



Responsible Sourcing

Retailers' Reference Guide



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Introduction

Responsible Sourcing is important in the jewellery industry, to protect the confidence of consumers in the jewellery industry and in the jewellery product itself, as well as demonstrating the sustainable economic and social opportunities in the countries and regions in which the jewellery industry is active.

This Responsible Sourcing Policy is a recommendation and guidance for the CIBJO membership and the greater jewellery supply chain, and is intended to provide a “duty of care” in the jewellery industry supply chains, recognising that the Policy will be implemented as a process of continuous improvement, and may vary considerably between different companies, supply chains and sectors. It recognises that jewellery supply chains are highly fragmented, diverse and multi-layered, and that there are differing levels of sophistication between countries, supply chain sectors including precious metals, gem materials (including diamonds, coloured gemstones, pearls and other gem related organic products).

The Responsible Sourcing Policy recommends guidelines and procedures which all participants in the jewellery supply chain may apply to provide assurance of responsible sourcing as far as possible through the member’s supply chain.

It provides guidance for responsible business practices and supply chain due diligence: it is not a system to address traceability of precious metals or gem materials to a mine source or pearl harvesting location and cannot be described or interpreted as a chain of custody. Likewise, this Guide does not constitute a standard or a compliance mechanism. CIBJO recommends that members who would like certification or any other formal recognition of their implementation of the policy should do so through international standards organisations such as those mentioned in this Guide.

It is not expected that all companies will be able to implement the guidance immediately, nor comply with all associated standards and practices. It can be used as a guide for continuous improvement in the demonstrable integrity of an individual company’s supply chain through due diligence, according to the company’s capacity.

CIBJO provides an online toolkit which retailers can use to help them implement CIBJO’s guidance, through the CIBJO website, www.cibjo.org



Due Diligence Guidance

This Responsible Sourcing Policy follows the 5-step framework of the Organisation for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Kimberley Process Certification Scheme and supports the United Nations Guiding Principles on Business and Human Rights.

OECD's 5 step framework:

The OECD Due Diligence Guidance (www.oecd.org/corporate/mne/mining.htm) clarifies how companies can identify and better manage risks throughout the entire supply chain, from miners, pearl harvesters, local exporters and mineral processors to the manufacturing and retail companies that use these minerals and pearls in their products. The Guidance is applicable to all precious metals and gem materials and is global in scope.

Participants in the diamond supply chain should also implement the WDC Industry System of Warranties Guidelines for diamonds.

CIBJO recommends to all its members that they undertake due diligence on their own supply chains in accordance with the OECD's Due Diligence Guidance to ensure that these supply chains are responsibly managed.

It is recommended that the company should (i) have a Responsible Sourcing policy in place and (ii) undertake due diligence on the company's supply chain and use this due diligence to identify, assess and mitigate any identifiable risks.



Establish and Implement a Responsible Sourcing Policy

Decide what your policy is for responsible sourcing, and communicate it to your suppliers.

- Companies should have a dedicated “compliance officer” who is responsible for establishing and implementing the company’s Responsible Sourcing policy, as well as for due diligence in the company and for reporting (if applicable). In many cases, especially for small and medium-scale companies, this “compliance officer” may be the owner of the company.
- Companies should have a Responsible Sourcing policy relevant to their scope of business, the precious metals and gem materials applicable to the business, and the complexity of the business’ supply chains. This policy should be appropriate for the business, and need not be complicated or detailed – but it should be very clear to suppliers and stakeholders, and implementation of the policy should be verifiable through transaction documentation.
- Companies should have documented terms of business with suppliers and policies and procedures in place that are in accordance with the company’s Responsible Sourcing policy. Companies should establish and communicate to suppliers and external stakeholders the company policy for responsible practices through the supply chain, especially of precious metals (gold, silver and platinum group metals) and gem materials (diamonds, coloured gemstones) and pearls.
- Companies should be able to demonstrate that these terms of business and policies have been implemented throughout their business, through documentation such as invoices, warranty statements, delivery notes, product certificates, etc.



Undertake Due Diligence on your Supply Chain

Supply Chain Due Diligence simply means understanding who your suppliers are, undertaking basic checks, and identifying if you have any risks in your supply chain, especially relating to your responsible sourcing policy.

You should include your responsible sourcing policy as part of your terms of business with your suppliers.



- Companies should have a demonstrable due diligence procedure to understand and map their supply chains as far as possible, including clear identification of their own suppliers, "Know Your Customer/Counterparty" (KYC) details, terms of business and any proof of provenance of materials, such as precious metals refinery certificates, invoices, Blockchain verification, etc. Understand what your suppliers' responsible sourcing policies are.
- Companies should have detailed understanding of who their suppliers are (e.g. through company registrations, company websites etc.), undertake "KYC procedures with these suppliers (see below), have written terms of business and as much documentation as possible on the provenance of products or materials. The company's Responsible Sourcing and/or supply chain policy should be incorporated into contracts and/or agreements with all suppliers.
- Through this due diligence, in most cases, companies should be able to identify any risks in their supply chain, have a procedure to assess the possibility of adverse impacts of these risks, and be prepared to engage with suppliers to encourage them to take measures to mitigate or eliminate these risks.
- If any risks are identified, the company should design and implement a strategy and action plan to respond to these risks, and undertake more detailed due diligence on that supply chain. The action may include;
 - a) Reporting findings of the supply chain risk assessment (as above) to the designated senior management of the company (if appropriate), even if the findings are that there are no identified risks.
 - b) Establishing a risk management plan. So, if you identify a risk, know what action you will take – this might be reporting the risk (As above) or even temporarily suspending business, until the risk is eliminated.



Know Your Counterparty (KYC)

“Know Your Counterparty” means you should understand who you are doing business with, especially suppliers as well as customers who sell recycled or estate jewellery.

- Companies should apply Know Your Customer/Counterparty principles (“KYC”) to their supply chains, which require businesses to establish wherever possible the identity of all organisations with which they deal, have a clear understanding of their business relationships and have a reasonable ability to identify and react to transaction patterns appearing out of the ordinary or suspicious.

- These KYC principles should also apply to recycled products, estate jewellery and pre-existing or “grandfathered” stocks of precious metals and/or gem materials. Companies should take reasonable efforts to identify the sources of past supplies and recycled materials – for example, names, addresses, photo I.D., and establish that the sources and quantity of these products are reasonable.



Anti Money Laundering, Bribery and Facilitation Payments

Anti-Money Laundering should be included in the “Know Your Counterparty” review process (as above). Companies should avoid any unusual or suspicious financial transactions and maintain detailed records of any large or unusual cash transactions.

Companies should establish policies that prohibit bribery in all business practices and transactions carried out by the company.

Companies should clearly set the criteria and approval procedures to be followed by Employees in respect of the offer and/or acceptance of gifts with third parties.

Companies should train relevant managers and employees on policies and procedures.



“Conflict-Free” Sourcing

“Conflict-Free” sourcing should be part of the company’s responsible sourcing policy.

The company’s due diligence should aim to ensure that there is no direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of precious metals, gem materials or pearls used in supplies to the company.



Human Rights

Companies should ensure that they and their suppliers respect Human Rights and observe the UN Guiding Principles on Business and Human Rights in ways appropriate to their size and circumstances, including a company commitment to respect Human Rights as part of the Responsible Sourcing policy.

The company’s due diligence on their supply chains should also verify that their own suppliers also follow this commitment to Human Rights. Companies should seek this assurance as part of the due diligence process.



Product Integrity

Companies should ensure that the precious metals or gem materials and products through their supply chain are correctly and accurately represented and disclosed in accordance with this CIBJO Retailers' Reference Guide and/or the relevant CIBJO Blue Books, including providing certificates, gemological reports and other verification where applicable (e.g. gem materials grading reports, and/or gold purity/assay certificates).



Early Warnings

Companies should have a system to allow employees, suppliers or customers to report any grievances or risks they identify in their own or other supply chains. All grievances or reporting of identified risks should be treated in strict confidence.



Responsible Sourcing Certification

This guide is intended as simple practical recommendations for retailers and the greater jewellery supply chain.

Industry participants through the supply chain can choose to have their responsible practices and supply chain due diligence verified and/or certified by external and independent standards and certification mechanisms such as the Responsible Jewellery Council (RJC), the Responsible Minerals Initiative (RMI), SCS Responsible Source Standard, the London Bullion Market Association (LBMA), amongst others. Companies should seek certification from these organisations through the supply chain as part of the due diligence process.



Responsible Sourcing Checklist

The list below provides a simple guide to help retailers evaluate that the company's responsible sourcing procedures have been completed in line with CIBJO's Blue Books.

There is also a more detailed toolkit available through the CIBJO website at www.cibjo.org.



Establish and Implement a Responsible Supply Chain Policy

- Person responsible for the policy or "Compliance Officer" identified
- Responsible Sourcing Policy completed
- Responsible Sourcing Policy completed
- Terms of business/policies confirmed with suppliers and other stakeholders in accordance with the above Policy
- Policy included in transaction documents (e.g. invoices, delivery notes, product certificates etc.)
- Internal staff training completed where applicable.

Supply Chain Due Diligence

- Supply Chain map completed
- Detailed understanding of all suppliers completed
- Risk assessment/identification of any risks completed
- Action plan in place to undertake more detailed due diligence if any risks are identified
- Findings of supply chain due diligence included in internal reports and external publications (annual reports, website etc.)

Know Your Counterparty

- Written procedures for KYC in place
- Details of suppliers completed (examples in CIBJO Policy)
- KYC documentation in place for all recycled/scrap supplies.

AML, Bribery, Facilitation Payments

- Policy in place to prohibit bribery, where possible
- Ability to identify suspicious transactions
- Records maintained for all cash transactions

Risk Management for "Conflict-free" sourcing

- Evaluation of supply chain completed to ensure no risks relating to conflict

Human Rights

- Human Rights included in Responsible Sourcing Policy
- Human Rights included in Supply Chain Due Diligence

Product Integrity

- All materials accurately represented and disclosed in accordance with CIBJO guidance

Early Warnings, Grievances etc.

- Grievance and risk-identification mechanism in place.

Responsible Sourcing Certification

- Review relevant certification organisations

