

Title Promoting responsible practices in the jewellery supply chain

Industry background:

The jewellery industry is very fragmented. For example there are about 25,000 speciality retail jewellery firms in the US and over 70% of the \$28 billion sales in the speciality jewellery sector are made at firms with sales of less than \$100 million. Similarly the manufacture of jewellery is mainly carried out by a large number of businesses. The cutting and polishing of diamonds primarily takes place in India, Israel, Belgium, the USA and increasingly China, often by small businesses. While the mining industry is relatively concentrated, the subsequent trading in diamonds and gold is widely dispersed. (Link to CRJP model of industry supply chain)

Signet's viewpoint

Signet recognises the need to retain consumer confidence in jewellery products and in industry stakeholders. Therefore, reflecting the structure of the jewellery sector, Signet believes that the best way to promote responsible business practices is through industry-wide initiatives.

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Such initiatives should be conducted in a transparent and accountable manner throughout the worldwide jewellery industry from mine to retail, on an inclusive basis. While this may extend the timescales involved in achieving such initiatives, Signet believes this approach is likely to prove more successful in addressing issues that the jewellery sector may face.

Retail trade bodies

Signet has worked with trade bodies such as Jewelers of America and the Jewelers Vigilance Committee and plays an active role in them. For example, Signet's Group Chief Executive is on the Board of Jewelers of America and chairs its Ethical Initiatives Committee. In 2004 Jewelers of America published a Supplier Code for its members to adopt and Signet accordingly conformed its existing supplier code of conduct.

These trade bodies are composed of retailers and while having a standard Supplier Code is helpful, the implementation of the code still remains with individual companies.

Sector wide initiatives

At the same time as the speciality retail sector has been implementing a model Supplier Code of Conduct, the major mining houses have also been taking initiatives to promote responsible business practices in the supply chain. For

example Rio Tinto and De Beers are promoting best practice codes in the diamond cutting industry and there are various voluntary codes covering the environmental impact of mining. As with retailers, the direct influence of these companies on the supply chain was only partial and some of the largest issues were raised by small and marginal players.

The issues of addressing the entire supply chain and the role of small players, often artisans, had to be faced in designing and implementing a system to keep conflict diamonds out of the legitimate supply chain. This industry wide initiative came to be known as the Kimberley Process ([link to KP case study](#)) and demonstrated the benefits to the jewellery industry of working together on a worldwide basis to drive responsible business practices.

The Kimberley Process demonstrates the benefits of the jewellery industry working together.

The Council for Responsible Jewellery Practices (“CRJP”)

The Council for Responsible Jewellery Practices was formed in May 2005 with members representing a wide-ranging section of the diamond and gold jewellery supply chain, from [mine to retail](#). The unique aspect of the CRJP is that it seeks to be representative of the entire supply chain ([link to list of members](#)). Signet was actively involved in the formation of the Council, was a founding member and is represented on its Board and various committees.

Council members believe that a coordinated worldwide industry approach to addressing ethical, social and environmental challenges will most effectively drive continuous improvement throughout the industry to the benefit of stakeholders everywhere. This, in turn, will maintain and promote consumer confidence in the jewellery industry. The Council will enable the industry to work together to improve standards and practices, and reduce duplication of efforts as a result. The Council has set out its Mission which is available on its [website](#). ([link to Council’s Mission statement](#))

Current Position

The Council is still in its infancy and a significant amount of work will be required over the coming years to realise its objectives. While the Council wishes to move forward as fast as possible to develop the building blocks with which to realise its mission it recognises the need for wide stakeholder engagement to build an industry consensus.

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Stakeholder engagement

Following consultation with stakeholders, the Council has developed a [Statement of Principles](#) (“Principles”) (link to document) which sets out the fundamental ethical, social and environmental standards that the Council believes are indispensable to maintaining consumer confidence in the diamond and gold jewellery supply chain. The Council is currently consulting widely on the [draft Code of Practices](#). The Council’s stakeholders include, but are not limited to, industry members, the host countries and communities in which the industry does business, and non-governmental organisations.

Aims of the Council

The fundamental aim of the Council is to reinforce confidence in the diamond and gold jewellery supply chain, which it will accomplish by:

To reinforce confidence in the diamond and gold jewellery supply chain.

- ◆ Developing a “Responsible Practices Framework”, in consultation with key stakeholder groups, that will define the ethical, social and environmental standards to which all members commit to conduct their businesses
- ◆ Making it a condition of membership that members apply the “Responsible Practices Framework” through an implementation process that will include self assessments, and that is evidenced through a system of independent third party monitoring
- ◆ Working with industry participants to advise on business responsibility issues as they arise and offering guidance on the use of the “Responsible Practices Framework” to implement responsible business practices
- ◆ Promoting awareness and understanding of key ethical, social and environmental business responsibility issues by working with all stakeholders including (but not limited to) industry participants, trade organisations, governments and civil society representatives
- ◆ Acting as an advocate for business responsibility within the industry and developing initiatives to address ethical, social and environmental challenges through publicly and privately financed projects
- ◆ Working with stakeholders and industry participants to continuously improve conformance with the standards and processes set out above and ensuring that they are relevant and achievable, while addressing key ethical, social and environmental challenges with due regard to the business objectives of the industry
- ◆ Encouraging Members to promote the adoption of the “Responsible Practices Framework” amongst their business partners

- ◆ Seeking to be inclusive and extending the membership opportunity throughout the industry.

Next steps

The Council will focus on developing the implementation of the Principles and Code of Practices, building membership and application of the Code of Practices within the industry including a programme of monitoring. The Council will also seek to explore ways in which it can support the industry in raising standards of business responsibility through education, capacity building and partnership initiatives.

External links:

CRJP www.responsiblejewellery.com

Jewelers of America www.jewelers.org

Kimberley Process www.kimberleyprocess.com

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