



The World Jewellery Confederation

Laboratory-Grown Diamond Working Group
CIBJO Session - Bahrain Ballroom, Four Seasons Hotel Bahrain Bay

18th November 2019

CIBJO Laboratory-Grown Diamond Working Group

GOAL OF SESSION

To introduce the Draft 'The Laboratory-Grown Diamond Guidelines' and ratify next steps to setting up a CIBJO commission and a blue book for clear product differentiation

CIBJO Laboratory-Grown Diamond Working Group

AGREED-TO PRINCIPLES OF WORKING GROUP

1. The primary goal of the Laboratory-Grown Diamond Working Group (LGDWG) is to protect consumer confidence
2. To ensure consumer confidence the consumer must receive complete and unambiguous information about what they are buying (i.e. a natural diamond or a laboratory-grown diamond), so that they can make a consciously informed purchasing decision
3. Such principles should be carried out with mutual consideration by all sides, so as not to harm the natural or laboratory-grown diamond sectors in marketing their respective products

CIBJO Laboratory-Grown Diamond Working Group

Working Group Members

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Introduction and Background

According to its mission statement, CIBJO's foremost purpose is to protect consumer confidence in the jewellery industry and in the jewellery product itself. It does this in part through the harmonisation of the standards, principles and terminology applied in the trade.

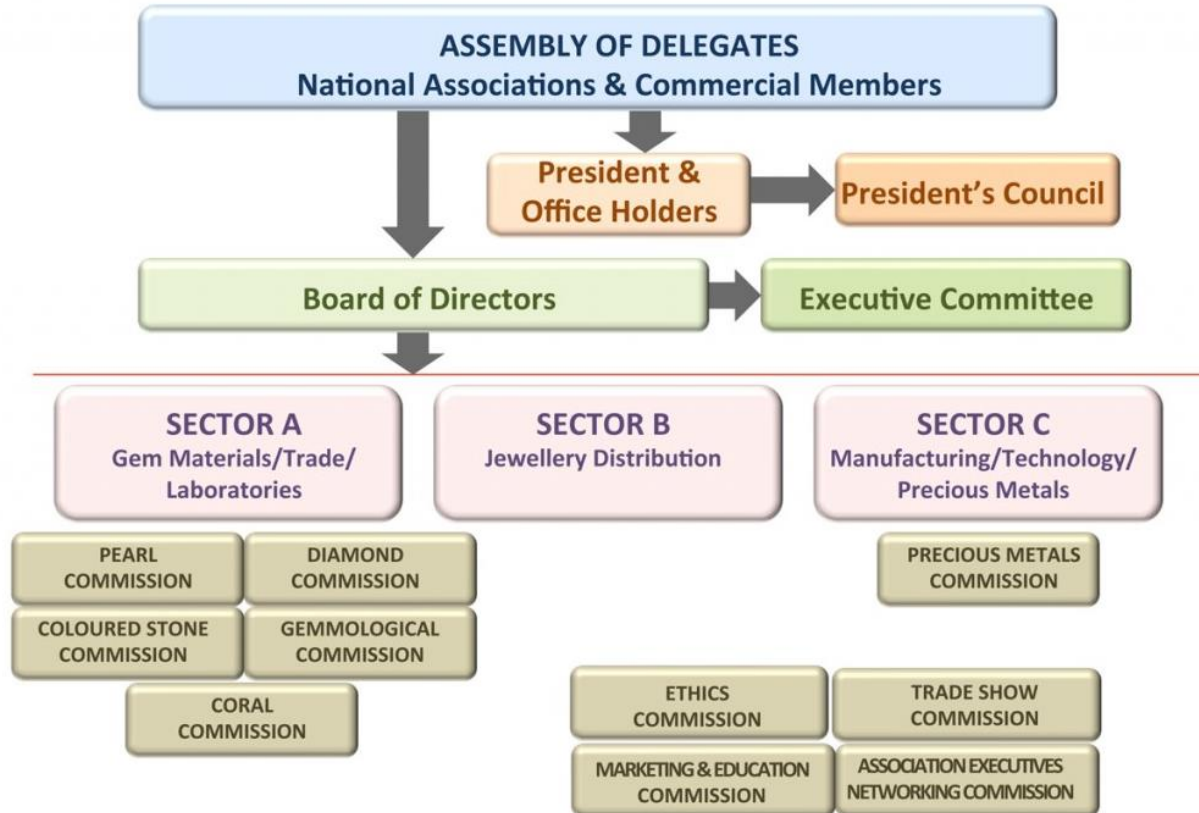
To this end CIBJO has developed its "Blue Book" system, which involves definitive set of standards for the grading, methodology and nomenclature of diamonds, coloured gemstones, pearls and other organic materials, precious metals, gemmological laboratories and the responsible sourcing of materials in the jewellery industry supply chain.

With the growing prominence of gem-quality laboratory-grown diamond in the jewellery marketplace, in 2018 at the CIBJO Congress in Bogota, Colombia, the CIBJO Board of Directors approved the establishment of a working group to develop guidelines for the new industry sector, and to formulate standard principles for conducting business responsibly. These are articulated in the following document.

A stated goal of the working group is to create a framework by which the laboratory-grown diamond industry would become recognized as a bona fide sector within CIBJO and the greater jewellery industry, while at the same time protecting the interests of the other sectors of the industry. The working group would include CIBJO officers and officials, representatives both the laboratory-grown diamond sector and the natural diamond sector, and gemmological laboratories.

Pending approval by the CIBJO Board of Directors, it is intended that the Laboratory-Grown Diamond Working Group become recognised as a fully-fledged Laboratory-Grown Diamond Commission, and then within a year of its approval that the guideline document be ratified as the Laboratory-Grown Diamond Book, becoming the eighth Blue Book in the CIBJO set of harmonised standards, principles and nomenclature for the international jewellery industry and trade.

Structure of CIBJO



- Membership in CIBJO is not open to individuals, but rather to national & international associations, corporations and service providers in the jewellery industry
- Each country appoints representatives to participate in 3 areas: Sector A (Gem Materials, Trade and Laboratories), Sector B (Jewellery Distribution) and Sector C (Jewellery Manufacturing/ Technology/ Precious Metals)
- Commissions can be formed to focus on specific topics of interest (and can cover more than one sector). Active commissions include:
 - the **Diamond Commission**
 - the **Coloured Stone Commission**
 - the **Pearl Commission**
 - the **Gemmological Commission**
 - the **Marketing and Education Commission**
 - the **Precious Metals Commission**
 - the **Ethics Commission**
 - the **Association Executives Networking Commission**
 - the **International Trade Show Commission**
 - the **Coral Commission**
 - The (newly formed)**Laboratory-Grown Gemstone Commission**

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1. Scope of the Guidelines

1.1. The Guidelines are based on the following principles:

- 1.1.1. Their primary goal is to protect consumer confidence
- 1.1.2. To ensure consumer confidence consumers must receive complete and unambiguous information about what they are buying (i.e. a natural diamond or a laboratory-grown diamond), so that they can make a consciously informed purchasing decision
- 1.1.3. Such principles should be carried out with mutual consideration and respect by all sides, agreeing not to seek to disparage or harm either the natural or laboratory-grown diamond sectors in marketing their respective products.

1.2. CIBJO's Laboratory-Grown Diamond Guidelines ("the Guidelines") is a recommendation and guidance for the CIBJO membership and the Laboratory-Grown Diamond jewellery supply chain and is intended to provide a "duty of care", recognising that the Guidelines will be implemented as a process of continuous improvement, and may vary between different companies, and supply chains.

1.3. The Laboratory-Grown Diamond Guidelines recommends approaches that a participant in the Laboratory-Grown Diamond jewellery supply chain should apply to provide assurance of consumer understanding and knowledge of the pipeline, as far as possible through the member's supply chain.

1.4. The Guidelines should be implemented in accordance with the circumstances of each company's supply chain. The Guidelines do not attempt to define detailed methodology of implementation as this will differ from company to company.

1.5. The Guidelines are a recommendation to CIBJO members and the greater Laboratory-Grown Diamond jewellery supply chain and does not constitute a standard or a compliance mechanism by CIBJO.

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3. Terms and Definitions

3.1 A laboratory-grown diamond is a man-made product having essentially the same chemical composition, physical properties and structure as that of a diamond.

3.2 The fact that a synthetic diamond is wholly or partially synthetic shall be disclosed.

3.3 The terms "laboratory-grown" "laboratory-created" and "synthetic", are synonymous. These terms shall not be abbreviated, e.g. "synth. diamond", "lab-grown diamond" or "lab-created diamond" and shall be equally as conspicuous and immediately precede the word "diamond". The unqualified word "diamond" still may only refer to a natural diamond.

3.4 In the United States, the recommended consumer terms for synthetic diamonds when sold to the consumer, according to the Federal Trade Commission, is "laboratory-grown diamonds" or "laboratory-created diamonds". This, in the opinion of the FTC, is because some consumers may associate "synthetic" with products that simulate diamonds. It is thus recommended that "laboratory-grown diamonds" or "laboratory-created diamonds" become the default terms used when these products are sold to the consumer. While "synthetic" is not a preferred qualifier, it is still a legitimate consumer term.

3.5 In the event that a national association of jewellers, which is a member of CIBJO, deems that there is no acceptable local translation of the English terms "laboratory-grown" or "laboratory created", then only the translation of the term "synthetic" should be used.

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4. Due Diligence and Disclosure

- 4.1 Companies that deal with both natural diamonds and laboratory-grown diamonds need to take appropriate measures to ensure that stones from either category are not mixed with stones from the other category. This requires that at all times natural diamonds and laboratory-grown diamonds are stored, processed and packaged separately.
- 4.2 CIBJO recommends to all its members handling natural diamonds and/or laboratory-grown diamonds undertake due diligence on their own supply chains in accordance with the Guidance to ensure that these supply chains are responsibly managed, to identify, assess and mitigate any identifiable risks of contamination of parcels of natural diamonds with laboratory-grown diamonds, or laboratory-grown diamonds with natural diamonds.
- 4.3 All companies should appoint an official who is responsible for establishing and implementing the company's Laboratory-Grown Diamond Guidelines, as well as for due diligence in the company and for reporting (if applicable). In many cases, especially for small and medium-scale companies, official may be the owner of the company.
- 4.4 Companies handling laboratory-grown diamonds should have documented terms of business with suppliers and policies and procedures in place that are in accordance with the Laboratory-Grown Diamond Guidelines, which could give information that is specific to the organisation. The designated company official will be responsible for disseminating these terms with clients and suppliers.
- 4.5 Companies handling laboratory-grown diamonds should be able to demonstrate through transaction documentation that the terms of business and other policies have been implemented, through documentation such as invoices, warranty statements, delivery notes, product reports, etc.

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- 4.6 Companies invoicing for laboratory-grown diamonds should ensure that a standard declaration should be included on the invoice of the sale of laboratory-grown diamonds. The statement could be worded as such:

"We hereby declare that all the goods mentioned in this invoice are Laboratory-Grown Diamonds. The buyer agrees to purchase these with the clear understanding that they are buying Laboratory-Grown Diamonds, and, if they are resold the buyer also agrees explicitly to sell them as Laboratory-Grown Diamonds, making full and clear disclosure to the customer in the invoices. None of the merchandise are natural diamonds."

- 4.7 Marketers and brands should not make unqualified claims that their product is "environmentally friendly" or "eco-friendly," unless the product can be shown to have measurably positive environmental/ecological impact in and of itself. Any environmental or ecological impact claim made (for example by brands or distributors/retailers) will have to be substantiated, therefore, and verified by a credible and independent third party. If these claims are made by a specific brand or producer, they should relate to this specific brand or producer and be equally substantiated (for example by identifying product origin and production conditions). In particular, claim(s) of carbon neutrality will need to be verified by a credible independent third party and explicitly state whether this status is obtained through carbon-neutral operations or purchase of carbon credits.
- 4.8 Marketers and brands should also not make blanket claims referring to the products "ethical" and/or "responsible" and/or "sustainable" status, such as referring to the product as an "ethical" laboratory-grown diamond, a "responsible" laboratory-grown diamond and/or "sustainable" laboratory-grown diamond. Any sustainability or responsibility claim will have to be substantiated and verified by a credible and independent third party

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5. Detection Technology & Processes

- 5.1 Producers and marketers of laboratory-grown diamonds should support consumer differentiation of their product and not engage in any deliberate action aimed at reducing its detectability using equipment available in the market. Where applicable they should obtain similar commitments from their suppliers.
- 5.2 Companies engaged in the processing or trading of natural and/or laboratory-grown diamonds should actively mitigate the contamination risk by implementing a risk-based approach to their sourcing and robust detection protocols, using detection equipment which has been developed and assessed by a third-party, such as the Diamond Producers Association's Assure Programme.
- 5.3 When assessing their suppliers for contamination risks, companies should take into consideration the robustness of their internal processes and of the technology used to differentiate natural diamonds from laboratory-grown diamonds, as assessed by a third party such as Programme Assure.
- 5.4 Detection should cover loose polished products and set jewellery products.
- 5.5 Advanced technologies, such as digital tracking systems deploying distributed ledger technologies (also referred to as blockchains), or deploying physical tracers such as nanoparticles, enable new levels of transparency along the value chain of materials used in jewellery. Provided they are technically robust and commercially available and affordable, such tracking and tracing technologies should be used and integrated in the company's processes and structures. Suppliers, service providers and clients should be encouraged to participate in the use of such systems and maintain the flow of information these technologies provide.

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6. Laboratory-Grown Diamond Product Specification/Grading

6.1 Laboratory-Grown Diamond Product Specification is the process of describing the physical characteristics of the laboratory-grown diamond, and the processes used in its manufacture, treatments to which it is subject thereafter and essential information about the manufacturers themselves.

6.2 Laboratory-grown diamond product specification can be completed by the manufacturers themselves, by other parties in the chain of the distribution, or by an independent third party, such as a gemmological laboratory, which will issue a Laboratory-Grown Diamond Specification Report.

6.3 A Laboratory-Grown Diamond Product Specification Report must clearly and prominently indicate that the stone is laboratory grown, on the heading of the report, and where applicable on the cover of the report.

6.4 For gemmological laboratories and individual gemmologists that issue grading reports for natural diamonds and Laboratory-Grown Diamond Product Specification Reports, it is recommended that the graphic designs for the reports of each category be significantly different from the other, in such a way that each would be reasonably identified correctly by the consumer. This could include adding the letters LG in front of the specification report number

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- 6.5 Laboratory-Grown Diamond Product Specification Reports should include the following information:
- 6.5.1 The name of the manufacturer. If the manufacturer is unknown, the Laboratory-Grown Diamond Product Specification Report should state this or leave the category blank.
 - 6.5.2 The country in which the laboratory-grown stone was manufactured. If the country is unknown, the Laboratory-Grown Diamond Product Specification Report should state this or leave the category blank.
 - 6.5.3 The process by which the laboratory-grown stones was manufactured, such a HPHT or CVD. If the process is unknown, the Laboratory-Grown Diamond Product Specification Report should state this or leave the category blank.
 - 6.5.4 Information about any additional treatments and/or processes to which the stone was subject after its original manufacture. In the event that no additional treatments and processes have been applied this can also be stated. If additional treatments and/or processes are later applied by a party other than the original manufacturer, the original Laboratory-Grown Diamond Product Specification Report will have to be updated in order to reflect this.
 - 6.5.5 A section for other information, which could include a number or code identifying the production batch from the laboratory-grown stone or stones were sourced. If the production batch number or code is unknown, the Laboratory-Grown Diamond Product Specification Report could state this or leave the category blank.

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6.5.6 Methods of describing the physical characteristics of laboratory-grown diamonds (2 Main Options Under Consideration):

The 4Cs will be used to describe the physical characteristics of diamonds from the same production batch in the Laboratory-Grown Diamond Product Specification Report. These may use the abbreviated phrases familiar to the consumer and grading labs.

Carat: In describing the weight of the diamond, it is recommended that the standard carat weight be provided. In the event that a Laboratory-Grown Diamond Product

Specification Report is provided to a batch containing multiple stones, ideally the carat-weight of each stone should be separately provided.

Cut Scale

Brilliant Rounds and Specialist cuts: Excellent, Very Good, Good, Fair, Poor.
For fancy shapes, a description of the shape should be provided (ie Pear, Princess, Marquise....)

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Colour & Clarity:

Colour:

There are two alternative options for describing Colour

Option 1

Colourless, Near Colourless, Faint, Very Light, Light

Option 2

Standard D-Z colour terminology, and also standard terminology for fancy coloured diamonds. To indicate that the stone or stones are laboratory grown, an asterisk should be placed behind the colour term, and a footnote on the document should explain the significance of the asterisk

Clarity:

There are two alternative options for describing Clarity:

Option 1

Flawless, Internally Flawless, Very Very Slightly Included, Very Slightly Included, Slightly Included, Included

Option 2

Flawless, Internally Flawless, Very Very Slightly Included 1 and 2, Very Slightly Included, Slightly Included 1 and 2, Included 1 and 2

To indicate that the stone or stones are laboratory grown, an asterisk should be placed behind the clarity term, and a footnote on the document should explain the significance of the asterisk.

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THANK YOU FOR LISTENING – ANY QUESTIONS