



THE WORLD JEWELLERY CONFEDERATION

MODERATOR'S NOTES

Defending the Integrity of Jewellery's Supply Chain

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Gaetano Cavalieri
CIBJO President

Ladies and gentlemen,

It is my pleasure to welcome you.

Today's seminar is the latest in an ongoing series of educational events organized by CIBJO and the Italian Exhibition Group, as part of our joint programme to advance the principles of responsible social practices and sustainability in the jewellery industry. This is being done within the framework of our association with United Nations Economic and Social Council, or ECOSOC, which was reconfirmed just 10 days ago at the UN headquarters in New York.

Today we are joined as organisers by one of Italy's most important jewellery trade associations, Club degli Orafi, represented today by its president, Gabriele Aprea. It is my pleasure to invite to welcome you today.

At the outset, allow me to congratulate our hosts the Italian Exhibition Group, or as we previously knew them, Fiera di Vicenza and Rimini Fiera, on their merger and rebirth as Italy's most important trade fair and conference organizer. We want our partners to not only be bigger, but better as well, and they appear to have achieved just that. What we are essentially doing today is discussing what needs to be done to adapt successfully to a business environment that is changing at lightning speed. That is something that the new Italian Exhibition Group clearly understands, and for which its founders have been ready to make courageous choices. We wish them the very best of luck, for their success will be ours as well.

The theme of responsible sourcing, which is the central topic that we will be examining today, has over the past 17 years assumed an increasingly critical role in the jewellery industry, and has become a fundamental component of the way in which we operate.

When, in late 1999, the initial reports of a conflict diamond crisis in west and central Africa began circulating in the press, there were many who believed that it would be a passing episode, like so many of the earlier crises that had struck our industry. But, as we know well today, it changed our business forever.

What was it that made the conflict diamond crisis unique? What was that led us to understand that this was a watershed moment – that the world as we knew it would not return.

There were many factors, but almost certainly the most important was the dawn of the information age, led by the growth of the Internet. By decentralising and democratising the flow of news, data and intelligence, making them available to anyone with a computer, and later a mobile telephone, it created a situation by which the full length of the chain of distribution was visible for all to see. And it was not the consumers who being exposed to conditions in the mining fields and factories, but it was also members of our community, who previously had focussed their attention only on those sections of the pipeline in which they were directly involved.

What began with diamonds expanded to include other sectors of the industry, including precious metals and more recently coloured gemstones. What also expanded was our understanding of what constitutes responsible behaviour. So, whereas much of the initial focus was on raw materials involved in the financing of civil conflict and terrorism, it came to include anti-money laundering, protection of the natural environment, including defending biodiversity and preventing global warming, health and safety in the workplace, child labour, gender equality and more.

When CIBJO first obtained special consultative status with ECOSOC in 2006, and we committed on behalf of the jewellery industry to support the United Nations' development programme, the definition of responsible practices was expanded even further.

Thus, in addition to ensuring that our products and our industry does no harm, at any stage along the chain of distribution, we now said it is must also include the creation of sustainable economies and opportunities for social development among our stakeholders in all the countries and regions where we are active, and particularly in the developing nations where we obtain most of our raw materials.

We behave ethically because it is the right thing to do. But there is an important business upside as well. Our comprehensive perspective of Corporate Social Responsibility should become a principle component of the identity of the products that we sell. There has been much discussion over the past year of the different mind-set of the millennial consumer, who insists that the items that he or she buys have both financial value and social significance. Jewellery may be a non-essential product, but consumers should know that every time they buy an item of jewellery they contribute to well-being of ordinary people living in some of the world's most under-developed areas.

One of the driving principles that has governed the way in which our industry has addressed the challenge of ensuring responsible sourcing is that we, the members of the greater jewellery industry, should proactively create the transparent systems that defend the integrity of our chain of distribution, rather than having systems imposed upon us by government. The Kimberley Process Certification Scheme, while implemented and enforced at the government level, is actually based upon an industry proposal, and we participated during all stages of its formulation.

Consequently, jewellery companies voluntarily introduce into their operations procedures that ensure that they are responsibly sourcing their supply, although increasingly it is becoming more difficult to become suppliers to large distributors if one cannot demonstrate that one is compliant with accepted responsible sourcing standards.

Government regulation is limited, but industry self-regulation is becoming pervasive.

The problem for many smaller and medium-sized companies – and let us remember the bulk of our industry is made up of smaller and medium-sized companies – is that the task of becoming compliant is neither simple nor free of charge. Indeed, one of CIBJO's primary missions in recent years has been to develop methods by which all ethical players in our industry can do business fairly, and not be pushed aside because they lack the physical and capital means enjoyed by larger companies.

The requirement that we not only behave ethically, but also that we also must demonstrate that we are behaving ethically, has been the source of a good deal of anxiety in our business community. Companies have been concerned about the added cost, at a time when it is not easy to roll that over onto the consumer. And they are distressed that, if they are not able to meet the technical compliance requirements, they will be suspected of behaving in an unethical manner, and possibly be blocked from participating fully in the chain of distribution.

It is the challenge of becoming compliant with responsible sourcing standards that we will be looking at today, and hopefully providing answers and solutions that will reduce the levels of anxiety that I mentioned.

There has over the past decade and a half developed an entire service sector dedicated to enabling companies and organisations in the jewellery sector ensure that they are responsibly sourcing the products they produce and sell, and to verify and certify that they are compliant with agreed industry and international standards.

For the record, CIBJO has become part of that service sector, developing programmes and products that assist jewellery companies and organisations in learning about the requirements of responsible sourcing and verifying the integrity of their products and sources of supply. But CIBJO has not created its own detailed code of practice, nor do we monitor, audit or certify companies claiming to be compliant with such codes of practice. There are other organisations that are experts in doing this very specialised work, and we work and cooperate with them, all the while trying to ensure that the systems they use are as inclusive and affordable as possible.

Two of the most important players in responsible sourcing compliance sector are with us today, and their representatives will shortly address you. They also will be ready to answer questions and respond to comments.

The **Responsible Jewellery Council**, or RJC, is a standards-setting and certification organization, which now counts 900 member companies from across the jewellery industry, from mine to retail. RJC Members commit to and are independently audited against the RJC Code of Practices, which is an international standard on responsible business practices for diamonds, gold and platinum group metals. The Code of Practices addresses human rights, labour rights, environmental impact, mining practices, product disclosure and many more important topics in the jewellery supply chain. We have with us today both RJC's Chairman, Wilfried Hoerner, and its Executive Director, Andy Bone.

UL is a global company dedicated to promoting safe living and working environments, testing, verifying, inspecting, auditing, advising and educating clients, providing the knowledge and expertise to help customers deal with compliance and regulatory issues.

It set up its Global Jewellery Division in 2009, and since then has become one of the leading providers of verification and third-party auditing services to companies seeking responsible supply chain certification. We are joined by two of its representatives, Francesca Angeloni, Business Development Manager for the Jewelry and Watch Industry in Europe at UL Consumer and Retail Services, who is based in Milan, and Daphne Guelker, Responsible Sourcing Program Manager at UL Consumer and Retail Services, who is based in Barcelona.

While we will be addressing responsible sourcing along the entire chain of distribution, and in all product categories, there will be a special focus on precious metals for the jewellery industry. To help us do that, we have with us two representatives of Argor-Heraeus. The Swiss headquartered company is one of the world's largest processors of precious metals, a refiner of gold, silver, platinum and palladium, and producer of finished and semi-finished products for banks and for the electronics, chemical, watch, and jewellery industries, and a provider support services for precious metals trading. Its co-CEO also happens to be Chairman of RJC, Wilfried Hoerner, and we also will be addressed by another company director, Marco Quadri.

SPEAKER INTRODUCTIONS

Dr. Wilfried Hoerner was elected chairman of the Board of Directors of the Responsible Jewellery Council at its most recent Annual General Meeting, held last June during the JCK Show in Las Vegas. As mentioned, he is also Associate and co-CEO of Argor-Heraeus, and during his more than 36-year association with the company has filled a variety of key roles, both at its headquarters in Switzerland and at its large subsidiary in Hong Kong. Argor-Heraeus has been a key player in introducing responsible sourcing practices in the precious metals sector, and Wilfried has played a critical role in this regard, representing the company in dealing with organisations such as RJC, the London Bullion Market Association, the World Gold Council, the Swiss Better Gold Association (of which he is a founder member), the OECD, Fachvereinigung für Edelmetalle (the consultative panel that advises the European Union on responsible sourcing legislation), and Eurometaux, which is an umbrella association representing the interests of the non-ferrous metals industry towards EU policy makers. He also enjoys close relations with the governments of mining countries in Latin America.

Andy Bone has served as Executive Director of the Responsible Jewellery Council since June 2015. He joined RJC after a 38-year career at De Beers, beginning his career as a rough diamond expert, and living and working for six years in central Africa. For his last 15 years at the group, he headed its Government & Industry Relations division, where – among other things – he contributed to the development and implementation of the Kimberley Process, co-founded the Diamond Development Initiative, served on the board of the Extractive Industries Transparency Initiative and was Vice President of the World Diamond Council.

Francesca Angeloni, UL's Business Development Manager for the European Jewellery and Watch Industry, with responsibility for developing a new business strategy in Europe. She brought to the

position many years of professional jewellery experience, as an investment diamond advisor, as an on-air TV jewellery sales expert for HSE24 and as owner of a personal jewellery line. Like so many of us, she began her career as a sales professional in a jewellery store in Italy.

Daphne Guelker, UL's Responsible Sourcing Program Manager Consumer and Retails Services, is a qualified lawyer who leads law and international standards research efforts in support of UL's social and environmental auditing services in more than 100 countries.

Based at Barcelona, Daphne provides focused advisory services to clients, particularly in the areas of labour practices and human rights, and raw materials traceability. She is also responsible for the development and execution of UL's customized client research projects in the realm of responsible sourcing.