



THE WORLD JEWELLERY CONFEDERATION

Dr. Gaetano Cavalieri
President, CIBJO
CSR seminar at VICENZAORO January
January 24, 2016

**CORPORATE SOCIAL RESPONSIBILITY AS A SUSTAINABLE
BUSINESS STRATEGY FOR THE JEWELLERY INDUSTRY**

SLIDE 1

Ladies and gentlemen,

SLIDE 2

Ten years ago, in 2006, CIBJO was formally granted special consultative status with the United Nations Economic and Social Council, or ECOSOC.

Established by the UN Charter in 1946, ECOSOC is the principal body for formulating policy on economic, social and environmental issues.

It was a ground-breaking moment. Not only did we become the first and only jewellery industry body ever to obtain formal recognition within the UN, but we also helped create a new category of non-governmental organisation in ECOSOC – which became known as the “entrepreneurial NGO.”

Whereas once our business community had been seen as part of the problem, it was now considered part of the solution.

SLIDE 3

Three years before that, in 2003, when I made first my first enquiries with the United Nations about the jewellery sector becoming involved in the UN’s social agenda, there were few if any officials in the organisation who were even prepared to open their doors to me.

In 2003 the reputation of our business in forums like the United Nations was not particularly positive. While that was the same year in which the Kimberley Process Certification Scheme was launched, the general attitude about the jewellery and gemstone sector was that our business had grown and

prospered at the expense of impoverished and discriminated people in developing countries.

SLIDE 4

But, with a great deal of persistence and persuasion, as well as with the help of some friends from Italy's diplomatic corps, I was eventually was able to begin a dialogue with the United Nations. It was the beginning of a long journey.

In 2013, we helped bring Fiera di Vicenza into the ECOSOC community, making it an integral component of our mission of promoting CSR standards in the gemstone and jewellery industry.

SLIDE 5

One of the problems that we faced in 2003 was that jewellery, which is typically classed as a luxury product, was to many people symbolic of conspicuous consumption.

My strategy in approaching the United Nations was to bring about a change – not only in the way the world regards jewellery and the jewellery industry, but also in how we perceive our own mission in business.

Jewellery as a product is non-essential. In other words, it is not required for basic sustenance. But the jewellery business and the revenue it generates are critical to the economic fortunes of many countries around the world, and especially those where diamonds, gemstones and precious metals are mined.

SLIDE 6

If we would be able to instil in the public consciousness the understanding that, when you purchase an item of jewellery, you also are contributing to the economic wellbeing and social advancement of people living in underdeveloped areas, then the significance of buying and receiving jewellery is elevated – from one of purely personal value to one with societal value as well.

But the potential of our industry to act as an agent of sustainable economic development is not something that will happen by itself.

The belief that we, as an industry and a business community, needed to take an active role in building a better society was what we sought to achieve through our affiliation with the United Nations.

SLIDE 7

One of the concepts that we all become far more aware of over the past 10 years is that of the stakeholder, which is essentially is anyone who can affect or is affected by a company, a strategy or project.

For a long time, stakeholders were never really part of the equation. We focused on shareholders, and believed the principle and almost sole function of any business concern was to serve their interests. If a business was not able to do just over the long term, then it had no real purpose and, ultimately, would cease to exist.

The shareholder theory, which originally was proposed by the American economist Milton Friedman, stated that the sole responsibility of business is to increase profits for the shareholders, within the boundaries of the law.

But today, Milton Friedman's approach is no longer considered sufficient. **The stakeholder theory**, emphasizes that a company also has responsibility to its stakeholders, both primary and secondary, and this stands at the basis of what we today refer to as Corporate Social Responsibility.

SLIDE 8

But while company's officers have a legal obligation to serve the interests of shareholders, to what degree is there also a legal obligation to serve the interests of all stakeholders?

There is a no simple answer, certainly not in the jewellery industry. But what clearly is the case is that the battery of legal requirements related to Corporate Social Responsibility is increasing.

CLICK 1

The Kimberley Process Certification Scheme was introduced at the beginning of 2003, and after that date, if your country was a member of the KP – and here in the European Union all countries are – you could only import and export rough diamonds that are in possession of KP certificates.

SLIDE 9

The issue of money laundering and terrorist financing was raised after the September 11, 2001, attacks upon the United States. The Patriot Act in the United States and similar laws in other countries placed the onus on the diamond, coloured gemstone, precious metals and jewellery sectors to monitor and report suspicious transactions, and failure to do so could result in legal action.

SLIDE 10

There also is legislation relating to precious metals from conflict zones. Section 1502 of the Dodd-Frank Act in the United States, includes a disclosure requirement that requires publicly traded companies to disclose whether their products contain gold from the DRC or in one of more of its neighbours in the Great Lakes region of Africa. Because so many smaller companies supply the publicly traded firms, directly or indirectly, the Dodd Frank Act affected a very large portion of the U.S. trade.

Dodd Frank proved to be particularly bad piece of legislation, because companies simply selected to buy gold from countries outside the Great Lakes region, and as a result legitimate producers in the area were devastated, as were the communities that depended upon the revenues they produce.

In Europe, where there has been legislative effort underway to parallel Dodd-Frank, CIBJO's EU Committee held discussions in Brussels with the European Commission, and it appears that the law that will be passed by the European Parliament will have fewer unintended consequences than the one that was passed in the United States.

SLIDE 11

At the recent climate conference in Paris, 195 countries adopted the first-ever legally binding global climate deal. It includes an action plan to avoid dangerous climate change, which will be phased in by 2020. Individual countries will need to legislate laws to curb greenhouse gas emissions. In other words, while they may not exist at present, carbon-curbing regulations are on their way.

SLIDE 12

At CIBJO we have working been for more than two years to get the word out about carbon. Last year we instituted a programme related to carbon neutrality, using our organisation as a role model for the industry.

With the assistance of an independent and outside advisor our carbon footprint was measured both in 2013 and 2014, and we purchased offsetting carbon credits, thereby achieving carbon neutrality. We shortly will do the same for 2015.

Furthermore, our most recent congress in Brazil was the first such event ever in the jewellery industry to be fully carbon neutral.

This is not simply a public relations exercise. What we have seen over the past several months is more and more jewellery and gemstone companies, impressed by our example, taking steps themselves to become carbon neutral.

SLIDE 13

In fact, responsible environmental practices have become a more prominent concern in recent years.

In addition to carbon emissions, we have over the past year and half been working together with the Responsible Ecosystems Sourcing Platform, or RESP, as part of its coloured gemstone working group.

Sustainability is also a strong focus of the work that we have been doing the pearl and coral sectors, for unlike gemstones and metals it is possible to initiate the natural growth of new products.

As a business community, we have a vested stake in the health of our oceans and rivers, because without them there would no industry. It is in our interest, to promote responsible environmental practices.

When a consumer buys an item of pearl or coral jewellery, they should feel that they have invested in our planet's long-term survival, rather than having taken advantage of it.

SLIDE 14

The essential importance of economic, social and environmental sustainability means that we need to be prepared to take a long-term approach, sometimes at the expense of short-term profit.

Our industry's commitment to sustainability through Corporate Social Responsibility needs to be communicated, not only to consumers, government regulators and to civil society, but also to our grass roots stakeholders, and particularly in those living in regions where we obtain our raw materials.

Through Corporate Social Responsibility we can safeguard the long-term health of our industry. By showing our commitment to our stakeholders, demonstrating that they too will be provided with fair and equitable opportunities to benefit from the jewellery enterprise, they will be incentivized to invest and reinvest in their future and that of the entire industry.

SLIDE 15

Thank you.