions.
- **Verifiability:** The organisation shall gather, record, compile, and analyse information in such a way that the information can be examined to establish its quality.

As you prepare your ESG report, and whether you adhere strictly to a specific reporting standard (e.g., GRI or SASB) or not, keep these principles in mind to guide your report content development.

For detailed guidance on the application of these principles in your report, see GRI 1: Foundation 2021. To see a similar list of reporting topic and metric principles from SASB's perspective, please see SASB's Conceptual Framework.

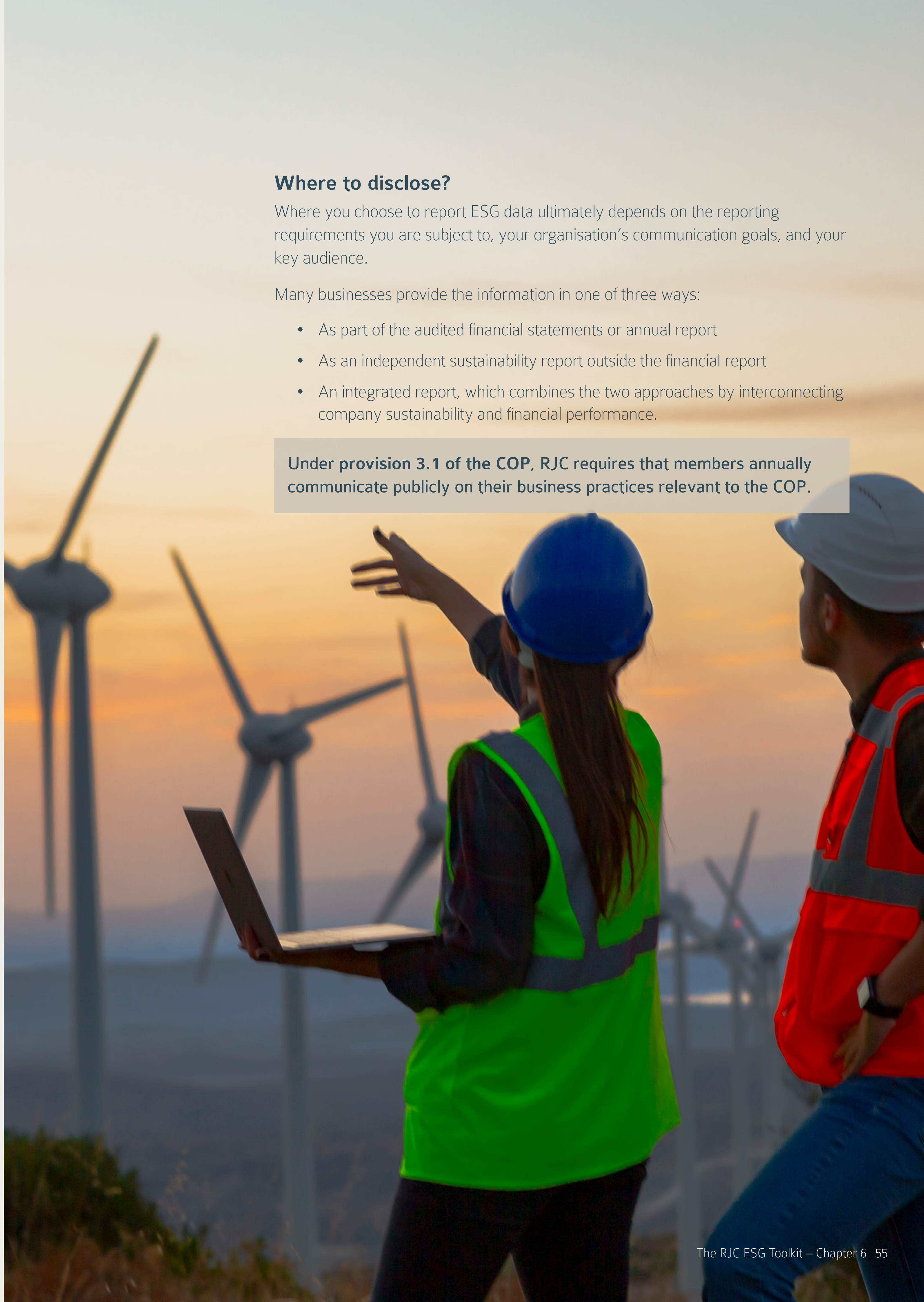
Where to disclose?

Where you choose to report ESG data ultimately depends on the reporting requirements you are subject to, your organisation's communication goals, and your key audience.

Many businesses provide the information in one of three ways:

- As part of the audited financial statements or annual report
- As an independent sustainability report outside the financial report
- An integrated report, which combines the two approaches by interconnecting company sustainability and financial performance.

Under provision 3.1 of the COP, RJC requires that members annually communicate publicly on their business practices relevant to the COP.



CHAPTER 7

Credible & Compelling Communication for Jewellery Businesses

BUILDING CONSUMER TRUST THROUGH TRANSPARENCY

Consumer trust is the foundation of effective ESG communication. In recent years, a proliferation of vague or exaggerated "green" claims has eroded public confidence. EU authorities found that 53% of environmental claims are vague, misleading or unfounded, and 40% have no supporting evidence, leading to widespread scepticism.[11] Consumers want to support sustainable products, but they need to believe the claims: for example, 75% of consumers say they would consider buying green products, yet only 17% actually do so, citing mistrust of the labels and claims.[12] In the jewellery industry – where trust and authenticity are paramount – responsible companies must rise to this challenge. By communicating sustainability efforts in a clear, truthful way, RJC members can enhance consumer trust while meeting new regulatory expectations. The goal is to tell a compelling ESG story that is also credible (fact-based) and compliant with evolving rules, particularly in the European Union's market.

RAISING THE BAR ON ENVIRONMENTAL CLAIMS

One of the most significant recent developments in sustainability regulation has been the growing focus on addressing greenwashing and improving the credibility of environmental claims. Regulators in many jurisdictions are introducing stricter requirements to ensure that environmental claims are accurate, substantiated, and not misleading. While the specific legal frameworks vary between countries, the overall objective is to protect consumers, promote transparency, and enable informed purchasing decisions that reward genuinely sustainable products and practices.

As a result, businesses are increasingly expected to support claims with robust evidence, maintain clear documentation, and communicate sustainability information in a transparent and verifiable manner. Claims relating to recycled content, carbon footprints, responsible sourcing, or broader environmental benefits are facing greater scrutiny from regulators, investors, and consumers alike.

Such claims must be backed by robust, science-based evidence (e.g. life-cycle analysis data) and documented proof. Companies will need to make this substantiating information available to consumers, and even keep claims updated over time to reflect the latest data. In short, the bar for calling a product "green" or "eco-friendly" is about to be much higher, with formal checks to ensure honesty.[13]

THE EU'S ANTI-GREENWASHING MEASURES

The European Union has significantly strengthened its regulatory approach to greenwashing and environmental marketing claims. While the proposed Green Claims Directive (which would have introduced detailed requirements for the substantiation and verification of environmental claims) was withdrawn before adoption, the broader trend towards stricter regulation remains firmly in place. Existing and recently adopted consumer protection measures require businesses to ensure that environmental claims are accurate, evidence-based, and not misleading. As a result, companies operating in the EU face increasing scrutiny over claims relating to sustainability, recycled content, responsible sourcing, carbon footprints, and climate neutrality.

11 European Commission. 2021. Behavioural study on consumers' engagement in the circular economy. https://op.europa.eu/en/publication-detail/-/publication/5de64de7-f9d3-11e8-a96d-01aa75ed71a1

12 Deloitte. 2023. The Sustainable Consumer. https://www.deloitte.com/uk/en/Industries/consumer/perspectives/the-sustainable-consumer.html

13 European Commission. 2023. Proposal for a Directive on substantiation and communication of explicit environmental claims (Green Claims Directive). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52023PC0166

The EU's primary anti-greenwashing measure is now the Empowering Consumers for the Green Transition Directive (EU 2024/825), which entered into force in 2024 and will apply across Member States from September 2026. The Directive strengthens consumer protection rules by restricting vague or unsubstantiated environmental claims, regulating the use of sustainability labels, and addressing misleading climate-related marketing. As a result, businesses marketing products in the EU face increased expectations to ensure that environmental claims are clear, evidence-based, and capable of verification.

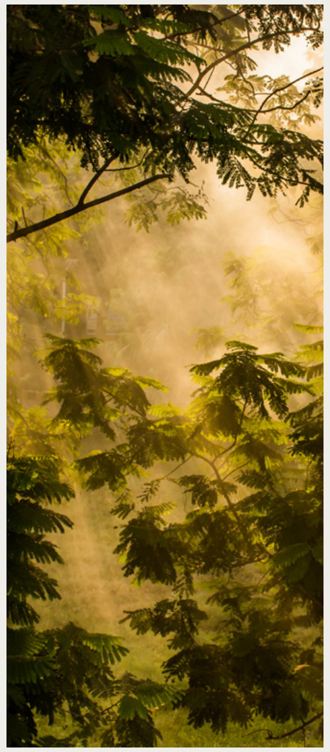
Terms like "environmentally friendly," "eco-friendly," or "climate neutral" are prohibited unless the company can substantiate an "excellent environmental performance" relevant to the claim. For example, an organisation cannot simply label a product "sustainable" or "responsible" without evidence; these broad claims encompass environmental and social aspects that must be backed up. The law also specifically flags carbon neutrality claims based solely on offsetting as misleading – a product should not be marketed as having "neutral" or "zero" climate impact unless this is achieved through actual emission reductions, not just purchasing carbon offsets.

This changing legal landscape directly affects jewellery companies selling in the EU, especially when making claims about recycled metals content, responsible sourcing, carbon footprints or climate neutrality.

IMPLICATIONS FOR JEWELLERY BUSINESSES: AVOIDING GREENWASHING AND COMMUNICATING WITH INTEGRITY

Jewellery brands often highlight sustainability aspects – such as recycled gold or ethically sourced diamonds – in their storytelling. Under the new EU expectations, it's not enough for these claims to sound good; they must be accurate and substantiated. RJC members can stay ahead by adopting best practices that align with these requirements and demonstrate genuine responsibility. Here are key guidelines for credible and compliant communications:

- **Be Specific and Transparent:** Clearly define the scope of any claim. Avoid giving the impression a claim covers an entire product or business if it only relates to a part. For instance, if only a pendant's chain is made from recycled silver, don't claim the whole necklace is "100% recycled" without clarification. The EU will prohibit claims that apply to the whole product when in reality only a part meets the criteria – any such limitations must be made clear to consumers. Specificity builds trust, whereas vagueness raises red flags.
- **Substantiate Every Claim with Data:** Before making a sustainability claim, gather solid evidence. This could include life-cycle assessment results for a product's carbon footprint, certificates of recycled material content, or audit reports for responsible sourcing. EU regulators expect claims to be backed by science-based, verifiable data. Document the percentage of recycled material or the exact emissions reduction achieved, and be prepared to share that information (e.g. on your website or in documentation). Keeping data up-to-date is also crucial – new requirements may ask companies to review and refresh the substantiation to ensure claims remain valid.



- **Avoid Vague or Overly Broad Terms:** Steer clear of catch-all phrases like "green," "eco-friendly," "sustainable," or "responsible" unless you can prove exceptional performance across all relevant aspects. The EU considers unqualified general claims inherently misleading. If you do use such terms, qualify them with specifics – for example, "sustainably sourced gold certified by XYZ standard" is better than just "sustainable gold." Remember that words like "responsible" imply not only environmental care but also ethical labor practices; be sure you have evidence for both, or use more precise language. In practice, it's safer to focus on one attribute at a time (e.g. recycled content, origin traceability, carbon reduction) and describe it with factual clarity.
- **Be Cautious with Carbon-Neutral Claims:** Many companies are working to reduce their climate impact– but when communicating about "carbon neutrality" or offset programs, be very careful. EU guidance now warns that claims of a product being carbon-neutral or having "zero emissions" are misleading if they rely purely on offsetting. In other words, you should not market a watch or ring as "climate neutral" solely because you bought offsets for its footprint. The better approach is to highlight your actual emissions reductions (for example, energy efficiency in manufacturing or low-carbon shipping methods), and if you do use offsets for the remainder, disclose that transparently rather than simply calling the product zero-impact. By focusing on real decarbonisation efforts and using offsets only as a last resort (with credible offset projects), your climate messaging will be both more credible and compliant.
- **Lean on Credible Standards and Certifications:** One effective way to bolster consumer confidence is by using recognised third-party certifications or standards as proof of your claims. For RJC members, this could include referencing your RJC Code of Practices certification, responsible sourcing standard compliance, or other eco-labels for materials (like certified recycled gold, Fairmined gold, Kimberley Process for diamonds, etc). The new EU rules encourage the use of official or accredited schemes to validate claims, and in fact will require third-party verification of many environmental claims. An independent seal of approval reassures consumers that your claim isn't just self-serving marketing. However, be mindful to use high-quality labels – the EU has noted there are over 230 environmental labels in use, with wildly varying reliability.[14] Stick to certifications with strong credibility and audit requirements, and ensure any logo or label you display is backed by the scope of your claim (for example, a recycled content certification applies to the metal content of a piece).
- **Communicate Progress, Not Perfection:** Finally, remember that honest sustainability communication is about transparency, not portraying your business as "perfect." In the EU market especially, authenticity is valued. If you are on a journey to improve (as most companies are), you can still communicate responsibly by sharing your goals and progress. For instance, rather than overstating achievements, you might explain that "25% of our gold is recycled this year, and we are investing in increasing this to 50% in the next two years". This kind of message is factual and forward-looking. It shows commitment without falling into the trap of greenwashing. Regularly updating consumers on improvements (and even challenges) can deepen trust. In summary, be truthful, be specific, and back up every claim – your customers will reward you for it.

14 European Commission. 2020. Communication from the Commission: Circular Economy Action Plan. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0098

GLOBAL ANTI-GREENWASHING EFFORTS INTENSIFY BEYOND THE EU

While the European Union's new directives create a direct legislative shield against greenwashing, a powerful wave of regulatory enforcement and mandatory disclosure is building across the Americas and Asia. For the global jewellery industry, which is built on trust and international supply chains, understanding this global crackdown on misleading claims is critical. The era of vague, unsubstantiated marketing is ending; regulators, investors, and consumers in key markets are now demanding verifiable proof behind every environmental and ethical promise.

The Americas: A Multi-Front Battle Against False Claims

In the United States, the fight against greenwashing is advancing through both federal agencies and pioneering state laws, creating a high-stakes environment for corporate marketing.

- **Federal Enforcement Gets Sharper:** The U.S. Securities and Exchange Commission (SEC) has finalised its climate-related disclosure rule. While facing legal challenges, its purpose is to create standardised, comparable data, making it harder for companies to cherry-pick information or obscure their true climate impact. More pointedly, the Federal Trade Commission (FTC) is updating its "Green Guides," the primary rulebook against deceptive environmental marketing. The update is expected to impose stricter rules on the use of popular but often vague terms like "sustainable," "eco-friendly," and "carbon neutral," increasing the risk of enforcement action for unsubstantiated claims.
- **California Creates a Mandate for Truth:** California's landmark laws, SB 253 and SB 261, are powerful anti-greenwashing tools. By mandating the public disclosure of Scope 1, 2, and crucially, Scope 3 (value chain) emissions for large companies doing business in the state, these laws create an unprecedented level of transparency. For a jewellery company, making a "low-carbon" claim about a product will now be weighed against publicly available emissions data, creating a significant risk of litigation if the marketing doesn't match the metrics.

In Canada, the focus on supply chain integrity directly ties into preventing misleading claims. The Fighting Against Forced Labour and Child Labour in Supply Chains Act requires companies to report on their diligence efforts. Beyond this, the Canadian Competition Bureau is actively investigating greenwashing, signaling that any "ethical sourcing" or "sustainable" claim made to consumers must be backed by robust proof of supply chain monitoring.

Asia-Pacific: Laying the Groundwork for Accountability

Across Asia, a rapid acceleration in mandatory reporting is establishing the foundational transparency needed to hold companies accountable and curb greenwashing. While some jurisdictions are in the early stages, others are already taking direct enforcement action.

- **Active Enforcement in Australia:** The Australian Competition & Consumer Commission (ACCC) has become one of the region's most active regulators on this front. Following industry-wide sweeps to identify misleading environmental claims, the ACCC has published clear guidance for businesses and has begun taking enforcement actions, making Australia a key market where green claims face intense scrutiny.
- **Establishing a Framework for Truth:** In markets like China, Hong Kong, Singapore, India, and Japan, the rapid acceleration towards mandatory or ISSB-aligned sustainability reporting is creating the necessary infrastructure for accountability. These rules compel companies to move from curated sustainability stories to audited data on everything from emissions to water use and employee welfare. While not explicitly "anti-greenwashing" laws themselves, they provide the data that regulators, investors, and the public will use to validate or challenge corporate claims. For a global jewellery brand, this means its sustainability report for Singapore or Hong Kong will become the evidence base for marketing campaigns shown to consumers in New York or London.

From Compliance to Credibility in a Sceptical Market

This global regulatory tightening is not happening in a vacuum. It is a direct response to rising consumer and investor scepticism. In both the Americas and Asia, customers are growing wary of vague "green" labels and are demanding credible, data-backed proof of a brand's ethical and environmental credentials.

For businesses, this means that robust data and verifiable transparency are no longer just for compliance reports but are now essential tools for risk management and brand defense. In an industry where trust is the most precious asset, the ability to substantiate every claim—from the percentage of recycled gold to the carbon footprint of a diamond—is what will separate the market leaders from those facing legal and reputational peril.

CHAPTER 8

Final Thoughts

Understanding ESG can seem complex, but by following this toolkit's step-by-step approach, companies can integrate ESG seamlessly into their business strategy.

Whether you are a large corporation or an SME, adopting ESG best practices enhances transparency, reduces risk, and creates long-term value for business and society.

Embarking on or deepening your company's ESG journey using this toolkit is a commitment to responsible business practices, and we commend you for taking these vital steps. As you've seen throughout this guide, the ESG landscape is not static; your strategy must and will evolve in response to a rapidly changing global context.

The shift from voluntary ESG disclosure towards comprehensive, mandatory reporting requirements has accelerated worldwide.

We encourage you to use this toolkit not merely as a compliance guide, but as a catalyst for continuous improvement and strategic integration. Simply starting, researching, reporting, and refining your approach will uncover valuable insights and ultimately position your business for greater resilience, innovation, and trust.

The urgent call for sustainable development and responsible corporate conduct continues globally. By reading and actively engaging with the RJC's ESG toolkit, you are demonstrating leadership within the jewellery and watch industry.

Your actions are part of the much-needed change, ensuring a responsible legacy for our industry.

CHAPTER 9

Appendix

FREQUENTLY ASKED QUESTIONS (FAQS)

Q: What is the difference between ESG, Sustainability, and CSR?

A: CSR, Sustainability, and ESG represent an evolution in corporate responsibility. CSR primarily focuses on philanthropy and a company's responsibilty to society through ethical practices and community intitiatives. Sustainability extends to a broader goal of creating long-term environmental, social and economic value. ESG, as the most recent evolution in corporate responsibility thinking, is often used in corporate and investment circles as a framework for measuring and reporting company performance.

Q: Am I required to report on ESG?

A: This largely depends on your jurisdiction and the specific regulations that apply to your company. Make sure you research and understand the relevant and applicable mandates for your business. However, even if not legally required, many investors and stakeholders are increasingly demanding ESG reporting due to its growing importance in business sustainability.

Q: What is the most important ESG issue to address first?

A: The 'most important' ESG issue depends on your specific business context, sector, and stakeholder concerns. However, a good starting point could be to conduct a materiality assessment to identify the ESG issues that are most relevant and impactful to your business.

Q: How can I get started with reporting?

A: Start by understanding the key ESG issues relevant to your business. Identify and engage with your stakeholders, set clear goals, collect relevant data, and communicate your progress transparently. You may also want to refer to established reporting frameworks like GRI, SASB, or ISSB.

Q: Who should take care of ESG reporting within my company?

A: Ideally, ESG reporting should involve cross-functional collaboration within your company. While it might be led by a dedicated sustainability team or individual, it should involve finance, operations, HR, legal, and other departments, with active support from senior leadership.

Q: How can I successfully implement and meet ESG requirements?

A: Start by understanding the ESG landscape and your company's specific risks and opportunities. Develop an ESG strategy, align it with your overall business strategy, and integrate ESG considerations into your business processes. Regularly monitor and report on your performance.

Q: What are the main things to be aware of for small businesses?

A: Small businesses need to consider the implications of supplying to larger businesses that may be under ESG regulation (for example the reporting of scope 3 emissions). ESG practices should be considered as a strategic opportunity. Despite potential resource constraints, focusing on ESG can drive innovation, enhance reputation, open up new markets, and attract talent and investment. It's about identifying the ESG issues most material to your business and stakeholders and integrating them into your operations and strategy. Starting small, with a clear focus, can lead to big benefits over time.

Q: What information should I look for on international companies belonging to groups to improve my due diligence?

A: Look for information on their ESG policies, practices, and performance. This might include their sustainability reports, disclosures to ESG rating agencies, public commitments on issues like climate change and human rights, and any controversies or legal actions they've been involved in.

Q: How does the RJC Code of Practices (COP) link in with ESG?

A: The RJC Code of Practices (COP) aligns with ESG principles, as demonstrated through RJC's exercise mapping the COP provisions to key global ESG metrics. This overlap allows RJC member companies to leverage data and processes from COP compliance in their ESG reporting, streamlining their efforts and making their ESG journey more efficient.

Q: Is TCFD now ISSB?

A: Yes, TCFD was disbanded in October 2023 and transferred over to ISSB. However, ISSB builds upon the foundation laid by TCFD, and its recommendations remain a valuable resource for companies transitioning to the ISSB standards. It can be used as a good starting point for understanding the new requirements.

Q: How does TCFD differ from TNFD?

A: They are related frameworks, but they differ in their primary focus. TCFD focuses on climate-related risks and opportunities, whilst TNFD expands this to include how nature-related risks and opportunities impact a company's operations and financial performance.

CHAPTER 10

Glossary

Presented below is a summary of widely used ESG terms and acronyms frequently referenced in sustainability reporting.

CDP (Carbon Disclosure Project)

A global non-profit organisation that runs environmental disclosure systems for companies, cities, states, and regions. CDP helps organisations measure and disclose environmental impacts such as climate change, water security, and deforestation.

CSR (Corporate Social Responsibility)

A business approach where companies integrate social, environmental, and ethical considerations into their operations and stakeholder relationships beyond profit-making objectives.

CSRD (Corporate Sustainability Reporting Directive)

A European Union regulation requiring companies to disclose detailed sustainability information, including environmental, social, and governance impacts. It expands and strengthens sustainability reporting requirements across the EU.

DEI (Diversity, Equity & Inclusion)

A framework focused on creating fair workplaces that value diverse backgrounds, ensure equitable opportunities, and foster inclusive environments where all individuals can participate fully.

ESG (Environmental Social Governance)

A framework used to evaluate an organisation's sustainability performance and ethical impact across environmental stewardship, social responsibility, and governance practices.

GHG (Greenhouse Gas)

Gases that trap heat in the atmosphere and contribute to climate change, including carbon dioxide (CO_2), methane (CH_2), and nitrous oxide (N_2O).

GRI (Global Reporting Initiative)

An independent international organisation that develops sustainability reporting standards widely used by companies to disclose ESG impacts and performance.

IFRS (International Financial Reporting Standards)

A globally recognised framework for financial and sustainability-related reporting standards. In sustainability reporting, IFRS Sustainability Disclosure Standards are developed by the ISSB.

IFRS S1

A standard issued by the ISSB that requires companies to disclose sustainability-related risks and opportunities that could reasonably affect enterprise value. It establishes the overall framework for sustainability reporting.

IFRS S2

A climate-specific reporting standard issued by the ISSB. It requires organisations to disclose climate-related risks, opportunities, governance, strategy, metrics, and targets, aligned closely with TCFD recommendations.

IR (Integrated Reporting)

A reporting approach that combines financial and non-financial information to explain how an organisation creates value over time across financial, environmental, social, and governance dimensions.

ISSB (International Sustainability Standards Board)

A board established by the IFRS Foundation to develop global baseline sustainability disclosure standards for investors and capital markets.

LCA (Life Cycle Assessment)

A methodology used to evaluate the environmental impacts of a product, process, or service across its entire life cycle, from raw material extraction to disposal or recycling.

PRI (Principles for Responsible Investment)

A UN-supported network of investors that promotes the integration of ESG factors into investment decision-making and ownership practices.

SASB (Sustainability Accounting Standards Board)

An organisation that developed industry-specific sustainability disclosure standards focused on financially material ESG issues for investors. SASB standards are now maintained by the IFRS Foundation.

SBT (Science-Based Target)

A corporate emissions reduction target aligned with the level of decarbonisation needed to meet global climate goals, such as limiting warming to 1.5°C above pre-industrial levels.

SBTI (Science-Based Targets Initiative)

A global initiative that helps companies set and validate science-based emissions reduction targets consistent with climate science and the Paris Agreement.

SDGs (Sustainable Development Goals)

A set of 17 global goals adopted by the UN in 2015 to address social, environmental, and economic challenges by 2030, including poverty, climate action, education, and equality.

SFRD (Sustainable Finance Disclosure Regulation)

A European Union regulation requiring financial market participants to disclose how sustainability risks and impacts are integrated into investment decisions and financial products.

TCFD (Taskforce on Climate-related Financial Disclosures)

A global framework that provides recommendations for climate-related financial disclosures covering governance, strategy, risk management, and metrics and targets.

TNFD (Taskforce on Climate-related Financial Disclosures)

A global initiative that provides a framework for organisations to identify, assess, manage, and disclose nature-related risks, dependencies, impacts, and opportunities.

UNGC (United Nations Global Compact)

A voluntary UN initiative encouraging businesses to align strategies and operations with principles related to human rights, labour, environment, and anti-corruption.

VRF (Value Reporting Foundation)

An organisation formed through the merger of the IIRC and SASB to support integrated thinking and sustainability disclosure. It was later consolidated into the IFRS Foundation.

WEF (World Economic Forum)

An international organisation focused on improving global cooperation among business, government, academia, and society, known for advancing ESG and stakeholder capitalism discussions.

CHAPTER 11

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