



**Responsible Sourcing**  
**CIBJO Congress, Bogota, October 2018**





# CIBJO's Responsible Sourcing Policy Summary





## Why has CIBJO developed Responsible Sourcing Guidance?

- To support CIBJO members, esp. manufacturers, distributors and retailers.
- To protect the reputation of the industry.
- To align CIBJO with international guidance and standards.
- To reinforce CIBJO's advancement of the United Nations' goals.
- To fulfil a “Duty of Care” on jewellery supply chains.
- To provide simple guidance for the industry to apply supply chain due diligence.





## Challenges for CIBJO's Responsible Sourcing Guidance

- **Fragmented, diverse and multi-layered global supply chains.**
- **Differing levels of supply chain sophistication, role of SMEs.**
- **Role of artisanal sourcing, emerging ASM guidance and standards.**
- **Recognise not all supply chains can comply with existing standards.**
- **Recognise guidance as a “road map” and a process of continuous improvement.**
- **Need for CIBJO to provide education and guidance, not standards.**





## Background to CIBJO's Responsible Sourcing Guidance

- Process agreed by CIBJO board, Responsible Sourcing Committee established in March 2018.
- External stakeholder review completed Summer 2018.
- Provides general guidance to provide assurance of responsible sourcing through the supply chain, where possible.
- Not a traceability system, nor a chain of custody, nor a compliance mechanism, nor a standard.
- Can be applied to each company's individual circumstances.
- Intend to create a CIBJO Responsible Sourcing Commission.





## **CIBJO's Responsible Sourcing Guidance: References**

- **Based on OECD's Due Diligence Guidance for Responsible Supply Chains.**
- **Supports the Kimberley Process Certification Scheme and UN Guiding Principles on Human Rights.**
- **Requires diamond supply chain participants to implement the WDC System of Warranty Guidelines.**
- **Follows the OECD's 5-step framework for supply chain due diligence.**
- **Recognises that Members can choose external standards and certification mechanisms (e.g. RJC, RMI, SCS, LBMA, WDC etc.).**





## Management Systems

- **Have a “compliance officer” – often the owner/CEO.**
- **Establish and communicate a responsible sourcing policy appropriate to the business.**
- **Have associated terms of business/policies with suppliers.**
- **Implement these terms of business/policies through invoices, warranty statements, delivery notes, diamond grading reports, precious metals certificates etc.**





## Supply Chain Due Diligence

- Understand and “map” your supply chain;
  - Who are your suppliers?
  - Know Your Counterparty (KYC) details
  - Terms of Business
  - Documentation on product provenance, where possible.
- Identify any risks in your supply chain, where possible.
- Undertake more detailed due diligence on identified risks.
- Have a strategy to mitigate, remediate or eliminate risks.
- A “road map” of continuous improvement.







## Know Your Counterparty (“KYC”)

- **Who are you dealing with?**
- **Identity and Company information.**
- **Company Policy and Procedures (esp. responsible sourcing)?**
- **Risk assessment (ask about their supply chain).**
- **Avoid trade in cash wherever possible, and keep records.**
- **Prohibit bribery and unusual or suspicious transactions.**
- **Important for “scrap” or recycled products or materials.**





## Risk Management for “Conflict-Free” Sourcing

- Take measures that there is no direct or indirect support of armed groups.
- Use relevant international standards and guidance where they exist;
  - Kimberley Process certification (diamonds)
  - LBMA Responsible Sourcing (precious metals - “good delivery” refiners)





## Respect of Human Rights

- **Include a commitment to respect Human Rights in your responsible sourcing policy.**
- **Include adherence to this commitment in your supply chain risk assessment.**
- **Request and verify that your suppliers also follow similar policies and practices as part of supply chain due diligence.**





## Product Integrity

- **Ensure products are correctly and accurately represented and disclosed as part of the Responsible Sourcing Policy.**
- **Follow the CIBJO Retailers' Reference Guide / "Blue Book".**
- **Ensure suppliers provide verification (e.g. grading reports, assay certificates etc.).**





## How to demonstrate Responsible Sourcing

- CIBJO's policy is guidance and recommendation only.
- CIBJO members who want their Responsible Sourcing or Practices to be certified or recognised should do so through international standards organisations (e.g. RJC, RMI, SCS, LBMA etc.).
- Guidance will reference relevant supply standards (e.g. ASM standards such as CRAFT, DDI, Fairtrade/Fairmined etc.).
- Include the CIBJO policy and the company's due diligence procedures as part of your certification.
- Validate your practices through independent audit and include this in company communication, reports, websites etc.





**Responsible Sourcing**  
**CIBJO Congress, Bogota, October 2018**

