CIBJO Sustainable Development (& Responsible Sourcing) Commission

The Responsible Sourcing Book 2025

CIBJO Guidance

1. Foreword

CIBJO is the French acronym for the Confédération Internationale de la Bijouterie, Joaillerie, Orfèvrerie, des Diamants, Perles et Pierres, which translates as the International Confederation of Jewellery, Silverware, Diamonds, Pearls and Stones (normally shortened to the International Jewellery Confederation). Founded in 1926 as BIBOAH, a European organisation whose mission was to represent and advance the interests of the jewellery trade in Europe, it was reorganised in 1961 and renamed CIBJO, in 2009 it was once again reorganised and officially named "CIBJO, The World Jewellery Confederation". Today CIBJO, which is domiciled in Switzerland, is a non-profit confederation of national and international trade associations, including commercial organisations involved in the jewellery supply chain. It now has members from countries representing all five continents of the world. CIBJO printed its first deliberations on terminology and trade practices in 1968.

It is the task of CIBJO to record the accepted trade practices and nomenclature for the industry throughout the world. The records of the trade practices complement existing fair trade legislation of a nation, or in the absence of relevant national laws, they can be considered as trading standards. In countries where laws or norms exist that conflict with the laws, norms or trade practices in other countries, CIBJO will support the national trade organisations to prevent trade barriers from developing. The purpose of CIBJO is to encourage harmonisation, promote international co-operation within the jewellery industry, consider issues which are of concern to the trade worldwide and to communicate proactively with members. Foremost amongst these, the aim is to protect consumer confidence in the industry. CIBJO pursues all of these objectives through informed deliberation and by reaching decisions in accordance with its Statutes. CIBJO relies upon the initiative of its members to support and implement its standards and to protect the trust of the public in the industry.

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

The work of CIBJO is accomplished through Committees, Commissions and Sectors. Committees and Commissions consider standards for use in the jewellery supply chain. Sectors represent levels of trade in the jewellery industry. Sectors and commissions advise the Executive Committee on current trade practices and issues that affect the jewellery industry.

Three independent sectors exist within the confederation:

Sector A - The Products Sector

Sector B - The Supply Chain Sector

Sector C - The Service Sector

The Executive Committee may appoint Commissions that consider detailed issues. At present, these are:

Coloured Stone

Coral

Diamond

Ethics

Gemmological

Marketing & Education

Pearl

Precious Metals

Responsible Sourcing

The Commissions for Diamonds, Gemstones, Pearls and Precious Metals have collated the guidelines, which present the accepted trade practices for applying descriptions to these materials. It is in the best interest of all those concerned to be aware of them.

The Sectors and Commissions will propose changes in the standards, also known as the Blue Books, to the Executive Committee. After review, the Executive Committee will submit the accepted proposals for adoption to the Board of Directors, and if approved, they will notify the assembly of delegates of the changes at the annual congress. Furthermore, it is our mutual responsibility to support these recommendations, which concern all professional people connected with diamonds, gemstones, pearls and precious metals. CIBJO Standards are subject to government regulations in the respective jurisdictions of CIBJO members.

The national umbrella organisation for each country represents, in principle, all the national trade organisations involved in the sectors mentioned above. This democratic structure, which has contributed to CIBJO's world-wide recognition, also includes international trade and commercial organisations. It provides an international forum for the trade to collectively draw attention to issues and implement resulting decisions.

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2. Introduction and background

CIBJO's consultative status with the United Nations Economic and Social Council (ECOSOC) enables it to represent the global jewellery industry and to articulate its strategies and objectives in support of the UN Sustainable Development Goals (SDGs). CIBJO's approach is multi-faceted: it aims to safeguard consumer confidence in both the jewellery industry and its products, while simultaneously promoting the sector as a driver of sustainable economic and social development in the countries and regions where it operates.

CIBJO works to uphold consumer confidence by supporting initiatives and programmes that address a wide range of risks, including the souring of diamonds and coloured gemstones from areas and regions affected by conflict, money laundering and the financing of conflict, inadequate gemmological and assaying standards, fraudulent hallmarks, health and safety concerns (particularly in mining and manufacturing environments), environmental degradation, and unethical labour practices including, but not limited to, the employment of children. The CIBJO Responsible Sourcing Book forms part of a broader "duty of care" within the jewellery supply chain, offering educational guidance to support responsible business conduct across the industry.

The harmonisation of industry standards has been a cornerstone of CIBJO's mission and central to its efforts to maintain consumer confidence in jewellery products. To advance the goal of universal terminology and consistent practices across the industry, CIBJO developed its "Blue Book" system, a definitive set of standards covering the grading, methodology, and nomenclature of diamonds, coloured gemstones, pearls and other organic materials, precious metals, and gemmological laboratories. The Responsible Sourcing Book aims to provide a globally recognised framework to support responsible sourcing and integrity within the jewellery supply chain.

To promote responsible practices and harmonise industry guidance and standards, CIBJO has established strong partnerships with governments, civil society, industry stakeholders, and trade organisations. These relationships help ensure that the interests of the sector, its reputation, and the consistent application of standards across jewellery supply chains are appropriately considered. In particular, CIBJO collaborates closely with a number of organisations that develop standards and guidance on responsible business conduct (see Appendix 11.2), which collectively work to advance responsible practices across every segment of the jewellery supply chain.

As part of CIBJO's Responsible Business Guides, this document outlines CIBJO's recommendations and practical guidance on responsible sourcing for its members and the wider industry. The recommendations are aligned with, and recognised by, leading stakeholders in government, international organisations, civil society, and trade bodies, as well as by participants across the jewellery supply chain.

The CIBJO Responsible Sourcing Commission

July, 2025

3. About this updated edition

This updated edition of the CIBJO Responsible Sourcing Book builds on the original 2018 guidance, responding to evolving expectations around sustainability and due diligence within the global jewellery supply chain. It introduces clearer definitions of key terms such as "responsible sourcing", "risk-based due diligence", and "continuous improvement" to support consistent understanding and application across the industry.

This updated edition of the CIBJO Responsible Sourcing Book reflects how understandings of responsible sourcing and its practical implementation across the jewellery industry have evolved over the past seven years. It responds to emerging expectations, regulatory developments, and the growing recognition of social and environmental risks throughout global supply chains.

In addition to reaffirming the core principles of responsible sourcing, the updated version expands the scope of due diligence beyond human rights and conflict-related risks to include environmental considerations such as impacts on nature and biodiversity. It also includes new practical guidance tailored to small and medium-sized enterprises (SMEs), recognising the need for scalable and accessible approaches. With a strong focus on continuous improvement, this edition offers a comprehensive and actionable framework for companies in the jewellery supply chain seeking to strengthen their responsible sourcing practices.

4. Scope of this document

This guidance is intended to support companies in the jewellery industry in implementing responsible sourcing practices for jewellery materials and products. It is not a comprehensive guide for developing a broad Environmental, Social, and Governance (ESG) programme. Rather, its focus is on upstream supply chain due diligence and specifically, the identification and mitigation of risks associated with the sourcing of precious metals, diamonds, coloured gemstones, and other materials used in jewellery production.

The scope of this document is deliberately targeted to help companies understand and apply responsible sourcing principles, with an emphasis on practical, risk-based due diligence processes. These include establishing sourcing policies, mapping supply chains, engaging suppliers, and taking appropriate steps to prevent, mitigate, or remedy identified risks. While responsible sourcing is an essential component of a wider ESG strategy, this guidance should be understood as one part of a broader framework.

CIBJO provides additional resources and guidance to support companies in addressing the full spectrum of ESG topics relevant to the jewellery sector. Users of this document are encouraged to consult those complementary materials if they are seeking to build a more comprehensive ESG programme.

5. Alignment with industry frameworks and the SDGs

CIBJO's Responsible Sourcing Book is broadly consistent and/or complimentary with the principles and objectives of other relevant internationally recognised frameworks and schemes, including the OECD Due Diligence Guidance for Responsible Supply Chains of

Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance)[1], the Kimberley Process Certification Scheme[2], and the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles)[3]. These instruments help to provide a global foundation for responsible business conduct in mineral and gemstone supply chains.

Responsible sourcing and supply chain due diligence also contribute directly to several of the United Nations Sustainable Development Goals (SDGs)[4], particularly those focused on human rights, decent work, environmental protection, and transparent governance. While this guidance does not address all ESG topics in depth, it supports meaningful progress toward the SDGs by helping companies prevent and mitigate adverse impacts in their upstream supply chains.

For example, by identifying and addressing human rights risks in sourcing practices (including forced labour, child labour, and unsafe working conditions), responsible sourcing efforts advance SDG 8: Decent Work and Economic Growth and SDG 16: Peace, Justice and Strong Institutions. Due diligence processes that improve transparency and accountability in mineral and gemstone supply chains also support efforts to combat corruption and illicit financial flows (SDG 16.4).

While individual companies may contribute to the SDGs in different ways depending on their size, resources, and position in the supply chain, responsible sourcing can provide a structured and measurable approach to advancing global sustainability priorities through the lens of risk-aware, ethical supply chain management.

CIBJO requires participants in the diamond supply chain to implement the World Diamond Council's System of Warranties Guidelines[5], which are designed to strengthen compliance with the Kimberley Process Certification Scheme and promote greater transparency and accountability in diamond sourcing. More broadly, CIBJO expects its members and all companies applying this guidance to comply with all applicable national laws, including those related to responsible sourcing and supply chain due diligence.

6. The business case for responsible sourcing in an evolving regulatory landscape

The jewellery industry operates within a dynamic and increasingly demanding global context. Heightened awareness of environmental, social, and ethical issues, coupled with rising stakeholder expectations, means that companies, regardless of size, are facing growing pressure to act responsibly. For SMEs in particular, navigating the complex landscape of ESG topics can be challenging, especially when resources are limited and expectations from downstream brands continue to rise.

[1] OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: https://www.oecd.org/en/publications/2016/04/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_g1g65996.html

[2] Kimberley Process Certification Scheme: https://www.kimberleyprocess.com/

[3] UN Guiding Principles on Business and Human Rights: https://www.business-humanrights.org/en/big-issues/governing-business-human-rights/un-guiding-principles/

[4] United Nations Sustainable Development Goals: https://sdgs.un.org/goals

[5] World Diamond Council System of Warranties: https://www.worlddiamondcouncil.org/system-of-warranties/

Responsible sourcing, focused specifically on understanding, managing, and mitigating risks in the upstream supply chain, is a critical component of this landscape. It forms the foundation for credible sustainability strategies and underpins broader ESG efforts by addressing some of the most salient risks related to human rights, conflict, and environmental degradation. While this guidance does not attempt to cover the full scope of ESG, it provides companies with a practical and risk-based approach to responsible sourcing, in line with international expectations.

In parallel, the global regulatory environment is evolving rapidly. A growing number of due diligence laws and sustainability disclosure requirements have emerged in recent years, compelling companies to take a more active role in monitoring their supply chains. Regulations such as the EU Conflict Minerals Regulation[6], the German Supply Chain Due Diligence Act[7], the EU Corporate Sustainability Due Diligence Directive (CSDDD)[8] and the EU Corporate Sustainability Reporting Directive (CSRD)[9] reflect a broader shift towards mandatory supply chain accountability. While these laws may not apply directly to every business, particularly SMEs, their indirect impact is already being felt, as larger companies and brands increasingly push due diligence and reporting obligations upstream through their supplier networks.

Alongside regulatory developments, consumer expectations are also shifting. Today's consumers are increasingly informed, more vocal, and more concerned about the social and environmental impacts of the products they buy. They are increasingly drawn to brands that demonstrate ethical integrity, transparency, and authenticity. For companies that wish to remain competitive and relevant, adapting to this new reality is not optional.

In this context, transparency and credibility have become essential. Companies must not only implement responsible sourcing practices but also communicate them truthfully and substantiated by verifiable evidence. The rising use of claims such as "ethically sourced," "conflict-free," or "sustainable materials" requires a higher standard of proof. Failure to substantiate such claims risks accusations of greenwashing, potential regulatory penalties, and reputational harm.

Ultimately, responsible sourcing is not only a matter of compliance, it is a strategic imperative. By embedding due diligence into supply chain management, companies can strengthen trust with stakeholders, meet growing legal and consumer demands, and contribute to broader global goals such as the SDGs.

7. Understanding key terminology

Clear and consistent terminology is essential for implementing responsible sourcing practices and for communicating efforts credibly within the industry and to stakeholders. The definitions

[6] EU Conflict Minerals Regulation: https://policy.trade.ec.europa.eu/development-and-sustainability/conflict-minerals-regulation_en

[7] German Supply Chain Due Diligence Act: https://www.csr-in-deutschland.de/EN/Business-Human-Rights/Supply-Chain-Act/supply-chain-act.html

[8] EU Corporate Sustainability Due Diligence Directive: https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en

[9] EU Corporate Sustainability Reporting Directive: https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/corporate-sustainability-reporting-directive_en

provided in this section aim to foster a common understanding of key terms used throughout this guidance that are frequently used within the industry, but often incorrectly. They are not intended to serve as legal definitions or to establish formal industry standards. Readers should view them as working definitions that reflect widely accepted principles within the context of responsible sourcing in the jewellery sector. Terminology may continue to evolve, and companies are encouraged to consult relevant regulatory, legal, and standard-setting bodies for authoritative definitions when required.

Responsible Sourcing

- **Definition:** A business approach that integrates ethical and sustainability considerations into the process of procuring goods and services. It extends beyond product quality and cost considerations, encompassing the social and environmental impacts of all sourcing activities and suppliers.

- **Contextual Note:** In the jewellery sector, this refers specifically to sourcing materials, such as precious metals, diamonds, and coloured gemstones, with consideration for risks including human rights abuses, environmental harm, and conflict financing. The term should not be used casually unless the company can demonstrate specific efforts to identify and mitigate such risks.

Due Diligence

- **Definition:** An ongoing, risk-based process through which a company identifies, assesses, prevents, mitigates, and accounts for actual or potential adverse impacts in its supply chain.

- **Contextual Note:** In the jewellery industry, due diligence typically applies to upstream sourcing of raw materials and should be informed by internationally recognised due diligence frameworks such as the OECD Due Diligence Guidance and the UN Guiding Principles. It is not a one-time audit or certification process, but rather a dynamic and evolving responsibility. A ‘risk-based’ due diligence approach prioritises efforts based on the likelihood and severity of impacts, allowing companies to focus their resources where they are most needed.

Continuous Improvement

- **Definition:** The commitment to gradually enhance responsible sourcing practices and results over time, recognising that full implementation may not be immediately achievable, particularly for SME’s.

- **Contextual Note:** This principle underpins many industry guidance documents applicable to the jewellery industry, including the OECD Due Diligence Guidance, and enables companies to make measurable progress even if they are not yet fully compliant with every aspect of best practice. Gathering and assessing information from upstream suppliers can be time-consuming and resource-intensive. Therefore, it is essential to understand that responsible sourcing is a journey and that taking progressive steps in the right direction can result in lasting, positive impacts over time.

Risk Mitigation and Remedy

- **Definition:** Risk mitigation refers to steps taken to prevent or reduce the likelihood or severity of a potential adverse impact. Remedy involves actions to make amends for harms that have occurred, including through compensation, restitution, or corrective measures.

- **Contextual Note:** In the jewellery supply chain, risk mitigation might involve enhanced engagement and due diligence with suppliers based in countries where labour practices are known to be weaker or switching suppliers where risks are unmanageable. Remedy applies when a company contributes to or is directly linked to harm, for example, through sourcing from a supplier that is involved in child labour. It is helpful to think of risk mitigation as something a company does to reduce the possibility of a negative impact occurring, and remediation as something a company does after a negative impact has already occurred.

Environmental, Social, and Governance (ESG)

- **Definition:** A broad framework used to assess a company’s performance and risks in relation to environmental stewardship, social responsibility, and governance practices. Investors and stakeholders frequently utilise ESG criteria to evaluate a company's performance beyond traditional financial metrics.

- **Contextual Note**: While ESG encompasses a wide range of topics, including climate impact, diversity, and anti-corruption, this guidance focuses specifically on the subset of ESG issues relevant to responsible sourcing. Not all ESG topics are covered here.

Conflict-Affected and High-Risk Area (CAHRA)

- **Definition:** Geographic areas (countries, regions within countries) identified as having armed conflict, widespread violence, or other high-risk conditions such as political instability, systemic human rights abuses, or weak governance[10].

- **Contextual Note:** CAHRAs are relevant to the jewellery sector because minerals and gemstones sourced from these regions may be linked to conflict financing or severe human rights violations. Since conditions on the ground, such as conflict, human rights violations, or governance breakdowns, can shift rapidly, there is no fixed or universally accepted list of CAHRAs. For this reason, companies must develop and maintain systems to actively monitor for changes and assess the risk status of sourcing regions on an ongoing basis. Various credible resources, including government advisories, civil society reports, and international databases, can support this assessment, but company-specific due diligence remains essential.

[10] The term `Conflict-Affected and High-Risk Area (CAHRA) originates from the OECD Due Diliegnce Guidance. For a full and complete definition, readers are encouraged to consult that guidance document.

8. Principles of responsible sourcing and supply chain due diligence

Responsible sourcing and supply chain due diligence involve a combination of proactive and reactive measures aimed at identifying, assessing, and addressing actual or potential risks in the sourcing of jewellery materials and products. This process is not about achieving perfection or immediate traceability at every stage; it is about taking meaningful, informed steps to improve visibility and decision-making over time.

The industry is increasingly moving beyond reliance on written guarantees or warranty statements alone. While such declarations may continue to play a role in commercial transactions, they are no longer considered sufficient on their own to demonstrate responsible sourcing. Instead, there is a growing expectation that companies actively seek out information about the characteristics and circumstances of their supply chains, particularly where risks may be present, and use this information to make responsible sourcing decisions.

This section outlines the key building blocks of responsible sourcing and due diligence, including the development of clear policies and procedures, meaningful supplier engagement, practical approaches to mapping and prioritising supply chain risks, and the implementation of risk management and monitoring strategies. These principles reflect a shift in focus from assurances of compliance to the development of systems that enable companies to better understand and manage their sourcing risks.

8.1. Management systems for effective due diligence

Before beginning the day-to-day work of supply chain due diligence, it is important for companies to establish the basic management systems that will support and structure their responsible sourcing efforts. In this context, management systems refer to the internal procedures, tools, roles, and documentation that guide how responsible sourcing is integrated into company operations.

Well-designed management systems help ensure that due diligence activities are not ad hoc or dependent on individual staff members, but instead are embedded into the company's way of working. They provide consistency, accountability, and clarity, particularly important when engaging with suppliers, tracking risks, and making sourcing decisions.

Key components of a responsible sourcing management system may include:

- Clearly defined roles and responsibilities.
- Training for applicable staff.
- A responsible sourcing policy or supply chain policy.
- Written procedures outlining how due diligence is carried out.
- Supplier questionnaires or forms to gather relevant information.
- A central system, such as a spreadsheet or database, for recording and analysing supplier responses.
- A risk assessment matrix to help identify and prioritise potential risks.
- A public-facing grievance or whistle-blowing mechanism that allows external stakeholders to raise concerns or report potential risks. For small businesses, the

mechanism does not need to be complex. A dedicated email address or a simple reporting form may be sufficient, provided a clear process is in place to review, document, and respond to concerns in a timely and respectful manner.
- Clauses within supplier agreements that incorporate requirements for transparency and responsible sourcing.

Implementing these elements early on provides a framework that enables companies to conduct due diligence in a systematic, scalable, and transparent manner. This is especially important for SMEs, which often have limited resources and need to utilise them efficiently. Even simple tools and procedures, when used consistently, can provide a strong foundation for responsible sourcing and help companies demonstrate credible progress over time.

8.2. Mapping salient risks and risk prioritisation

Before developing a responsible sourcing policy or engaging with suppliers, companies should first take steps to identify the most salient risks in their supply chains. Doing this first will help you to define the scope of your responsible sourcing activities and related policies and procedures.

Salient risks are those that are most severe in terms of their potential to cause harm to people or the environment, and which a company is most likely to be linked to through its sourcing activities. Focusing on salient risks helps companies prioritise their efforts where they matter most, particularly when resources are limited.

Salient risks will vary from company to company depending on the nature and circumstances of each business, its position in the supply chain, the types of materials it sources, and the geographic origin of those materials. For instance, a company that sources gold originating from artisanal mining regions located in ecologically sensitive areas may face a higher likelihood of biodiversity-related risks than a company sourcing exclusively secondary recycled precious metals. The goal is not to address every possible issue at once, but to understand where the company is most likely to be exposed to serious impacts and to prioritise its efforts accordingly.

There are, however, certain broad categories of risk that are widely recognised as relevant to most businesses operating within the jewellery supply chain. These include severe human rights abuses such as child labour and forced labour, and risks associated with sourcing materials from Conflict-Affected and High-Risk Areas (CAHRAs). Even companies that source only recycled precious metals are expected, under current industry best practices, to undertake a reasonable level of due diligence on the origin of this material. This includes assessing whether such materials may be linked to conflict financing or other high-risk indicators, as outlined in the OECD Due Diligence Guidance. Addressing these core risks is considered a baseline expectation across the industry.

Understanding salient risks is the starting point for meaningful due diligence. It ensures that responsible sourcing efforts are risk-based, proportionate, and responsive to the realities of each company's supply chain. Below are some examples of possible salient risks:

Child labour and forced labour

- Particularly relevant in artisanal and small-scale mining (ASM) of gold, coloured gemstones, and other minerals.
- Also a potential concern in low-cost manufacturing or polishing hubs.

Occupational health and safety violations

- Unsafe working conditions in mines, workshops, or cutting and polishing facilities.
- Inadequate use of personal protective equipment, exposure to hazardous substances (e.g. mercury, chemicals), or poor emergency preparedness.

Gender-based violence and discrimination

- Risks may arise in both mining and manufacturing settings where there is limited oversight or poor labour protections.
- Women in ASM communities are particularly vulnerable to harassment and exploitation.

Environmental degradation

- Deforestation, pollution of water sources, habitat destruction, and poor waste management linked to mining, refining and manufacturing activities.
- Uncontrolled use of hazardous chemicals.
- Impacts on biodiversity and protected ecosystems.
- Climate change.

Bribery, corruption and Illicit financial Flows

- Bribery, smuggling, underreporting of exports, or informal payments to authorities in high-risk jurisdictions.
- Particularly relevant in the trade of high-value materials, such as gold and diamonds.

Conflict financing and support to non-state armed groups

- Especially relevant when sourcing from CAHRAs, where trade in minerals or gemstones may be used to fund armed conflict or perpetuate instability.

Lack of traceability and transparency

- Complex or opaque supply chains, where it is difficult to verify the origin or conditions under which materials were produced.
- Creates a risk of unintentional linkage to harmful practices.

Misrepresentation or fraud in product claims

- Falsified documentation regarding origin, treatment, or ethical credentials (e.g. “conflict-free” or “recycled” claims without supporting evidence).

8.3. A responsible sourcing policy

A responsible sourcing or supply chain policy is a foundational element of any due diligence system. It serves as a clear and public statement of a company's commitment to ethical and sustainable sourcing practices, providing direction both internally to staff and externally to suppliers, customers, and other stakeholders.

The policy should clearly articulate the company's commitments and objectives, while also making explicit that these expectations extend beyond its operations to include its suppliers and, where applicable, their subcontractors. Clear communication of these expectations helps to establish a shared understanding of responsible sourcing standards throughout the supply chain.

The policy should define the scope of risks that the company seeks to address, and it should be informed by the salient risks mapping exercise discussed above. Topics covered in the policy could include, for example:

- Outlining the company's position on the sourcing of minerals from Conflict-Affected and High-Risk Areas (CAHRAs).
- Respect for human rights in the supply chain, including labour rights, fair working conditions, and workplace health and safety.
- Environmental risks, such as those related to land degradation, pollution, or biodiversity loss.
- Broader sustainability concerns, including contributions to climate change.

Companies are encouraged to define a scope that is appropriate to their size, business model, and the nature of their supply chains. Regardless of the policy's scope, the company's due diligence efforts must be tailored to address the specific issues outlined in the policy.

Due diligence is not the existence of a policy; it is the process of implementing that policy in practice. This means taking reasonable steps to assess supply chain risks, engage with suppliers, and respond to issues when they arise. Over time, the policy and related systems may evolve, but having a clear, credible, and actionable policy in place is a crucial first step on the journey.

Companies may find it helpful to use existing model policies as a starting point when developing their own responsible sourcing policy. For example, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas includes an Annex II Model Supply Chain Policy, which outlines expectations related to serious human rights abuses, conflict financing, and other high-risk behaviours. It provides a widely accepted foundation that companies in the jewellery industry can adapt to reflect their specific context, materials, and risk profile. Using a recognised model can also help ensure consistency with international norms and improve the credibility of a company's due diligence approach.

8.4. Know Your Counterparty (KYC), supplier engagement and risk identification

Once a company has identified its most salient supply chain risks and established the management systems to support responsible sourcing, the next step is to begin engaging suppliers. This process involves reaching out to suppliers to request relevant information that will help the company assess whether actual or potential risks are present, particularly in relation to the priority areas identified by the business following the steps outlined in section 8.2.

Effective supplier engagement begins with clear communication. Suppliers should be informed about the company's responsible sourcing policy and the types of risks it is seeking to address, such as the sourcing of minerals from Conflict-Affected and High-Risk Areas (CAHRAs), poor labour conditions, environmental harm, or other issues relevant to the company's supply chain. This communication should be respectful and collaborative, particularly for long-term or strategic suppliers, and should aim to build mutual understanding.

Companies can collect information using tailored tools such as questionnaires and self-assessment forms. These tools should be designed to gather specific information related to the identified risks, for example, material origin, processing locations, labour practices, or environmental management systems. Wherever possible, responsible sourcing questions can be integrated into existing KYC processes or onboarding documentation to streamline supplier engagement and reduce duplication.

Implementing a KYC programme is a foundational element of responsible business conduct and a key component of supply chain due diligence. Although traditionally associated with efforts to combat money laundering, terrorist financing, and other financial crimes, KYC can also help businesses identify potentially high-risk suppliers who may likewise be linked to broader social or environmental harms, or to upstream actors engaged in unethical or illegal practices.

KYC refers to the process of verifying the identity and legitimacy of the businesses and individuals a company engages with, which includes both customers and suppliers. It helps companies ensure they are not inadvertently conducting business with entities involved in illicit activities or connected to high-risk jurisdictions, politically exposed persons, or sanctioned parties.

In the jewellery industry, many companies already carry out basic KYC procedures as part of their anti-money laundering (AML) obligations, even if they are not yet fully implementing a responsible sourcing programme. However, KYC should be viewed not just as a regulatory requirement, but also as a baseline expectation for responsible supply chain management. It provides essential context for understanding counterparties, assessing risk, and making informed sourcing decisions.

Key elements of an effective KYC programme typically include:

- Collecting and verifying identity documentation (e.g., company registration, ownership structure, licences).
- Understanding the nature of the counterparty's business (e.g., materials traded, countries of operation).
- Screening against sanctions lists and watchlists.
- Assessing potential red flags, such as the use of cash payments, operations in high-risk regions, or a lack of transparency.
- Maintaining up-to-date records, with periodic reviews and updates as necessary.

Ultimately, KYC is not just a compliance exercise; it is a practical tool for building trust, reducing exposure to reputational and legal risk, and forming a stronger foundation for responsible sourcing and ethical business practices. It is important to recognise, however, that traditional KYC, while essential, represents only one aspect of an effective responsible sourcing programme, as it is primarily focused on financial and money laundering risks and does not, on its own, address the broader spectrum of social, environmental, and human rights concerns present in supply chains.

Once information has been collected, the next step is to analyse and evaluate the responses. This may involve:

- Checking for completeness and consistency in the information provided.
- Following up with suppliers where information is missing or unclear.
- Identifying actual risks (e.g. confirmed sourcing from a high-risk location)
- Flagging potential risks (e.g. lack of traceability, no policy in place, or refusal to answer key questions).

The analysis should be documented and the results tracked in a central system, such as a risk assessment matrix or similar tool, which allows the company to compare suppliers, prioritise follow-up actions, and monitor risks over time. The matrix might consider factors such as the severity and likelihood of risks, the supplier's willingness to engage, and the availability of supporting documentation.

It's important to remember that not all suppliers will have immediate answers to every question, and some risks may be difficult to verify. What matters is that companies take reasonable steps to seek out the information, assess it thoughtfully, and engage with suppliers to improve transparency and mitigate risks where possible. Supplier engagement should be seen as an ongoing dialogue rather than a one-time exercise.

For SMEs, these systems do not need to be complex or resource-intensive. What matters is that they are clear, practical, and used consistently. Over time, they can be refined and strengthened as the company gains more experience with responsible sourcing and supply chain engagement.

8.5. Anti-bribery and anti-corruption

Bribery and corruption represent significant integrity risks that can undermine efforts to conduct ethical business and due diligence, particularly in high-risk sourcing environments. Companies may face exposure to such risks through their own operations or through interactions with suppliers, agents, or intermediaries.

For example, a supplier may offer bribes to public officials to bypass inspections or conceal human rights or environmental violations, creating legal and reputational risks for downstream business partners. Similarly, bribery may be used to falsify documentation related to material origin or supply chain conditions, directly impacting the reliability of sourcing claims.

To minimise exposure, companies should implement basic anti-bribery and anti-corruption safeguards. These may include:

- Clear internal policies prohibiting bribery and facilitation payments.

- Including anti-corruption clauses in supplier contracts or codes of conduct.
- Raising awareness with staff and suppliers about expectations and how to report concerns.

8.6. Risk mitigation, remedy and monitoring

An effective responsible sourcing programme requires not only identifying risks, but also taking appropriate action to address them. This involves two key approaches: risk mitigation and remedy. While these are related concepts, they apply to different circumstances and require distinct responses.

Risk mitigation refers to the proactive steps a company takes to prevent or reduce the likelihood or severity of a potential adverse impact. This approach is generally used when a risk has been identified but no actual harm has yet occurred or been confirmed. For example, if a supplier cannot demonstrate the origin of gold or gemstones in their supply chain, or operates in a high-risk country with limited governance, the company may engage with the supplier to improve traceability, request third-party documentation, or develop an improvement plan. In some cases, it may be necessary to suspend or scale back the relationship while additional information is gathered if the potential risk is deemed to be high.

Remedy, by contrast, refers to the actions taken when a company causes, contributes to, or is directly linked to actual harm, such as confirmed use of child labour, environmental damage, or human rights violations. In such cases, the remedy may include working with the supplier and other stakeholders to facilitate corrective actions. Where appropriate, remedy should be informed by legitimate processes that centre the rights and needs of those affected.

Choosing the appropriate course of action requires thoughtful analysis. Not all risks will require the same response, and companies must weigh factors such as the severity of the risk, their level of leverage, and the willingness of the supplier to engage in good faith. Where risks cannot be mitigated or remedied to an acceptable degree, companies may ultimately decide to disengage from the supplier. However, this should be considered a last resort after efforts to improve the situation have failed.

Ongoing monitoring is a critical part of the due diligence process. It ensures that identified risks do not go unchecked and that mitigation or remediation efforts are progressing as planned. This might involve periodic follow-up with suppliers, requesting updated documentation, conducting site visits (where feasible), or reviewing publicly available reports. Monitoring should be risk-based and proportionate, focusing attention on higher-risk suppliers or sourcing contexts.

This process of monitoring ties closely to the principle of continuous improvement. Responsible sourcing is not a one-time exercise, but a dynamic process that evolves over time. Companies, particularly SMEs, are not expected to solve every issue at once. Instead, they are encouraged to demonstrate progress by taking reasonable, good-faith steps to reduce risks and improve supply chain practices over time. Tracking and reflecting on progress, documenting decisions, and learning from challenges are all part of building a more resilient, responsible due diligence programme.

8.7. Grievance and whistle-blowing mechanisms

Grievance and whistle-blowing mechanisms serve distinct but complementary roles in responsible sourcing and due diligence systems. They provide structured channels for identifying and responding to concerns related to social, environmental, or ethical risks in a company's operations or supply chain.

A grievance mechanism is a formal process through which an affected stakeholder, such as a worker, community member, or supplier, can raise a specific complaint about a harm or impact that directly affects them. A well-functioning grievance mechanism provides a clear process for receiving, investigating, and resolving complaints, and ensures that all parties are treated respectfully and without retaliation.

By contrast, a whistle-blowing mechanism enables any individual, including employees, suppliers, or other third parties, to report concerns about wrongdoing, unethical conduct, or risk-related issues that may or may not directly affect them. These mechanisms are often used to flag issues such as bribery, fraud, human rights violations, or misconduct that may occur deeper in the supply chain. A key feature of whistle-blowing systems is the ability to report anonymously, which helps encourage reporting, particularly in situations where power imbalances or fear of retaliation may exist.

A grievance process might involve providing a simple complaints form, assigning a responsible contact person, and maintaining clear procedures for receiving and responding to complaints. A whistle-blowing channel could be as straightforward as a dedicated email address and/or hotline managed by a trusted senior person, or using a third-party reporting tool if available.

These mechanisms support transparency, accountability, and continuous improvement by enabling companies to identify risks or impacts early and respond in a timely and appropriate manner. They also demonstrate a company's commitment to listening to stakeholders and accountability.

8.8. Communicating progress

Communicating progress is an important but often overlooked part of responsible sourcing. While formal reporting may not be required of all companies, especially SMEs, it can still be a valuable way to demonstrate commitment, build trust, and track improvements over time.

At its core, reporting is about transparency. It allows a company to share what steps it is taking to identify and manage risks in its supply chain, what it has learned in the process, and how it plans to improve. Reporting does not require perfection or exhaustive data. In fact, sharing challenges and lessons learned can be just as important as reporting successes. This kind of honest communication can also help build credibility with customers, investors and other stakeholders.

For SMEs that may not have experience with external communications on sustainability topics, reporting can start simply. This might involve:

- Publishing a short 1-page summary on the company website outlining responsible sourcing goals and activities.

- Sharing updates directly with customers or other important stakeholders during meetings.
- Preparing internal summaries or slide decks for buyers, partners, or investors

Some companies may also be required, or choose, to report more formally. For example:

- The Responsible Jewellery Council (RJC) requires certified members to report annually on their due diligence processes and findings, including risks identified and actions taken.
- Emerging and existing regulations such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) will require certain companies, primarily large businesses operating in the EU, to disclose how they identify, mitigate, and track environmental and human rights risks in their operations and supply chains.

Even where these regulations do not apply directly to SMEs, larger customers and downstream partners may request information to meet their own reporting obligations, meaning transparency is increasingly becoming a shared responsibility across the supply chain.

The key is to ensure that reporting is proportionate to the size and capacity of the business and aligned with the level of due diligence being conducted. Companies are encouraged to document their progress over time, not only as a communication tool but also as a way to measure their own performance, revisit goals, and support continuous improvement.

9. Overcoming barriers for SMEs

SMEs form the backbone of the jewellery industry. Yet many of these smaller businesses face real and valid challenges when it comes to implementing responsible sourcing and supply chain due diligence. Limited staff capacity, lack of technical expertise, resource constraints, and low leverage with suppliers can become barriers to effective due diligence.

However, responsible sourcing does not have to be complex or costly to be effective. What matters most is taking reasonable, good-faith steps, starting small and building over time. Below are some common barriers that companies, especially SMEs, in the jewellery industry might face, along with suggested solutions.

Limited resources and capacity
SMEs often operate with small teams and tighter budgets, making it difficult to dedicate staff or funding to new initiatives. In this context, responsible sourcing can be integrated into existing roles and processes. For example, the person responsible for supplier onboarding or procurement can also oversee due diligence efforts. Simple tools, such as spreadsheets, standardised supplier forms, or templates adapted from existing industry guidance, can be used in place of potentially costly software.

Lack of expertise or guidance
It’s common for SMEs to feel unsure about where to begin or how to interpret due diligence requirements. The key is to start with what is known: identify a few key risks (such as sourcing

from CAHRAs or labour issues), reach out to suppliers with basic questions, and document the responses. Companies that are also members of organisations such as the Responsible Jewellery Council (RJC), will be able to access additional member training and resources. Hiring an expert consultant to help set up your due diligence management systems and assess supplier information can also be a cost-effective way to get your programme up and running quickly.

Difficulty obtaining information from suppliers
Suppliers may be reluctant to share information, especially if they are unfamiliar with due diligence expectations or concerned about commercial confidentiality. SMEs may be able to overcome this by framing engagement as a collaborative process, explaining why the information is needed and how it will be used. Providing suppliers with clear, respectful communications and allowing time for responses can improve results. It may also help to align requests with existing processes, such as Know Your Customer (KYC) documentation, to reduce the burden.

Low leverage in the supply chain
SMEs may feel that they lack the influence to drive changes in supplier practices, particularly when working with larger or long-established suppliers. While this is a real challenge, companies can still take meaningful action by demonstrating their own commitment, asking the right questions, and prioritising suppliers that are open to engagement. It's also helpful to remember that you will not be the only company asking a supplier for information or to address issues. The expectation for due diligence and responsible business practices in the jewellery supply chain continues to grow, so this collective pressure can act as an incentive for companies to be more transparent.

Uncertainty about how to respond to risks
SMEs may be unsure how to act once risks are identified. The key is to respond proportionately and document the steps taken. This might include requesting clarification, working with the supplier on an improvement plan, or monitoring the situation over time. Not every risk requires disengagement. What’s important is being able to demonstrate that reasonable steps have been taken to assess and address the issue. Over time, this builds internal confidence and external credibility.

10. The role of industry initiatives and standards

While participation in industry standards and certification schemes is generally voluntary, these frameworks can serve as valuable tools for companies seeking to align their business practices with recognised best practice in responsible sourcing and sustainability. For companies at different stages of maturity, they can offer structured guidance, external benchmarks, and, where applicable, third-party assurance that can support both internal improvement and external credibility.

Certification against standards such as the Responsible Jewellery Council (RJC) Code of Practices[11], the SCS Global Services Responsible Source Standard[12], or Positive Luxury's Butterfly Mark[13] can demonstrate to customers, investors, and other stakeholders that a company is committed to responsible business conduct. This, in turn, can position certified companies as lower-risk and more trustworthy partners in an increasingly risk-sensitive market.

Many of these standards include dedicated components on responsible sourcing and due diligence, meaning that pursuing certification can also help ensure that your practices are aligned with leading international best practice. In some cases, certification may also satisfy the responsible sourcing reporting requirements of downstream clients or larger business partners.

Importantly, engagement with standards does not require perfection. Most certification schemes recognise that responsible sourcing is a journey and incorporate the principle of continuous improvement. Companies, particularly smaller businesses, can benefit from the structure, tools, and guidance these initiatives/standards organisations provide, whether as part of a formal certification process or as a reference point for strengthening internal systems.

11. Appendices

11.1. Responsible sourcing checklist

Use the checklist below to help you track progress as you develop and roll out your responsible sourcing programme. The steps listed below have been organised in the recommended order of progression, but companies may tackle them in whatever order is most appropriate to their particular circumstances.

1	Assign roles and responsibilities
☐	Assign overall responsibility for the responsible sourcing programme.
☐	Assemble a team that will be involved in implementing the programme.

[11] Responsible Jewellery Council (RJC) Code of Practices: https://www.responsiblejewellery.com/standards/code-of-practices/
[12] SCS Responsible Source for Precious Metals Standard: https://www.scsstandards.org/standards/responsible-source-for-precious-metals-standard
[13] Positive Luxury Butterfly Mark: https://www.positiveluxury.com/butterfly-mark/

☐	Communicate the purpose and business case for responsible sourcing to internal stakeholders, ensuring buy-in from senior leadership.
☐	Ensure that all team members involved receive appropriate training. Some of this training may be further updated and deployed as the responsible sourcing program matures.
2	**Risk mapping**
☐	Identify the types of risks that are most salient to your business.
☐	Include child labour, forced labour, money laundering, bribery, and risks related to the sourcing of materials from Conflict-Affected and High-Risk Areas (CAHRAs) as core salient risks.
☐	Where there are multiple actual or potential risks, prioritise those risks accordingly based on your capacity and available resources.
3	**Develop a supply chain / responsible sourcing policy**
☐	Develop a policy that outlines your position and commitments related to the salient risks prioritised in the previous steps.
☐	Communicate the policy to all internal stakeholders.
☐	Proactively communicate the policy to key external stakeholders, including suppliers.
☐	Publish the policy on your company website (if you have one).
4	**Develop procedures, questionnaires, and other due diligence tools**
☐	Document an internal procedure to guide your KYC and Responsible Sourcing Programme. The procedure should outline the process you will follow for gathering information from suppliers, assessing and identifying risks, mitigating and remedying those risks, and so on. If you have an existing KYC Procedure, you could update this to incorporate all additional elements related to your responsible sourcing programme.
☐	Develop an Anti-Bribery Policy and Procedure that clearly outlines your expectations for employees regarding the use of cash, corporate gifts, hospitality and facilitation payments.
☐	Develop a supplier questionnaire (or update your existing KYC form) to include the specific information you need to assess the salient risks you've prioritised. This may include, for example, the geographical origin of jewellery materials (for identifying CAHRAs), the existence of human rights and supply chain policies, and questions related to working hours, protections for young workers, and health and safety practices.
☐	Create a supplier risk assessment matrix, and/or supporting templates and forms, to record information from suppliers and categorise them based on risk level (e.g. low, medium, or high risk).
☐	Develop and publish a Grievance/Whistle-blowing Mechanism that internal and

	external stakeholders can use to report concerns and risks.
5	**Engage with your supply chain**
☐	Send out the Supplier Questionnaire or updated KYC Questionnaire to all applicable suppliers.
☐	Track and record supplier responses. Follow up with suppliers that do not respond or share incomplete information.
☐	Collate all additional supplementary materials obtained from supplies such as KYC documents (identification, company registration documents), supplier policies, chain of custody and traceability information related to the origin of jewellery materials, etc.
☐	Identify both actual and potential risks based on supplier responses. Categorise suppliers based on risk (low, medium, high).
☐	Develop follow-up actions and risk mitigation/remedy plans to address identified risks.
☐	Monitor the status and progress of risk mitigation/remedy measures. Implement timelines for resolving identified issues/information gaps and ensure they are clearly communicated to applicable suppliers.
☐	Review any submissions via your Grievance and/or Whistle-Blowing Mechanism and take action accordingly to follow up on reports or complaints.
6	**Communicate progress**
☐	Communicate progress internally to senior management and the broader business regularly (monthly or quarterly), highlighting identified risks and planned follow-up steps.
☐	Consider publishing an annual statement or report summarising your due diligence efforts and findings. If you are a member of the RJC or another supply chain standards-setting organisation, or are subject to certain regulations, this may be mandatory.

11.2. List of relevant standards-setting organisations, initiatives and frameworks

This is a non-exhaustive list of organisations active in the jewellery industry, with a specific focus on orgnisations that have developed standards, frameworks and initiatives related to sutainabiity and responsible sourcing.

Name and description	Category[14]
Responsible Jewellery Council (RJC) A membership and certification organisation that sets voluntary responsible business/sustainability standards for	Standard-setting

[14] Categories are assigned for the purpose of making this list useful to readers and are not intended to be a complete description of the full scope or purpose of any particular organisation.

the watch and jewellery industry.	
Responsible Minerals Initiative (RMI) An industry initiative that has developed due diligence standards and an assurance framework for precious metal refiners aligned with the OECD Guidance.	Standard-setting, Industry association
SCS Standards and Assurance Systems Offers a third-party certification program for various products, particularly in the jewellery and textile industries covering ethical sourcing, social responsibility, and environmental stewardship throughout their supply chains.	Standard-setting
London Bullion Market Association (LBMA) Sets bullion trading practices and responsible sourcing standards, that include an independent assurance process, which is mandatory for all gold and silver refiners listed on the LBMA Good Delivery List.	Standard-setting, Industry association
London Platinum & Palladium Market (LPPM) Closely associated with the LBMA and sets similar standards for the platinum and palladium refiners and associated market participants.	Standard-setting, Industry association
Positive Luxury Awards its ‘Butterfly Mark’ to luxury brands that are able to demonstrate conformance against its sustainability standards.	Standard-setting
Alliance for Responsible Mining (ARM) Sets social and environmental due diligence standards for the Artisanal and Small-Scale Mining (ASM) sector through its Fairmined Standard and CRAFT Standard.	Standard-setting
Fairtrade A certification system that promotes ethical trade practices by ensuring workers in less economically developed countries receive a fair price for their products (including gold), along with safe working conditions and environmental protection.	Standard-setting
Swiss Better Gold Initiative A public-private partnership between the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association. It aims to improve conditions in artisanal and small-scale gold mining (ASM) by creating responsible, traceable supply chains.	
Jewelers Vigilance Committee (JVC) Provides legal education & compliance guidance to the jewellery industry in the US.	Industry association
Organisation for Economic Cooperation and Development (OECD) An international forum and standard-setting body. Published the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas which aims to address risks	Standard setting

associated with the sourcing of minerals from CAHRAs.	
World Diamond Council (WDC) A global trade association representing the entire natural diamond industry, from mine to retail. Its mission is to protect the integrity of the diamond distribution chain and support efforts to eliminate "conflict diamonds" through its System of Warranties (SoW), a voluntary, self-regulatory framework.	Industry association
World Gold Council (WGC) A market development association seeking to broaden access, and efficiency, and good practice across the gold sector. Represents major gold miners and seeks to advance responsible and sustainable practice and standards across gold mining and production.	Standard-setting, Industry association
World Jewellery Confederation (CIBJO) An international body that issues guidance and technical definitions and standards for the jewellery, gemstones, and precious metals industries, representing professionals across jewellery supply chains. Its mission is to protect consumer confidence by promoting ethical practices, quality control, and standardized nomenclature, ensuring a transparent and reliable jewellery supply chain worldwide.	Standard-setting, Industry association