



RESPONSIBLE
JEWELRY
COUNCIL

BUILDING SUSTAINABILITY AND RESPONSIBLE SOURCING INTO SUPPLY CHAINS

A Guide for Retailers Starting
Their Sustainability Journey

AUGUST 2021

Responsible Jewelry Council

Responsible Jewelry Council (RJC) is a not-for-profit standard-setting and certification organization founded in 2005.

Our vision is a responsible world-wide supply chain that promotes trust in the global jewelry and watch industry.

ABOUT RJC

Responsible Jewelry Council (RJC) is the leading standards organization of the global jewelry and watch industry. It has more than 1,450 member companies that span the jewelry and watch supply chain from mine to retail. RJC Members commit to and are independently audited against the RJC Code of Practices – an international standard on responsible business practices for diamonds, colored gemstones, silver, gold and platinum group metals. The Code of Practices (COP) addresses human rights, labor rights, environmental impact, mining practices, product disclosure and many more important topics in the jewelry supply chain. RJC also works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence. The RJC's Chain-of-Custody Certification (CoC) for precious metals supports these initiatives and can be used as a tool to deliver broader Member and stakeholder benefit. Through the implementation of the COP and CoC members contribute towards the 17 Sustainable Development Goals of the United Nations 2030 agenda.

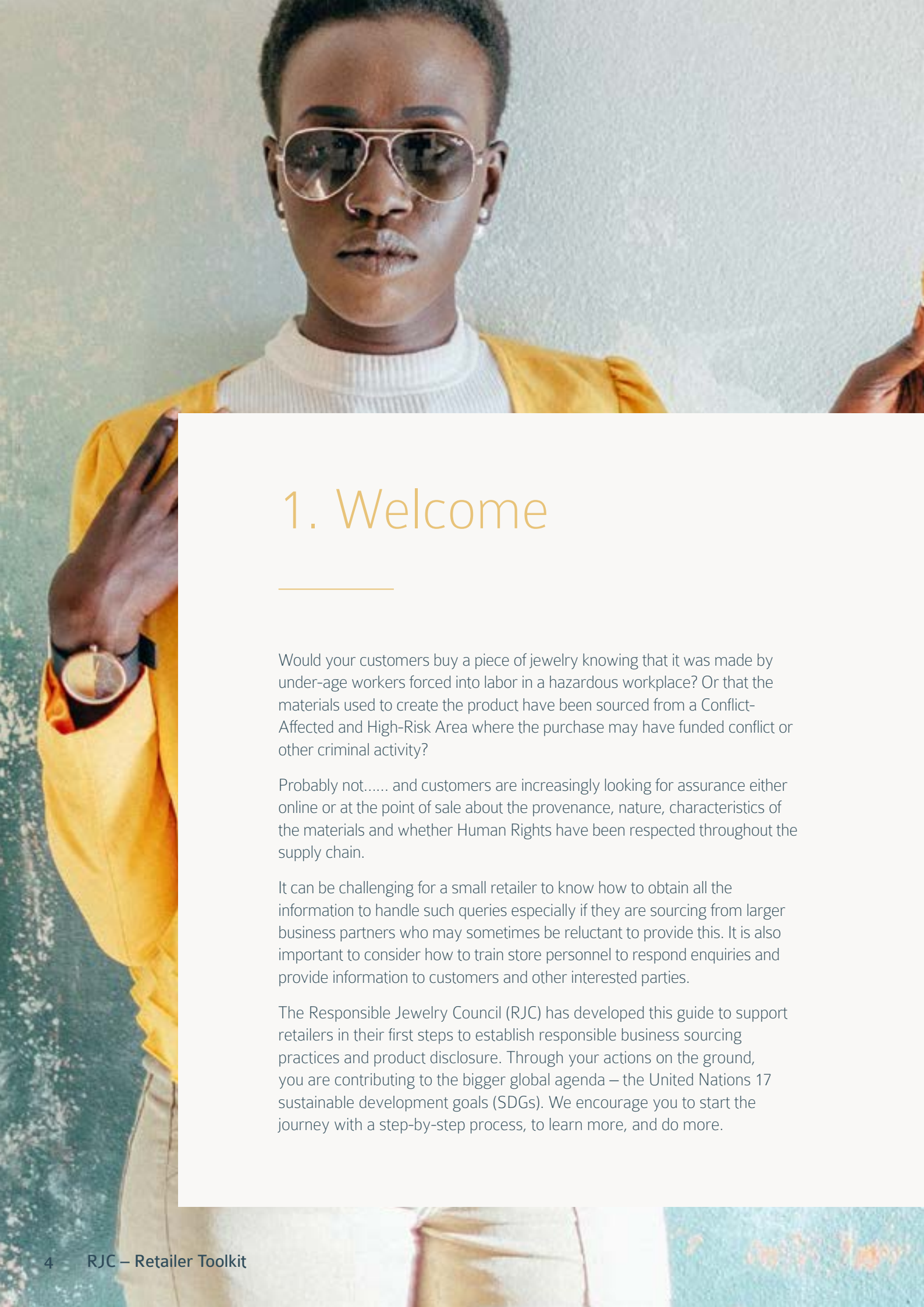
RJC is a Full Member of the ISEAL Alliance – the global association for sustainability standards and RJC is a member of the United Nations Global Compact since 2009. For more information on RJC Members, Certification, and Standards please visit www.responsiblejewellery.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

ABOUT THIS TOOLKIT

This toolkit is for the use of retailers and their employees on how to engage with their supply chain on issues surrounding sustainability. By sustainability we mean actions and practices that ensure your business does good for people and the planet and maintains consumer trust to support its long-term business. This guide provides some quick steps on actions to take, questions to ask and explanation of key topics and terms.

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1. Welcome

Would your customers buy a piece of jewelry knowing that it was made by under-age workers forced into labor in a hazardous workplace? Or that the materials used to create the product have been sourced from a Conflict-Affected and High-Risk Area where the purchase may have funded conflict or other criminal activity?

Probably not..... and customers are increasingly looking for assurance either online or at the point of sale about the provenance, nature, characteristics of the materials and whether Human Rights have been respected throughout the supply chain.

It can be challenging for a small retailer to know how to obtain all the information to handle such queries especially if they are sourcing from larger business partners who may sometimes be reluctant to provide this. It is also important to consider how to train store personnel to respond enquiries and provide information to customers and other interested parties.

The Responsible Jewelry Council (RJC) has developed this guide to support retailers in their first steps to establish responsible business sourcing practices and product disclosure. Through your actions on the ground, you are contributing to the bigger global agenda – the United Nations 17 sustainable development goals (SDGs). We encourage you to start the journey with a step-by-step process, to learn more, and do more.

This guide is just the beginning and provides some practical guidance to understand:

- What the issues are and why your customers are concerned.
- How to assess risks in your own operations and in your supply chain and ensure that you are sourcing products from suppliers who can provide evidence to support your promise to consumers.
- Whether there are risks of abuses in your supply chain and what you should do in that case.
- What product information should be provided to customers.

There is also a sample template to help you develop communications that can be used to train your teams and be shared with your customers at the point of sale.

When you are ready, we would welcome you joining the Responsible Jewelry Council (RJC) to continue your journey and implement a sustainability program and continuous improvement. We have a dedicated team that can support you in the implementation of our **code of practices (COP)** and **chain of custody (COC)**. Today we are proud to have a community of leaders, with over 1450 members in 71 locations.

We would also welcome feedback from you on how this guide has helped you, and we welcome any suggestions at: **consultation@responsiblejewellery.com**.

We wish you all the best in your journey of continuous improvement in integrating sustainability at the heart of your company's business strategy.



Iris Van der Veken
Executive Director



David Bouffard
Chair

A handwritten signature in blue ink, appearing to read 'Iris Van der Veken'.

A handwritten signature in blue ink, appearing to read 'David Bouffard'.



2. Introduction

RESPONSIBLE BUSINESS PRACTICES AND THE RETAIL SECTOR

Terms such as “sustainability” and “responsible businesses practices” are not new terms, but their use and the actions these terms refer to is quickly becoming the new norm.

In some countries there has been a progressive approach to include sustainability under corporate law and it is becoming mandatory. In the USA, depending on where your business is based there may be legal requirements as well as consumer pressure to report on your activities in this area either in relation to Human Rights or to provide transparency on the origin of the products you are selling.

Sustainability is an umbrella term for these topics and recognizes the benefits for organizations that adopt such practices such as higher motivation and productivity amongst employees, enhanced reputation and access to global markets. These benefits can help the long-term sustainability of your business by ensuring that you are working with responsible businesses and are meeting the expectations of your customers.

There are different approaches to implementing sustainability, from fully integrated responsible sourcing practices to contributions towards social and economic development projects. However, whichever approach works best for your company, sustainability should not be considered as an isolated activity from your core business operations. Implementing sustainability is a step-by-step approach and it is a process of continuous improvement over time. It is moving your organization beyond compliance and integrating management systems in the areas of human rights, labor practices, sourcing practices, product integrity and environmental impact as part of your core business.

As a retailer, your impacts and influence will include not only your own direct actions but also those of your supply chain where you can still influence good practices by communicating your expectations and review how these are met. Establishing a responsible supply chain is an important part of ensuring that you have a sustainable business model and can respond to your customers' and other stakeholders' expectations. A good starting point is to ensure you understand your supply chain and are already communicating your expectations and gathering the necessary information.



By implementing sustainability, you can also contribute towards the 17 Sustainable Development Goals (SDG). Whilst all of these may not seem immediately relevant to your business, understanding which sustainability topics you can have an impact on can help you focus your efforts.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The 17 SDGs are integrated—that is, they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. The SDGs are designed to bring the world to several life-changing ‘zeros’, including zero poverty, hunger, AIDS and discrimination against women and girls. Everyone is needed to reach these ambitious targets. The creativity, knowhow, technology and financial resources from all of society is necessary to achieve the SDGs in every context. At its heart, the SDGs are about global partnership for this call to action.

No matter how large or small, and regardless of their industry, all companies can contribute to the SDGs through their sustainability and corporate social responsibility strategies, policies and processes. Small and medium-sized businesses, however, are uniquely positioned to make significant impacts on the SDG targets. As SMEs make up more than 90% of all businesses worldwide, these growing organizations have a critical role to play in advancing the 17 goals outlined in the UN’s SDGs.





3. Developing a Responsible Business

A responsible business can build greater trust and strengthen its relationships with its customers, employees and suppliers as well as have a positive impact on the society and the environment in which it operates. Incorporating responsible business practices are now an essential part of any business especially when you consider increasing regulations and consumer awareness.

DEVELOPING RESPONSIBLE SUPPLY CHAINS

Risks may arise anywhere in your supply chain so as a first step it is important to understand what the key issues are likely to be and to assess how your suppliers are managing the topics and assessing the risks all the way back to the raw materials.

Given the length and complexity of jewelry supply chains and the variety of materials your starting point will probably be to ask your direct suppliers to explain to you how they have established transparency through further tiers of the supply chain and how they are managing and mitigating any risks they may have discovered, or how they are sourcing and manufacturing products that you are purchasing. You can see more about the potential risks later in this section when we look in more details at the issues.

In order to ensure that you get the same level of information from all suppliers, in a comparable format, you can send a standard questionnaire to your suppliers to gather the information required. A sample Checklist has been provided in **Annex A**. Some of your suppliers may already be engaged in initiatives, such as the RJC, and have had their due diligence programs assessed as part of a certification program and this can provide assurance on the answers they are providing and on the fact that risks are being managed. This can help you to prepare responses and a communication plan for your customers.

This information can also provide the baseline for you to assess what risks may exist in the supply chain, taking into account:

- All the products and services you purchase, produce and sell.
- The country where each product was manufactured.
- The main raw materials for finished and/or semi-finished products, and where they come from.

In the jewelry industry, risks can be found at different levels of the supply chain, for example: Misrepresentation on the nature of a product, high risk of human rights and environmental harm in the upstream supply chain where the precious stones and minerals come from, health and safety risks in the middle of the supply chain (cutting & polishing), child labor in Artisanal and Small-scale Mining (ASM). Understanding these risks and developing a plan for mitigating these and managing the future relationship with the supplier is a good way to focus your efforts as you develop your sustainability program.

Practical Steps on Implementing Sustainability

Sustainability implementation is a progressive process. You can start by looking at your internal operations (e.g., towards your own employees and inside the company). Internal interventions can be highly visible and have tangible returns in the short-to-medium term. External involvement such as community relations may come later. The priority of areas to implement will be based on expectations made by your stakeholders.

The major stakeholders for retailers will include employees and customers as well as the communities where the business operations are situated and your business partners and suppliers. However, other civil society organizations such trade unions, business associations, as well as public and regulatory bodies are important stakeholders to take into consideration as you develop your sustainability plan.

There is a strong link between your sphere of influence and responsibility to act. Within the three key spheres of influence, sphere one covers the activities you have direct control over such as the working conditions and health and safety of your employees. It also includes your supply chain such as adhering to the national and international product requirements in your trading activities or having full record of your financial transactions. The second and third spheres represent areas where you may have an impact, but you do not have direct control, such as community development. The more influence you have in each sphere, the greater your responsibility is to act.



Benefits and challenges of implementing Sustainability

With ever increasing globalization, sustainability has become an important and prevalent requirement around the world. Violations against sustainability topics such as Human Rights in supply chains are becoming more visible and consumers, civil rights groups, NGOs, customers and suppliers are increasingly demanding information on production conditions and routes to market.

As a retailer, your sustainability objectives and initiatives may take different forms than those of others in the jewelry industry. You might be concerned about losing your competitiveness by imposing additional conditions onto your suppliers or setting higher standards for your employees than your competitors. Sustainability may seem difficult to implement. However, there is a business case for retailers, advantages can be:

- Higher motivation and loyalty amongst employees, that decreases staff turnover rates.
- Enhanced reputation amongst the community, customers, banks and other important stakeholders.
- Optimization of management processes that contributes to efficient resource management, better risk management and reduced risk of legal enforcement activity.
- A long-term vision for the sustainability of the business operations which may eventually increase your competitiveness and customer base.
- Attract and retain talent.

Even if you lack the human and financial resources, it is still possible to implement sustainability gradually. You can start by following the tips described on the next page.

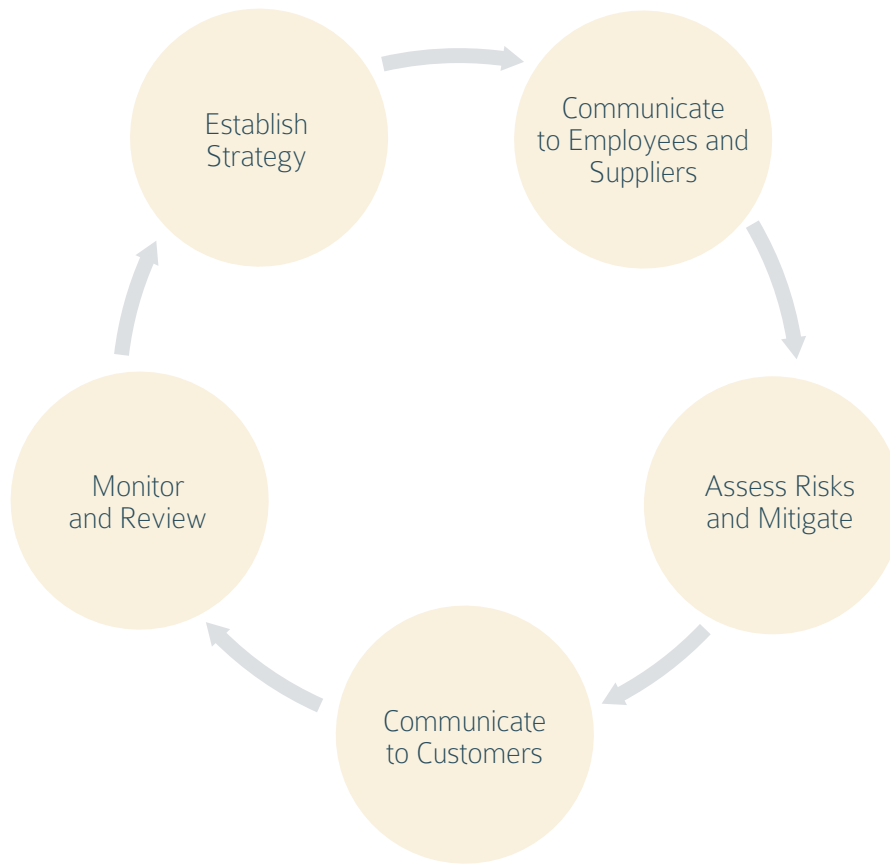
✓ TOP TIPS

- Read up on sustainability and familiarize yourself with the common issues within the jewelry and watch supply chain.
- Examine how your business interacts with the local community, your use of natural resources and your interaction with customers.
- Get to know national and international laws and standards relating to your area of the industry, particularly laws related to the environment, Human Rights, labor rights, anti-corruption, due diligence and product disclosure.
- Take a closer look at suppliers; from how well you know them to asking them about their own supply chains. Talk to them about your intentions to implement sustainability in your business.
- Identify significant partners, multi-stakeholder initiatives and competitors and see what they are doing to implement sustainability in their business operations.
- Connect with key sustainability forums such as the RJC, The Plumb Club or events to find out more about how to implement sustainability in your business and learn from your peers.
- Consider leveraging relationships with your peers through industry associations to share information in a safe environment.

“Richline’s experience with a responsible, transparent supply chain began in 2006 and our acquisition by Berkshire, in 2007, became an immediate catalyst for expanded efforts. The reputational risks of not knowing, and managing, your supply chain can be serious. We share the belief that responsible business is good business. We have followed our motto of Compliant by Law and Responsible by Choice.”

David Meleski, Richline Group Inc.

THE STEP-BY-STEP APPROACH



Establishing Your Sustainability Approach

Sustainability should not be considered as an isolated activity from your core business operations. It can be implemented gradually and be integrated into your existing management systems or business practices. Based on your resources and time, you can start with a simple system covering your workplace and strategic suppliers and expand it over time to cover your supply chain.

Before you start, it is useful to conduct a basic review of your existing documentation and review working practices with your staff to identify the areas where you may already contribute towards sustainability. This should include your existing policies, principles, procedures (e.g., hiring procedure covering age verification, health and safety procedure), certifications, guidelines (e.g., workplace rules handbook), contracts, sourcing procedures and the like. These may be documented or be working practices that are established within your company.

If you have a management system in place, it is likely your organization has an inventory of documentation for your management system. While doing this exercise we also suggest for you to:

- Identify your priorities: Identify which sustainability subjects impact your business the most and what should be addressed first. As a retailer, you will need to consider the type of products you sell and the associated risks in those supply chains as well as your own internal practices; Talk with your direct suppliers and business partners to understand how they are approaching the subject, review with your employees what questions customers have been raising online or in store.
- Map your existing processes: Review and document them to identify which sustainability subjects are covered and which subjects have to be addressed (policies, procedures, sourcing materials records, contracts, financial transaction records, employee contracts, human resources, marketing material.
- Document your actions: You can integrate your sustainability priorities into your existing business practices, such as your quality management system or management procedures, instead of writing new policies, rules and procedures. For example, you might already have procedures for obtaining information about the characteristics of the jewelry you are sourcing but may not have formalized how this is done and recorded. You can document the current practice, revise it where necessary and include other related practices. You do not need a separate policy and procedure for each sustainability subject and this does not have to be complicated. Simple sentences reflecting your practices and respecting sustainability standards are sufficient.

Communicating Requirements Internally and Externally to Employees and Business Partners

Communicate to employees, suppliers, civil society and community organizations. Different communication strategies and tools might be needed to communicate to each type of stakeholder group. Suggestions are provided in [Box 4](#) and [Box 5](#).

Risk Assessment and Mitigation

In order to mitigate or prevent social, environmental and reputational impact, first you need to identify your risks in the whole supply chain. The risk management process can be initiated with supply chain mapping. Key steps include:

- Listing all products and services you purchase, produce and sell.
- Checking product characteristics.
- Identify the country where each product was manufactured.



You should share your sustainability strategy or policy (if applicable) with your suppliers to introduce the requirement for this information and to assure your suppliers that this will not be used to by-pass them or go directly to their supply chain, but rather that you are looking for information about how they are managing and mitigating the risks in their supply chain.

Communicating to Customers

Your customers may ask questions about the jewelry you are selling and in particular about the characteristics of the product (e.g. the nature of the stones, carat weight, natural or laboratory-grown, fineness of precious metal) or the origin of the material. You can prepare fact sheets on the characteristics of your products or explaining your sustainability approach. It is a good idea to also have this information on your website if you have one so that customers can find this easily.

Your employees will be facing many of these questions at the point of sale so helping them to understand the issues and providing them with a briefing on how to respond is very important.

Implementing Continuous Improvement

Sustainability implementation is an evolving process, some changes such as working with new suppliers, may require you to review your system and priorities.

Your company and employees should make an effort to implement sustainability; this is not only to ensure the sustainability of the supply chain but also to create a positive social and environmental impact. Monitoring will provide the crucial information about what is working and what is not working. It will enable you to improve your sustainability performance over time.

Key Areas Summary

As mentioned previously, sustainability programs cover a number of key areas. For jewelry retailers the key areas are:

- Transparency and Traceability
- Human Rights and Supply Chain Due Diligence
- Product Disclosure
- Environment
- Community Involvement and Development

The questions and answers below give an explanation on the areas and approaches you can take.

Where do my materials / products come from and is the origin a problem?

Organizations are expected to comply with applicable law(s) and regulation(s) related to their own operations and throughout their supply chains. In the jewelry industry, a special focus is needed to sourcing practices from conflict affected and high risk areas and implement internationally recognized guidance and standards such as [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas](#), [OECD Due Diligence Guidance Supplement on Gold](#), Kimberley Process Certification Scheme and the World Diamond Council's System of Warranties. Where your supply chain includes sourcing directly from artisanal and small-scale mining, risks have to be assessed regularly and minimized.

RJC COP 2019 has specific provisions covering general requirements and supply chains (provisions 1-7), and has more support available through the guidance document available [here](#). Where your suppliers can provide evidence that they have been certified to this standard this will provide assurance that they are actively managing these issues and that their processes have been assessed.

How do I approach Human Rights in my supply chain?

Human Rights due diligence and due diligence for conflict affected and high-risk areas (CAHRA): The UN Guiding Principles on Business and Human Rights defines due diligence is a tool to help a company to identify, prevent, mitigate and account for any adverse Human Rights risks and impacts. This process should include assessing actual or potential Human Rights risks and impacts, integrating and acting upon the findings, tracking responses and communicating any actions. While looking at the actual and potential risks and impacts, a company should not only examine its own operations but also any risk and impact created by its business relationships. For more information you can download the RJC [Human Rights Due Diligence Toolkit](#) and this [summary note](#) from Shift and the International Organization of Employers (IOE).



Human Rights due diligence covers the entire supply chain. As a retailer with limited resources available you can assess your Human Rights impacts by:

- Using publicly available resources to create a list of Human Rights risks to assess, both in your own operations and in your supply chain.
- Prioritizing risks from that list based on materiality (severe negative impact) in your business. For example:
 - If suppliers rely on contracted labor, prioritize a review of recruitment practices.
 - If suppliers use hazardous chemicals, prioritize a review of on-site procedures.
 - For your own operations, prioritize a review of historical employee feedback.

One significant efficiency can be combining data collection from your suppliers with Know Your Counterparty / Know Your Customer (KYC). KYC is a legal requirement in the USA so if you are conducting KYC, combine it with all data collection from suppliers into one document, helping your supplier manage their time and you manage your process. The **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas** does not only cover human rights, but also addresses other risk areas such as the financing of terrorism, bribery, money laundering and similar risks. The OECD Guidance recommends a 5-step approach to organizations:

1. Establish a management system
2. Identify and assess risks
3. Manage risks
4. Verify due diligence
5. Report annually

The RJC provides a **video introducing OECD Due Diligence Guidance on CAHRA** together with practical resources to help organizations understand and implement the 5-step process. RJC also provide a specific **Due Diligence Toolkit** for diamond and colored gemstone supply chains. Companies certified to the RJC COP will have implemented this 5-step approach and had their systems audited, to give you greater assurance on how risks are being managed.



TOP TIPS

- Ask your suppliers how they are managing Human Rights risks in their supply chains and whether their activities have been assessed by a 3rd party.
- If you are working with suppliers who are certified to the RJC COP check their certification is current on the RJC website – this will provide assurance that they have implemented systems and that these have been audited for compliance.

What is Product Disclosure?

Product disclosure within the jewelry industry depends on honesty and transparency about the nature and quality of products being bought and sold. Increasing use of technologies to treat stones, create laboratory-grown or simulant stones or develop new alloys add to the complexity of the jewelry supply chain and consumer market and increase the relevance of product disclosure. It is especially important because end consumers rarely have good technical knowledge about the products they are buying and rely on the advice of sellers.

Industry guidelines and legal requirements exist to protect consumers and guide those working with precious metals, coloured gemstones and diamonds. These cover diverse areas, including:

- Gold, silver and platinum assaying, quality marking or hallmarking to indicate fineness;
- Diamond grading for larger stones through independent gemmological laboratories;
- Colored gemstone and diamond treatments and enhancements;
- Standard terminology and classification for communicating product attributes;
- Whether a colored gemstone or diamond is natural, laboratory-grown or has been altered in any way; and
- Information requirements for altered coloured gemstones or diamonds when the treatment is temporary, diminishes over time, requires special care or has a significant impact on the product's value.

At all levels of the supply chain, misinformation poses a significant risk to the reputation of individual companies and the industry as a whole. Companies failing to disclose all relevant information, or making false statements about articles sold, risk losing business and being expelled from industry organisations. Selling a product without disclosing full and accurate information about it, or with misleading information, even unknowingly, is illegal under most jurisdictions. Offenders can face penalties including fines and prison sentences.

How Can I Strengthen Consumer Trust In My Products?

Companies dealing with retail products should provide accurate and transparent information. It is important to disclose information about your product especially within the gold, silver, platinum group metals (PGM), diamond and colored gemstone supply chain as purchasers have a right to make an informed choice. Record keeping is critical especially in the processing stage. For example, information on the 4Cs (cut, color, clarity and carat) should be documented for diamonds to enable accurate and transparent disclosure. Disclosure in advertising and at point of sale are covered by the Federal Trade Commission (FTC) Guides which cover all participants in the jewelry industry in the USA and set requirement for transparency and accurate descriptions at every point in the sales cycle. This includes country of origin declarations as well as quality parameters. Although these are called Guides, the FTC has used these to support legal action against organizations. You can find more information on these Guides here www.ftc.gov/news-events/media-resources/tools-consumers/jewelry-guides

Similarly, to comply with the World Diamond Council (WDC) System of Warranties (SoW) diamond suppliers and manufacturers must pass on a warranty statement each time a rough and polished diamond changes hands – records of these warranty invoices received and issued must be kept on file. Procedures for and records of ensuring disclosures should be accurate and comply with the law, including sourcing practices, due diligence, regular product testing, inspections and laboratory or testing reports. The RJC COP includes a number of provisions concerning consumer relations and product disclosures (provisions 28-30) which are key to increasing customer trust. The RJC COP guidance gives useful information on this [here](#) and any of your suppliers who are certified to this standard will have implemented these already.

“W.R. Cobb Company is committed to growing our company efficiently, effectively, and ethically while respecting and acknowledging our responsibility as a global citizen. Our association with the Responsible Jewelry Council aids in reinforcing to customers, suppliers, and employees our dedication to best sustainability practices. Compliance with ethical legislative guidelines is the cornerstone of our philosophy as a leader in the industries we serve. Commitment to continuous environmental consciousness is evident by our achievement of the ISO14001:2015 Environmental and ISO 9001:2015 Quality Management System certifications.”

Roderick Lichtenfels, W.R. Cobb Company

How can I have an impact on the Environment?

As a retailer, you may think that your operations have a very low impact on the environment or that you cannot influence such topics especially if your shop is in a mall or you are in rented premises. However, we all have a responsibility in this area and you should consider elements such as packaging, recycling, waste management, your use of energy and even initiatives to reduce travel and car use. More importantly, your influence through your supply chain can be used to influence positive actions with positive outcomes. The environmental impact will vary depending on business operations, location of the business and availability of natural resources. For instance, production may lead to pollution. The use of chemicals can be harmful to plant and animal life. Mining activities can result in soil erosion, deforestation and air and water pollution. For further information regarding your impact on the environment (provisions 24-27), look at the RJC COP 2019 Guidance document: [here](#). If your suppliers are certified to the RJC COP they will have implemented processes to manage any risks in this area.

Community involvement and development

Companies have close relationships with the communities in which they operate. As a retailer, your sourcing decisions can contribute immensely to the economic progress of a country/local community and create jobs. This can be through the activities which companies in your supply chain conduct such as supporting education and culture, technology development, social investment and community involvement. Encouraging such initiatives, by focusing your sourcing on organizations that work with their local communities will benefit all and create a sustainable supply chain. Look at how to develop strong communities' development (provision 10) with the RJC COP guidance: [here](#).



FREQUENTLY ASKED QUESTIONS





DO I NEED TO WRITE A FORMAL SUSTAINABILITY POLICY?

Writing a policy may seem very onerous, especially for a small retailer, but it does not need to be and it can be a simple document that sets out your strategy and makes it easier to communicate your expectations and approach with your employees, your suppliers and your customers. This can be a short document that outlines your approach towards the environment and people and highlights the strategic focus areas of responsible practices in your business operations.

Depending on the complexity of your operations and organization size, you can choose to have a short policy and have separate detailed policies covering all sustainability subjects. Or you can develop one detailed policy (sustainability policy, sustainability charter, code of ethics) covering all the subjects and your approach. The important factor is that you provide commitments for all the key areas.

You might prefer to approach this in a more informal manner when discussing with your suppliers, however, If you feel it would be useful to have such a document a template is included as Annex B. The RJC COP guidance has further information on how to develop and implement your policies (provision 2), look at that: [here](#).



SHOULD I EXPECT MY SUPPLIERS TO HAVE A SUSTAINABILITY POLICY?

Your suppliers should be able to explain their sustainability approach to you and depending on the size and nature of their business you can expect them to have this documented and publicly available. This will certainly be the case if they are RJC members and have been certified to the COP. The policy structure and length will vary, however, most sustainability policies generally focus on three main areas:

1. Objectives and values: Outline the company values and objectives alongside a short statement endorsed by senior management.
2. Legal compliance: Legality and compliance with the law and regulations is part of responsible business practices. Here, companies may refer not only to compliance with national laws but also with international standards or industry guidance. Industry guidance is normally included where the company operates in a specific sector, deals with specific materials, is part of an organization (e.g., a trade organization, and industry association) with their own requirements, etc.
3. Business ethics and other areas of emphasis: Business ethics explain the way businesses conduct their operations. The core sustainability subjects that it covers are protecting the environment, respecting human rights, promoting labor rights, responsible supply chains, anti-corruption and fraud.



DO I NEED TO APPOINT INDIVIDUALS TO TAKE RESPONSIBILITY FOR SUSTAINABILITY?

Managers and company owners are important drivers of sustainability implementation. It is critical to have commitment from the top. The strategy and documented policy, as applicable, must be signed and approved by the company owner or senior manager. Depending on the size of your organization, it is also recommended to assign responsible personnel to coordinate the implementation of sustainability activities. These do not need to be full-time roles but can be incorporated into normal management responsibilities.

“To achieve true sustainability in the jewelry world, a level of activism and sourcing of sustainable jewelry supplies is required. It’s important to realize that in some areas of the world, jewelry can truly change the lives of those who work with it.”

Florian Hochmuth, Bruening Inc.

? HOW DO I GET INFORMATION FROM MY SUPPLIERS?

You will need to ask your direct suppliers to provide information about themselves and their suppliers in the supply chain; their sourcing practices and oversight; and whether they can provide transparency to the origin of the raw materials.

A sample questionnaire to obtain this information has been provided as Annex A.

Once you send the information request to the suppliers you need to follow-up and ensure that they provide responses. Some may be reluctant due to confidentiality concerns or fear of being side-lined as described above so regular communication is essential. However, those of your suppliers who are already engaged in this area, for example as RJC certified members will be able to provide information on how they are managing their supply chains.

? WHAT ARE THE RISKS IN THE SUPPLY CHAIN?

Different types of risk factors exist based on the characteristics of the product, activities and suppliers such as:

- **Risk related to countries/location and materials:** Damage and risks are diverse based on the material type. For instance, mercury and cyanide in gold extraction are harmful to plant and animal life while gemstone mining is relatively less hazardous since chemicals are not used. However, all types of mining activities may cause deforestation, erosion, found in protected areas/fragile biodiversity and may involve child labor or dangerous working conditions. Risks may also be related to the origin of the material. Some countries can pose higher risks due to weak law enforcement (e.g., if the land rights are unclear/not established), poverty, vulnerable state institutions, political instability and high rate of informality. There are online resources providing information on each country’s overall performance on sustainability as well as on particular subjects such as corruption, labor rights and human rights.¹

¹ Danish Institute for Human Rights, The Human Rights and Country Guide, Transparency International, Corruption Index, World Bank, World Governance Index, SA8000, Country Risk Assessment.

- **Risk related to characteristics of the suppliers:** Characteristics of (1) suppliers such as lack of management systems, informality and relationship with the supplier (leverage, longevity of the business relations, contracting types, payment practices) also determines the risk level and what to look for and (2) Products such as incomplete or wrong information on characteristics, undisclosed treatments of stones, natural or laboratory-grown.

HOW CAN I EVALUATE WHICH RISKS APPLY TO MY BUSINESS AND WHAT SHOULD I DO?

Once you have the information from your suppliers you can refer to the [RJC Risk Assessment Toolkit](#) that can help you to identify the risks and mitigate them in your supply chain. It can help prioritize your work by assigning risk levels (high, medium and low) to your risk assessment. Focus your work on high risks first as they are more likely to occur and have a greater impact than a low risk and then work your way down through to your low risks. If your suppliers are RJC members and have been certified to the COP their systems will have already been assessed and you can be assured that they are following good practices and that their systems are aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas.

You can also explore the RJC training page on [product disclosure](#) refer to the [RJC Human Rights Due Diligence Toolkit](#).

Once you have received the completed questionnaires or other information from your suppliers the next step is to discuss an action plan with your suppliers to reduce/manage risks and prevent negative impacts of your business or minimize their harm.

For each identified issue or risk, you need to agree:

- Set of activities: which actions are you planning to take to address the risks?
- Responsibility: who should be responsible to complete the actions and monitor the results? You can consider setting up a working group with your supplier(s) with leadership commitment at the top to develop a strategy.
- Timeline: what is the deadline for completing the activities?
- Results & verification: how will you monitor the results? How will you verify that the action has been completed?

HOW CAN MY BUSINESS SOLVE ALL THESE ISSUES ALONE?

Most supply chain issues are deep rooted and complex. It is very difficult for a company working alone to solve an industry-wide problem. However, retailers should not underestimate their potential influence to change practices. They can benefit from a collective approach and networking to tackle these issues together for a greater impact. Collective approaches can be developed either directly with other retailers, suppliers or associations. Examples can be:

- Supporting industry-led initiatives: In many instances, companies lack the leverage to address systemic issues independently. Many of these issues can only be addressed through collaborative industry-wide action. To address

common challenges, enterprises can engage in various platforms and share experiences or learn from peers.

- Sharing knowledge and experience on sustainability practices.
- Developing a common agenda or workplan for industry-wide problems.
- Collaborating on projects and programs with other industry players to increase leverage on suppliers or get access to funding.



TOP TIPS

- Communicate your sustainability policy internally and externally through meetings, emails, your website and social media platforms (where relevant).
- Set up a simple database (can be an excel spreadsheet) of your suppliers and materials, identify the major risk areas by location and type of materials.
- Make the commercial benefits of sustainability clear to your suppliers and share your knowledge on sustainability and its challenges, offer partnerships where necessary.
- Ask your suppliers whether they are already engaged in sustainability initiatives, such as being certified to the RJC COP. This will provide assurance that they have implemented systems to assess and mitigate risks.

The RJC Self-assessment provides guidance and activities for addressing various sustainability issues and risks, you can refer to this document to identify actions.



IS SUSTAINABILITY MANDATORY? WHAT ARE THE EXISTING MANDATORY LEGISLATIONS ON SUSTAINABILITY?

Over the last decade, the EU, has encouraged companies to conduct their business responsibly by a mix of voluntary and mandatory law initiatives. The EU Directive 2014/95/EU encompasses a clarification of non-financial reporting obligations. However, there is no obligation under the EU law for all companies to carry out business responsibly and in respect of Human Rights and the environment.

Some countries took further steps (France and the Netherlands) to implement due diligence legislations laying out both specific (child labor due diligence requirements in Netherlands) and general due diligence duties (France). These legislations cover not only multinational companies but also SMEs and require companies to conduct due diligence in their supply chain.

Some countries such as China and India also have reporting requirements for sustainability. However, these are targeting companies listed on the stock exchange.

National company laws across the EU and around world still diverge in many respects. In terms of reporting and due diligence responsibilities, SMEs should consult with a chamber of commerce, legal consultant, relevant public authorities or an industry body to receive more information. For more information on legal sustainability frameworks in the EU, refer to the [European Parliament, sustainability and its implementation into EU Company Law \(2020\)](#), and [EU Conflict Mineral Regulation](#).

There are also national laws focusing on social issues such as forced labor:

California Transparency in Supply Chain Act: This was enacted in 2010 to promote transparency and accountability in corporate supply chains. The aim of the act is to provide consumers information about their efforts to eradicate slavery and human trafficking.

UK Modern Slavery Act: This act set out a range of measures on how modern slavery and human trafficking should be dealt with in the UK. While not all of the act is directly relevant for business, section 54 entitled 'transparency in supply chains' impacts the corporate sector.

Australia Modern Slavery Act: This act requires entities based, or operating, in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and actions to address those risks.

WILL A SUSTAINABILITY PROGRAM AFFECT MY PROCUREMENT DECISIONS AND INTERNATIONAL TRANSACTIONS?

It is a challenging process to integrate sustainability into sourcing practices even for larger companies. However, it is necessary to demonstrate responsible business practices. Therefore, the answer is, yes it should do. You need to plan procurement decisions carefully and identify the risks and let your suppliers know. You can create a supply chain policy specific to a supplier to include known or potential risks and impacts or start with a more general approach and update at a later date. Most relations with suppliers are built on trust, some are very long-term partnerships. There is definitely room for cooperation and working together towards responsible supply chains. However, some issues such as sourcing from conflict affected regions have to be addressed immediately due to possible severe impacts on Human Rights. There are several ways to explain to your suppliers the relationship between sustainability and sourcing, for more information see **Box 5** Communicating Sustainability Strategy and Due Diligence Requirements Externally.

WHAT ARE HUMAN RIGHTS AND LABOR RIGHTS

Human Rights: There are two broad categories of Human Rights: 1) **Civil and political rights** and 2) **Economic, social and cultural rights**. In the context of a business's responsibility, the list of rights that international guidance documents often refer to are rights that are covered by the International Bill of Human Rights.

However, your business's responsibility might also cover other types such as economic, social and cultural rights protected under national laws and, in the USA, by federal and state laws. As a retailer, you need to consider whether there are any impacts in your own operation and also risks that may exist in your supply chain. This risk of issues will depend on the type of products you sell, the manufacturing processes, the country of origin of any raw materials and components and the nature of the type of suppliers.

Human Rights are covered under the RJC Code of Practices in provision 6. RJC has developed additional guidance and training on this topic which you can find on the RJC website training page: [here](#).

Labor rights: Labor rights often refers to International Labor Standards and the International Labor Organization (ILO) Fundamental Principles and Rights at Work. Other issues such as wages, working hours, harassment and abuse, health and safety are covered by national laws and, in the USA, by USA federal and state laws that have to be considered within the scope of a company's responsibility.

In assessing these topics, you need to consider how you are treating your own employees in the office and on the shop-floor as well as issues that may be occurring in your supply chain. Labor rights are covered in the RJC COP (provisions 15-22) and you can find guidance on this topic in the RJC COP 2019 Guidance document: [here](#).

WHY ARE SOME LABOR RIGHTS INCLUDED IN THE CATEGORY OF HUMAN RIGHTS?

Fundamental Principles and Rights at Work² (FPRW) such as freedom from child labor, freedom from forced labor, freedom of association and effective collective bargaining and non-discrimination in employment are considered as primary workers' rights and Human Rights. We should not think of them as two separate sets of rights because they are linked to one another (e.g., the right to free movement in and out of a country and forced labor).

SECURITY AND LABOR RIGHTS: WILL SOME SECURITY MEASURES NEGATIVELY AFFECT LABOR AND HUMAN RIGHTS?

When contracting security services, it is important that these contractors understand and work in ways that protect and promote Human Rights. For example, by embedding acceptable policies and procedures into contracts with security contractors

2. There are eight fundamental conventions, also referred to as Fundamental Principles and Rights and Work (FPRW). These conventions are Forced Labour Convention (N.29), Abolition of Forced Labour Convention (N.105), Freedom of Association and Right to Organise Convention (No.87), Right to Organise and Collective Bargaining Convention (No.98), Equal Remuneration Convention (No.100), Discrimination Employment and Occupation Convention (N.111), Minimum Age Convention (N.138) and Worst Forms of Child Labour Convention (N.182).

and maintaining clear oversight over all security activities. The **Voluntary Principles on Security and Human Rights** serve to guide extractive companies in providing security for their operations in a way that respects Human Rights. All measures that take place for security reasons that limits the workers mobility (i.e., locked doors) should be reasonable and not pose health and safety risks. Measures such as body and bag searches should be conducted while respecting workers dignity and gender. Workers should be provided with a grievance mechanism that can enable them to share their concerns about security staff.

① **RISK ASSESSMENT ON ENVIRONMENT, HUMAN RIGHTS, LABOR RIGHTS, SUPPLY CHAIN, HEALTH AND SAFETY, FINANCES AND MORE: DO I HAVE TO CONDUCT DIFFERENT RISK ASSESSMENTS FOR EACH SUSTAINABILITY SUBJECT?**

No, in case your business has a risk assessment methodology in place, and it is conducted regularly, you can integrate sustainability subjects into your organizational risk assessment practice. The main objective of the risk assessment is to identify the risks and mitigate them. However, it should be conducted by people who have familiarity with the context and risks. For instance, your finance manager can easily identify the risk areas on anti-corruption, but they will have difficulty to assess the issues in terms of labor rights or health and safety. Therefore, it is important to engage with the relevant staff on gathering information and identifying risk factors.

② **HOW DO I IDENTIFY CONFLICT AFFECTED AND HIGH-RISK AREAS?**

You can review a range of documents and resources from credible sources to check CAHRAs. This includes research reports from governments, international organizations, non-governmental organizations and media, maps, UN reports, UN Security Council sanction list, relevant industry literature on the material's extraction, and its impact on conflict and Human Rights. **The RJC Due Diligence Toolkit** includes a list of publicly available resources to help companies identify conflict affect and high-risk areas.

“It is the responsibility of every company in our industry to ensure that we provide sustainably sourced material and adhere to the highest standards of business. The RJC certification ensures that those rigorous standards are achieved.”

Michael Lerche, Goldstar Jewelry, LLC.

ANNEXES



Annex A- Supplier Questionnaire

Tool N.1: Introductory sustainability questionnaire/checklist – Use the below table as a guide for your due diligence on supply chain, for products and suppliers.

Questions for suppliers	Suppliers answers	Recommended checks for retailers to complete	Follow up actions for retailer to take
<p>Policy/Strategy: Does your organization have a consolidated sustainability policy/strategy or individual policies covering responsible business practices namely:</p> <ul style="list-style-type: none"> • Product disclosure • Human Rights • Labor rights • Environment • Fair operating practices • Consumer relations • Community involvement and development 		<p>Ensure that all practices are covered either within a consolidated policy or individual policies.</p> <p>If some issues are not included work with the supplier to expand their policy(ies) accordingly</p> <p>Assess if they cover key areas such as:</p> <ul style="list-style-type: none"> • Human Rights protection rules/procedures provide lists of protected rights and channels for remedy. • Labor rights rules/procedures cover minimum the fundamental principles and rights at work namely: elimination of child labor, forced labor, freedom of association and collective bargaining, equal treatment and non-discrimination. 	
<p>Risk assessments: Do you conduct a risk assessment of your internal business operational impact on:</p> <ul style="list-style-type: none"> • Human Rights • Labor rights • Environment • Fair operating practices 		<p>If the risk assessment covers all subjects, assess the analysis is done and if this identifies all risks. Are the prevention measures efficient?</p> <p>If no, encourage the supplier to implement a risk assessment – you can point them to the RJC Risk Assessment tool.</p>	
<p>Risk assessments: Do you conduct risk assessments on your supply chain?</p>		<p>If yes, the measures require:</p> <ul style="list-style-type: none"> • Listing all suppliers, products and services you purchase, produce and sell/provide. • Identify the country where each product was manufactured. • Determine what the main raw materials are for finished products and/or semi-finished products, and where they come from. • Identify the risks for each product or suppliers based on country of origin and business activities. <p>Check against the products you are sourcing from this supplier to ensure all products and materials are covered. Where traceability has not been conducted to source, engage with the supplier to push for full traceability to be made available.</p>	

<p>Do you conduct due diligence aligned to the 5-step approach defined in the OECD guidelines?</p>		<p>Discuss the due diligence they have conducted and any outcomes.</p> <p>Did this due diligence identify any red flags and, if so, what action have you taken?</p> <p>Discuss any red flag issues with the supplier and agree corrective actions.</p>	
<p>Supply chain information Do you have information on the source of precious metals and stones you use in your business operations?</p>		<p>If yes, review if:</p> <ul style="list-style-type: none"> • Information on the form, type and weight of materials input available: e.g., for precious stones: the origin of the material, locations where it is consolidated before export, method of extraction, weight, transportation route. • Supplier details including Know Your Counterparty (KYC) information. <p>If no, work on a system/database which will cover the above information in cooperation with your suppliers.</p>	
<p>Do you have a system to ensure that all key parameters of finished products you are supplying are accurately disclosed and that any diamonds are certified by KPCS and WDSW?</p>		<p>Check that all the fineness of metal and the attributes of diamonds and colored gemstones are correctly stated on invoices, and that the supplier has a system to verify the accuracy of these declarations.</p>	
<p>Do you have measures in place to ensure that the product safety you sell meets consumer protection legislative requirements?</p>		<p>If yes, please make sure that the information you are providing is in line with national laws and international standards. Use of hazardous materials, plating, irradiation.</p>	
<p>Reporting Do you communicate and report your sustainability efforts?</p>		<p>Review the public report - make sure this covers performance on key issues that are covered within this guide.</p>	
<p>Grievance channel Do you have an active grievance channel? (Please explain what the process is and how this is monitored.)</p>		<p>Check whether the mechanism is easily accessible.</p>	
<p>Certifications and initiatives: Please advise any industry or other initiatives covering sustainability that you are a member of. Do you hold any sustainability or related certifications or have your policies or systems been audited and if so when and by whom?</p>		<p>You may want to ask for copies of or check online any certifications declared – For example, RJC certifications are accessible here.</p>	

Annex B: Sample Template for Communication to Customers and Briefing Employees

Our Responsible Business Practices:

[Enter company name] is committed to responsible business practices in everything we do.

Sustainability

Explain where the where customers can find more information on what your company does about sustainability and the key issues this covers e.g.:

Our actions on sustainability are available to view at [enter web link] and demonstrates our commitment towards Business Ethics, Human Rights, the people working in our business and throughout the supply chain and the environment.

Product Sourcing

Explain how/where you source products and your requirements e.g.:

We work closely with a number of jewelry designers and manufacturers who have committed to comply with our policy and ensure that the jewelry is manufactured responsibly; and that the raw materials and components are sourced from producers and miners that are also committed to responsible practices.

In particular we require the following in relation to our products:

Explain for each material what requirements you have set and what commitment you are giving e.g., gold comes from certified mines, diamonds comply to Kimberley Process Certification Scheme and World Diamond Council System of Warranties etc.

Product Disclosure

Explain how you ensure that the materials and products that you are selling are accurate, identified and described in compliance with applicable law or recognised industry standards e.g.:

The 4c's for diamonds, coloured gemstone treatments and fineness of precious metals.

Supplier Monitoring

Explain how you monitor your suppliers e.g.:

We constantly monitor our suppliers to ensure that they are complying with our requirements through a mix of remote and on-site audits. In addition, many of our suppliers are members of the Responsible Jewelry Council and their practices have been audited to ensure they meet best practices.

Complaints and Grievances

Explain how customers and other stakeholders can raise grievances, how they will be dealt with and the protections for whistleblowers.

Annex C: Responsible Business Policy Template

Responsible Business Policy Template	
Policy introduction and purpose	
Scope	Determine who the policy is for employees and/or external stakeholders.
Operational activities	Describe what your business does and where it operates.
Sustainability vision statement	Define what you want to achieve with your sustainability policy.
Compliance	Detail the legal compliance your company will follow for example, respect the law, ensure that all business operations are legitimate, maintain partnerships and collaborate openly and transparently.
Business ethics	List the principles you will follow to conduct your business ethically for example: Integrity and respect to Human Rights, safety and fair dealing, anti-bribery and anti-corruption practices, respect and transparency towards the consumer and business partners.
Core sustainability commitments	Detail your commitments and actions.
Protecting the environment	Following best practices to reduce chemical usage and waste disposal. Recycling where possible. Conserving energy.
Protecting people	Health and safety of employees and the community, avoiding harm to local and indigenous people, supporting gender diversity and inclusion. Supporting the community through learning and volunteering opportunities.
Human Rights	Abiding by all fair labor practices. Ensuring the business activities do not directly or indirectly violate Human Rights in any country.
Signed/endorsed by:	
Date of effect:	

EXAMPLES OF SUSTAINABILITY PRACTICES



BOX 1: LABOR RIGHTS: WORKING HOURS AND COMPENSATION IN RETAIL

It may seem that people working in offices and retail stores are not really affected by labor issues but such employees may inadvertently be exposed to conditions that would not be considered acceptable in terms of labor rights (even where they may comply with federal or state laws). In some cases, for example where contracts specify that working overtime is required, these may overlap with other topics such as forced labor.

Examples may include:

- Long working hours that are not aligned to the International Labor Organization (ILO) convention which stipulates maximums for the working week.
- Contracts that do not allow employees to refuse to work overtime. This may have been implemented to provide flexibility in opening hours and cover for other team members, but could be considered forced overtime.
- Fixed salaries regardless of hours worked that may reduce pay below the legal minimum.
- Long-term health issues caused by muscle fatigue, lower back issues and the like may also occur as a result of excessive working hours due to long periods of standing.

BOX 2: LABOR RIGHTS: HEALTH AND SAFETY IN JEWELRY RETAIL

Workers in the jewelry retailer sector may be exposed to environments and equipment and that can be hazardous if the appropriate precautions are not taken. Silicosis and other lung diseases are a concern in the gemstone cutting and polishing sector due to exposure to silica dust, beryllium, cobalt and lack of appropriate air filter systems. In jewelry manufacturing chemicals including cyanide may be used in cleaning or electro-plating. Other health problems might also include back pains and eyesight problems. However, measures such as:

- Wearing appropriate personal protective equipment (e.g., goggles, personal respirators, masks)
- Dry air filtering and ventilation
- Using wet cutting processes to minimize health and safety hazards
- Using cobalt free scribe

Companies that have engaged with initiatives, such as the RJC, will have developed policies and procedures for ensuring safe and healthy working conditions and the implementation of procedures, safety training records and records of safety related incidents and corrective actions will have been audited as part of their certification.

BOX 3: CHILD LABOR AND FORCED LABOR IN MINING

More than one million children are engaged in child labor in mines and quarries. Some of these children are working alongside their families, but others may have been sold, trafficked or be working to repay family debts. Child labor is most commonly found in artisanal and small-scale mines (ASM). ASM is significant, they account for about 20% of global gold supply, 80% of global sapphire supply (jewelry) and 20% of global diamond supply. These mining activities often have serious health consequences for children, such as silicosis related respiratory diseases, joint and bone deformities, eye injuries, neuroglial damage. Freedom from child labor and forced labor are part of fundamental principles and rights at work and are also basic Human Rights.

For more information see, ILO, Child Labor in Mining and Global Supply Chains, 2019

BOX 4: GENDER EQUALITY AND THE JEWELRY INDUSTRY

Most jewelry is purchased for or by women so the inclusion of a gender perspective in sustainability is particularly appropriate. The influence of all actors in the industry working together can play a critical role in achieving gender equality in the workplace. A large proportion of the downstream retail sector is composed of women workers, but they are often absent in the upstream supply chain. Likewise, in other sectors that are often dominated by men, women's roles are facing barriers to entering and advancing within the industry. By including a gender perspective in your strategy, you can help address this issue. However, remember that this has to be complemented by procedures and meaningful actions (e.g., by supporting women's economic empowerment with access to safe and equitable employment opportunities, education and training, access to social protection and childcare). Women Empowerment Principles and the WEPs self-assessment are excellent tools to support the embedding of gender equality policies.

www.unglobalcompact.org/take-action/action/womens-principles

www.unglobalcompact.org/take-action/action/womens-principles/weps_tool

BOX 5: SUSTAINABILITY IN TIMES OF CRISIS

The impact of global crisis', such as the COVID-19 pandemic, are significant in almost every industry. They can affect the economy, especially retailers, on both the supply and demand side. During challenging circumstances in which most retailers are focusing on stabilising their core business, you might question whether it is the right time to prioritize sustainability? From RJC's view, as an organization promoting responsible practices, the answer is yes, because:

Firstly, sustainability builds customer loyalty: The coronavirus outbreak has prompted individuals to review their lifestyle choices, consumptions and buying habits, it also triggered organizations to question their purpose and value in the business ecosystem. It is expected that there will be more pressure to respond not only to consumers but also community expectations to operate with a stronger social responsibility.

Helps retention of talents and ensure employee loyalty: Employees will be more likely to be part of an organization where their rights and safety are respected and promoted.

Sustainability promotes safe working environments: Measures such as safeguarding employee welfare and safety are closely linked to the requirements for health and safety, labor rights and Human Rights and such initiatives can present an opportunity for your business to make long-term commitments on sustainability.



BOX 6: MANAGING THE CHANGE PROCESS: HOW TO COMMUNICATE SUSTAINABILITY TO YOUR EMPLOYEES

Integrating sustainability into business practices often needs some further work to implement change. Regardless of the context and circumstances, people have a tendency to resist change. The following tips may help you to better manage the process and communicate:

- **Communicate the process from the beginning:** Do not wait to communicate with your employees to start developing your strategy. Once you decide to implement sustainability, explain and share the implementation steps with all your staff with a meeting, announcement or webinar.
- **Explain clearly to your employees why sustainability policy is needed and what you want to achieve:** To successfully promote sustainability, you need to clearly explain why it is needed, what are the objectives and how will it impact your employees and affect their work. Building the business case for sustainability involves formulating the arguments and rationale behind your engagement in sustainability. A holistic overview that not only looks at the business benefits but also takes into account motivations can be useful. Here, you can explain the possible positive outcomes of sustainability or indicate the negative outcomes of not having it.
- **Create a leadership team:** Depending on the size of your company, assign one or more responsible people who will lead the process and engage with other employees. The responsible person is not required to work on this full time.
- **Support dialogue:** Ideally, sustainability implementation should not be a top-down approach and employee's engagement should be promoted. This can be done in various ways such as organising consultations, building on your employees' knowledge and experience with training or workshops. Create opportunities for employees to take part in the consultation process. If you have employees working remotely or larger teams, using tools such as surveys or interviews will help you to engage with your employees. In smaller companies, "coffee" or "breakfast" conversations can be useful as they provide lots of opportunities for reaching out to the team for consultation purposes without spending too much time and effort.
- **Examples of internal communication:** Regular employee meetings, posters, brochures in the workplace (in common areas, canteen or rest areas, entrance etc.) internal newsletters and key messages by the CEO or owner.

BOX 7: COMMUNICATING SUSTAINABILITY STRATEGY AND DUE DILIGENCE REQUIREMENTS EXTERNALLY

- **Choose a culturally sensitive and appropriate way to communicate your sustainability strategy:** The issues that you will refer to in your sustainability strategy might be difficult to process for some of your business partners. Supply chain issues such as human rights, and the environment are often well-known by the industry. However, some of these may be endemic in some countries or industries and may even be considered “normal” in those environments. It may be useful to explain the reasoning behind your strategy and what you want to achieve with your sustainability program. Selecting the mode of communication depends on your regular way of communicating with your suppliers. You might be using calls, face to face meetings, online meetings or emails to communicate business operational issues. Sustainability is also part of your business operations, so it is best to communicate it the way you communicate any business issue. If you think that your suppliers/business partners are not familiar with the concept, having a meeting in which you start by explaining the sustainability concept and areas covered might be beneficial. Your suppliers most probably would like to know how it will affect your business relations. In case you plan some changes (such as adherence to the policy or contractual changes), be prepared for questions, provide an introduction and explain the benefits of sustainability. It might be a strategic move to start communicating your policy with your long-term suppliers and work on a common agenda for how to move forward. Of course, some of your suppliers may already be engaged in this process through initiatives such as the RJC and they will already have sustainability in their operations and had their systems audited. They will welcome your initiative and may even be able to support you with information and suggestions about how they have implemented their programs.
- **Communicate continuously on your policies and efforts:** If you have a website, add a section on sustainability. You can use your website to communicate not only your policy but also your efforts, projects and results. Make use of your social media channels to communicate your sustainability commitment and efforts.
- **Communicate publicly on your performance and impact:** Public reporting is a key component of sustainability. Companies are expected to be transparent about their efforts. A sustainability report is often published annually or periodically by companies with the objective of sharing sustainability actions and results. Examples of external communication include: Website, newsletters, brochures, events. Communicating straight away is not a requirement, consider communicating once you have a better understanding of due diligence to ensure clear messaging to external parties.
- **Due diligence and suppliers:** To ensure that the business ethics are respected, any actors within the jewelry industry have to be able to obtain and/or provide information on the origin

of the materials and the records of financial transaction. These questions might not be easy to ask in long established commercial relations and with trading partners. So, in such cases:

- Good communication is the key to discuss such sensitive subjects: you have to decide carefully, when and how you communicate due diligence requirements and risks to your suppliers.
- It is always helpful to provide the reasoning behind such a request for information/ documentation. Explain due diligence as a part of your overall sustainability strategy rather than a separate requirement. It will allow your suppliers to see the full picture. Communicate clearly your organization's sustainability motivations and ambitions and how you need to act as a team to create value.
- Try to understand the concerns of your suppliers in cases where they are unable or unwilling to provide the information needed. If the supplier does not understand the request, talk to the supplier again and tell them what information you need and why, direct them to training where applicable. If the supplier cannot get the information from its own upstream suppliers, offer to help (e.g., joint meeting with suppliers or support in organising a management system/ procedure). If the supplier does not want to provide information because it is confidential discuss the possibility of a non-disclosure agreement.

RJC COP has guidance on who, how and what you should communicate, look at the COP guidance (provision 5) for further information: [here](#).

For more information and recommendation on influencing suppliers and cooperation see COMPASS, Responsible Supply Chain Management, also the RJC COP Guidance.



BOX 8: GRIEVANCE MECHANISMS FOR RETAILERS

Grievance mechanisms are systems that create an effective way for companies to receive, process and provide adequate response or remedy for grievances raised by internal and external stakeholders, mainly customers. They are a crucial tool for improving customer experience and identifying issues in your operations, after sale service and supply chain.

Grievance mechanisms need to be effective to build trust among interested parties, hear worker voices and provide a remedy. Consider the below points when establishing your mechanism:

Make it accessible and simple: In the case of small businesses, open door policies could work more efficiently than formal complaint channels for internal complaints. However, you should also use other options (e.g., online forms, complaint boxes, specific email address, telephone number or voicemail) open for external interested parties and those who would like to remain anonymous.

Select competent staff to manage complaints and define procedures: It might be a lot of responsibility for one person to manage complaints on particular issues concerning bribery, corruption or harassment and discrimination. Conflicts of interest and protection of the complainant have to be considered. If possible, make a list of red flag issues or prioritisation for the complaints which will allow you to establish teams to investigate these issues and decide on the investigation method and procedure.

Think ahead about the remedy and possible actions: It is important to manage the expectations of individuals making complaints and make the system predictable. Possibilities for the remedy should be considered in two ways: what would be the possible outcomes for the complainant? Serious violations may need an immediate action to protect victims and provide a remedy.

If you want to learn more about how to set up such a mechanism, refer to the RJC COP guidance: [here](#).



BOX 9: TRANSPARENCY AND TRACEABILITY IN SUPPLY CHAINS: WHY IT IS IMPORTANT?

Transparency and traceability are essential for responsible supply chains, product disclosure and consumer confidence. A business should be able to answer questions on its product and supply chain such as: what is the exact nature of the product, is the product treated and are the stones natural or laboratory grown, where have the materials/products come from, how were they produced, what kind of impact does this have on local communities and environment?

In the jewelry industry, most business relations are built on trust and due to confidentiality and security, traceability from mine to retail can be hard to achieve. In some cases, there might be a strong chain of custody mechanism in place because of the type of gemstone, its origins and quality. In others, due to the large number of people and transactions, it might be difficult to trace the origin. To ensure that business ethics are respected, any actors within the jewelry supply chain have to find and then provide information on the origin or manufacturing process of the materials and the records of financial transactions. Retailers are advised to keep, as minimum, internal inventory and transaction documents to retrospectively identify the source of all finished items they are selling and, as far as possible, any information they have been able to obtain on the materials, particularly gold, silver, platinum group metals (PGM), diamonds and coloured gemstones.

You should retain the following in addition to sales records that provide evidence on the identity of your customers:

- Supplier details including Know Your Counterparty (KYC) information.
- Information identifying suppliers further up the supply chain.
- Evidence of information and due diligence undertaken to identify practices in the supply chain.

In practice you can gather this information in several different ways:

- Use checklist and forms, where applicable, to collect information from suppliers.
- Collect information directly in meetings.
- Depending on the resources available, consider using electronic data management software to help streamline your supply chain mapping and information gathering.

Where your supply chain includes companies that are RJC members you can verify their certification status to provide greater assurance on their practices.

For more information see [RJC Self-assessment](#).

BOX 10: THE RISK OF BRIBERY, MONEY LAUNDERING, FINANCING TERRORISM AND CORRUPTION

There exist different patterns of misuse of precious metals and stones in money laundering and financing terrorism. They can be smuggled from producer to consumer countries, including to finance armed conflicts or to avoid domestic taxation. The high value of precious stones may lead civil servants to demand or accept bribes at every level of the extraction and trade process. They can also be used as an alternative currency to purchase prohibited goods, such as gold for cocaine, and diamonds for weapons or as collateral in illegal trade.

Money laundering can also pose a specific risk for retailers if sizeable cash transactions are permitted. The USA has implemented specific legislation on these topics including the USA Foreign and Corrupt Practices Act, 2017 as amended and the Financial Action Task Force (FATF) recommendations amended in 2021 among other requirements.

For more information see IFC, [Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue](#)

BOX 11: RESPONSIBLE SUPPLY CHAINS

As a retailer, you have to consider not only your own business operations but also how activities in your supply chain affect local communities and other stakeholders. This could be examined in two dimensions: direct impact: which includes your core business operations that are under your control: e.g. human resources management, health and safety in the workplace, disposal of waste in your workplace and indirect impact: this includes the activities of your business partners (e.g. traders), sourcing activities (where your materials are coming from) and impact of your sourcing activities on communities (how do mining activities impact local communities and environment).

Further Resources

RJC Tools and Resources

RJC SME Toolkit, [available online](#)

RJC Code of Practices (2019), [available online](#)

RJC Code of Practices Guidance (2019), [available online](#)

RJC Self-assessment Tool, [available online](#)

RJC Risk Assessment Tool, [available online](#)

RJC Human Rights Due Diligence Tool, [available online](#)


RJC Due Diligence Toolkits, [available online](#)

RJC Training Page, [available online](#)

FAQ's, [available online](#)


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