CIBJO Sustainable Development (& Responsible Sourcing) Commission

The Responsible Sourcing Toolkit 2025

CIBJO Guidance

Introduction

This Toolkit has been developed to accompany the CIBJO Responsible Sourcing Book[1], with the goal of helping companies in the jewellery industry put the guidance outlined in Section 8 of the Book into practice. It provides a set of practical tools, templates, checklists, and additional guidance designed to assist businesses, particularly small and medium-sized enterprises (SMEs), in implementing responsible sourcing and supply chain due diligence in a step-by-step manner.

Purpose of the Toolkit

Responsible sourcing is a journey, and every business will be at a different stage of that journey. This Toolkit is intended to support companies in building and strengthening the systems, processes, and actions that underpin responsible sourcing practices. It aims to broadly align with internationally recognised frameworks, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance[2]), and supports the implementation of key due diligence steps, including supplier engagement, risk identification, risk mitigation, and continuous improvement.

How to use this Toolkit

This Toolkit is organised into nine modules, each corresponding to a subsection of Section 8 of the Responsible Sourcing Book, from assigning internal responsibility to reporting on your due diligence practices.

Each module includes:

1) A brief objective for the module
2) A summary of how it relates to the topic of responsible sourcing and why it is important
3) A checklist of key actions
4) Practical tools and additional guidance notes to support implementation

You do not necessarily need to complete the modules in strict order. Depending on your company's size, resources, supply chain structure, and current practices, you may choose to focus first on the areas most relevant to your operations and risk profile. However, the toolkit modules have been organised in an order recommended for companies that have not yet started their due diligence journey.

Who is this Toolkit for?

This Toolkit is designed for all companies operating in the jewellery supply chain, from manufacturers and wholesalers to brands and retailers. While it is especially tailored to be

[1] The Responsible Sourcing Book is one of CIBJO's key reference guide series of *Blue Books*

[2] https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264252479-en.html

accessible for SMEs, it can also support larger businesses looking to improve or formalise their due diligence systems.

Using the Toolkit with your supply chain

The templates in this Toolkit can also be shared with suppliers, used to guide conversations, and incorporated into onboarding or engagement processes. Responsible sourcing depends not only on internal actions but also on building trust and transparency with supply chain partners.

Disclaimer

The Toolkit is intended as a practical resource. It does not constitute legal advice and should be adapted to suit the unique context and needs of each business.

Module 1: Assigning Responsibilities for Responsible Sourcing

Objective

To support companies in formally assigning responsibility for the development and implementation of responsible sourcing and supply chain due diligence activities.

Why this matters

Establishing internal ownership of responsible sourcing is a foundational step. Whether it's a dedicated individual, a small team, or an existing staff member with expanded responsibilities, having someone clearly responsible helps ensure that the work progresses in a coordinated and consistent way.

Clear responsibility:

- Provides accountability and oversight
- Helps embed responsible sourcing into company decision-making
- Enables external stakeholders (e.g. suppliers, auditors, partners) to identify a point of contact
- Supports long-term implementation and continuous improvement

Key actions checklist

☑ **Appoint a responsible sourcing lead**

Choose a person (or small team) to be responsible for coordinating the company's responsible sourcing activities. This could be someone in compliance, sustainability, procurement, or leadership, depending on the size and structure of your company.

☑ **Define roles and responsibilities**

Clarify what the Responsible Person(s)[3] will do. This could include developing policies, managing supplier questionnaires, reviewing risk assessments, and coordinating reporting. Roles can evolve over time as systems mature.

☑ **Secure leadership buy-in**

Make sure company leadership supports the appointment and provides time, authority, and resources as needed.

☑ **Communicate internally**

Let staff and teams know who is leading the responsible sourcing work so they can support and contribute where needed.

TOOL: Internal Roles and Responsibilities Matrix

This Internal Roles & Responsibilities Matrix helps companies assign and clarify internal ownership of key responsible sourcing tasks. Clear role allocation supports accountability, improves coordination, and ensures that responsible sourcing actions are integrated into daily business operations. The matrix uses the RACI framework to define who is involved in each task and in what capacity. The matrix is a suggested approach for assigning roles and responsibilities; however, companies can adapt it to fit their own specific circumstances and organisational structure.

RACI Framework

RACI Term	What it Means
R – Responsible	The person(s) who actually carry out the task or activity.
A – Accountable	The person ultimately answerable for the correct and thorough completion of the task. Only one 'A' per task is recommended, although in some cases it may be necessary to have overlapping accountability within the organisation.
C – Consulted	Those whose input is sought before a decision is made or an activity is completed. This is a two-way interaction.
I – Informed	Those who need to be kept updated on progress or decisions, but are not actively involved in the task.

Roles and Responsibilities Matrix

The roles and responsibilities outlined in this matrix are provided as illustrative examples only. Each company should define and assign roles based on its own organisational structure, resources, and specific circumstances. In smaller companies, several responsibilities may be combined under a single role, while in larger organisations, duties may be distributed across multiple departments or teams.

[3] Refers to the individual or role assigned responsibility for oerseeing, or implementing aspects of, the responsible sourcing program. This will vary by company depending on size, structure, and available resources

Task / Responsibility	Responsible	Accountable	Consulted	Informed
Assign a responsible sourcing (RS) lead	Leadership	Leadership	—	All staff
Develop a responsible sourcing policy	RS Lead	Leadership	Procurement, Compliance, Sustainability, Legal	All staff
Develop a supply chain due diligence procedure	RS Lead	RS Lead	Procurement, Compliance, Sustainability	Leadership
Engage suppliers and send supplier questionnaires	RS Lead or Procurement	RS Lead	—	—
Maintain risk assessment matrix	RS Lead	RS Lead	—	Procurement
Track and review supplier risks	RS Lead	RS Lead	Procurement, Compliance, Sustainability	Leadership
Review corrective action plans (CAPs)	RS Lead	RS lead	Procurement, Compliance, Sustainability	Leadership
Implement a grievance and whistleblowing mechanism	HR and/or RS Lead and/or Legal	HR and/or RS Lead and/or Legal	Leadership	All staff
Coordinate internal awareness and training	RS Lead	RS lead	HR, Compliance, Sustainability	Leadership
Draft annual RS progress report	RS Lead	Leadership	Comms, Legal, Leadership,	All staff

			Sustainability, Compliance, Procurement	
Standards compliance (e.g. audits, certifications)	RS Lead and/or Compliance and/or Sustainability	RS Lead and/or Compliance and/or Sustainability	HR, Legal	Leadership

Module 2: Identifying Salient Supply Chain Risks

Objective

To help companies understand and identify the most important (salient) risks in their supply chains, based on their specific circumstances, sourcing practices, and business model.

Why this matters

Identifying salient risks is a critical step before developing policies, procedures, or supplier engagement tools. It helps companies:

- Focus efforts where they can have the greatest impact
- Avoid spreading limited resources too thinly
- Align their work with international frameworks and standards such as the OECD Due Diligence Guidance, UN Guiding Principles on Business and Human Rights (UNGPs)[4], and the RJC Code of Practices (COP) standard[5]

Key actions checklist

☑ **Step 1: Review your own supply chain**

- Where do your raw materials come from (e.g., gold, diamonds, coloured gemstones)?
- Do you source mined and/or recycled jewellery materials?
- If you source finished/semi-finished jewellery, do you know the identity and location of all manufacturing facilities in your supply chain?
- Are any of your suppliers based in, or sourcing from, high-risk geographies? (E.g. conflict-affected areas, countries where working conditions and labour practices are known to be weak, countries where measures for combating money laundering are weak or compromised)

[4] https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf
[5] https://www.responsiblejewellery.com/standards/code-of-practices/

- Are any of your suppliers (and their subcontractors) certified against relevant social and environmental standards? (e.g. RJC COP, SA 8000[6], ISO 14001[7])

☑ **Step 2: Review existing resources and stakeholder expectations**

Use sector-specific resources to understand known risks, such as:

- OECD Due Diligence Guidance Annex II
- RJC Code of Practices (COP) Guidance
- UN Guiding Principles on Business and Human Rights (UNGPs)
- NGO or media reports about risks in specific regions or materials
- Financial Action Task Force (FATF) Recommendations[8]
- Transparency International Anti-Bribery Guidance[9]
- Your brand partners or customers may also flag risk areas they want you to monitor

☑ **Step 3: Prioritise risks based on severity and likelihood**

Use a simple heatmap or risk-ranking system to score risks based on:

- Severity (how severe is the harm?)
- Likelihood (how probable is it in your supply chain?)
- Proximity (how close are you to the impact – e.g., direct vs upstream supplier?

[6] https://sa-intl.org/programs/sa8000/
[7] https://www.iso.org/standard/60857.html
[8] https://www.fatf-gafi.org/en/home.html
[9] https://www.antibriberyguidance.org/

TOOL: Salient Risk Identification Worksheet (with examples)

The worksheet below includes examples of risks commonly associated with the jewellery sector, along with corresponding severity and likelihood scores. These examples are provided as a reference only. Companies are encouraged to use this framework to identify the risks that are most relevant to their own supply chain, based on their sourcing practices and business model. Consider reviewing media reports, NGO alerts, supplier audit reports (if available), and industry watchlists when completing your own matrix.

By working through this exercise, companies can focus their due diligence efforts where they matter most: on the risks that are most urgent, probable, and within their capacity to address.

Risk	Material / Geography	Tier (Proximity)	Risk Description	Severity	Likelihood	Total Score	Salient?
Child Labour	Gold from West Africa	Tier 3 (mining level)	Publicly reported presence of child labour in artisanal gold mining in the region. Risk flagged via NGO reports and media coverage.	3	3	9	Yes

H&S Violations	Jewellery manufacturing in Southeast Europe	Tier 1 (direct supplier)	Sector-wide audit trends show common health & safety issues at factories in this region. Risk identified through industry benchmarking.	2	2	4	Maybe
Water Pollution	Synthetic diamond production in East Asia	Tier 2 (diamond trader)	Synthetic diamond manufacturing processes are known to produce chemical wastewater. Issue flagged in industry report, but the upstream suppliers in question are ISO 14001 certified.	2	1	2	No
Sourcing from CAHRAs *(See Appendix 1 for a CAHRA identification process)*	Diamonds from Central Africa	Tier 3 (mining level)	The sourcing country is listed on industry CAHRA watchlists. Risk known from prior internal sourcing records and public databases.	3	3	9	Yes

Bribery / Corruption	Multiple (global sourcing)	Tier 2 (trading intermediary)	Some trading countries are identified as high-risk in global corruption indices (e.g. Transparency International CPI).	2	2	4	Maybe
Gender-Based Discrimination	Manufacturing in South Asia	Tier 1 (direct supplier)	Common issues in the region's manufacturing sector based on ILO and NGO reports. Early due diligence flagged potential for discrimination.	3	2	6	Yes
Forced Labour (Excessive mandatory overtime)	Jewellery manufacturing in Southeast Asia	Tier 1 (direct supplier)	Documented concerns of excessive or involuntary overtime in regional jewellery production hubs. Risk identified through NGO reports and stakeholder input.	3	3	9	Yes

Scoring guidance

To determine whether a risk is salient, companies are encouraged to assess each identified risk based on its severity (how serious the potential harm is) and its likelihood (how probable it is that the harm will occur). Multiply the severity and likelihood scores to calculate a total score, which can then be used to prioritise risks.

Score	Severity Interpretation	Likelihood Interpretation
1	Minor impact; unlikely to cause significant harm	Unlikely to occur or no credible evidence of risk
2	Moderate impact; potential to cause harm that is limited or reversible	Some evidence or indicators that the risk may occur
3	Severe impact; serious or irreversible harm (e.g. human rights abuse)	High probability; the risk is known, likely, or has already occurred

Total Score	Salient?	Interpretation
1–3	🚫 No	Low concern: monitor or revisit periodically, but not a current priority
4–5	⚠️ Maybe	Medium concern: action recommended; assess the company’s ability to influence the outcome
6–9	✅ Yes	High or critical concern: merits prioritised action and ongoing monitoring

Tips for SMEs

- Focus on 2–3 priority risks that are most relevant to your sourcing practices.
- Even if you don’t have visibility into every supplier, you can still make progress based on geography, product type, or past issues.
- Use supplier questionnaires (Module 6) to help validate your assumptions or uncover unknown risks.

Module 3: Establishing a Policy and Procedures for Responsible Sourcing

Objective

To guide companies in developing a clear and actionable responsible sourcing policy, along with internal procedures for carrying out supply chain due diligence in line with international expectations. This foundation ensures that responsible sourcing commitments are embedded into company practices and can be consistently applied across operations and supplier relationships.

Why this matters

Policies and procedures are essential for turning responsible sourcing commitments into measurable actions. A clear policy helps communicate expectations to suppliers and stakeholders, while documented procedures support consistency, accountability, and transparency. Without these frameworks in place, due diligence efforts can become fragmented, reactive, or overly dependent on individual staff. Establishing policies and procedures also helps prepare companies for future requirements under voluntary standards or regulatory frameworks and demonstrates a proactive approach to managing supply chain risks.

Key actions checklist

☑ **Develop or update your responsible sourcing / supply chain policy**

Clearly state your company's responsible sourcing objectives, the risks you aim to address, and expectations for your own operations, suppliers, and (where applicable) subcontractors. The policy should reflect the principles of risk-based due diligence and be publicly available where possible.

☑ **Create a written due diligence procedure**

Document the step-by-step process your company will follow to identify, assess, and manage supply chain risks. This should include how salient risks are identified, how supplier information is collected and assessed, and how decisions are made and followed up.

☑ **Ensure relevant employees are trained on the policy and procedure**

Train team members involved in sourcing, procurement, or compliance so they understand the responsible sourcing policy, the due diligence steps, and their specific roles. Training should be ongoing and updated as risks, expectations, or team responsibilities evolve (see also module 1 on roles and responsibilities).

TOOL: Key elements of a responsible sourcing and supply chain policy

This tool outlines the suggested core components of a responsible sourcing policy and provides guidance on how to tailor the content to reflect your business model, operations, and supplier relationships.

Key elements of a responsible sourcing and supply chain policy
1. Policy purpose and scope

- ➢ Explain why your company has developed this policy (e.g. to promote responsible sourcing, align with international expectations, support sustainability goals).
- ➢ Describe which parts of the business and supply chain the policy applies to (e.g. all direct suppliers, subcontractors, certain material categories).

2. Company commitments and values

- ➢ Outline your company's core values in relation to responsible business conduct (e.g. respect for human rights, zero tolerance for child labour, support for transparency).
- ➢ Include high-level commitments to international frameworks where applicable (e.g. OECD Due Diligence Guidance, UN Guiding Principles on Business and Human Rights).

3. Responsible sourcing principles

- ➢ Identify key issues your company commits to addressing, which may include:
    - ○ Sourcing from conflict-affected and high-risk areas (CAHRAs)
    - ○ Human rights risks (e.g. forced labour, child labour, discrimination)
    - ○ Environmental risks (e.g. biodiversity impacts, pollution)
    - ○ Business ethics (e.g. anti-bribery, anti-money laundering)
- ➢ Make clear that due diligence is an ongoing process and not a one-time compliance check.

4. Expectations for suppliers and subcontractors

- ➢ State that your company expects suppliers (and, where applicable, subcontractors) to comply with this policy.
- ➢ Explain how suppliers will be evaluated or monitored (e.g. through questionnaires, documentation reviews, audits).
- ➢ Highlight that risk mitigation and improvement plans may be required.

5. Reference to grievance and whistle-blowing mechanisms

- ➢ Mention the existence of a grievance and/or whistle-blowing mechanism (Module 8) to enable internal or external stakeholders to report concerns.

6. Governance and responsibility

- ➢ Identify the person/role within the company responsible for implementing the policy.

- ➢ Include a statement about how often the policy will be reviewed and updated.

TOOL: Key elements of a supply chain due diligence procedure

This tool provides a structured overview of what to include in your company's due diligence procedure, a practical, internal document that outlines how responsible sourcing is implemented in daily operations.

Key elements of a supply chain due diligence procedure
1. Purpose and scope ➢ State the purpose of the due diligence procedure (e.g. to operationalise the responsible sourcing policy, support risk identification and mitigation). ➢ Clarify which suppliers or materials are covered (e.g. all jewellery material suppliers, those in high-risk geographies, etc.).
2. Risk identification and salient risk assessment ➢ Describe how the company identifies and prioritises risks, using tools such as: ○ Salient risk identification worksheets (see Module 2) ○ Industry guidance (e.g. RJC, OECD, CIBJO) ○ Internal knowledge of materials, geographies, or supplier types
3. Supplier engagement process ➢ Outline how the company contacts suppliers and what information is requested: ○ KYC forms ○ Questionnaires and self-assessments ○ Policy documents or certifications ➢ Clarify the frequency at which suppliers are expected to provide updated information.
4. Risk assessment and prioritisation

- ➢ Define how risks are assessed using a structured method (e.g. likelihood, severity, proximity). Include details on:
  - ○ How risk ratings are applied (e.g. low/medium/high)
  - ○ How decisions are made regarding next steps
  - ○ Who is responsible for reviewing and validating assessments

5. Risk mitigation and corrective action

- ➢ Explain what happens when a risk is identified:
  - ○ Follow-up steps (e.g. request for more information, implementation of corrective action plan)
  - ○ Timeline for resolution
  - ○ Re-assessment process

6. Monitoring and review

- ➢ Describe the company's approach to ongoing monitoring:
  - ○ How information is kept up to date
  - ○ Frequency of re-assessments
  - ○ Triggers for further review (e.g. change in supplier operations, negative media)

7. Training and internal responsibilities

- ➢ Identify internal roles and who is responsible for each part of the procedure (see Module 1)
- ➢ Note how and when training is delivered to relevant staff.

8. Grievance and whistleblowing integration

- ➢ Refer to the company's mechanism(s) for reporting concerns and how these are incorporated into risk review processes.

9. Record-keeping and documentation

- ➢ Explain how due diligence records are stored, maintained, and accessed.
- ➢ Clarify what is recorded (e.g. risk assessments, supplier responses, follow-ups) and how long records are retained.

10. Procedure review and updates

- ➢ Indicate how frequently the procedure is reviewed and who is responsible for the review.

TOOL: Responsible Sourcing Training Needs Matrix

This matrix is designed to help companies identify which departments or job functions should receive training on specific responsible sourcing topics. It recognises that not all staff require the same level of detail, but everyone should have some degree of awareness. Job functions may vary from company to company, so depending on your company structure, you may need to expand this matrix to accommodate other roles where applicable. It is assumed that the Responsible Sourcing Lead assigned (see Module 1) will be responsible for implementing the training.

Training Topic	Leadership	Legal	Procurement	HR	All Staff
Overview of Responsible Sourcing & Due Diligence Principles	☑	☑	☑	☑	☑
Company Responsible Sourcing Policy: Purpose & Expectations	☑	☑	☑	☑	☑
Due Diligence Procedure: How it Works in Practice	☑	○	☑	○	○
Salient Risk Identification: What Risks We Prioritise and Why	☑	○	☑	○	○
Supplier Engagement: Information Requests, KYC & Questionnaires	○	○	☑	○	○

Grievance and Whistle-Blowing Mechanisms	✅	✅	✅	✅	✅
Anti-Bribery & Corruption Awareness	✅	✅	✅	✅	✅
Reporting and Record-Keeping Expectations	✅	✅	✅	✅	◯
Links to International Standards (e.g. OECD, UNGPs, RJC)	✅	◯	◯	◯	◯

Legend: ✅ = Required training recommended ◯ = Optional/role-specific awareness training

Guidance on Use:

- **Leadership** should have a comprehensive understanding of all aspects of the program to provide strategic oversight and ensure accountability.
- **Legal** teams may be involved in aligning policies and procedures with relevant laws, contracts, and liability management.
- **Procurement** teams play a central role and should receive the most detailed training on engagement, risk identification, and follow-up actions.
- **HR** departments need to understand internal responsibilities, grievance mechanisms, and labour-related risks.
- **All Staff** should be made aware of the policy and have a broad understanding about basic responsible sourcing principles.

Module 4: Anti-Bribery and Corruption

Objective

To ensure that companies understand the relevance of anti-bribery and corruption (ABC) controls within responsible sourcing and due diligence systems and take appropriate steps to prevent and address corruption-related risks in their supply chains.

Why this matters

While bribery and corruption risks are often addressed through financial or legal compliance frameworks, they also have important implications for responsible sourcing. Corruption can obscure supply chain transparency, distort risk assessments, and undermine efforts to identify and mitigate human rights or environmental risks.

Companies, particularly those sourcing from high-risk or opaque markets, may face exposure to bribery risks from suppliers or third parties, including government officials. Even small or routine “facilitation payments” can lead to legal liability or reputational harm. For SMEs, addressing corruption risks doesn’t necessarily mean having a complex anti-corruption program, but basic controls, awareness, and supplier expectations should be in place.

Key actions checklist

☑ **Develop an anti-bribery and corruption policy and procedure**

Create a simple policy that sets out your company’s zero-tolerance approach to bribery and corruption. This should include examples of unacceptable behaviour (e.g. offering or accepting bribes, facilitation payments, kickbacks) and apply to both employees and business partners. Ensure that there are procedures in place to implement the policy.

☑ **Screen suppliers for corruption red flags**

As part of your supplier onboarding and KYC processes, assess whether any suppliers operate in high-risk jurisdictions or have a history of regulatory violations. This can be done using public databases, sanctions lists, or by reviewing supplier self-assessments.

☑ **Train relevant staff**

Provide basic training to employees involved in procurement, sourcing, or supplier engagement to help them identify and respond to potential bribery risks, including how to escalate concerns.

☑ **Include ABC clauses in contracts and agreements**

Ensure employee contracts, supplier agreements, and service contracts contain clear anti-bribery clauses and termination provisions in the event of non-compliance.

☑ **Establish a reporting mechanism**

Ensure your grievance or whistleblowing mechanism can also be used to report bribery or corruption concerns confidentially, including from external stakeholders.

☑ **Set up a gifts and hospitality register**

Implement a simple log to record any gifts or hospitality offered or received by staff. Define thresholds and conditions under which gifts or entertainment must be declared, and include guidance on what is acceptable or not.

☑ **Monitor and review**

Maintain a basic record of any corruption-related red flags or incidents and periodically review supplier practices and internal processes to ensure ongoing compliance.

TOOL: Anti-Bribery and Corruption Policy and Procedure Template

This sample template outlines the core elements of an Anti-Bribery and Corruption (ABC) Policy and Procedure that companies can adapt to suit their own business. It is intended to help businesses formalise their approach to preventing bribery, define unacceptable behaviours, assign responsibilities, and describe the reporting and investigation process. While this template offers a starting point, companies should tailor it based on their size, risk exposure, geographic footprint, and applicable laws.

Anti-Bribery & Corruption Policy and Procedure

1. Purpose

The purpose of this policy and procedure is to assist staff and agents (including consultants, advisers, intermediaries or any other individual or business that acts on behalf of [company name] in identifying anti-bribery and corruption-related issues and in understanding and complying with our policy.

2. What is bribery?

Bribery means giving or offering (as well as demanding or receiving) any undue advantage to or from:

- A public or government official
- A political candidate, party or official, or
- Any private sector employees, directors or officers, or their agents or representatives

3. Zero tolerance policy statement

[company name] prohibits bribery and corruption in all business practices and transactions carried out by its staff and by agents acting on its behalf.

All staff and agents of [company name] are protected from any penalty or adverse consequences for identifying concerns related to suspected bribery, for refusing to participate in bribery or for refusing to pay a facilitation payment.

Staff and agents of [company name] must not engage in bribery in connection with any dealings or activities involving private or public companies, government or public officials, organisations or individuals.

4. Facilitation payments

Facilitation payments are sums of money paid to obtain preferential treatment for something the recipient would otherwise still be required to do.

Facilitation payments of any kind are strictly prohibited under this policy. Staff or agents who are asked to make a facilitation payment should immediately report this to [name of responsible person].

5. Gifts and hospitality

Staff and agents acting on behalf of [company name] must never use gifts or hospitality to improperly influence the business decision-making process or cause others to perceive an improper influence.

All gifts or hospitality above [e.g., €50] must be recorded in the Gifts and Hospitality Register. Gifts and hospitality should be offered only to better present our products or to establish cordial relations with prospective and existing business partners. Staff and agents must disclose if they have been offered gifts and/or hospitality.

6. Charitable and political donations

Charitable donations will never be made to influence a business decision-making process. All such donations (if made) will be made directly to selected charitable organisations and never to an individual. [company name] does not make political donations of any kind.

7. Use of cash

Use of cash is to be discouraged unless there is no viable alternative means of payment. Exceptions should be approved in advance via written approval from [name of responsible person].

8. Reporting

Any staff or agents who identify, or suspect, instances of bribery should report this immediately to:

Name: [name of responsible person]

Email: [email of responsible person]

9. Investigation and sanctions

All actual or suspected cases of bribery will be fully investigated. Staff and agents found to be in breach of this policy could face disciplinary action.

TOOL: Gifts & Hospitality Register Template (with examples)

This register provides a simple format for tracking gifts and hospitality offered or received by employees or company representatives. It supports transparency and helps companies monitor potential conflicts of interest or situations that could be perceived as undue influence. All staff should be encouraged to complete this register whenever a gift or invitation is exchanged (based on the value threshold set in the policy), particularly when dealing with suppliers or customers. This is a simplified template including the minimum recommended level of detail, however companies can expand on this template based on their own particular circumstances and needs.

Date	Employee	Recipient/Donor	Description of Gift/Hospitality	Value	Accepted/Declined	Business Purpose
dd/mm/yyyy	Mark Smith	XYZ Company Ltd (recipient)	Lunch at restaurant	85.00	Accepted	Working lunch to finalise contract terms

Module 5: Know Your Counterparty (KYC) and Anti-Money Laundering (AML)

Objective

To ensure businesses understand who they are working with, both customers and suppliers, and to establish appropriate checks that help identify and mitigate risks related to money laundering, terrorist financing, sanctions evasion, and illicit business practices.

Why this matters

KYC and AML measures are a legal requirement in many jurisdictions and form a foundational component of supply chain due diligence, even for companies that are not yet implementing a full responsible sourcing program.

KYC is particularly important in the jewellery and precious materials sectors, where complex and opaque supply chains may be exploited to launder money, disguise the origins of "conflict-affected" materials, or engage in other illicit practices.

Understanding and documenting your counterparties, especially high-risk suppliers, intermediaries, and buyers, enables you to make informed decisions, meet regulatory obligations, and protect your company from reputational and legal harm. Moreover, suppliers or customers who raise red flags under KYC screening may also present elevated ESG risks, such as environmental damage, human rights violations, or fraudulent claims of product origin.

Key actions checklist

☑ **Identify which counterparties require screening**

Determine which business partners (e.g., suppliers, subcontractors, service providers, and customers) should be subject to KYC checks. At a minimum, direct suppliers and buyers of jewellery materials should be included.

☑ **Collect essential KYC data**

Gather documentation and information to verify the identity and legitimacy of the counterparty. This typically includes company registration documents, ownership structure, key contact details, tax identification numbers, and the nature of the business. Follow **this link** for a sample KYC form.

☑ **Screen for red flags**

Check counterparties against relevant sanctions lists, politically exposed persons (PEP) lists and high-risk jurisdiction lists. Document the results of all screenings.

☑ **Assess and risk-rate the counterparty**

Review the information gathered and determine whether the counterparty presents a low, medium, or high risk based on factors such as country of operation, ownership structure, product category, and transparency.

☑ **Implement enhanced due diligence for high-risk counterparties**

If a counterparty is flagged as high risk, conduct further checks and seek additional supporting documentation. This may include requesting additional policies and procedures or potentially terminating the business relationship with the counterparty.

☑ **Maintain records and re-check periodically**

Store KYC data securely and conduct periodic reviews, especially when contracts are renewed, business relationships change, or new risks emerge.

☑ **Train relevant staff**

Ensure employees in procurement, sales, and finance understand how to implement KYC and identify red flags.

TOOL: Know Your Counterparty and Anti-Money Laundering Policy and Procedure Template

This template provides a sample structure for developing a company KYC-AML Policy and Procedure. It is designed to help businesses formalise their approach to identifying and managing risks related to money laundering, terrorist financing, and other illicit financial activities that can occur within supply chains.

Companies can use this template as a starting point and adapt the language, scope, and level of detail to reflect their size, business model, and the regulatory requirements of the jurisdictions in which they operate. In some cases, particularly where formal AML legislation applies, companies may need to align this policy with national laws and reporting obligations. In other cases, this document can serve as a voluntary risk-management tool within a broader responsible sourcing and due diligence framework.

Anti-Money Laundering (AML) and Know Your Counterparty (KYC) Procedure

1. Anti-money laundering (AML) policy statement

[company name] commits to not engaging in or contributing to money laundering or the financing of terrorism. The company has implemented Know Your Counterparty (KYC) procedures to:

a. Establish the identity of all suppliers and customers;
b. Verify that counterparties and, if applicable, beneficial owners (only for high-risk counterparties) are not named on relevant government sanctions lists for individuals or

organisations implicated in money laundering, fraud or involvement with prohibited organisations and/or those financing conflict;

c. Maintain an understanding of the nature and legitimacy of the businesses operated by counterparties and;
d. Monitor transactions for unusual or suspicious activity.

For the purpose of this policy and related procedures, money laundering is defined as a process of disguising the financial proceeds of crime to conceal their illegal origin. Finance of terrorism is defined as any kind of financial support to those who attempt to encourage, plan or engage in terrorism.

2. AML compliance officer and duties

[company name] designates [name of responsible person] as the Anti-Money Laundering Program Compliance Officer (AMLCO), with full responsibility for its Anti-Money Laundering Program. The AMLCO will ensure:

a. The AML Program is implemented effectively
b. The AML Program is updated, as necessary; and,
c. Appropriate persons are educated and properly trained.

3. Sharing information with law enforcement agencies

We will respond to any requests from relevant law enforcement agencies regarding accounts or transactions by immediately searching our records to determine whether we maintain or have maintained any account for, or have engaged in any transaction with, each individual, entity, or organisation named in the request. Upon receiving an information request, the AMLCO will be responsible for responding to such requests.

4. Checking counterparties against relevant watchlists

Before conducting business with any new suppliers or customers, we will check to ensure that such counterparties are not listed on [name of applicable government sanctions/watch list].

If we determine that a prospective counterparty, or someone with whom or for whom the counterparty is transacting, is on the list, we will immediately terminate any further dealings with the individual or entity in question.

5. Counterparty identification and verification

We require all new and existing counterparties to verify their identity. This includes personal government issued identity documents for individuals and business licences or company registration/tax ID numbers for companies.

6. Other KYC information

Prior to entering into any business relationship, we will collect KYC information from all counterparties, which includes but is not limited to:

- Name of counterparty (company/organisation/individual).
- Registered address.
- Contact person and information.
- Business registration number.

- Identity of beneficial owners.
- Copies of relevant policies (AML/KYC policy, supply chain policy).

7. Counterparties that refuse to provide information

If a potential or existing counterparty refuses to provide the information when requested or appears to have intentionally provided misleading information, [company name] will immediately terminate any further dealings with the individual or company. In either case, the AML Compliance Officer will determine whether relevant law enforcement agencies should be notified.

8. Record keeping

We will maintain records of all identification and verification information in accordance with applicable law.

9. Identifying red-flags

Based on the information provided by potential or actual counterparties, the following red flags will be used to signal possible money laundering or terrorist financing:

- Limited knowledge of the industry.
- Requests for unusual financial terms and conditions.
- Lack of an established place of business or offices in an unusual location or high-risk jurisdiction.
- Proposals for a transaction that makes no sense.
- Use of unusual or distant banks.
- Use of non-bank financial institutions for no apparent legitimate business purpose.
- Frequent and unexplained changes in bank accounts or accounting personnel.
- Use of companies without any apparent legitimate fiscal, legal or commercial reason.
- Unusually complex organisational structure.
- Unexplained involvement of third parties in transactions.
- Refusal to identify beneficial owners or controlling interests in cases where this would be commercially expected.
- Attempted anonymity by conducting ordinary business through accountants, lawyers or other intermediaries.
- Use of cash in a non-standard manner.

In cases where suspicious transactions are identified, these will be reported to the relevant law enforcement agency.

10. Review of AML procedures

[company name] will review its AML and KYC procedures regularly to ensure they remain up to date and fit for purpose.

Module 6: Supplier Engagement and Information Gathering

Objective

To support companies in reaching out to suppliers to gather relevant information about their practices, sourcing, and risk exposure. This module focuses on practical steps for initiating supplier engagement, collecting meaningful data through questionnaires or KYC forms, and laying the foundation for risk assessment.

Why this matters

Supplier engagement is the entry point to effective supply chain due diligence. Without open and structured communication with suppliers, it is impossible to identify, assess, or respond to risks. Many companies rely on limited or outdated information, creating blind spots in their risk management efforts. A strong supplier engagement process helps businesses move beyond basic declarations, gathering relevant data, and initiating an assessment of actual practices across the supply chain.

Key actions checklist

☑ **Develop or update your supplier questionnaire**

Design a practical and focused questionnaire that collects information aligned with your company's salient risks. Where appropriate, integrate responsible sourcing questions into existing KYC or onboarding forms.

☑ **Reach out to suppliers to request completed questionnaires**

Communicate clearly with suppliers about why the information is being requested and how it will be used.

☑ **Record and centralise supplier responses**

Establish a system (e.g. spreadsheet or database) to capture responses in a structured format for review, tracking, and analysis over time.

☑ **Identify gaps, inconsistencies, or red flags in supplier responses**

Review responses systematically to flag missing data, unclear answers, or potential indicators of risk. Follow up with suppliers where clarification or additional information is needed.

☑ **Map suppliers according to their role in the supply chain**

Identify whether suppliers are direct producers, intermediaries, traders, or service providers, and capture any information they provide about their own upstream suppliers. Where possible, begin mapping the upstream country of origin for jewellery materials.

TOOL: Self-Assessment Questionnaire (SAQ)

This is a high-level structure of a basic Supplier Self-Assessment Questionnaire (SAQ), with suggested data points for inclusion. The specific questions should be tailored to reflect your company's risk priorities (see Module 2) and your position in the supply chain. It is important to structure the questionnaire in a way that enables you to collect the most relevant and actionable information. For example, country-of-origin data for coloured gemstones should be disaggregated by gemstone type, and the identity of precious metal refiners should be disaggregated by metal type. This level of detail will support more effective follow-up on specific risks.

Self-Assessment Questionnaire (SAQ) - suggested content
Section A: Company and KYC information[10] ● Legal name of the company ● Business registration number ● Name of company beneficial owners ● Registered address ● Website (if available) ● Name and contact details of primary contact ● Description of business activity ● Details of relevant certifications (e.g. RJC COP, ISO 14001, ISO 45001)
Section B: Products and materials ● Type of goods provided *(e.g., loose polished diamonds, finished jewellery, jewellery components, etc.)* ● Identity and location of subcontractors used, if applicable ● Jewellery materials supplied (e.g. gold, natural diamonds, emeralds, silver, etc.) ● Country of origin for jewellery materials? *(Unless lab-grown materials are supplied, you should aim to seek the names of the countries of <u>mining origin</u> for all mined materials. For lab-grown materials, you should seek the names of the countries where the growers are located.* ● Names of precious metals refiners, if applicable
Section C: Social and environmental practices ● Human Rights/Child Labour/Forced Labour Policy *(if the supplier answers yes, you should ask for copies of each policy or the combined policy)*

[10] Companies can ignore this section if they are already using a form for collecting KYC information from counterparties. Also see module 5.

- Verification that worker age checks are carried out *(to ensure all workers are of the legal minimum working age)*
- Verification that working hours and wages are in line with national law
- Health and Safety Policy *(if the supplier answers yes, you should ask for a copy)*
- Verification that wages and benefits are in line with national law
- Environmental Policy *(if the supplier answers yes, you should ask for a copy)*

Section D: Responsible sourcing

- Responsible Sourcing or Supply Chain Policy *(if the supplier answers yes, you should ask for a copy)*
- Verification of the supplier's due diligence and risk management practices *(e.g. does the supplier follow the OECD Due Diligence Guidance or other due diligence frameworks?)*

Section E: Declarations and sign-off

- Name and position of person completing this form
- Date

TOOL: Supplier Risk Assessment Matrix (with examples)

The Supplier Risk Assessment Matrix presented below (populated with fictitious data for demonstration purposes only) is designed to illustrate how companies can begin tracking supplier data and potential risks. While this version is structured for clarity and ease of use, companies are strongly encouraged to develop their own version of the matrix, ideally in a spreadsheet format, to enable more efficient data analysis, filtering, and updates. In practice, some businesses may also choose to utilise supply chain management software or other risk assessment tools to track and manage this data. Regardless of the format, the approach used to assess and follow up on supplier risks must be aligned with the company's responsible sourcing policy and broader due diligence commitments.

Supplier Name	Country	Supplier Type	Materials Supplied	Information Gaps Identified?	Human Rights Policy Provided?	Supply Chain Policy Provided?	Human Rights / Labour Risk Identified?	CAHRA Risk Identified?	AML / Bribery Risk Identified?	Overall Risk Rating	Risk Mitigation Steps
SilverSpark	Turkey	Manufacturer	Sterling Silver Jewellery	Yes - silver refiner not disclosed	Yes	No	Yes - working hours above 60 hours per week, but this includes overtime, which is worked on a voluntary basis	Unknown	No	**Medium**	Follow up with the supplier to confirm the identity of the silver refiner. Verify whether the refiner is certified against a standard aligned with the OECD Due Diligence Guidance. If the refiner is not certified, request that the supplier obtain additional information from the refiner regarding the origin of its raw materials, specifically, whether it is sourcing mined or secondary material, and if mined, the countries of mining origin.
GemLux Traders	Thailand	Trader	Polished Coloured Gemstones	Yes - KYC information incomplete	No	No	No	Yes - Rubies sourced from a known CAHRA	Unknown	**High**	Collaborate with the supplier to conduct enhanced due diligence on the sourcing of rubies. Verify any potential security risks associated with mined sources and assess the likelihood of links to conflict financing or human rights abuses at the mining level. Ensure the supplier completes all Know Your Counterparty (KYC) questions in full to support this assessment.

ShineAlloy Refining	Germany	Refiner	Gold, Platinum	No	Yes	Yes	No	No - silver is refined from recycled secondary scrap, which is sourced from domestic scrap traders	No	🟩 **Low**	None needed at this time

Guidance on assigning overall risk ratings

The overall risk rating should reflect a balanced assessment of the risks identified through supplier engagement, taking into account both the likelihood of those risks occurring and their potential severity or impact. Below is a general guide for categorising suppliers into low, medium, or high risk:

🟩 **Low Risk**	🟧 **Medium Risk**	🟥 **High Risk**

• No significant risks identified based on supplier responses and supporting documentation.
• Supplier has provided complete and transparent information, including country of origin data.
• Supplier has relevant policies and practices in place (e.g. human rights policy, RS policy).
• No red flags identified for sourcing from CAHRAs, labour practices, AML/bribery risks, or other salient issues.
• Supplier operates in a low-risk country and/or deals with low-risk materials (e.g. recycled inputs from established refiners).
	• Some information gaps or inconsistencies noted (e.g. missing KYC info, vague policy language).
	• Minor red flags that require clarification (e.g. partial responses, unknown origin of certain materials).
	• Supplier operates in, or sources from, countries with elevated governance or human rights concerns, but there is no evidence of direct involvement in harm.
	• Early-stage due diligence; supplier has indicated willingness to improve or provide further documentation.
		• Significant red flags identified, which could include:
		  ○ Sourcing from known or suspected CAHRAs without mitigation steps.
		  ○ Refusal or failure to provide origin or supplier information.
		  ○ Indicators of serious risks such as child labour, forced labour, or bribery.
		• Lack of transparency, uncooperative behaviour, or patterns of missing data across multiple areas.
		• Supplier operates in a high-risk jurisdiction and/or is connected to high-risk materials or practices.

✅ **Suitable for simplified monitoring; periodic reviews may be sufficient.**	⚠️ **Requires follow-up actions, clarification, and a scheduled review or corrective action plan.**	❗ **Requires urgent attention, in-depth risk mitigation, and consideration of disengagement if no improvement occurs.**

Module 7: Risk Mitigation, Remedy, and Ongoing Monitoring

Objective

To implement appropriate and proportionate actions to mitigate and/or remediate identified risks in the supply chain, and to establish systems for ongoing monitoring to support continuous improvement.

Why this matters

Identifying risks is an important step, but effective due diligence requires that companies take appropriate follow-up action in response to actual or potential risks, and that they continue to monitor suppliers over time.

Risk mitigation and remedy are not one-size-fits-all solutions. They depend on the nature and severity of the issue, the company's level of leverage, and the potential for positive change. Establishing a clear process for deciding when to mitigate, remediate, or disengage helps companies ensure their actions are consistent, fair, and aligned with their policy commitments.

Moreover, ongoing monitoring is essential for maintaining oversight of supply chain risks, encouraging continuous improvement among suppliers, and ensuring that commitments and corrective actions are being implemented effectively.

Key actions checklist

☑ **Define your escalation and decision-making process**

Establish internal criteria for determining how the company will respond to different types and severities of risks, including when to engage, mitigate, escalate, or disengage.

☑ **Engage suppliers to develop and implement risk mitigation plans**

Collaborate with suppliers to address identified risks through realistic, time-bound corrective actions. This may involve requesting further information, policy updates, training, or changes in sourcing practices.

☑ **Establish a remediation protocol for severe impacts**

For serious issues, such as confirmed child labour or human rights abuse, develop or align with an appropriate remediation framework. Where direct remedy is not possible, consider ways to contribute to positive outcomes in collaboration with others.

☑ **Track progress and follow up regularly**

Implement systems (e.g., a corrective action log or review calendar) to track supplier progress over time, including dates for follow-up, check-ins, or re-assessment.

☑ **Support continuous improvement**

Encourage suppliers to improve practices over time by providing clear expectations, examples of good practice, and access to capacity-building resources where possible.

Practical risk mitigation and remedy steps

Once a company has identified actual or potential risks in its supply chain, the next step is to determine how to respond appropriately. This section outlines a step-by-step process that companies can follow to manage those risks in line with international due diligence expectations, such as the OECD Due Diligence Guidance and the UN Guiding Principles on Business and Human Rights.

It is important to distinguish between two different but related approaches:

- **Risk mitigation** refers to proactive measures taken to reduce the likelihood or severity of a potential or linked risk before it causes harm.

- **Remedy** refers to actions taken to address actual adverse impacts that have already occurred, for example, by restoring the rights or conditions of affected individuals, communities, or ecosystems.

The appropriate course of action will depend on the company's relationship to the risk, whether it caused it, contributed to it, or is merely linked through its business relationships. Regardless of the approach taken, companies should document their response process, track progress, and verify that the actions taken have been effective.

The following steps provide a practical framework for implementing a response process that incorporates both risk mitigation and remedy, as part of a broader responsible sourcing and due diligence programme.

Risk mitigation and remedy process – recommended steps
1) Verify the nature of the risk/impact Confirm whether the risk/impact is actual (i.e., already occurring) or potential (a future possibility). This distinction helps determine whether remedy or mitigation is the appropriate response.
2) Assess the severity and urgency of the risk/impact Evaluate the seriousness of the potential or actual harm, how widespread it is, and whether it is ongoing. Prioritise risks that are severe, systemic, or involve vulnerable groups (e.g., forced labour, child labour, conflict financing, serious health & safety violations).
3) Determine company involvement or linkage Identify whether your company has: ● **Caused** the harm (direct involvement), ● **Contributed to** the harm (indirect involvement, e.g. via commercial pressure), ● Or is **directly linked** to the harm through a business relationship. This will help determine whether remedy is required or whether mitigation is more appropriate.
4) Choose an appropriate course of action ● If actual harm has occurred and the company has caused or contributed to it, pursue a remedy process (e.g. restitution, compensation, guarantees of non-repetition). ● If the company is linked to the risk or it is a potential risk, pursue a risk mitigation process (e.g. improved controls, engagement with suppliers, contractual changes).

5) Engage with the supplier and/or affected stakeholders Communicate your concerns and expectations clearly. Involve the supplier in identifying the root cause and discussing practical corrective actions. In some cases, consultation with affected stakeholders may be required, especially when remedy is involved
6) Develop and implement a corrective action plan (CAP) For both mitigation and remedy, document agreed actions, timelines, responsible parties, and follow-up measures in a CAP or similar documented process. This should include both short-term fixes and, where necessary, longer-term measures.
7) Monitor progress and verify effectiveness Regularly follow up to assess whether the risk is being effectively mitigated or remedied. Use documentation, third-party audits, supplier progress reports, or site visits where applicable.
8) Escalate or disengage (if necessary) If no meaningful progress is made, consider escalating within the supplier organisation or ultimately suspending or terminating the relationship, particularly in cases where the supplier is unwilling or unable to address serious risks.
9) Document the entire process Maintain internal records of the identified risk, the actions taken, and any changes in risk status. This ensures accountability and supports transparency during audits or reporting.
10) Report on actions taken (where appropriate) Where relevant, communicate your actions and progress transparently to customers, auditors, and other stakeholders. This may be required under certain standards (e.g. RJC COP) or regulations (e.g. CSRD, CSDDD).

TOOL: Corrective Action Plan (CAP) template (with examples)

A Corrective Action Plan (CAP) is a structured tool used to address identified non-conformances, risks, or performance gaps uncovered through supplier assessments, audits, or due diligence activities. The purpose of a CAP is to document the root cause of the issue, outline specific actions that will be taken to address it, and set clear timelines and responsibilities for resolution. CAPs should be developed in collaboration with the supplier and monitored over time to ensure completion and effectiveness. For SMEs, a simplified approach can still be effective, focusing on prioritising risks and ensuring follow-through. The goal is to foster transparency, accountability, and continuous improvement rather than impose punitive measures.

Field	Description	**Example Data** (fictitious)
CAP Reference ID	Unique ID or tracking number for internal record-keeping	CAP-2025-017
Date Opened	Date the CAP was initiated	12/08/2025
Supplier Name	Name of the supplier involved	Eastern Gemstone Sourcing Ltd (gemstone cutting and polishing facility)
Supplier Contact Person	Contact person responsible for the CAP at the supplier company	Anita Desai - Operations Manager (anita@easterngemstones-sourcing.com)
Issue / Risk Identified	Brief summary of the risk or non-conformance	The supplier is sourcing rough emeralds from a known CAHRA, where there have been media reports in recent months about poor working conditions at one of the major mines in the region, operated by Green

		Emerald Mining Company. It is unclear if the emeralds we are sourcing from this supplier originate from this mine operator.
Source of Issue	Method or source by which the issue was identified	SAQ response
Root Cause Analysis	Summary of why the issue occurred (as provided by supplier)	Inadequate due diligence by the supplier.
Corrective Actions Required	Specific actions required to address the issue	Request that the supplier undertake additional due diligence to identify the exact source of the emeralds it supplies to us. If it is determined that the emeralds originate from Emerald Mining Company, the supplier should suspend sourcing from this mine operator until there is sufficient evidence available to confirm that the risk has been adequately remediated. It is understood that Emerald Mining Company is currently seeking SA 8000 certification. If the emeralds do not originate from Emerald Mining Company, ask the supplier to provide updated due diligence findings confirming the source. If the emeralds originate from ASM sources, this information should include the geographical region of mining origin and any available information to identify the mining cooperative/entity.
Timeline for Completion	Deadline for completion of each action	Supplier to provide an update on the results of its initial due diligence by 29/08/2025.

Status	Status of the CAP	In Progress
Notes / Comments	Additional comments or observations	Email sent to Anita Desai on 13/08/2025 confirming next steps. Response received acknowledging the request for further information and the deadline.

TOOL: Risk Monitoring Tracker (with examples)

This tool is designed to help companies keep track of identified risks, monitor supplier progress on corrective or mitigation actions, and document follow-up steps over time. It supports the principle of ongoing due diligence by ensuring that risks are not only identified but are actively managed and reassessed as needed.

Integration option: Companies may choose to add the columns shown below directly into their Supplier Risk Assessment Matrix rather than using a separate tool. This can be an efficient approach for smaller businesses with fewer suppliers. However, for companies managing a larger supplier base or more complex risk profiles, it can be helpful to maintain a dedicated tracker to monitor the progress of specific risk mitigation actions and follow-up communications over time.

This log can be developed in spreadsheet format or integrated into a company's supply chain management software, depending on the company’s resources and existing systems.

Supplier Name	Issue or Risk Identified	Type of Risk (e.g. H&S, CAHRA, Labour)	Initial Risk Rating (L/M/H)	Mitigation / Corrective Action	Deadline for Follow-up	Status (Open / In Progress / Closed)	Date of last review	Notes / Comments
GemWorld Ltd.	Lack of policy on young worker protections. The supplier has some workers aged less than 18 but above the legal minimum working age in the country of operation. No evidence of actual harm to young workers at this stage.	Labour	High	Supplier to update HR policy on protections for young workers and implement training for applicable management staff responsible for worker oversight.	15 Oct 2025	In Progress	01 Oct 2025	Supplier confirmed HR review underway
RubyTrade Co.	Ruby source country unclear; potential CAHRA	CAHRA	Medium	Supplier to conduct additional due diligence and provide evidence of source for rubies supplied.	30 Sep 2025	Open	–	Waiting on supplier response

BrightGold S.A.	Missing KYC details (ownership info)	AML	Medium	Supplier to complete full KYC questionnaire and verify ownership.	05 Oct 2025	In Progress	22 Sep 2025	Follow-up email sent; awaiting reply
ShineCraft	Non-compliance with working hours limit	Labour	High	Supplier to submit CAP with root cause analysis and remediation steps.	10 Oct 2025	Open	–	First reminder sent 25 Sep 2025

Module 8: Grievance and Whistle-Blowing Mechanisms

Objective

To establish channels through which internal and external stakeholders can safely raise concerns about potential risks, misconduct, or impacts within the supply chain, including violations of the company's responsible sourcing policies.

Why this matters

Effective grievance and whistle-blowing mechanisms are an essential part of a responsible sourcing program. They provide a structured and safe way for stakeholders, including workers, suppliers, and community members, to raise concerns about actual or potential issues such as human rights abuses, corruption, or non-compliance with standards. These mechanisms also help businesses identify risks that may otherwise go undetected through standard due diligence procedures.

Importantly, grievance mechanisms typically allow affected stakeholders to file formal complaints about impacts that affect them directly, while whistle-blowing mechanisms may be used more broadly to report concerns about suspected misconduct or wrongdoing, including by third parties or employees who are not directly affected.

Even for SMEs, simple but credible systems can be established to ensure that concerns are captured and acted upon responsibly.

Key actions checklist

☑ **Establish a grievance mechanism**

Develop a formal process for receiving, reviewing, and responding to grievances raised by affected stakeholders (e.g., workers, communities, or suppliers). This can include submission forms, email contacts, or physical reporting boxes, depending on company size and structure.

☑ **Implement a whistle-blowing channel**

Provide a separate or integrated channel where individuals (internal or external) can report suspected wrongdoing, such as fraud, bribery, unsafe working conditions, or social/environmental violations, without fear of retaliation. This may include anonymous email forms, secure hotlines, or third-party platforms.

☑ **Provide for anonymity and non-retaliation**

Make it clear that anonymous reports are allowed (especially for whistle-blowers) and that no retaliatory action will be taken against those who raise concerns in good faith.

☑ **Assign responsibility for case management**

Designate a person or team responsible for reviewing incoming reports, deciding on the appropriate course of action, documenting the process, and ensuring outcomes are tracked and closed appropriately.

☑ **Communicate mechanism availability**

Ensure that the grievance and whistle-blowing procedures are made known to workers, suppliers, and other stakeholders through supplier onboarding materials, training, contracts, or company websites.

TOOL: Grievance vs. Whistleblowing Mechanisms: comparison table

The table below outlines the key elements that companies should consider when designing and implementing these mechanisms. For small businesses, it may be possible to combine these functions into one well-structured reporting channel, provided that the needs of both types of reporting are respected.

Checklist Element	Grievance Mechanism	Whistleblowing Mechanism
Purpose	Allow affected stakeholders (e.g. workers, community members) to raise complaints or concerns and seek remedy.	Allow any individual to report suspected wrongdoing, policy breaches, or high-risk activities, even if not personally affected.
Who can report	Directly affected parties (e.g. employees, suppliers, community members).	Anyone, including employees, suppliers, contractors, or third parties.
Type of issues	Any, but often including human rights impacts, unsafe working conditions, wage violations, community harm, discrimination, harassment, etc.	Any, but often including fraud, bribery, money laundering, unethical sourcing, human rights abuses, corruption, etc.
Anonymity	Not always anonymous. Follow-up and resolution may require dialogue. Confidentiality should still be protected, as well as protection from retaliation.	Should allow for anonymous reporting with safeguards to protect identity and prevent retaliation.

Reporting channels	Accessible to internal and external stakeholders, e.g. dedicated email, in-person submission, hotline, local representative.	Accessible to internal and external stakeholders. Secure and anonymous channels, such as a third-party hotline, a web form, or a confidential email.
Process oversight	Usually handled by compliance, sustainability, or HR team (depending on the nature of the grievance), with accountability at the leadership level.	Oversight should be independent or impartial, possibly legal/compliance function or an external ombudsperson.
Resolution or action	Aim is resolution or remedy (e.g. workplace improvements, dialogue with complainant, compensation).	Aim is investigation and internal action (e.g. disciplinary measures, policy revision, escalation).
Feedback to reporter	Feedback to the complainant is expected; the process is often dialogue-based.	Feedback provided when possible (and if identity is known), but anonymity may limit communication.
Documentation & follow-up	Grievances and outcomes should be recorded and monitored over time to identify systemic issues.	Whistleblower reports should be documented securely and followed up with investigations and corrective actions.

Awareness & accessibility	Must be clearly communicated to affected groups (e.g. workers, suppliers); often supported with training. Should be publicly accessible, e.g. on the company website.	Should be communicated internally and to key suppliers or business partners; training is recommended. Should be publicly accessible, e.g. on the company website.
Review & improvement	Periodically reviewed for fairness, effectiveness, and accessibility.	Reviewed regularly to ensure secure functionality, independence, and trust in the system.

Special note for SMEs

For small businesses, implementing two fully separate mechanisms may not be practical or necessary. In many cases, a combined or hybrid mechanism can be designed, provided it clearly accommodates both types of reporting:

- It should be accessible to internal and external stakeholders (e.g. workers, suppliers, customers);
- It should allow for anonymous reporting (where appropriate);
- It should distinguish between grievance resolution (aimed at remedying harm) and whistleblowing follow-up (typically aimed at investigation and corrective action)

What matters most is that the system is trustworthy, functional, and used effectively, rather than adhering to a rigid structural format.

Common examples

Grievance Examples	Whistleblowing Examples
A worker reports being denied legally mandated sick leave or being asked to work excessive overtime without compensation.	An employee reports that a senior manager is demanding bribes from a supplier.
A supplier/subcontractor raises concerns that the payment terms are unfair or not aligned with the previously agreed-upon contracts.	An anonymous source reports that a supplier may be sourcing gold from a mine controlled by an illegal armed group, in breach of its sourcing policy.
A worker raises a complaint about discrimination or harassment on a production site.	A former employee sends an anonymous report about falsified audit documents submitted to a customer.

TOOL: Example combined Grievance and Whistleblowing Policy template

This template provides a simple and practical example of how companies can develop a combined grievance and whistle-blowing mechanism policy. The policy should be tailored to reflect the specific context, size, and resources of each company, including how concerns can be submitted and by whom. Where needed, companies may choose to separate the two mechanisms into distinct policies.

Combined Grievance and Whistle-Blowing Mechanism Policy

1. Purpose

This policy sets out how our company receives, handles, and responds to concerns raised through our grievance and whistle-blowing mechanisms. These mechanisms support our commitment to responsible business conduct, transparency, and respect for human rights.

2. Scope

This policy applies to all employees, contractors, suppliers, and external stakeholders who wish to raise a concern relating to our operations, business partners, or supply chain.

3. Grievance Mechanism

Grievances are concerns raised by individuals or groups who believe they have been negatively impacted by our business or supply chain activities.

- Grievances may relate to: working conditions, human rights, health and safety, discrimination, environmental impacts, etc.
- Grievances should be submitted in writing to [insert contact email or postal address].
- The company will acknowledge receipt within [X] days and seek to resolve the grievance through dialogue and appropriate remedial action.
- Where possible, complainants will be kept informed of progress and outcomes.
- Confidentiality will be maintained, and no retaliation will be tolerated.

4. Whistle-Blowing Mechanism

Whistle-blowing refers to the reporting of suspected misconduct, wrongdoing, or breaches of policy, even if the whistle-blower is not directly affected.

- Concerns may relate to: bribery, corruption, fraud, money laundering, human rights violations, illegal activity, etc.
- Reports may be made anonymously via [insert anonymous reporting channel/tool/email/postal address].
- All reports will be treated seriously and investigated appropriately.
- The company is committed to protecting whistle-blowers from retaliation or

disadvantage.

5. Handling and Follow-Up

All concerns raised will be logged, reviewed, and assessed by [insert responsible person or team]. The company will aim to respond within [X] days and take appropriate action in line with internal procedures.

6. Review and Accessibility

This policy will be reviewed annually and made available to all relevant stakeholders. Translations or accessible versions will be provided upon request.

Module 9: Communicating Progress

Objective

To support companies in effectively communicating their responsible sourcing efforts and due diligence progress to internal and external stakeholders in a transparent, proportionate, and credible way.

Why this matters

Responsible sourcing is not just about conducting due diligence; it's also about being transparent with stakeholders about what actions have been taken, what challenges remain, and how the company is responding. Effective communication builds trust with customers, suppliers, employees, investors, and industry partners. It can also help companies demonstrate compliance with applicable legal or voluntary reporting frameworks, such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) or Responsible Jewellery Council (RJC) Code of Practices.

Importantly, for many SMEs, public reporting may not be mandatory; however, there are still simple and practical ways to share progress. Even a brief summary shared with customers or included on a website can help establish credibility and demonstrate a genuine commitment to improvement. Regardless of the format, companies should ensure that any claims made are honest, clear, and backed by evidence to avoid "greenwashing" and reputational risk.

Key actions checklist

☑ **Define your communication objectives**

Decide what you want to achieve through your communication, e.g., meeting customer requirements, increasing brand credibility, or preparing for a certification.

☑ **Determine your audience**

Identify who you are communicating to, e.g., customers, suppliers, consumers, regulators, civil society, etc.

☑ **Choose an appropriate format**

This may include:

- An internal report or briefing for key customers
- A simple one-pager for external stakeholders
- A website summary or sustainability section
- A more formal annual Responsible Sourcing Report

SMEs may start small and build over time, but keep in mind that many voluntary standards and due diligence frameworks (e.g. RJC COP, OECD Due Diligence Guidance) require public reporting.

☑ **Report on key elements**

Even in short communications, aim to include:

- Your responsible sourcing policy commitments
- A summary of due diligence steps taken (risk assessment, supplier engagement, etc.)
- Risks identified and how they were addressed
- Planned next steps or improvements

☑ **Avoid misleading claims**

Only make statements that are factually accurate and backed by evidence. Avoid general claims like "ethically sourced" unless you can explain what this means in practice.

☑ **Ensure internal alignment**

Before external communications are published, make sure relevant internal teams (procurement, legal, comms, leadership) are informed and aligned on messaging.

☑ **Align reporting with relevant frameworks (where applicable)**

Where relevant and proportionate, align your reporting with applicable frameworks such as the GRI Standards, CSRD, OECD Due Diligence Guidance Step 5, or industry-specific requirements (e.g. RJC COP). Even if formal reporting is not required, these frameworks can help shape more structured and credible disclosures.

TOOL: Reporting Template Outline

This suggested outline can be used to create a standalone report or as a dedicated section within a broader sustainability or ESG report. SMEs may also adapt this outline for use in simple one-pagers, website content, or stakeholder updates.

This outline is intended as a guide. Small businesses are not expected to include every element listed here. Reporting should be proportionate to the size, capacity, and risk exposure of the business. The key is to demonstrate that due diligence is being undertaken and that the company is making genuine efforts to align with responsible sourcing principles over time.

Responsible sourcing reporting template outline
1. Introduction ● Brief overview of the business and supply chain. ● Statement from leadership reinforcing commitment to responsible sourcing. **2. Responsible sourcing policy and scope** ● Summary of the company's Responsible Sourcing Policy commitments. ● Scope of the policy (materials, suppliers, geographies, risks covered) **3. Due diligence system overview** ● Description of how the company implements due diligence. ● Reference to internal procedures, tools, and team responsibilities. ● Alignment with recognised frameworks (e.g., OECD Due Diligence Guidance) **4. Risk assessment summary** ● Explanation of how salient risks were identified. ● Summary of key risks identified during the reporting period (e.g. sourcing from CAHRAs, labour rights issues, bribery risks). ● Percentage of suppliers assessed (optional) **5. Risk mitigation and remedy actions** ● Overview of actions taken to address identified risks. ● Use of Corrective Action Plans (CAPs), supplier engagement, or other mitigation approaches. ● Any remedy steps provided or planned. **6. Supplier engagement activities** ● How suppliers were engaged (e.g. questionnaires, emails, calls, training). ● Response rate or coverage (optional) **7. Grievance and whistleblowing mechanisms** ● Confirmation of mechanisms in place.

- General summary of any complaints or issues raised (optional)

8. Monitoring and continuous improvement

- Ongoing monitoring activities undertaken.
- Lessons learned or improvements made to the due diligence system.
- Any future plans or goals for the next reporting period.

9. Appendix (optional)

- Charts or summary tables.
- List of industry standards or initiatives the company aligns with (e.g. RJC COP, UNGC[11]).

[11] https://unglobalcompact.org/

Appendices

Appendix 1: Good Practice Steps for Identifying Conflict-Affected and High-Risk Areas (CAHRAs) – 2025

In line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, companies should adopt a clear, well-documented methodology for identifying CAHRAs. The following steps reflect current good practice, including alignment with regulatory expectations such as EU Regulation 2017/821.

1. Ground your approach in credible frameworks

- Use the OECD Due Diligence Guidance as the primary reference document.
- Align with the EU Conflict Minerals Regulation (2017/821) and the accompanying list of CAHRAs maintained by the European Commission.
- Refer to any relevant guidance published by industry associations or exchanges, such as the London Metal Exchange (LME[12]).

2. Apply multi-criteria risk screening

- Screen countries and regions using multiple risk dimensions:
    - Governance (e.g. Fragile States Index[13])
    - Conflict intensity (e.g. Heidelberg Conflict Barometer[14])
    - Human rights violations (e.g. U.S. State Department Human Rights Reports[15], Amnesty International[16])
    - Humanitarian risk (e.g. UNDP Human Development Index[17])
    - Legal references (e.g. EU CAHRAs list[18], U.S. OFAC Sanctions[19])
- Use a scoring or red-flag system to help prioritise areas for further review.

3. Use a tiered methodology

[12] https://www.lme.com/Sustainability-and-Physical-Markets/Sustainability/Responsible-sourcing
[13] https://fragilestatesindex.org/
[14] https://hiik.de/conflict-barometer/?lang=en
[15] https://www.state.gov/reports-bureau-of-democracy-human-rights-and-labor/country-reports-on-human-rights-practices/
[16] https://www.amnesty.org/en/countries/
[17] https://hdr.undp.org/data-center/human-development-index#/indicies/HDI
[18] https://www.cahraslist.net/
[19] https://ofac.treasury.gov/sanctions-programs-and-country-information

- Combine country-level screening with sub-national analysis, particularly where sourcing locations, transit routes, or trading hubs may differ.
- Supplement your assessment with:
    - NGO and civil society reports
    - Local stakeholder input (if applicable and practical)
    - Responsible sourcing initiatives or platforms
    - Credible media reports

4. Document and disclose the methodology

- Be transparent about how CAHRAs are identified and used in decision-making.
- Document your screening criteria, data sources, and thresholds for risk classification.
- Disclose the methodology publicly, where appropriate, and be prepared to explain your approach to stakeholders or regulators.
    - Note: The LME, for example, now expects producers to publish their CAHRA identification methodology regardless of the compliance track.

5. Review and update regularly

- Review your CAHRA assessment at least annually, or more frequently if:
    - Your sourcing profile changes
    - New information becomes available
    - There are significant geopolitical developments
- Treat CAHRA identification as a dynamic and evolving part of your due diligence program.

6. Integrate into supply chain due diligence

- Embed CAHRA identification into:
    - Supplier onboarding and Know Your Counterparty (KYC) processes
    - Risk assessment and mitigation strategies
    - Grievance and whistleblowing mechanisms

- Ensure that traceability and accountability are maintained for materials sourced from or passing through CAHRAs.