

Introduction to Corporate Social Responsibility in the Jewellery Industry

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Ladies and gentlemen,

In 2013, Fiera di Vicenza was accredited by the United Nations through CIBJO to plan and implement a Corporate Social Responsibility programme for the international jewellery industry. In so doing, we became the first trade show organiser to be recognised by the United Nations.

In May last year, Fiera di Vicenza's role in promoting CSR in the international jewellery industry was acknowledged during a speech made by Nassir Abdul-Aziz Al-Nasser, the UN's High Representative for the Alliance of Civilizations and the President of the 66th General Assembly of the United Nations, at the 2015 CIBJO Congress in Salvador Da Bahia, Brazil.

Today's seminar, which is part of our comprehensive CSR programme, is designed to provide a status report on Corporate Social Responsibility in the jewellery industry today. We have with us a distinguished panel of speakers.

I will begin by providing an introduction and overview of the topic.

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Ten years ago the term "CSR" was known to only a few in the general business sector in general, 10. But today it is considered by many to be an essential strategy, which companies need both to explain and quantify.

To fully appreciate the subject, we must first properly define "Corporate Social Responsibility."

In 2010, the European Commission provided a simple definition of CSR as "the responsibility of businesses for their impacts on society."

The Commission also qualified what "responsibility" means. It said there are two essential elements:

- The first is that businesses must identify, prevent and mitigate any possible negative impacts that their activities may have on society. This could be described as "**doing no harm.**"
- The second is that businesses must maximise the creation of shared value for both for shareholders and stakeholders. This could be described as "**having a positive impact on society.**"

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That is the general definition of CSR, but how do we apply this to the jewellery business?

About three years ago, CIBJO's President, Gaetano Cavaliere, outlined a CSR Doctrine specifically for the jewellery and gemstones sectors.

The doctrine says three basic rules of practice must be applied.

- One, to defend the jewellery industry from the various challenges that could threaten its reputation and integrity. This is the **“do no harm”** element.
- Two, to proactively serve as a means for sustainable economic and social development in the communities and countries in which the jewellery industry is active. This is the **“having a positive impact on society”** element.
- And three, to be fully transparent in the way the industry operates, both in terms of how businesses are managed and in terms of the products that are sold.

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While the importance of ethics and reputation have always been a part of the jewellery business, a formal industry-wide approach to CSR can be traced back about a decade and to the conflict diamond crisis in Africa.

In July 2000 the World Diamond Council was established with the express purpose of coordinating the jewellery industry's campaign against conflict diamonds.

In helping establish a coalition of governments, NGOs and the greater jewellery industry, the World Diamond Council played an absolutely critical part in the establishment of the Kimberley Process Certification Scheme, which was introduced in 2003 and endorsed by the United Nations Security Council.

What our industry agreed to, and in fact proposed and designed, was a system by which it voluntarily agreed to be subject to strict regulation, in order to resolve a

humanitarian crisis for which it was not directly responsible. There are few, if any examples of this in the history of commerce and business.

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The Kimberley Process was a most important accomplishment, but essentially it secured only one link in the jewellery industry's very complex chain of distribution.

That chain is long and intricate, and the number of potential threats is considerable.

Almost every single item of fine jewellery that is produced today involves the combined efforts of hundreds and sometimes hundreds of thousands of people, located all over the world.

Every single individual or company that was in some way was responsible—be it a miner, a gem trader, a refinery worker, a diamond cutter, jewellery designer, jewellery manufacturer, jewellery wholesalers or retailer –depends upon the work and the integrity of those came before them, as well as those who come after them in the supply chain.

If only one component in an item of jewellery is ethically challenged, then the integrity of the entire product is threatened. In other words, if a consumer will not buy a piece of jewellery because of only one small gemstone, then everybody else who was involved in creating that piece of jewellery will also pay the price.

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What other elements that pose threats along the chain of distribution?

The issue of money laundering and terrorist financing was raised after the September 11 attacks upon the United States.

Safety and health issues are always a concern in our business. In the gem cutting industry, for example, cobalt and diamond dust is a perennial problem. In jewellery production a variety of dangerous chemicals are used, and strict safety standards must be employed.

Environmental damage is a concern particularly at the mining end. In gold mining, for example, cyanide is one of the by-products of processing.

In the wake of the recent Paris agreement on climate change, the volume of carbon emitted by the jewellery industry is likely to become a more prominent issue. Businesses are going to come under increasing pressure to measure their carbon footprint, purchase offsetting carbon credits and so achieve carbon neutrality.

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Today, Corporate Social Responsibility in the jewellery sector is also understood to include the creation of sustainable economic and social opportunities in the countries and regions where it is active. This is a feature of the past 10 years.

Mining companies, for example, have long been involved in the economic and social development of communities where their mines are located. But the formal adoption of proactive CSR policies in the jewellery business is a more recent development.

It is of critical importance, and it has the potential to change forever the public perception of the role of luxury product industry.

In the year 2000, the United Nations adopted eight Millennium Development Goals, which ranged from cutting extreme poverty rates in half to providing universal primary education. It called not only on governments, but also the business sector to become directly involved in the effort.

One of the UN agencies that was charged with advancing the Millennium Development Goals was the UN Economic and Social Council, or ECOSOC, which bring under its roof a wide variety of stakeholders, including government representatives, members of civil society and the business community.

In 2006, CIBJO became the jewellery industry first member in ECOSOC, and as such committed the jewellery industry, through its membership made up of national associations, to the achievement of the UN's development goals.

As I mentioned earlier, 2013, Fiera di Vicenza was accredited through CIBJO to plan and implement a UN-endorsed Corporate Social Responsibility educational programme for the international jewellery industry, which meets the development agenda of the United Nations.

There is no single programme that our industry must undertake, but rather a variety of programmes. They could range from gem cutting and jewellery craftsmanship training courses in Africa, to tourism projects in areas where the mines are reaching the end of their productive lives, to programmes that support the health and wellbeing of our industry's employees.

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In the current business environment, CSR is not only a principle, it is a strategy that companies increasingly are expected to report on and quantify.

In certain cases, formal reporting is required by law. But there are other reporting systems, of which the most widely discussed are those dealing with supply chain integrity. These include the adoption of methods and practices meant to ensure the ethical integrity of all stages of the supply chain. In order to be accredited, companies may be required to submit to third-party monitoring and external audits.

Supply chain compliance can be an expensive process, and thus it has become a controversial issue, because it effectively it can become a condition of entry into certain sectors of the business. Some feel it is being used as a tool to prevent fair competition.

There are organizations that are searching for solutions to this issue, and some of them are with us today.

To present your company as a firm with a social conscience not presents it in a positive light, but also communicates to consumers that, when they buy jewellery, they are making a positive contribution to society.

Corporate responsibility also means that the industry be completely transparent about the products it sells. This means providing clear disclosure about synthetics and treatments, and ensuring the integrity of grading reports, jewellery appraisals and hallmarks.

In the modern business environment it is not enough to just behave correctly, you have to be seen to be behaving correctly.

Thank you.