



Reinforcing confidence in the diamond and gold supply chain

Council for Responsible Jewellery Practices

Introduction: from Mine to Retail

Second quarter 2005

Introduction



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Council Mission Statement

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

The Council for Responsible Jewellery Practices (CRJP, “the Council”) was founded in May 2005 with 14 Members from a cross section of the diamond and gold jewellery supply chain, from mine to retail.

Council Members are committed to promoting responsible business practices in a transparent and accountable manner throughout the industry from mine to retail. Their commitment aims to maintain consumer confidence in diamond and gold jewellery products and the trust of all interested stakeholders in their industry.

Council members believe that a coordinated worldwide approach to addressing ethical, social and environmental challenges will drive continuous improvement throughout the jewellery industry to the benefit of our stakeholders everywhere. This, in turn, will maintain and promote consumer confidence in our industry. The Council will enable the industry to work together to improve standards and practices, and reduce duplication of efforts as a result.

Context:

In recent years, the wider business community has evolved. It has developed an increased awareness of corporate responsibility issues and assumed its share of responsibility and accountability for maintaining standards of ethical, social and environmental performance.

The developing awareness of the industry has grown in step with an increase in communities' and society's expectations across all sectors.

The Council recognises that there is a need for a more integrated approach to responsible business practices within the gold and diamond jewellery supply chain. In this way, the industry can be proactive in meeting challenges to consumer confidence in the diamond and gold supply chain, or can respond, if and as appropriate, in a coordinated and consistent manner should issues arise.

The Council believes there is a need for an open and transparent approach that produces tangible results.

The Council believes that by working in collaboration with society and governments it can promote responsible business practices throughout the diamond and gold supply chain, from mine to retail.

The Council for Responsible Jewellery Practices

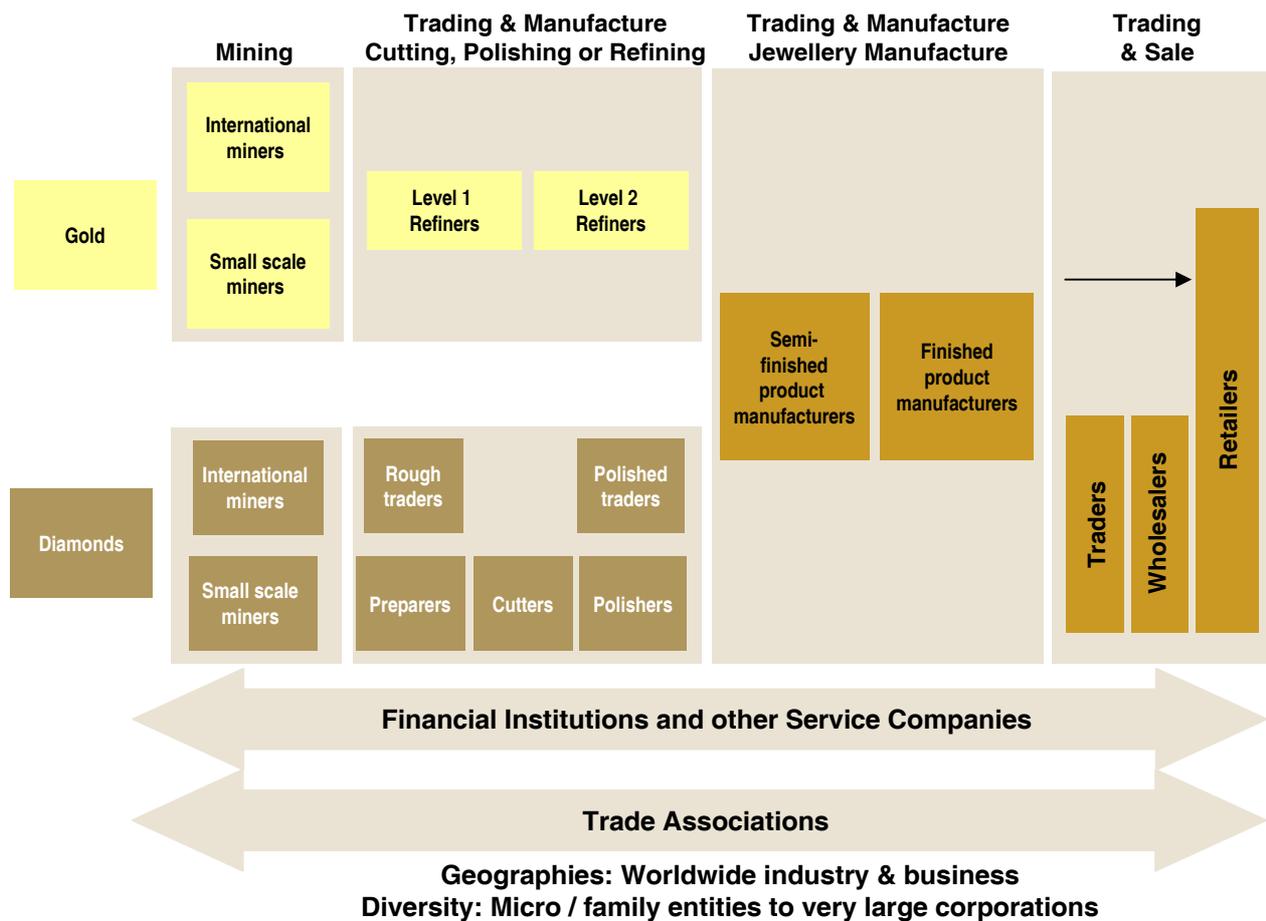
The Council for Responsible Jewellery Practices is a not-for-profit organisation. It will endeavour to implement its Mission Statement and in turn will seek to reinforce confidence in the diamond and gold supply chain by:

1. Developing a “Responsible Practices Framework”, in consultation with key stakeholder groups, that will define the ethical, social and environmental standards according to which all Members commit to conduct their business.
2. Making it a condition of membership that Members apply the “Responsible Practices Framework” by Members through an implementation process that will include Member self assessments and is evidenced through a system of independent third party monitoring.
3. Working with industry participants to advise on business responsibility issues as they arise and by offering guidance on the use of the “Responsible Practices Framework” to implement responsible business practices.
4. 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 organizations, governments, civil society representatives.
5. 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.
6. 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, environmental challenges with due regard to the business objectives of the industry.
7. Encouraging Members to promote the adoption of the “Responsible Practices Framework” amongst their business partners.
8. Seeking to be inclusive and extending the membership opportunity throughout the industry.

From mine to retail

The Council is unique because it aims to cover ethical, social and environmental issues across every step of the diamond and gold jewellery supply chain, no matter how large or small the business, in all geographies.

The diagram below illustrates the full scope of the supply chain that is encompassed by the Council's activities. Please note that this diagram is not intended to portray the full complexity or chain of custody within each phase of the supply chain from mine to retail.



Working for progress: Where are we now?

The Council is still in its infancy and a large amount of work will be required over the coming years to achieve its ultimate aims. In view of the importance the Council places on this initiative, it has set an ambitious timeframe to develop the building blocks with which to realise its mission.

The Council has developed a draft Statement of Principles (“Principles”) which set out the fundamental ethical, social and environmental standards that the Council believes are indispensable to maintain consumer confidence in the diamond and gold jewellery supply chain.

The Principles form the basis of the Council’s Responsible Practices Framework through which the Council will promote continuous improvement in responsible business practices throughout the diamond and gold jewellery supply chain.

The Council will consult widely on the draft Principles. It is anticipated that the consultation period will run until the end of 2005.

During an initial period, the Council will focus on further development of the draft Principles and implementation process. During this period, it will also seek to engage the industry, promote the benefits membership of the Council and develop an implementation process for applying the Principles within the industry through a coordinated 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 and partnership initiatives that will help companies develop the capability to meet higher standards.

Join the consultation process

The Council defines stakeholders as those who have an interest in the jewellery industry's performance of its ethical, social and environmental responsibilities. Council stakeholders therefore include, but are not limited to, industry members, the host countries and communities in which the industry does business, and non-governmental organizations (NGOs), who monitor issues such as human rights and environmental performance.

Commencing in summer 2005, the Council is starting a consultation process and will consult widely with stakeholders interested in ethical, social and environmental issues within the diamond and gold jewellery supply chain.

There will be a series of rolling consultation exercises during which the Council will seek feedback on its Mission, the draft Principles and the development of an implementation process. To join the consultation process please contact consultation@responsiblejewellery.com



Council Principles (DRAFT for consultation)

Business Ethics

- We are committed to conducting our businesses to a high ethical standard, to ensure integrity, transparency and compliance with applicable laws and regulations.
- We will not engage in bribery and corruption.
- We will not tolerate money laundering and financing of terrorism.
- We will adhere to the Kimberley Process Certification System and the World Diamond Council voluntary system of warranties.
- We will fully and accurately disclose the characteristics of the products that we sell.

Social Performance

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

- We will not discriminate based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance or age in the workplace, such that all individuals are accorded equal opportunities.
- We will not use corporal punishment under any circumstances and will prohibit the use of degrading treatment, harassment, abuse, coercion or intimidation in any form, including verbal.
- We will ensure that, on a regular basis, working hours and remuneration for all employees are in accordance with relevant national legislation.
- We will take reasonable measures to ensure the physical integrity and security of product shipments.
- Where appropriate, we will support the development of communities, contributing to their social and economic welfare and engage in ongoing effective consultation with them.
- We will recognise and respect the rights of indigenous peoples and the value of their traditional, cultural and social heritage.

Environmental Performance

- We will conduct our businesses in an environmentally responsible manner.
- We will assess and address any adverse environmental impacts resulting from our business activities, as appropriate.
- We will seek to contribute to the preservation of the natural environment in which we operate, as appropriate.

Processes for implementation

The Council is fully committed to a robust and meaningful application of the Principles to promote responsible business practices within the industry.

Based on the draft Principles, an implementation process will be developed in consultation with key stakeholder groups. Development of an independent monitoring process that ensures Member companies' capacity and commitment to implement the Principles will be a key activity in late 2005 and 2006.

Council Members commit to implementing the Principles within their own organisations, to self assess their conformance with the Principles and to undergo independent external monitoring. Council Members will also commit to promoting membership of the Council and implementation of the Principles amongst their business partners.

The Principles and implementation process will set an aspirational standard towards which the industry can work. The Council will at first set the level of conformance required as a basis for Council membership at an achievable level, whilst driving continuous improvement.

Members will be required to submit an annual progress report to the Council detailing their efforts to conform to the Principles.

Membership will be reviewed on a regular basis based on progress against defined criteria.

Participation with the Council for Responsible Jewellery Practices

There are a number of different ways to participate in the activities of the Council, as listed below.

Council Member

- Any company that is actively involved in the diamond and gold supply chain from mine to retail is eligible to become a Member of the Council.

Associate Subscription

- Any trade association actively involved in the diamond and gold supply chain from mine to retail is eligible to subscribe to become an Associate of the Council.

Advisor

- Any stakeholder representative from civil society or government can stand to be elected to the Council Stakeholder Advisory Panel, which will advise the Board.

Friend of the Council

- Any stakeholder representative from industry, civil society or government who wishes to demonstrate their support to the Council and its activities, without becoming a Council Member or Advisor, may become a Friend of the Council.

Interested party

- Any organisation or individual may become an e-mail subscriber to the Council. E-mail subscribers will receive copies of the Council Newsletter, available via e-mail. There are no specific requirements for Interested Parties.
- The following pages outline the commitments required to qualify for each level of participation and the benefits associated in each case. To register interest in participation with the Council as a Council Member, Associate, Advisor, Friend or Interested Party please contact:

info@responsiblejewellery.com

Council Member

Any company that is actively involved in the diamond and gold supply chain is eligible to become a Member of the Council.

Member Commitments

- To operate their business in accordance with the Principles and implement the Principles through agreed methodology (work in progress).
- To seek and implement continuous improvement in responsible practices.
- To promote responsible business practices in the diamond and gold jewellery supply chain.
- To submit an annual report on progress made against the above commitments to the Council.

Member Role

Members will have the opportunity to be elected to the Board of the Council and the management committees.

Member Benefits

The benefits below may apply to the various stages of the supply chain to varying degrees:

Member benefits

- A unique initiative, spanning from mine to retail, promoting convergence and simplification of standards and reducing duplication of compliance evidencing. The system will offer the opportunity to have one monitoring report which is credible to multiple stakeholders.
- A vehicle for developing practical solutions in consultation with industry, society and government.
- A means to enhance your brand and reputation.
- A valuable forum for discussion and interaction with industry peers and a communications and engagement platform, supporting you in communicating with media, your suppliers, NGOs and any others who may contact you.
- Access to information on emerging business responsibility issues the industry is facing.
- Use of the Council logo and intellectual property (including implementation and assessment tools) offering a means to demonstrate:
 - the integrity of your products
 - your company's proactive approach to responsible business practices
 - your company's commitment to implementing the Council's standards in a robust and credible manner.
- A means to maintain continued access to markets and to provide confidence to your supply chain partners (or customers) in respect of your business practices.
- A transparent and practicable mechanism for helping your local operations and contractors develop the capacity to meet higher standards of ethical, social and environmental performance.
- A mechanism for meeting your responsibilities regarding anti-money laundering laws.
- Improved client risk profile within the industry, from a credit and reputational perspective.

Associate Subscriptions

Any trade association actively involved in the diamond and gold supply chain from mine to retail is eligible to subscribe to become an Associate of the Council.

Associate commitments

- To promote Council membership amongst smaller industry participants.
- To educate your members about the issues and risks within the industry and about how they may apply the Council implementation processes within their industry.
- To assist the Council in its consulting widely throughout the industry.
- To submit an annual report on progress made against the above commitments to the Council.

Associate role

Associate subscriptions play an important role of outreach and disseminating information about the Council and its activities to their respective memberships. Outreach activity will include educating their members as to the ethical, social and environmental challenges that are faced by the diamond and gold jewellery industry and communicating the messages and processes of the Council.

Associate subscriptions will have the opportunity to be elected to the Board of the Council and the management committees. Whilst associate subscriptions must support the Council mission, they will not be required to apply implementation processes within the organisations.

Associate Benefits

The following benefits will apply to Associate Subscriptions:

Associate Benefits

- Access to materials to use in educational activities within the membership.
- Ability to demonstrate leadership in consumer confidence issues to your membership.
- A means to enhance your reputation in relation to business responsibility issues and to support the interests and reputation of your own membership.
- Access to information on emerging issues the industry is facing.
- A vehicle for developing practical solutions in consultation with industry, civil society and government.
- A communications and engagement platform, supporting you in communicating with media, your suppliers, NGOs and any others who may contact you.

Note: Individual trade association members do not join the Council by Proxy through membership of their associations to the Council. Membership of a trade association which is an associate of the Council will not confer the right to use the Council logo.

Advisors

Any stakeholder representative from civil society or government can stand to be elected to the Council Stakeholder Advisory Panel, which will advise the Board.

Advisor commitments

- To play a constructive role in supporting the Council in achieving its mission.
- To work with the Council to understand the issues involved in promoting responsible business practices within the diamond and gold supply chain and to develop practical solutions to challenges faced by the industry.
- To demonstrate a commitment to an open process of two-way communication.

The Advisor role

Advisors will be able to sit on a stakeholder advisory panel, which will meet on a regular basis. It is envisaged that the Chair of the stakeholder advisory panel will provide counsel directly to the Board. The stakeholder advisory panel will be formed by invitation during the 2005 consultation process, but will be self electing on an ongoing basis.

Advisor Benefits

- A unique opportunity for engagement and discussion of key industry business responsibility issues, together with an ability to advise directly to the Council Board on a systematic basis.
- A route to the industry and peer stakeholder organisations, serving as a platform for development of new solutions ethical, social and environmental challenges faced by the industry and new avenues of research.

Friend of the Council

Any stakeholder representative from industry, civil society or government who wishes to demonstrate their support to the Council, its Principles and Objectives, without becoming a Council Member or Advisor, may become a Friend of the Council.

Friend commitments

- To provide active support to the Principles and objectives of the Council through:
 - financial donation;
 - commitment of resources in-kind;
 - public advocacy; and/or
 - support for Council project activity.

The Friend role

Friends of the Council will play no direct role in the governance of the Council. Their contribution to the Council may be fluid in its nature and its extent.

Friend benefits

- A means to make a public expression of your support for the Council's principles and objectives.

The Council will consider all requests to become a Friend of the Council from:

- companies that are actively involved in the diamond and gold supply chain;
- representatives of stakeholder bodies within civil society and government;
- private individuals.

Friends of the Council may have their name made available in a list on the Council website, should they wish to do so.

Questions and answers

What was the process for developing the draft Principles?

The Principles have been drafted based on content drawn from a range of internationally recognised standards including for example, the ILO Conventions, the Kimberley Process Certification Scheme, as well as from existing industry best practice.

What makes this initiative different from all the others?

The Council for Responsible Jewellery Practices draws its membership from all phases of the diamond and gold supply chain, including the financial community. The finalised implementation process will offer a common aspirational standard that all within the industry can work towards such that responsible business practices are implemented from mine to retail. The implementation process will seek to cover the key aspects of responsible business practices, including business ethics, human rights and labour standards, environmental performance and community standards. Therefore, this initiative can be seen as unique in its combined breadth of issues coverage and in its relevance to multiple phases of the supply chain.

Why is the focus limited to diamonds and gold only?

The Council is already familiar with the scope and scale of the challenges affecting the diamond and gold jewellery sectors including, but not limited to, conflict diamonds, mining issues, business integrity, labour practices and environmental standards. Existing Members

view the diamond and gold jewellery segments as an appropriate first priority for activities aimed at improving responsible business practices within the jewellery industry, especially since serious challenges have already risen in those sectors.

How will the implementation process fit with existing industry standards and initiatives?

It is envisaged that the monitoring process will acknowledge internationally recognised initiatives such as the Kimberley Process Certification Scheme and ISO standards, as evidence of performance in defined areas of the Principles. The implementation process will cross-reference the requirements of other initiatives. It will therefore build upon existing standards and will reinforce implementation of key industry initiatives. The final process will be a subject of consultation.

How will the Council be run?

It is envisaged that the Council will be run by a rotating Board elected from the membership that will be structured so as to be representative of the industry and which will be advised by a number of management committees and a stakeholder panel. The Board is currently in the process of hiring a Chief Executive Officer, forming a secretariat and securing administrative headquarters. All Council Members will have the chance to stand for election to the Board.

Questions and answers *(cont'd..)*

How will the Council ensure the transparency of its activities?

As a minimum, the Council will also provide an annual, publicly available report on its activities and Members' progress.

How will the Council make sure it understands all the issues?

The Council will structure its stakeholder advisory panel to ensure representation of a range of stakeholders including NGOs with practical on-the-ground experience. The stakeholder panel will report to the Board. The Council will also commission research and engagement activity as necessary to ensure that it keeps abreast of, and can respond to, emerging issues as they arise, on behalf of the industry.

Why have stakeholder groups not been at the table to date?

Existing Members wished to convene initially to define the Council mission and overall objectives. Stakeholder groups will have a central role advising the Board on key issues and helping to finalise the draft Principles and, in due course, the implementation process to define appropriate standards to drive responsible business practices within the industry.

Is the Council imposing Western Standards on developing / emerging economies?

The Principles and implementation process will take, as their core, compliance with applicable

national law as well as internationally agreed standards. This is not about imposing Western standards on others, but about driving improvement in an industry according to standards agreed to by governments internationally, representing both developed and developing nations.

Will it be too onerous for the smaller participants to comply with the Principles?

The Principles will be applied taking into account industry diversity through an implementation process yet to be developed. Members will be able to agree with their independent monitors on areas of the implementation process that are not applicable to their business, according to guidance set by the Council. The Council will set an achievable required level of conformance at the start of the initiative, with a requirement to demonstrate continuous improvement. In this way the Principles should not be too onerous for small businesses. The Council will consult with smaller participants in order to assess their response to the draft Principles and implementation process.

How will you ensure that the Council does not act in an anti-competitive way?

The Council takes all of its legal obligations, including those imposed by competition law, extremely seriously. The Council continues to take all necessary steps to ensure that its activities comply with all applicable competition rules.

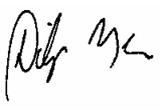
Questions and answers *(cont'd..)*

Further, the Council has agreed to adopt an anti-trust policy statement which seeks to ensure that the Council and its Members are aware of their competition law obligations and at all times act in accordance with all applicable competition rules.

How much will it cost to be a Member?

The Council has not yet developed a cost structure for membership. The Council is not designed as a profit-making body, hence membership fees will be pitched simply to cover the costs of running the Council. Organisations wishing to join within 2005 will be required to pay a holding fee of £20,000 that will be deductible from any future membership fee costs for the year. The cost of undergoing self assessment and external monitoring will depend on the nature and the risk profile of the organisation and on the implementation process, which is yet to be defined, based on consultative feedback.

The Founding Members

	Int. Diamond and Jewellery Group ABN-AMRO	Loet Kniphorst	Global Head	
	BHP Billiton	Marcus Randolph	President, Diamonds & Speciality Products	
	Cartier	Bernard Fornas	President & CEO	
	CIBJO – The World Jewellery Confederation	Dr. Gaetano Cavaliere	President	
	Diamond Trading Company	Stephen Lussier	Worldwide Marketing Director	
	Diarough N.V.	Nishit Parikh	Director	
	Jewelers of America	Matthew Runci	President and CEO	
	Newmont Mining Corporation	David A Baker	Vice President, Environmental Affairs and Sustainable Development	
	Rio Tinto plc	Keith Johnson	Chief Executive, Diamonds	
	Rosy Blue N.V.	Dilip Mehta	CEO	
	Signet Group plc.	Terry Burman	CEO	
	The National Association of Goldsmiths	Michael Hoare	Chief Executive	
	Tiffany & Co.	Michael Kowalski	CEO	
	Zale Corporation	Mary Forté	CEO	