



Dr. Gaetano Cavalieri, CIBJO President
VISIT OF THE VICE PRESIDENT OF COLOMBIA

October 17, 2017

Your Excellency Madam Vice President (Marta Lucía Ramírez), members of the Jewelry Cluster of the Chamber of Commerce of Bogota, members of our generous hosts Fedesmeralds and CDTEC, fellow CIBJO members, colleagues and friends:

Although we are visitors to this wonderful country, allow me to welcome you to our congress, which will end late this afternoon. These past few days have been filled with intensive discussions and deliberation, but they have also been most enjoyable, largely due to the warmth and hospitality of our Colombian hosts. It has been a privilege to spend them with you.

CIBJO is an organisation that gathers under one roof the entire jewellery sector, in more than 40 countries, and in all sectors of our industry, from mining to precious metal processing, gem cutting and polishing, jewellery manufacturing, wholesale and retail.

We represent an industry with sales in excess of \$250 billion per annum, providing a living to millions of peoples, and hundreds of millions of stakeholders. The subjects that are discussed at CIBJO Congress ultimately affect all of them, even though many are not aware of the fact.

Colombia is definitely a country with a vested interest in the work that we do. As a leading producer both of emeralds and gold, raw materials that are mined from your earth find their way into fine jewellery items, which are manufactured and sold all over the world.

What is a true, however, is that the bulk of the revenues produced from Colombian emerald and gold are landing up outside of Colombia. This is because those parts of the chain of distribution where the highest added value is earned are located not in Colombia, but more often in the United States, Europe, Japan, and today China. Up to 75 percent of the added value, in fact, can be found in jewellery manufacturing, wholesaling and retail. For Colombia to maximize benefit from its own natural wealth, and effort should be made to retain as much of the chain of supply as possible, close to the source.

What this means, of course, is that when Colombian emeralds and gold are exported, it is considerably more preferable that they leave the country as finished jewellery. To do that successfully, you will need to understand the foreign markets and meet their standards, both in terms of design and craftsmanship, and also in terms of the way you do business.

There was a time when consumers were not bothered about where their jewellery came from, as long as it met their expectations from an aesthetic point of view. But that no longer is the case.

Studies show that members of the two youngest consumer generations, namely the Millennials and Generation Z, meaning people below the age of 35, are considerably more inclined than their elders not only to demand that the jewellery they buy was ethically sourced, but also that their purchase has social significance. In other words, they would prefer that their purchases have positive social impacts on the lives of people who need it most.

And how important are these younger people? A recent survey conducted by the UBS Group of more than 3,000 consumers in China, Europe and the United States showed that individuals between the ages of 18 and 35 years of age, who collectively comprise the generational group known as Millennials, were responsible for 85 percent of the growth in the luxury market in 2017, and by 2025 will represent as much as 45 percent of all high-end spending.

CIBJO's Marketing and Education Commission released a special report just before this congress in Bogota and looked at Generation Z, which comprises people up to 22 years in age. According to the report, they are expected to account for about 40 percent of all consumers by 2020.

Studies indicate that members of Generation Z are socially aware, and are interested in racial, gender and income equality. From their perspective, standing up for these values is the correct thing to do.

The environment is also of paramount importance, so unsurprisingly they consider reducing environmental impact to be a requirement of all businesses.

We need to show we care, because they very much care. We must clear about what we stand for, so our that businesses, brands and products are not interpreted as being uninvolved, or, even worse, opposed to the social causes that are important to Generation Z.

In 2006, CIBJO obtained special consultative status with the Economic and Social Council, or ECOSOC, at the United Nations, and in that capacity we committed the jewellery industry to the mission to achieve the UN's Millennium Development Goals. These were replaced by the Sustainable Development Goal in 2015.

CIBJO's joining of ECOSOC was a milestone event in our industry's understanding of Corporate Social Responsibility, for it added a dimension that was not mainly defensive. We stated that the jewellery industry not only has an obligation not to do the wrong thing, but it has a moral duty to the right thing as well, and that is to create sustainable economic and social opportunities in societies in which it is involved. And because we obtain so much of our raw material in the developing world, that is where we need to concentrate our efforts.

In 2013, we outlined what referred to as a doctrine for responsible corporate citizenship in the modern jewellery business. It requires that we follow three basic rules of practice:

1. To defend the industry from the various challenges that could threaten our reputation and integrity.
2. To function as a positive influence, serving as a means for sustainable economic and social development in the communities and countries in which we are active.
3. To be fully transparent in the way we operate our businesses and about what we sell.

This largely is what we have been discussing during our congress in Bogota.

1. What are the standards and terms by which we measure describe the products we sell? How do we do this in a fair and transparent way? In CIBJO, we have compiled the most comprehensive and respected sets of jewellery industry standards. Called the Blue Books, they cover diamonds, coloured gemstones (including emeralds), pearls, precious coral and gemmological laboratories. These are reviewed and updated on a continuous basis.

2. How do we ensure that we mitigate risk along the chain of distribution? Jewellery and gemstones should not be associated with conflict and violence, money laundering and terrorist financing, corruption, poor health and safety standards, environmental damage and child labour
3. What should we do to make sure that our revenues are enjoyed fairly throughout the chain of distribution.

Just three days ago, our Board of Directors approved a Responsible Sourcing Guidance document, which will serve as a reference for responsible sourcing practices applied by industry organisations and commercial bodies worldwide. It is based on the OECD Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and supports the United Nations Guiding Principles on Human Rights.

An operating principle of the Responsible Sourcing Guidance document is that it would be inclusive, meaning that the standards, guidelines and systems that it describes can reasonably be applied by all members of the industry, irrespective of size or financial capacity.

Like our Blue Books, the Responsible Sourcing Guidance will be a living document, which will be reviewed regularly, and amended if changing conditions make it necessary. It will have the status of a Blue Book.

We will be delighted to work with Colombia and its jewellery manufacturing community to expand your country's involvement along the chain of distribution. We hope that you will work together with us.

Thank you.