



The Hidden Cost of Jewelry

Human Rights in Supply Chains and the Responsibility of Jewelry Companies

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SUMMARY









Jewelry and watches denote wealth and status, as well as artistry, beauty, and love. Gold and diamond jewelry in particular are frequently purchased as gifts for loved ones and for special occasions. Globally, about 90 million carats of rough diamonds and 1,600 tons of gold are mined for jewelry every year, generating over US\$300 billion in revenue.

The purchase of bridal jewelry, including engagement and wedding rings, has particular emotional and financial significance. In India, for example, weddings generate approximately 50 percent of the country's annual gold demand. For Valentine's and Mother's Day, Americans spend more on jewelry than any other type of gift, purchasing nearly \$10 billion of jewelry for the two holidays in 2017.

For millions of workers, gold and diamond mining is an important source of income. But the conditions under which gold and diamonds are mined can be brutal. Children have been injured and killed when working in small-scale gold or diamond mining pits. Indigenous peoples and other local residents near mines have been forcibly displaced. In war, civilians have suffered enormously as abusive armed groups have enriched themselves by exploiting gold and diamonds. Mines have polluted waterways and soil with toxic chemicals, harming the health and livelihoods of whole communities.

Jewelers and watchmakers typically rely on complex supply chains to produce each piece of jewelry or watch. Gold, diamonds, and other minerals and gemstones are mined in dozens of countries around the world, and are then typically traded, exported, and processed in other countries. Processed gold and polished diamonds are then transformed into jewelry in manufacturing plants and artisan workshops, before reaching retailers. By the time a piece of jewelry is offered for sale, it may be very difficult to know the origins of the gold or diamonds it contains, or whether they are tainted by human rights abuses or environmental harms.

A diamond dealer from Zimbabwe displays diamonds for sale on September 19, 2010. In Zimbabwe, army brigades were sent to Marange diamond mines, Chiadzwa, eastern Zimbabwe, to ensure access to mining revenue by senior members of the ruling party and top army officers between 2008 and 2014. They relied on child and forced labor.

© 2010 Reuters

Despite this complexity, jewelry companies have a responsibility to ensure that their businesses do not contribute to human rights abuses at any point in their supply chains. Under the United Nations Guiding Principles on Business and Human Rights, an international standard on human rights responsibilities of companies, businesses have to put in place “human rights due diligence”—a process to identify, prevent, mitigate, and account for their own impact on human rights throughout their supply chain. The Organisation for Economic Co-operation and Development (OECD) has developed this approach further in its “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,” the leading due diligence standard for minerals.

Consumers increasingly demand responsible sourcing too. A growing segment of younger consumers are concerned about the origins of the products they buy, and want to be sure that the jewelry they purchase has been produced under conditions that respect human rights.

In this report, Human Rights Watch scrutinizes steps taken by key actors within the jewelry industry to ensure that rights are respected in their gold and diamond supply chains. The report focuses on the policies and practices of 13 major jewelry brands, selected to include some of the industry's largest and best-known jewelry and watch companies and to reflect different geographic markets: Boodles (United Kingdom), Bulgari (Italy), Cartier (France), Chopard (Switzerland), Christ (Germany), Harry Winston (United States), Kalyan (India), Pandora (Denmark), Rolex (Switzerland), Signet (United States-based parent company of Kay Jewelers and Zales in the US, Ernest Jones and H. Samuel in the UK, and other jewelers), Tanishq (India), Tribhovandas Bhimji Zaveri Ltd. (TBZ Ltd.) (India), and Tiffany and Co. (US). Collectively, these 13 companies are estimated to generate over \$30 billion in annual revenue.

Human Rights Watch first contacted these 13 companies with letters and requested meetings with each company. Ten companies responded. Nine sent written responses. Of those, six companies agreed to meet with Human Rights Watch. Another company met with Human Rights Watch without sending a letter. Three companies did not respond, despite repeated requests. Human Rights Watch analyzed the actions taken by the jewelers based on information provided directly by the companies, as well as publicly available information from company websites and other public sources. We also assessed the governance, standards, and certification systems of the Responsible Jewellery Council (RJC), an industry-led initiative with over 1,000 members, including jewelry manufacturers and retailers, refiners, and mining companies.





School children cross a mercury-polluted river in Malaya,
Camarines Norte, Philippines.

© 2015 Mark Z. Saludes for Human Rights Watch





Porgera mine, a large-scale gold mine in Papua New Guinea, operated by Barrick Gold, a Canadian corporation. In 2011, Human Rights Watch documented environmental concerns and violent abuses, including acts of gang rape by members of the mine's private security force.

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Our research found that most of the 13 jewelry companies we contacted directly recognize their human rights responsibilities and have made some efforts to responsibly source their gold and diamonds. However, their practices differ significantly.

Some of the companies scrutinized for this report have taken important steps to address human rights risks in the gold and diamond supply chain. For example, Tiffany and Co. can trace all of its newly mined gold back to one mine of origin and conducts regular human rights assessments with the mine. Cartier and Chopard have full chain of custody for a portion of their gold supply. Bulgari has conducted visits to mines to check human rights conditions. Pandora has published detailed information about its human rights due diligence efforts, including on noncompliance found during audits of its suppliers and steps it is taking to address them. In addition, two companies we contacted have pledged to take specific steps to improve their practices going forward. Boodles has pledged to develop a comprehensive code of conduct for its gold and diamond suppliers, and to make it public. The company has also pledged to report publicly on its human rights due diligence from 2019, and to conduct more rigorous human rights assessments. Christ has pledged to publish its supplier code of conduct and other information on its human rights due diligence efforts in the coming year.

While these are promising signs, we found that most companies still fall short of meeting international standards. While some companies are actively working to identify and address human rights risks in their supply chains, others rely simply on the assurances of their suppliers that their gold and diamonds are free of human rights abuses, without rigorously verifying these claims. Some have made no commitments to responsible sourcing at all. Almost none can identify the specific mines where all of their gold and diamonds originate. Few provide comprehensive public reports on their efforts to responsibly source gold and diamonds.

A gold mine near Nakibat and Nakiloro, Rupa, Moroto, Uganda. At this and other sites, international gold companies in Uganda have failed to secure free, prior, and informed consent from indigenous Karamojong communities in northeastern Uganda before doing exploration.

© 2013 Jessica Evans/Human Rights Watch







A group of boys working at Tabakoto mine, in Kéniéba Cercle in Mali's Kayes region. Young boys frequently dig holes or pull up the ore with buckets.

© 2011 Juliane Kippenberg/Human Rights Watch

Based on information provided to us by the companies directly and publicly available information, we assess the company's responsible sourcing policies and practices as follows:

Excellent (*Companies that fulfill all of the criteria for responsible sourcing*): None

Strong (*Companies that have taken significant steps towards responsible sourcing*): Tiffany and Co.

Moderate (*Companies that have taken some important steps towards responsible sourcing*): Bulgari, Cartier, Pandora, Signet

Weak (*Companies that have taken few steps towards responsible sourcing*): Boodles, Chopard, Christ, Harry Winston

Very weak (*Companies for which there was no evidence of steps towards responsible sourcing*): Tanishq

No ranking due to nondisclosure (*Companies that provide no information regarding responsible sourcing*): Kalyan, Rolex, TBZ Ltd.

Our research also found that many companies are over-reliant on the Responsible Jewellery Council for their human rights due diligence. The RJC has positioned itself as a leader for responsible business in the jewelry industry, but has flawed governance, standards, and certification systems. Despite its shortcomings, many jewelry companies use RJC certification to present their gold and diamonds as "responsible." This is not enough.

While the industry has a long way to go, some exciting initiatives have emerged in recent years to show that change is possible. The Canadian jeweler Fair Trade Jewellery Co. has recently started to import fully-traceable gold from artisanal mines in the Democratic Republic of Congo. A growing number of small jewelers in the UK and elsewhere are sourcing their gold from artisanal mines in Latin America that are certified under the Fairtrade or the Fairmined gold standard. And a Canadian diamond company, the Dominion Diamond Corporation, has introduced a line of traceable diamonds called CanadaMark, which are independently tracked at every stage from the mine to polished stone.

To move forward, all jewelry companies need to put in place strong human rights safeguards—otherwise, they risk contributing to human rights abuses. In particular, companies should:

- Put in place a robust supply chain policy that is incorporated into contracts with suppliers;
- Establish chain of custody over gold and diamonds by documenting business transactions along the full supply chain back to the mine of origin, including by requiring suppliers to share detailed evidence of the supply chain;
- Assess human rights risks throughout their supply chains;
- Respond to human rights risks throughout their supply chains;
- Check their own conduct and that of their suppliers through independent third-party audits (a systematic and independent examination of a company's conduct);
- Publicly report on their human rights due diligence, including risks identified;
- Publish the names of their gold and diamond suppliers;
- And source from responsible, rights-respecting artisanal and small-scale mines.

To be credible, the Responsible Jewellery Council should become a true multi-stakeholder body by giving civil society and industry representatives equal decision-making power at all levels and strengthening its standards and auditing practices to set a higher bar for responsible sourcing practices by the industry.



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GHANA

A Human Rights Watch team met “Peter,” age 15, at an artisanal and small-scale gold mine in Odahu, Amansie West district, Ghana’s Ashanti region in March 2016. Peter and several other children were digging ore out of deep, unsecure pits that were placed underneath a mass of hard rock. Peter also used toxic mercury, without being aware of the health risks. Peter described his life:

“I am working at the old Chinese mining site. I bring the load up from the ground, I dig. I also do the washing [processing of the gold ore]. I use mercury, and get it from the gold buyer.... I started about two years ago.... I use the money [I earn] to buy food and clothes, and give some to my mother. I am here every day, from 6 a.m. to 5 p.m.... I dropped out of school in P5 [5th grade of primary school]. I was unable to buy my things for school.... I wish I could have stayed in school.”



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PHILIPPINES

In Jose Panganiban, in the Philippines, “Joseph,” 16, mines gold underwater, sometimes diving for hours, breathing through a tube. He told Human Rights Watch in November 2014:

I started working when I was 12. Sometimes I help pull out the bags, and sometimes I go underwater. It’s just like digging with a shovel, and putting it in a sand bag. [To breathe] I use the compressor.... I bite the hose and release it whenever I need air, inhale, and exhale through my nose.... At first, it was hard to think about going down... I don’t use goggles. I basically don’t use my eyes. I use my hands to look for the passage, the canal.... Sometimes you have to make it up fast, especially if you have no air in your hose if the machine stops working. It’s a normal thing [for the compressor to stop working]. It’s happened to me.

I get a skin disease. It’s not itchy, and it doesn’t hurt. But the color of the skin changes. It gets red. I get it on my face.... I can smell [the fumes from the compressor] when they are transferring fuel. I can smell it because it travels down the hose.... If I work so hard underwater, I get tired.



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TANZANIA

In Chunya district, Tanzania in December 2012, Human Rights Watch interviewed “Rahim,” a 13-year-old boy who was involved in a mining accident. Rahim described his harrowing experience:

“I was digging with my colleague. I entered into a short pit. When I was digging he told me to come out, and when I was about to come out, the shaft collapsed on me, reaching the level of my chest ... they started rescuing me by digging the pit and sent me to Chunya hospital.”

The accident, Rahim told Human Rights Watch, knocked him unconscious and caused internal injuries. He remained in the hospital for about a week and over a year later still occasionally felt pain in his abdomen.



CENTRAL AFRICAN REPUBLIC

In November 2016, a resident from Bria, Central African Republic, told Human Rights Watch that fighters from two factions of the Seleka armed group—both of which have committed numerous war crimes—fought over control of roads leading to diamond mines around Kalaga, in the eastern Central African Republic. The two armed groups are the Popular Front for the Renaissance in the Central African Republic (Front Populaire pour la Renaissance de la Centrafrique, FPRC) and the Union for Peace in the Central African Republic (l'Union pour la Paix en Centrafrique, UPC). Human Rights Watch has documented serious crimes committed by these groups. Fighters from one of the factions, the Popular Front for the Renaissance in the Central African Republic deliberately targeted civilians from the Peuhl ethnic group, including two injured Peuhl men

An artisanal diamond mine in Sosso-Nakombo, near the border with Cameroon. Seleka rebels have withdrawn from this part of the country, but fighters for anti-Balaka militias and bandits often prey on the miners.

© 2015 Marcus Bleasdale

who were receiving treatment at the main hospital in the town of Bria, Haute Kotto province. FPRC fighters killed the two men outside the hospital's main entrance. An injured Peuhl witnessed the killings and told Human Rights Watch:

"We were on the hospital grounds, but not yet in the buildings. Men came to take us. They took two men, Amadou and Halidou, outside and killed them with guns and machetes."

The FPRC eventually gained access to the mines in Kalaga. Rebel commanders told Human Rights Watch that access to diamond mines was crucial to their operations.

I. Introduction

The Supply Chains for Gold and Diamonds

The Diamond Supply Chain

Approximately 130 million carats of rough diamonds are mined every year, including both gem-quality and industrial diamonds; about 70 percent, or 90 million carats, are gem quality.¹ Russia, Botswana, Canada, and Australia are the world's largest diamond producers, and the 10 largest mines account for over half of the world's diamond production.² Approximately 20 percent of gem-quality diamonds come from artisanal mines.³

The diamond industry is dominated by two giant mining companies, ALROSA, a Russian company, and De Beers, which operates mines in Botswana, Canada, Namibia, and South Africa. These two companies account for over half of the world's rough diamond sales. A handful of other mining companies—Rio Tinto, Dominion, and Petra—each have smaller shares of the diamond market.⁴

After rough diamonds are mined, they typically are exported to diamond trading hubs (or exchanges,) where they are sorted according to shape, color, size, and carat. The largest diamond trading hubs are in Antwerp and Dubai. Diamonds may be traded multiple times before they are sent to cutters and polishers. They may also be sent both in rough and polished form between several jurisdictions before being purchased and made into jewelry and watches; sometimes this involves mixing of shipments.⁵ At least 70 percent of diamonds are cut and polished in India, largely because of low labor costs, while

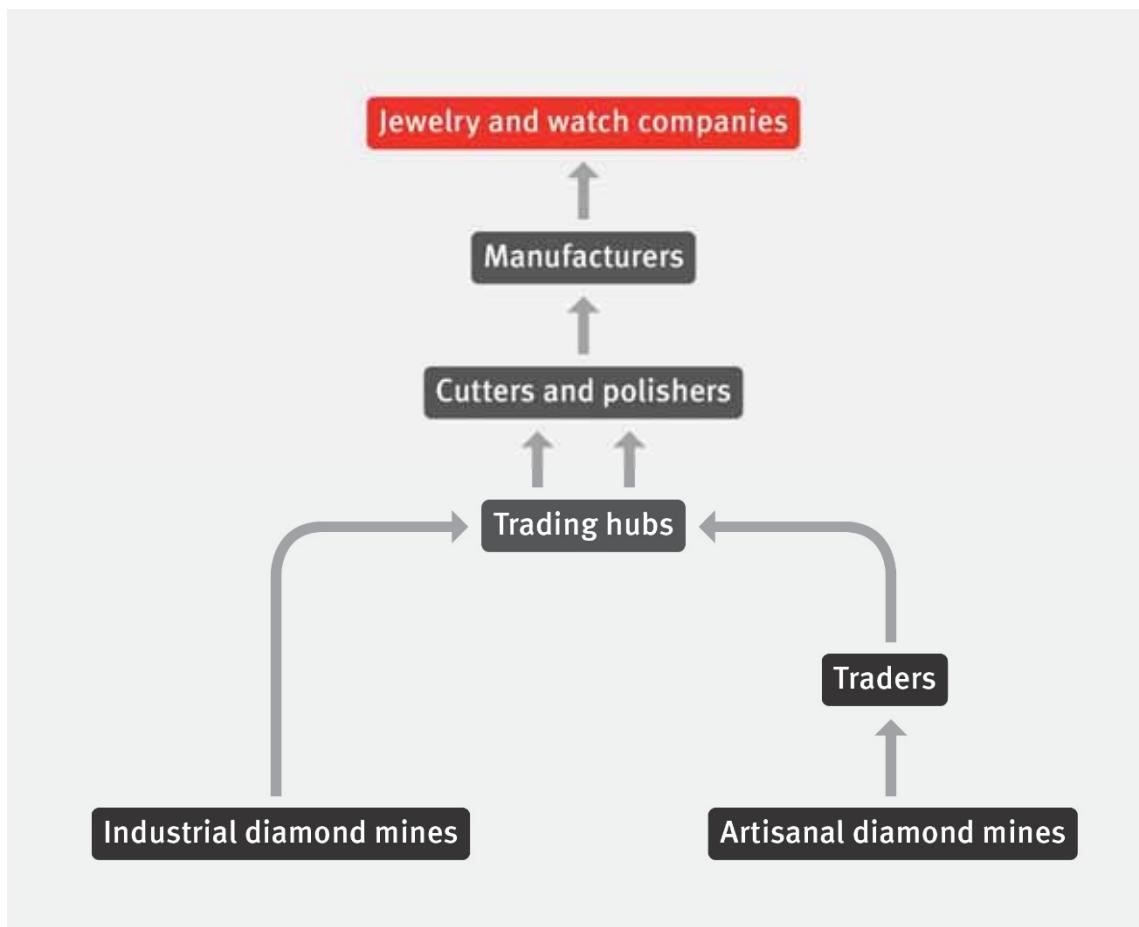
¹ Carat is a unit of mass equal to 200 milligrams (0.2 grams) and used for measuring gemstones. Bain and Company, “Global Diamond Industry Report,” December 5, 2016, <http://www.bain.com/publications/articles/global-diamond-industry-report-2016.aspx> (accessed January 8, 2018). Because diamonds are the hardest natural material known, they are used for cutting, drilling, and other industrial uses.

² Ibid.; Paul Zimnisky, “Global Rough Diamond Production Estimated to Hit over 135M Carats in 2015,” February 6, 2015, <http://www.paulzimnisky.com/global-rough-diamond-production-estimated-to-hit-over-135m-carats-in-2015> (accessed August 11, 2017).

³ Diamond Development Initiative, “The Issues,” undated, <http://www.ddiglobal.org/artisanal-mining/issues> (accessed August 10, 2017).

⁴ Bain and Company, “Global Diamond Industry Report.”

⁵ In this report, the term “jewelry” includes watches.



Example of Diamond Supply Chains⁶

approximately 20 percent are cut and polished in China.⁷ Once diamonds are cut and polished, they are sent to jewelry manufacturers, and finally, to retailers. The United States is the largest market for diamond jewelry, accounting for over 40 percent of the world's demand for polished diamonds.⁸

⁶ Supply chains for diamonds vary in length and complexity; this model just shows some examples of typical supply chains from large-scale and small-scale mines.

⁷ Bain and Company, “Global Diamond Industry Report,” Some sources estimate that up to 92 percent of all diamonds are cut and polished in India. Carl Jones, DMIA, “Where are diamonds cut?,” August 31, 2016, <http://www.dmia.net/where-are-diamonds-cut/> (accessed September 13, 2017).

⁸ De Beers, “The Diamond Insight Report 2016,” <http://www.debeersgroup.com/en/reports/insight/insight-reports/insight-report-2016/outlook.html> (accessed July 21, 2017); “Diamond industry faces headache as key U.S. market takes a knock”, Bloomberg, May 26, 2017, <https://www.bloomberg.com/news/articles/2017-05-26/diamond-industry-faces-headache-as-key-u-s-market-takes-a-knock> (accessed August 17, 2017). In 2017, Americans spent nearly US\$10 billion of jewelry for Valentine’s and Mother’s Day. National Retail Federation, “NRF Says Consumers will Spend \$18.2 Billion on Valentine’s Day,” February 1, 2017, <https://nrf.com/media/press-releases/nrf-says-consumers-will-spend-182-billion-valentines-day>, and NRF, “Mother’s Day Spending to Reach Record High,” April 24, 2017, <https://nrf.com/media/press-releases/mothers-day-spending-reach-record-high-236-billion> (accessed July 21, 2017).

Mining companies often do not disclose the mines of origin for the diamonds they sell. For example, both De Beers and ALROSA, the two largest diamond producers, aggregate diamonds from multiple mines before selling them to their customers.⁹ De Beers sells rough diamonds from eight mines located in four countries (Botswana, Canada, Namibia, and South Africa). The company states that it provides clients with “complete and unequivocal assurance” that its diamonds are responsibly sourced from its own or joint venture mines, but does not identify the mine or country of origin for individual diamonds.¹⁰

The Gold Supply Chain

Gold is mined in around 80 countries, with approximately 3,200 tons produced every year.¹¹ The largest producers are China, Australia, Russia, and the US.¹² Most gold comes from large, industrial mines, though 15 to 20 percent of the world’s gold comes from small-scale or artisanal mines, primarily in Africa, Asia, and Latin America.¹³ Jewelry accounts for over 50 percent of the world’s gold demand, an estimated 1,600 tons of gold for 2016.¹⁴ The world’s largest industrial gold mining companies include Barrick Gold Corporation (Canada), Newmont Mining (US), AngloGold Ashanti Limited (South Africa), Goldcorp Inc. (Canada), and Kinross Gold Corporation (Canada).¹⁵ These companies operate large-scale mining operations that are highly mechanized. Artisanal and small-scale mining, by contrast, is labor intensive, with simple machinery.

Gold from industrial mines may be exported directly to refiners, while artisanal gold may pass from one trader to another before being exported for refining. Gold refiners play a crucial role in the gold supply chain. Because the vast majority of the world’s gold passes

⁹ Email from Bruce Cleaver, chief executive officer (CEO), De Beers Group of Companies, to Human Rights Watch, December 18, 2017; Letter from Peter Karakchiev, head of International Relations Department, PJSC ALROSA, to Human Rights Watch, November 28, 2017.

¹⁰ Email from Bruce Cleaver to Human Rights Watch, December 18, 2017.

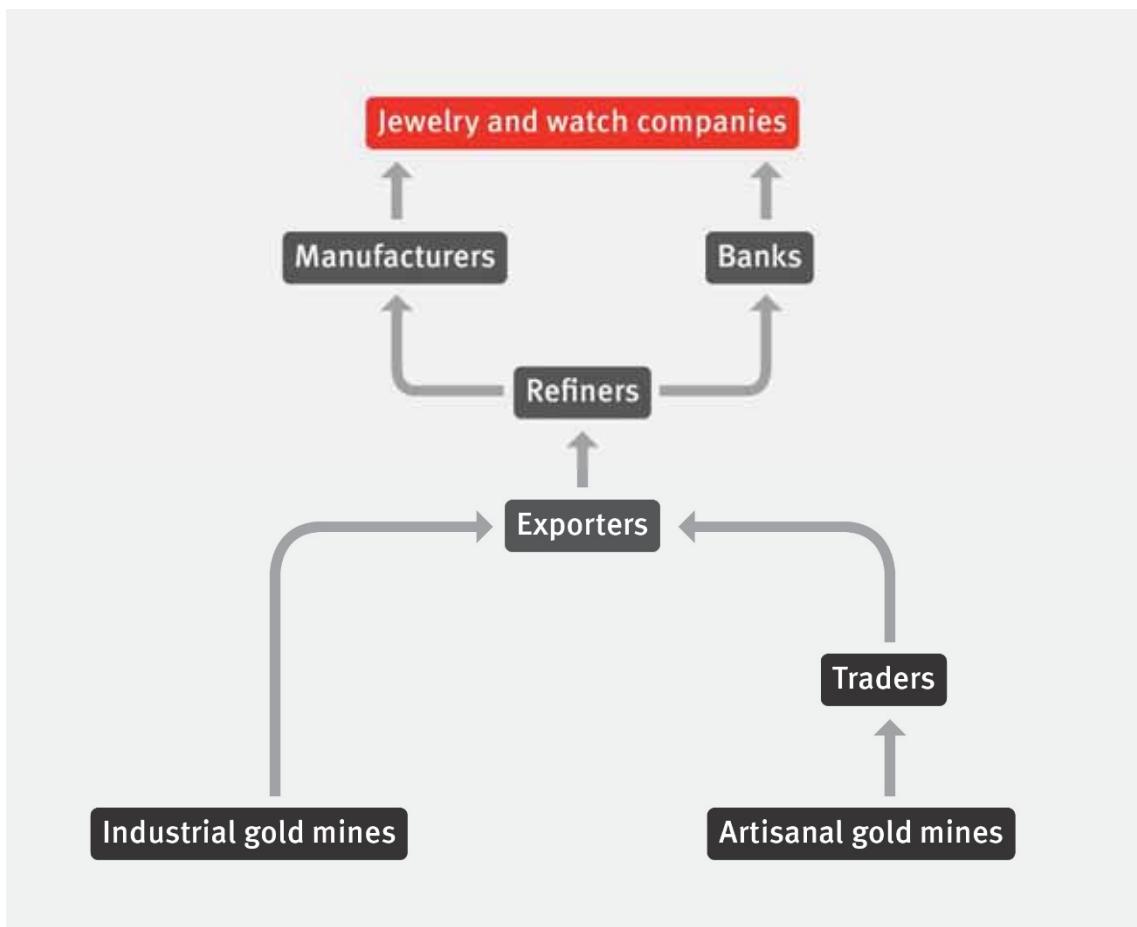
¹¹ World Gold Council, “Gold Demand Trends Full Year 2016,” February 3, 2017, <http://www.gold.org/research/gold-demand-trends/gold-demand-trends-full-year-2016/supply> (accessed August 21, 2017).

¹² World Gold Council, “Gold mining map,” undated, <http://www.gold.org/about-gold/gold-supply/gold-mining/gold-mining-map> (accessed August 21, 2017).

¹³ The World Bank, “Brief: Artisanal and Small-Scale Mining,” November 21, 2013, <http://www.worldbank.org/en/topic/extractiveindustries/brief/artisanal-and-small-scale-mining> (accessed August 18, 2017).

¹⁴ World Gold Council, “Gold Demand Sectors,” undated, <http://www.gold.org/about-gold/gold-demand/sectors-of-demand> (accessed July 21, 2017).

¹⁵ Vladimir Basov, “World’s Top 10 Gold Mining Companies – 2016,” *Mining.com*, March 3, 2017, <http://www.mining.com/update-worlds-top-10-gold-producers/> (accessed August 11, 2017).



Example of a Gold Supply Chain¹⁶

through a small number of refiners, these companies are sometimes called the “choke point” of the gold supply chain.¹⁷ For example, just four companies based in Switzerland—Valcambi, Metalor, Produits Artistiques Métaux Précieux (PAMP), and Argor-Heraeus—refine more than half of the world’s gold.¹⁸

Once gold is refined, it is sold to banks, manufacturers, jewelry and watch companies, electronics companies, or other businesses. Jewelry companies may source their gold

¹⁶ Supply chains for gold vary in length and complexity; this model just shows some examples of typical supply chains from large-scale and small-scale mines.

¹⁷ Organisation for Economic Co-operation and Development (OECD), “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals From Conflict-Affected and High-Risk Areas, First meeting of the OECD-hosted working group on gold, Summary report,” May 4, 2011, <https://www.oecd.org/investment/investmentfordevelopment/48582867.pdf> (accessed August 17, 2017).

¹⁸ Bullion Star, “The World’s Largest Precious Metals Refineries,” August 19, 2016. <https://www.bullionstar.com/blogs/bullionstar/the-worlds-largest-precious-metals-refineries/> (accessed July 26, 2017).

directly from refiners, or from manufacturers, banks, or international gold traders. China and India are the largest markets for gold jewelry, representing over 50 percent of global jewelry demand.¹⁹

Human Rights Abuses in the Gold and Diamond Supply Chain

Around the world, millions of people work in gold and diamond mining. The vast majority of them—an estimated 40 million people—work in artisanal and small-scale mines, which operate with little or no machinery and often belong to the informal sector.²⁰ Artisanal and small-scale mining is often an important source of livelihood for these populations and accounts for 15 to 20 percent of the world’s gold. Industrial mining operations are also major employers; around one million people work in industrial gold mining operations.²¹

However, mining has also contributed to human rights abuses. Human Rights Watch and other civil society groups have documented a wide range of human rights abuses in the context of gold and diamond mining, including labor rights abuses, conflict-related abuses against civilians, violations of the right to environmental health, and other violations.

The Worst Forms of Child Labor

An estimated one million—and possibly many more—children work globally in artisanal and small-scale mining, in violation of international human rights law, which defines work underground, underwater, or with dangerous substances as hazardous and, therefore, among the worst forms of child labor and prohibited for children.²² These prohibitions are

¹⁹ World Gold Council, “Gold Demand Trends Full Year 2016,” February 3, 2017, <http://www.gold.org/research/gold-demand-trends/gold-demand-trends-full-year-2016/jewellery> (accessed July 21, 2017). In India, weddings generate approximately 50 percent of the country’s annual gold demand. World Gold Council, “Geographical Diversity,” <http://www.gold.org/about-gold/gold-demand/geographical-diversity> (accessed July 21, 2017).

²⁰ ASM Inventory, “World Map of Artisanal and Small-Scale Mining: ASM Population,” undated, <http://www.artisanalmining.org/Inventory/> (accessed July 26, 2017).

²¹ World Gold Council, “Socio-Economic Impact of Mining Gold,” June 3, 2015, <http://www.gold.org/research/social-economic-impact> (accessed July 26, 2017).

²² International Labour Organization (ILO), “Mining and quarrying,” undated, <http://www.ilo.org/ipec/areas/Miningandquarrying/lang--en/index.htm> (accessed July 26, 2017, 2017); ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Worst Forms of Child Labour Convention), adopted June 17, 1999, 38 I.L.M. 1207 (entered into force November 19, 2000); ILO Recommendation concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, June 17, 1999, ILO No. R190, http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R190; Convention on the Rights of the Child (CRC), adopted November 20, 1989, G.A. Res. 44/25, annex, 44 U.N. GAOR Supp. (No. 49) at 167, U.N. Doc. A/44/49 (1989), entered into force September 2, 1990.

clearly reflected in the domestic laws of many countries where hazardous child labor nonetheless continues to persist. Children who work in mining are often exposed to extreme danger. Many children work in deep, unstable pits; some have been injured or even killed in accidents. Children suffer respiratory disease from inhaling dust, pain and back injury from the lifting of heavy rocks, and other health conditions from mining. In artisanal and small-scale gold mines, children may be exposed to toxic mercury, which is used for gold processing, and can cause lifelong brain damage and other irreversible conditions.

Human Rights Watch has documented the use of hazardous child labor in gold or diamond mining in Ghana, Mali, Nigeria, the Philippines, Tanzania, and Zimbabwe.²³ Other independent investigations have documented hazardous child labor in gold mines in Burkina Faso, Uganda, the Democratic Republic of Congo, and Indonesia.²⁴

Forced Labor and Human Trafficking

In some gold and diamond mines, adults and children have become victims of forced labor and human trafficking. Forced labor is understood as a situation where an individual works involuntarily and under “menace of penalty.”²⁵ Those who attempt to leave may face

²³ Human Rights Watch, *Deliberate Chaos: Ongoing Human Rights Abuses in the Marange Diamond Fields of Zimbabwe*, June 2010, <https://www.hrw.org/report/2010/06/21/deliberate-chaos/ongoing-human-rights-abuses-marange-diamond-fields-zimbabwe>; *A Poisonous Mix: Child Labor, Mercury, and Artisanal Gold Mining in Mali*, December 2011, <https://www.hrw.org/report/2011/12/06/poisonous-mix/child-labor-mercury-and-artisanal-gold-mining-mali>; *A Heavy Price: Lead Poisoning and Gold Mining in Nigeria’s Zamfara State*, February 2012, https://www.hrw.org/sites/default/files/related_material/Nigeria_0212.pdf; *Toxic Toil: Child Labor and Mercury Exposure in Tanzania’s Small-Scale Gold Mines*, August 2013, <https://www.hrw.org/report/2013/08/28/toxic-toil/child-labor-and-mercury-exposure-tanzanias-small-scale-gold-mines>; *Precious Metal, Cheap Labor: Child Labor and Corporate Responsibility in Ghana’s Artisanal Gold Mines*, June 2015, <https://www.hrw.org/report/2015/06/10/precious-metal-cheap-labor/child-labor-and-corporate-responsibility-ghanas>; “What ... If Something Went Wrong?” *Hazardous Child Labor in Small-Scale Gold Mining in the Philippines*, September 2015, <https://www.hrw.org/report/2015/09/29/what-if-something-went-wrong/hazardous-child-labor-small-scale-gold-mining>.

²⁴ Berne Declaration, “A Golden Racket: The True Source of Switzerland’s ‘Togolese’ Gold,” September 2015, https://www.publiceye.ch/fileadmin/files/documents/Rohstoffe/BD_2015_Investigation-Gold.pdf (accessed July 26, 2017); (accessed January 9, 2018); SOMO, “No Golden Future: Use of child labour in gold mining in Uganda,” April 2016, <https://www.somo.nl/wp-content/uploads/2016/05/No-golden-future-7.pdf> (accessed July 26, 2017); Richard C. Paddock, “The Toxic Toll of Indonesia’s Gold Mines,” *National Geographic*, May 24, 2016, <http://news.nationalgeographic.com/2016/05/160524-indonesia-toxic-toll/> (accessed January 10, 2017); Swedwatch and Afrikagrupperna, “Childhood Lost, Diamond Mining in the Democratic Republic of Congo and weaknesses of the Kimberley Process,” December 21, 2016, http://www.swedwatch.org/wp-content/uploads/2016/12/83_swedwatch_drc_diamonds_o.pdf (accessed January 15, 2018).

²⁵ ILO, ILO Convention No. 29 concerning Forced or Compulsory Labour (Forced Labour Convention), adopted June 28, 1930, 39 U.N.T.S. 55, entered into force May 1, 1932.

violence and other abuse. Human trafficking occurs when a person is recruited or transported by force, threat, or deception for the purpose of exploitation.²⁶

Human Rights Watch found that in Eritrea, for example, conscripts for the national service program were forced to work indefinitely for a subcontractor of a Canadian gold mining company. Workers have initiated a law suit against the company.²⁷ In Zimbabwe, from 2008 to 2014, workers were forced by the military to work in diamond mining.²⁸ Other studies have documented forced labor in gold mines in Peru and the Democratic Republic of Congo.²⁹

Environmental Harm

Gold and diamond mining operations have sometimes caused serious environmental damage and threatened people's rights to health, water, food, and a healthy environment.³⁰ For example, large-scale industrial mines have caused dangerous pollution through the dumping of tailings (mine residue), leakages, and accidents.³¹ An example is the 2014

²⁶ Protocol of 2014 to the Forced Labor Convention (P29), adopted June 11, 2014, Geneva, 103rd ILC session, entered into force November 9, 2016; Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention on Transnational Organized Crime (Trafficking Protocol), adopted November 15, 2000, G.A. Res. 55/25, annex II, 55 U.N. GAOR Supp. (No. 49) at 60, U.N. Doc. A/45/49 (Vol. I) (2001), entered into force December 25, 2003.

²⁷ Human Rights Watch, *Hear No Evil: Forced Labor and Corporate Responsibility in Eritrea's Mining Sector*, January 2013, <https://www.hrw.org/report/2013/01/15/hear-no-evil/forced-labor-and-corporate-responsibility-eritreas-mining-sector>; Karen McVeigh, "Canadian firm faces new forced labour claims over Eritrean mine," *The Guardian*, October 14, 2016 <https://www.theguardian.com/global-development/2016/oct/14/canadian-firm-nevsun-resources-new-forced-labour-claims-eritrea-bisha-mine> (accessed July 26, 2017).

²⁸ Human Rights Watch, *Diamonds in the Rough: Human Rights Abuses in the Marange Diamond Fields of Zimbabwe*, June 2009, <https://www.hrw.org/report/2009/06/26/diamonds-rough/human-rights-abuses-marange-diamond-fields-zimbabwe-deliberate-chaos>.

²⁹ Verité, "Risk Analysis of Indicators of Forced Labor and Human Trafficking in Illegal Gold Mining in Peru," 2013, https://www.verite.org/wp-content/uploads/2016/11/Indicators-of-Forced-Labor-in-Gold-Mining-in-Peru_o.pdf (accessed July 26, 2017); Free The Slaves, "Congo's Mining Slaves, Enslavement at South Kivu Mining Sites," June 2013, <https://www.freetheslaves.net/wp-content/uploads/2015/03/Congos-Mining-Slaves-web-130622.pdf> (accessed July 26, 2017).

³⁰ International Covenant on Economic, Social and Cultural Rights (ICESCR), adopted December 16, 1966, G.A. Res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 49, U.N. Doc. A/6316 (1966), 993 U.N.T.S. 3, entered into force January 3, 1976, art. 12.

³¹ Human Rights Watch, *Gold's Costly Dividend: Human Rights Impacts of Papua New Guinea's Porgera Gold Mine*, February 2011, <https://www.hrw.org/sites/default/files/reports/pngo211webwcover.pdf>; CPAWS Wildlands League, "Nothing to see here... failures of self-monitoring and reporting of mercury at the De Beers Victor diamond mine in Canada," December 2015, <http://wildlandsleague.org/media/REPORT-WL-20151220-FINAL-Special-Report-Victor-Mine.pdf> (accessed July 27, 2017); Brot Für Alle, "Profit wichtiger als Menschenrechte? Gold aus Burkina Faso und die Verantwortung der Schweiz," February 2016, https://brotfueralle.ch/content/uploads/2016/03/Studie_BurkinaFaso_Gold.pdf (accessed July 27, 2017); Earthworks and Great Basin Resource Watch, "U.S. Gold Mines Spills and Failures Report: The Track Record of Environmental Impacts Resulting from Pipeline Spills, Accidental Releases and Failure to Capture and Treat Mine Impacted Water," July 2017, <https://www.earthworksaction.org/files/publications/USGoldFailureReport2017.pdf> (accessed July 27, 2017).

mining disaster at the Canadian Mount Polley gold (and copper) mine, in which toxic tailings were unleashed into a lake and other waterways due to a tailings pond failure.³²

Artisanal and small-scale mining has also caused environmental harm. For example, small-scale gold mines emit annually an estimated 1,400 tons of mercury, a toxic metal that is used in gold processing but causes damage to the nervous system and can kill. The resulting pollution of air, water, and soil constitutes a global environmental threat and has resulted in negative health effects for workers and local communities living near such gold mines.³³ In Nigeria, artisanal gold mining has caused unintentional releases of lead that has killed over 400 children.³⁴

Land Rights and Indigenous People's Rights Violations

In some cases, international mining companies and governments have abused the rights of local residents when clearing land for exploration and mining.³⁵ In Zimbabwe, for example, the government has been accused of forcibly displacing villagers to make way for diamond mining in Marange.³⁶

Mining operations have also caused violations of the rights of indigenous peoples. International gold companies in Uganda, for example, failed to secure free, prior, and informed consent from indigenous Karamojong communities in Uganda before doing

³² Amnesty International, “A Breach of Human Rights: The Human Rights Impacts of the Mount Polley Mine Disaster, British Columbia, Canada,” May 2017, http://www.amnesty.ca/sites/amnesty/files/FINAL_May%202014_Mount%20Polley%20briefing.pdf (accessed July 31, 2017); United Nations Declaration on the Rights of Indigenous Peoples, adopted October 2, 2007, A/RES/61/295.

³³ UN Environment Programme, “Reducing Mercury in Artisanal and Small-Scale Gold Mining,” <http://web.unep.org/chemicalsandwaste/global-mercury-partnership/reducing-mercury-artisanal-and-small-scale-gold-mining-asgm> (accessed July 27, 2017); Herman Gibb and Keri Grace O’Leary, “Mercury exposure and Health impacts among individuals in the artisanal and Small-Scale Gold Mining Community: a Comprehensive Review,” *Environmental Health Perspectives*, 122 (7) (July 2014). The UN Minamata Convention on Mercury seeks to reduce exposure to mercury, including in artisanal and small-scale gold mining. Minamata Convention on Mercury, adopted January 19, 2013, UNEP(DTIE)/Hg/INC.5/7, entered into force August 16, 2017.

³⁴ Human Rights Watch, *A Heavy Price: Lead Poisoning and Gold Mining in Nigeria’s Zamfara State*, February 2012, https://www.hrw.org/sites/default/files/related_material/Nigeria_0212.pdf.

³⁵ United Nations Declaration on the Rights of Indigenous Peoples; Basic Principles and Guidelines on Development-Based Evictions and Displacement, February 7, 2007, U.N. Doc. A/HRC/4/18.

³⁶ Human Rights Watch, *Deliberate Chaos*; Mutare civil society organizations, “Press statement by Mutare Civil Society on pending forced evictions by ZCDC in Chiadzwa,” December 1, 2016, <https://business-humanrights.org/sites/default/files/documents/Mutare%20Civil%20Society%20Orgs%20Statement%20on%20Marange%20evictions%20Nov%202016.pdf> (accessed August 1, 2017).

exploration, in violation of international human rights standards.³⁷ Amnesty International reported that the Mount Polley mining disaster in Canada negatively affected the traditional livelihood of indigenous peoples—salmon fishing—and destroyed sacred lands and traditional medicines.³⁸ When indigenous people in some countries have protested against mining operations, they have sometimes faced repression and even been killed.³⁹

Armed Conflict Violations, Including Killings and Sexual Violence

Gold and diamond companies have also been directly linked to violations of international humanitarian law, which applies to situations of armed conflict. In particular, gold and diamond mining and trade have helped finance violent and abusive armed groups, including through money laundering.

For example, investigations by Human Rights Watch and other nongovernmental organizations have documented how the illegal gold trade in the Democratic Republic of Congo has benefited armed groups responsible for horrific crimes against civilians, including massacres and systematic sexual violence.⁴⁰ Other research has shown the link between diamond mining and human rights abuses in conflict-torn Central African Republic. Here, armed groups responsible for killings of civilians and other war crimes benefited from the diamond trade, and competing rebel factions have attacked diamond mining areas to obtain control over the business and loot diamond dealers. In November 2016, while fighting for control over roads leading to diamond mines around Kalanga, one

³⁷ Human Rights Watch, “How Can We Survive Here?” *The Impact of Mining on Human Rights in Karamoja, Uganda*, February 2014, <https://www.hrw.org/report/2014/02/03/how-can-we-survive-here/impact-mining-human-rights-karamoja-uganda>.

³⁸ Amnesty International, “A Breach of Human Rights: The Human Rights Impacts of the Mount Polley Mine Disaster.”

³⁹ Human Rights Watch, “Submission to the Universal Periodic Review of the Philippines,” September 2016, <https://www.hrw.org/news/2017/04/28/human-rights-watch-submission-universal-periodic-review-philippines>.

⁴⁰ Human Rights Watch, *Democratic Republic of Congo—The Curse of Gold*, June 2005, <https://www.hrw.org/report/2005/06/01/curse-gold>; IMPACT, “All That Glitters is Not Gold: Dubai, Congo, and the Illicit Trade of Conflict Minerals,” May 2014, <https://impacttransform.org/wp-content/uploads/2017/09/2014-May-All-That-Glitters-is-not-Gold-Dubai-Congo-and-the-Illicit-Trade-of-Conflict-Minerals.pdf> (accessed October 12, 2017); Global Witness, “River of Gold: How the state lost out in an eastern Congo gold boom, while armed groups, a foreign mining company and provincial authorities pocketed millions,” July 5, 2016, <https://www.globalwitness.org/en/campaigns/democratic-republic-congo/river-of-gold-drc/> (accessed January 10, 2017).;

faction deliberately targeted and killed Peuhl civilians in the area.⁴¹ Gold mining has also helped fund armed groups in Colombia.⁴²

Abusive government armed forces also have benefited from mining. For example, in Zimbabwe, army brigades were sent to the diamond mines to ensure access to mining revenue by senior members of the ruling party and the army itself between 2008 and 2014.⁴³ In Angola during 2015, soldiers and private security guards were accused by human rights activists of torturing and killing civilians in their quest to control diamond mining operations.⁴⁴

⁴¹ Amnesty International, “Chains of Abuse: The Case of Diamonds from the Central African Republic and the Global Diamond Supply Chain,” September 30, 2015, <https://www.amnesty.org/en/documents/afr19/2494/2015/en/> (accessed July 25, 2017); “Central African Republic: Civilians killed during clashes, Minority Peuhl at Risk, Better UN Protection Needed,” Human Rights Watch news release, December 5, 2016, <https://www.hrw.org/news/2016/12/05/central-african-republic-civilians-killed-during-clashes>.

⁴² The Global Initiative against Transnational Organized Crime, “Organized Crime and Illegally Mined Gold in Latin America,” April 2016, <http://globalinitiative.net/wp-content/uploads/2016/03/TGIATOC-OC-and-Illegally-Mined-Gold-in-Latin-America-Report-1718-digital.pdf> (accessed July 27, 2017).

⁴³ Human Rights Watch, *Diamonds in the Rough; Deliberate Chaos*. The Zimbabwean army is still linked to diamond operations, according to Global Witness. Global Witness, “An Inside Job. Zimbabwe: The state, security forces, and a decade of disappearing diamonds,” September 2017, <https://www.globalwitness.org/en/campaigns/conflict-diamonds/inside-job/> (accessed October 2, 2017).

⁴⁴ “Rights Activists Face Outrageous Trials, End Politically Motivated Prosecutions, Unfair Proceedings,” Human Rights Watch news release, June 15, 2015, <https://www.hrw.org/news/2015/06/18/angola-rights-activists-face-outrageous-trials>; Manuel Ribeiro, “New footage shows diamond diggers being tortured with a machete in Angola”, *PR*, June 23, 2016, <https://www.pri.org/stories/2016-06-23/new-footage-shows-diamond-diggers-being-tortured-machete-angola> (accessed September 17, 2017).

II. Existing Standards—And Why They Are Not Enough

Companies have human rights responsibilities. These responsibilities have been spelled out in the United Nations Guiding Principles on Business and Human Rights, an international standard that was endorsed by the UN Human Rights Council in 2011 and has since been widely recognized by companies. Under the Guiding Principles, companies are expected to take proactive steps to ensure that they do not cause or contribute to human rights abuses within their global operations, and respond to human rights abuses when they occur. This responsibility extends beyond companies' direct operations to include their global supply chains.

The Guiding Principles require companies to put in place **human rights due diligence**—that is, a process to identify, prevent, mitigate, and account for companies' impacts on human rights—throughout their supply chain.⁴⁵ Businesses should monitor their human rights impact on an ongoing basis and have processes in place to remediate adverse human rights impacts they cause or to which they contribute.⁴⁶

Some companies engage in philanthropy or social programs outside their own operations as part of their commitments to corporate social responsibility. Such charitable endeavours are largely unrelated to the question of whether a company is living up to its human rights responsibilities under the UN Guiding Principles.

In addition to the UN Guiding Principles, several global standards have been developed specifically for precious metals and stones, including the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by the Organisation for Economic Co-operation and Development (OECD), the Kimberley Process Certification Scheme, and two standards by the Responsible Jewellery Council.

While the UN Guiding Principles and industry-specific standards can play a role in guiding companies towards responsible sourcing, they all suffer from a number of weaknesses,

⁴⁵ United Nations Human Rights Council, “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework,” 2011, http://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_en.pdf (accessed August 1, 2017).

⁴⁶ UN Human Rights Council, “Guiding Principles,” arts. 13-24.

notably their voluntary nature and a lack of strong monitoring and enforcement mechanisms. Many voluntary initiatives are also undermined by poor and intransparent audits.

Very few countries have laws requiring companies to conduct mandatory human rights due diligence in their supply chain. In 2010, the United States passed conflict minerals legislation, in section 1502 of the Dodd-Frank Act, requiring companies to conduct due diligence for minerals originating from the Democratic Republic of Congo and surrounding countries. However, in June 2017, the US House of Representatives voted to repeal this provision, and in September, approved a bill that would cut funding for implementation and enforcement of the provision; its future now depends on the decision by the US Senate.⁴⁷ The European Union has passed a Minerals Regulation that will enter into force from 2021. It will oblige companies importing gold, tin, tungsten, and tantalum into the European Union to conduct due diligence to ensure that they are not contributing to conflict-related abuses or other violations.⁴⁸

OECD Due Diligence Guidance – A Key Standard, Poorly Implemented

The most widely accepted standard in the precious minerals sector is the OECD’s “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.”⁴⁹ It builds on the concept of human rights due diligence developed in the UN Guiding Principles on Business and Human Rights—i.e. a process to identify, prevent, mitigate, and account for a company’s impact on human rights throughout their supply chain. The OECD Guidance lays out five steps for risk-based due diligence: 1) strong management systems, including systems to establish chain of custody;⁵⁰ 2) identification

⁴⁷ U.S. Securities and Exchange Commission, “Factsheet: Disclosing the Use of Conflict Minerals,” modified March 14, 2017, <https://www.sec.gov/opa/Article/2012-2012-163htm---related-materials.html> (accessed October 4, 2017); “Conflict Minerals Rule Faces Uncertain Future,” *National Law Review*, October 6, 2017, <https://www.natlawreview.com/article/conflict-minerals-rule-faces-uncertain-future> (accessed November 6, 2017).

⁴⁸ European Commission, “Combatting Conflict Minerals,” undated, <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/> (accessed October 4, 2017).

⁴⁹ Shortened here to OECD Due Diligence Guidance. Organisation for Economic Co-operation and Development (OECD), “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,” third edition, 2016, <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf> (accessed August 1, 2017). The OECD Due Diligence Guidance includes a Gold Supplement with specific provisions for this mineral. The OECD is an intergovernmental organisation with 35 member countries, founded in 1960 to stimulate economic progress and world trade.

⁵⁰ Chain of custody is defined as “a record of the sequence of entities which have custody of minerals as they move through a supply chain.” OECD, “OECD Due Diligence Guidance,” p. 65. For an in-depth definition of chain of custody, see ISEAL Alliance, “Effective Chain-of-Custody and Traceability,” video, 2013, <https://vimeo.com/54659735> (accessed January 15, 2018).

and assessment of risks in the supply chain; 3) a strategy to respond to identified risks; 4) third-party audits of supply chain due diligence; and 5) public reporting on supply chain due diligence.

The OECD Due Diligence Guidance applies to the sourcing of all minerals (including diamonds) and implicates a broad range of human rights. It is not limited to conflict regions but applies to all areas that are “high-risk,” such as areas of political instability, repression, institutional weakness, insecurity, collapse of infrastructure, widespread violence, violations of national or international law, or “other risks of harm to people.”⁵¹ The Guidance also applies to all actors in the supply chain; for gold, it distinguishes between “upstream” companies such as mines, gold traders in the country of origin, and international gold refiners, and “downstream” companies, such as international gold traders, bullion banks, jewelers, and other retailers.⁵² The standard has inspired a number of other standards for specific regions, actors, or minerals.⁵³

However, the OECD Due Diligence Guidance is voluntary and suffers from a lack of monitoring and implementation. States have committed to help put in place the Guidance, but failed to put in place mechanisms to track implementation—or lack thereof—by companies in their country.⁵⁴ Civil society groups have found that companies often fail to put the OECD Due Diligence Guidance into practice.⁵⁵

The OECD Due Diligence Guidance requires all companies in a supply chain, including jewelers and watch companies, to conduct due diligence on their suppliers when sourcing from conflict-affected and high-risk areas. But in practice, this often does not happen. Most of the companies assessed for this report told Human Rights Watch that they did not request

⁵¹ OECD, “OECD Due Diligence Guidance,” p. 13.

⁵² OECD “OECD Due Diligence Guidance, Gold Supplement,” p. 70. The terms are also commonly used for other supply chains, including diamonds.

⁵³ One of them is the “Responsible Gold Guidance” for refiners by the London Bullion Market Association (LBMA); this standard is particularly important for gold refiners who are only placed on the LBMA’s reputed “good delivery list” if they comply with it. LBMA, “LBMA Responsible Gold Guidance,” January 18, 2013, http://www.lbma.org.uk/assets/market/gdl/RGG20130118_v5.pdf (accessed August 1, 2017).

⁵⁴ Amnesty International, Human Rights Watch et al., “Proposal: Improving Implementation of the OECD Due Diligence Guidance through Reporting and Assessment,” May 2017, <https://www.hrw.org/news/2017/07/07/proposal-improving-implementation-oecd-due-diligence-guidance-through-reporting-and>.

⁵⁵ “Civil society statement at the 10th Forum on Responsible Mineral Supply Chains,” May 10, 2016, <https://www.hrw.org/news/2016/05/10/civil-society-statement-10th-forum-responsible-mineral-supply-chains>.

detailed information from suppliers on their due diligence and the human rights issues identified. As a result, they could not undertake robust and meaningful risk management.⁵⁶

The Kimberley Process—An Inadequate Model

The Kimberley Process Certification Scheme (KPCS) is the most prominent international standard with regards to diamonds.⁵⁷ The KPCS is a government-led international certification scheme, launched in 2003 to prevent trade in “conflict diamonds,” which it narrowly defines as rough diamonds used by rebel movements to finance wars against legitimate governments. Under the KPCS, member states have to set up an import and export control system for rough diamonds. The scheme requires documentation of the country of origin, but not of mines of origin.

The Kimberley Process suffers from a number of weaknesses.⁵⁸ First, it relies on an indefensibly narrow “conflict diamond” definition that only focuses on abuses perpetrated by rebels, ignoring those of state actors or private security firms. For example, the Kimberley Process has authorized exports of Angolan and Zimbabwean diamonds despite their being mined under highly abusive conditions.⁵⁹ Second, it applies only to rough diamonds, allowing stones that are fully or partially cut and polished to fall outside the scope of the initiative. Many diamond shipments that pass through trading hubs are also mixed with diamonds from other countries of export, thereby rendering the diamonds untraceable to either their initial country or mine of origin. Third, over time the Kimberley Process has proven itself reticent to impose sanctions on countries found noncompliant with Kimberley Process minimum requirements, other than in the most egregious and indisputable instances such as in war-torn Central African Republic. Finally, the World

⁵⁶ See section on company profiles below. Global Witness has shown how many companies exporting and trading minerals from the African Great Lakes region fail to report on their due diligence efforts. Global Witness, “Time to Dig Deeper,” August 2017, <https://www.globalwitness.org/en/campaigns/democratic-republic-congo/time-dig-deeper/> (accessed November 10, 2017).

⁵⁷ “Kimberley Process Certification Scheme (KPCS), “KPCS Core Document,” <https://www.kimberleyprocess.com/en/kpcs-core-document> (accessed August 1, 2017).

⁵⁸ “Human Rights Watch Statement on the Kimberley Process,” June 6, 2016, <https://www.hrw.org/news/2016/06/06/human-rights-watch-statement-kimberley-process>; Swedwatch and Afrikagrupperna, “Childhood Lost,” pp. 14-17; Global Witness, “Global Witness Leaves Kimberley Process,” December 2, 2011, <https://www.globalwitness.org/sv/archive/global-witness-leaves-kimberley-process-calls-diamond-trade-be-held-accountable/> (accessed August 1, 2017).

⁵⁹ Human Rights Watch, *Diamonds in the Rough*.

Diamond Council's System of Warranties, meant to support the KPCS, relies on written or oral assurances by diamond suppliers, rather than independent and transparent monitoring.

Due to these weaknesses, civil society groups have suggested that the OECD's Due Diligence Guidance—which is not limited to conflict areas—become the core standard for the diamond sector.⁶⁰ Industry groups, including jewelers like Signet and Tiffany and Co., have also stated publicly that the mandate of the Kimberley Process is too narrow, and should be expanded to include non-conflict-related abuses.⁶¹ However, spokespeople for the diamond industry have been reluctant to explicitly endorse the OECD Due Diligence Guidance, and focused instead on improving the System of Warranties.⁶²

The Responsible Jewellery Council—A Weak Assurance

The Responsible Jewellery Council (RJC) brings together more than 1,000 companies in the jewelry industry, including jewelers, manufacturers, refiners, mining companies, and others. It was founded in 2004 by a small group of 14 companies and trade associations interested in increasing consumer confidence that the jewelry they purchase is produced responsibly.⁶³ RJC members commit to and are audited against the Code of Practices, a standard that outlines responsible business practices for the jewelry supply chain; companies can also join an additional optional standard, the Chain-of-Custody Standard. Membership of the RJC, however, is no guarantee that a company's jewelry is responsibly sourced.⁶⁴ The RJC's governance, standards, and system of audits are flawed, allowing companies to be RJC-certified even if they fail to meet basic human rights standards.

⁶⁰ For example, IMPACT, Swedwatch, and Amnesty International. Some jewelers, such as Tiffany and Co. and Signet, have also criticized the KPCS' narrow definition of conflict.

⁶¹ Signet Jewelers, "2016 Corporate Responsibility Report," <http://www.signetjewelers.com/company/default.aspx> (accessed July 7, 2017), p 20; Tiffany and Co., "Sustainability Report 2016," <http://www.tiffany.com/sustainability/CSRFullReport.aspx#> (accessed August 29, 2017), p 20.

⁶² World Jewellery Confederation (CIBJO), "'We as an Industry Should Provide More Guarantees to the Final Consumer.' The Perspective of the President of the World Diamond Council," 2017, <http://www.cibjo.org/we-as-an-industry-should-provide-more-guarantees-to-the-final-consumer/> (accessed November 10, 2017); Human Rights Watch phone interview with Alan Martin, role?, IMPACT, November 9, 2017.

⁶³ Responsible Jewellery Council (RJC), "2012 Annual Progress Report," <https://www.responsiblejewellery.com/files/2012-RJC-Progress-Report2.pdf> (accessed October 3, 2017), p. 4; RJC, "Frequently Asked Questions, Membership & Member Responsibilities," undated, <http://www.responsiblejewellery.com/files/FAQs-on-Membership-Member-Responsibilities-20121.pdf> (accessed August 1, 2017).

⁶⁴ See also Earthworks, IndustriALL, et al., "More Shine than Substance. How RJC Certification Fails to Create Responsible Jewelry," May 2013, <https://www.earthworksaction.org/files/publications/More-Shine-Than-Substance-FINAL.pdf> (accessed August 2, 2017).

The RJC board is composed solely of 25 industry representatives from different positions in the supply chain, from mine to retail.⁶⁵ The board appoints the chief executive officer, approves new or revised RJC standards and certification models, and takes other key decisions. The RJC consults civil society and other actors and includes civil society representatives on its standard-setting committee, but is essentially an industry body.⁶⁶ Its decision-making bodies do not include consumer groups, representatives of mining communities (for example, organizations addressing land rights or environmental harms), trade unions or miners' associations, or human rights nongovernmental organizations (NGOs).

In late 2017, the RJC was reviewing both its standards; the new version of the Code of Practices is expected to include more specific requirements for human rights due diligence as spelled out in the OECD Due Diligence Guidance. Reform may be particularly urgent for RJC member companies now, as the European Union has made clear that it will recognize only refiners operating according to OECD-aligned standards as "responsible" for its minerals regulation entering into force in 2021.⁶⁷

The Code of Practices

The RJC requires all its members to comply with its Code of Practices, a standard that addresses human rights, labor rights, environmental impact, and mining practices in the jewelry supply chain. In order to be certified against the Code, a company needs to undergo an independent audit that confirms the company is in compliance.

The Code of Practices requires companies to have a human rights due diligence process that seeks to identify, prevent, mitigate, and account for human rights impacts, in line with

⁶⁵ RJC, "Governance," undated, <http://www.responsiblejewellery.com/about-rjc/governance/> (accessed August 2, 2017).

⁶⁶ RJC, "Governance Handbook," October 2012, https://www.responsiblejewellery.com/files/RJC_Governance_Handbook_2012-update_OCT.pdf (accessed August 2, 2017); "RJC Standards Committee," undated, <http://www.responsiblejewellery.com/rjc-standards-committee/> (accessed August 2, 2017). The following nongovernmental organizations (NGOs) are members of the 27-member RJC Standards Committee: IMPACT (formerly Partnership Africa Canada), World Wildlife Fund, Alliance for Responsible Mining, Solidaridad, and the Global Initiative Against Transnational Organized Crime. Human Rights Watch was a member of the Standards Committee in 2012-2013.

⁶⁷ European Commission, "In Focus: Conflict minerals - The Regulation Explained," undated, <http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/> (accessed November 10, 2017); OECD, "Alignment assessment of industry initiatives with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains," June 2017, <http://mneguidelines.oecd.org/industry-initiatives-alignment-assessment.htm> (accessed November 10, 2017).

the UN Guiding Principles on Business and Human Rights. However, the Code of Practices provides little detail on how supply chain due diligence should be implemented. It makes no reference to the OECD Due Diligence Guidance—the international standard for due diligence in the minerals sector—and provides no detail on what steps companies should take to conduct due diligence themselves, or what evidence companies should require from their suppliers in this regard.⁶⁸ According to an RJC auditor, suppliers only need to pledge that they conduct strong human rights due diligence, but do not provide any evidence for this.⁶⁹ Neither does the Code of Practices require jewelers—or other downstream companies—to have traceability or chain of custody of their gold or diamonds.⁷⁰ The Code of Practices is also weak in other substantive areas, for example, on indigenous peoples' rights and on resettlement.⁷¹

RJC members are given two full years to comply with the standard after joining, but benefit from the reputation of the RJC in the interim.⁷² For example, in March 2017, the RJC had 342 members who had not (yet) completed the audit process that certifies compliance with the Code of Practices.⁷³

In addition, companies can join at any level of their operations. For example, a small subsidiary office of a large jewelry company could apply for RJC membership, without including the rest of the company's entities.⁷⁴ If the subsidiary's name is similar to the larger group, the entire group may enjoy a reputational benefit even when most entities do not comply with the standard—an issue that the RJC itself has recognized as a potential problem.⁷⁵ Another loophole is that the Code of Practices allows companies to exclude

⁶⁸ RJC, "Code of Practices," November 2013, http://www.responsiblejewellery.com/files/RJC_Code_of_Practices_2013_V.2_eng.pdf (accessed January 9, 2018).

⁶⁹ Human Rights Watch interview with RJC auditor, August 8, 2017.

⁷⁰ RJC, "Code of Practices."

⁷¹ Ibid., provisions 30, 31, and 34. Juliane Kippenberg (Human Rights Watch), "The Jewellery Industry Needs a Gold Standard to Protect Workers from Abuse," commentary, *International Business Times*, November 28, 2013, <https://www.hrw.org/news/2013/11/28/jewellery-industry-needs-gold-standard-protect-workers-abuse>. A full critique of the 2011 Code of Practices, see Earthworks, IndustriALL et al., "More Shine than Substance."

⁷² RJC, "Code of Practices."

⁷³ Email from Maria Mursell, training and assurance manager, RJC, to Human Rights Watch, March 15, 2017.

⁷⁴ RJC, "Code of Practices," provision G (Certification Scope): "The choice of what parts of a business joins RJC as a Member and seeks Certification is an individual business decision;" "Assessment Manual," November 2013, https://www.scsglobalservices.com/files/program_documents/rjc_assessment_manual_2013_eng.pdf (accessed November 8, 2017), p. 22.

⁷⁵ Human Rights Watch meeting with Andrew Bone, director, RJC, London, September 14, 2017. The RJC said that when a company as a whole is using the RJC name even though only a subsidiary is certified, the RJC intervenes to stop this.

facilities from the scope of its certification where it does not have full control, meaning more than 50 percent ownership.⁷⁶ As a result, certification may exclude operations of significant size. For example, Rio Tinto has excluded the Grasberg gold mine in Indonesia, of which it owns 40 percent, from its RJC certification scope.⁷⁷ The Grasberg mine has been the site of numerous deaths of workers and other labor rights issues.⁷⁸

Finally, the Code of Practices does not require companies to publicly report on the concrete steps they have taken to conduct due diligence—a core requirement of the OECD Guidance. Its reporting obligations are vague and do not mention due diligence or the need for companies to report on the steps they have taken to identify, assess, and mitigate risks in their supply chains.⁷⁹

The Code of Practices is currently under review, and a new version of the Code—announced for the end of 2018—is expected to include more specific requirements for human rights due diligence as spelled out in the OECD Due Diligence Guidance.⁸⁰

The Chain-of-Custody Standard

A second RJC standard, the Chain-of-Custody Standard, promotes traceability and is more rigorous, but adherence to it is optional for RJC members. By early 2018, only 48 of over 1,000 member companies had certified entities under the standard, including 13 jewelers.⁸¹ The Chain-of-Custody Standard requires companies to establish documentary evidence of business transactions along the supply chain and to confirm they are not

⁷⁶ RJC, “Code of Practices, ‘Glossary,’ ‘Certification Scope,’ ‘control,’” pp. 25, 27.

⁷⁷ RJC, “Rio Tinto, Member Certification Information,” June 17, 2015–June 17, 2018, <https://www.responsiblejewellery.com/files/RJC-COP-13-Certificate-Rio-Tinto.pdf> (accessed October 12, 2017); Earthworks, IndustriALL et al., “More Shine than Substance”, pp. 20-23.

⁷⁸ IndustriALL, “Rio Tinto, The Way it Really Works,” July 14, 2015, http://www.industriall-union.org/sites/default/files/uploads/documents/Rio_Tinto_Campaign/pre-agm_handout_hires21.pdf (accessed August 2, 2017).

⁷⁹ RJC, “Code of Practices,” provision 3. This provision requires members to “communicate to stakeholders at least annually on their business practices relevant to the RJC Code of Practices” and mining facilities to report annually on their sustainability performance.

⁸⁰ RJC, “Code of Practices Review,” <https://www.responsiblejewellery.com/standards-development/code-of-practices-review-2/> (accessed October 10, 2017); Email from Maria Mursell, training and assurance manager, RJC, to Human Rights Watch, March 15, 2017.

⁸¹ RJC, “Chain-of-Custody Certified Entities,” undated, <http://www.responsiblejewellery.com/members/chain-of-custody-certified-entities/> (accessed January 3, 2018).

causing adverse impacts in conflict-affected and high-risk areas.⁸² While the revised 2017 Chain-of Custody-Standard seeks to align with the OECD Due Diligence Guidance, it still falls short of the Guidance in some areas.

Crucially, the standard applies to gold and platinum, but not to diamonds, thereby excluding a significant part of the jewelry industry and allowing the diamond supply chain to be treated as an exception.

In addition, the standard does not require a comprehensive human rights due diligence process through identification and mitigation of risks, as set out by the OECD Due Diligence Guidance. Rather, the Chain-of-Custody Standard narrowly focuses on documentation of the supply chain through “know your customer” procedures, and even this is limited: Companies are not required to know the mine of origin or country of origin for their material; it suffices to have material that is declared “eligible.”⁸³

The Chain-of-Custody Standard also does not require companies to put in place chain of custody for all their operations or all their material, as the name might suggest. Instead, companies are allowed to select some “entities” under their control for certification, leaving other entities of a company uncertified. While this may allow for companies to gradually switch over to more responsible sourcing practices, the current practice also carries the risk that a whole company enjoys the reputational benefit when the majority of operations is not in compliance with the standard. Furthermore, companies are only required to segregate “eligible” material (material meeting the Chain-of-Custody Standard) and “non-eligible” material as it travels through the supply chain, but not to share information on the percentage of material that meets the standard, possibly allowing entities to be certified even if only a small fraction of their material meets the standard.⁸⁴

⁸² RJC, “Chain-of-Custody (CoC) Standard,” December 2017, <https://www.responsiblejewellery.com/files/2017-RJC-CoC-Standard.pdf> (accessed January 3, 2018).

⁸³ Ibid., provision 6.

⁸⁴ Ibid.

The Audit Process

All RJC member companies have to undergo an audit to demonstrate that they are compliant with the Code of Practices, and to receive certification.⁸⁵ Those companies that choose to obtain certification for the Chain-of-Custody Standard have to undergo a separate audit.

Audits are based primarily on a review of the company's written policies and documentation, and visits to a “representative set” of facilities.⁸⁶ The process has significant shortcomings. It is not an in-depth examination about whether the company actually implements or abides by its policies throughout its operations. For example, large companies may have operations in multiple countries, and rely on many suppliers, but still may receive RJC certification based on visits to only a few facilities under its direct control without any examination of many others. Gold and diamond mines typically are only visited if a mining company or individual mine is seeking certification; they generally are not included in audits for any downstream companies, such as jewelers.⁸⁷ Although audits are supposed to include questions on a broad range of human rights, auditors are not always qualified human rights experts.⁸⁸

Once the auditors complete their report, they only submit a summary report of the audit to the RJC, not the full audit report, which is shared only with the company. Based on the summary report and the auditor's recommendation, the RJC then determines whether a company should be certified. The RJC does not make the audit or its summary public.⁸⁹ It publishes only basic data about the company, the facilities included in the scope of certification, and the fact that an audit took place. External stakeholders have no way of knowing what facilities were visited; how the visit was conducted; how compliance with

⁸⁵ Where the RJC finds no or minor nonconformances in a company, the RJC grants certification for three years, though it can request a mid-term review after 18-24 months. Where the RJC finds major nonconformances, it grants certification for a period of one year.

⁸⁶ RJC, “Code of Practices,” p. 25.

⁸⁷ Human Rights Watch telephone interview with RJC auditor, August 8, 2017. An exception would be if the jewelry company owns a mining facility.

⁸⁸ Ernst and Young, “Human Rights and Professional Wrongs: Rethinking Corporate Social Compliance in the Supply Chain,” undated, [http://www.ey.com/Publication/vwLUAssets/EY_-_Human_rights_and_professional_wrongs/\\$FILE/ey-Social-compliance-and-human-rights-report.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Human_rights_and_professional_wrongs/$FILE/ey-Social-compliance-and-human-rights-report.pdf) (accessed October 12, 2017).

⁸⁹ RJC, “RJC Certification,” <http://www.responsiblejewellery.com/rjc-certification/> (accessed August 2, 2017); “Assessment Manual,” November 2013, <http://www.responsiblejewellery.com/files/RJC-Assessment-Manual.pdf> (accessed August 2, 2017). See also Earthworks, IndustriALL et al., “More Shine than Substance,” pp. 74-76.

human rights standards was assessed; what noncompliances were found; or what corrective actions might be required. The lack of transparency in RJC audits makes it very difficult for communities, workers, consumers, or other stakeholders to know precisely what was audited and the results of it, which undermines confidence in the certification system and makes it difficult for any party, including the RJC, to credibly evaluate the performance of the company.

Human Rights Watch research has shown that certified RJC member companies can source gold or diamonds mined under abusive conditions, even as they were deemed compliant with the RJC's standards. A 2014 investigation by Human Rights Watch found that the Swiss refinery Metalor had sourced from a Ghanaian export company that bought gold from traders all over Ghana, who in turn frequently bought gold at unlicensed artisanal sites where child labor occurred. The export company openly acknowledged that it had no human rights due diligence in place and could not guarantee that its gold was child-labor free.⁹⁰ In 2015, Metalor stopped sourcing gold from the artisanal and small-scale gold mining sector in Ghana.⁹¹

Human Rights Watch concludes that RJC certification provides little assurance that a company's products are responsibly sourced.

⁹⁰ Human Rights Watch, *Precious Metal, Cheap Labor*, pp. 48-50.

⁹¹ Email from José Camino, Group General Counsel, Metalor, to Human Rights Watch, May 12, 2016.

III. How Jewelry Companies Can Source Responsibly

Key Elements of Responsible Sourcing

The term “responsible sourcing” is used frequently, but may have different meanings in different contexts. Based on our research and relevant standards (in particular, the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance, including its Gold Supplement), we believe the following elements are critical to responsible sourcing by jewelry and watch companies:

- Adoption and implementation of robust supply chain policies—based on international human rights and humanitarian law, international labor standards and the OECD Due Diligence Guidance—that are incorporated into all contracts with suppliers;⁹²
- Traceability or chain of custody over gold and diamonds, including efforts to trace these minerals to their mines of origin by requiring full supply chain documentation from suppliers;⁹³
- Assessment of all human rights risks throughout the supply chain, including evidence of human rights due diligence by upstream suppliers, such as on-the-ground mine assessments;⁹⁴
- Concrete steps to mitigate all identified human rights risks, including by severing contracts with noncompliant suppliers;⁹⁵
- Third-party audits of the company’s and its suppliers’ human rights due diligence by auditors qualified to assess human rights issues;⁹⁶
- Annual public reporting on their human rights due diligence, including steps to manage and mitigate risks;⁹⁷

⁹² Organisation for Economic Co-operation and Development (OECD), “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,” third edition, 2016, <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf> (accessed August 1, 2017), Step 1.

⁹³ Ibid., Steps 1 and 2. Step 1 states that downstream companies identify the upstream gold refiner and request verification of the refiner’s due diligence. Step 2 calls on refiners, as part of their due diligence, to determine the origin (including the mine of origin) of their gold supply. Full supply chain information should include all relevant tax and export receipts from mine site to point of import, to demonstrate that the material has gone through legal channels.

⁹⁴ Ibid., Step 2.

⁹⁵ Ibid., Step 3.

⁹⁶ Ibid., Step 4.

⁹⁷ Ibid., Step 5.

- Publishing on an annual basis the names of their suppliers of precious metals and gems.⁹⁸

In addition, Human Rights Watch believes that jewelry companies should support and source from responsible, rights-respecting artisanal and small-scale mines.¹⁰¹ While labor abuses are widespread in the sector, artisanal mines provide income for millions of workers and thousands of mining communities. Human Rights Watch believes that the jewelry industry should strive to ensure that their efforts to mitigate supply chain human rights risks do not lead them to simply exclude all artisanal suppliers from their supply chains as the “path of least resistance.” Instead, they should support efforts to formalize and professionalize artisanal mines and improve working conditions.

Consumer Demand for Responsible Jewelry

Market research finds that a growing segment of consumers that purchase jewelry—and, in particular, younger “millennials” aged 18 to 34—are concerned about its origins. A 2016 survey of 75,000 customers in the top markets for diamond jewelry found that 36 percent of millennials (compared to 27 percent of older singles) said that the feature of diamond rings they were “least likely to compromise on” was responsible sourcing.⁹⁹ In 2015, millennials purchased US\$26 billion in diamond jewelry in the top 4 markets for diamond jewelry combined (US, China, India, and Japan), accounting for 45 percent of diamond jewelry sales in those countries.¹⁰⁰

⁹⁸ While the OECD Due Diligence Guidance does not specifically state that companies should publish the names of their suppliers, such transparency is increasingly recognized by investors and other stakeholders as a metric for evaluating the robustness of business human rights practices. The Corporate Human Rights Benchmark (CHRB), a collaborative effort by business and human rights organizations and investors, developed a public scorecard for the human rights practices of apparel, agricultural, and extractive companies. It assesses whether “[t]he Company maps its suppliers and discloses its mapping publicly.” The benchmark has been endorsed by 85 investors representing US\$5.3 trillion in assets. CHRB, “Corporate Human Rights Benchmark Pilot Methodology 2016,” March 2016, https://www.corporatebenchmark.org/sites/default/files/2017-03/CHRB_methodology_singles.pdf (accessed August 3, 2017).

⁹⁹ De Beers Group of Companies, “The Diamond Insight Report 2016,” September 2016, https://cdgwebsites.com/debeers/impact_2016/stable/downloads/De_Beers_Insight_Report_2016_web-ready.pdf (accessed January 9, 2018), p. 44.

¹⁰⁰ Ibid., p. 32.

¹⁰¹ In line with the OECD Due Diligence Guidance Appendix, “Suggested measures to create economic and development opportunities for artisanal and small-scale miners,” OECD, “OECD Due Diligence Guidance,” pp. 114-118.

Human rights due diligence comes at a cost, and therefore poses challenges for companies in the supply chain. The OECD Due Diligence Guidance recognizes this and is promoting cost-sharing within the industry.¹⁰² That way, all companies along the supply chain share the financial burden.

Promising Practices

A number of initiatives have emerged that can help jewelers trace their gold and diamonds to mines of origin, and more responsibly source from the artisanal sector. These initiatives are often implemented in local mining communities, with the assistance of nongovernmental organizations (NGOs) and other stakeholders, including from the jewelry industry.

Traceability and Chain of Custody

An important element of responsible sourcing is to put in place chain of custody systems to trace gold and diamonds to their mines of origin, and systematically record this information, resulting in traceability of material. Traceability and chain of custody information are not guarantees that international human rights and environmental standards are respected in the mines of origin, but are useful tools for jewelers who seek to assess and monitor human rights risks at the mine level.

In June 2017, the Canadian jeweler Fair Trade Jewellery Co. successfully imported the first fully-traceable gold from artisanal mines in eastern Democratic Republic of Congo, where artisanal gold is routinely smuggled to international markets.¹⁰³ The artisanal mines are supported by IMPACT (formerly called Partnership Africa Canada), a Canadian NGO, that set up the so-called “Just Gold” project to develop traceability and OECD-aligned due diligence. The project provides technical support to miners who are willing to improve their practices and channel their gold to legal exporters. About 600 adult miners have been registered at six mine sites; children cannot register.¹⁰⁴

¹⁰² OECD, “OECD Due Diligence Guidance, Introduction.”

¹⁰³ IMPACT, “Jeweller Completes First Export of Responsible and Conflict-Free Artisanal Gold From Eastern Congo to Canada,” news release, June 26, 2017, <https://impacttransform.org/en/jeweller-completes-first-export-of-responsible-conflict-free-artisanal-gold-from-eastern-congo-to-canada/> (accessed October 12, 2017).

¹⁰⁴ IMPACT, “Just Gold: A conflict-free artisanal gold pilot project,” undated, <https://impacttransform.org/wp-content/uploads/2017/10/just-gold-brochure-En-web.pdf> (accessed October 10, 2017).

A Canadian diamond company, the Dominion Diamond Corporation, has introduced a line of traceable diamonds called CanadaMark.¹⁰⁵ These diamonds can be traced back to two mines in northwestern Canada. Customers can send in a diamond's engraved serial number to request details.¹⁰⁶

Sourcing from Certified Mines

Certification of specific mines against responsible sourcing standards can provide jewelers with greater assurance that the gold or diamonds they purchase from those mines are not tainted by human rights abuses. Nongovernmental organizations such as Solidaridad and IMPACT can play a key role in supporting mines to improve practices so they are able to comply with the standard; this may include steps to tackle child labor, improve environmental conduct, access finance, and establish direct contact with buyers.¹⁰⁷ Currently, there are few such certification options and the availability of gold and diamonds from certified mines is quite limited.

Gold

Two standards certify artisanal and small-scale gold mines that conform to human rights, labor rights, and environmental standards—the Fairmined Standard and the Fairtrade Gold Standard.¹⁰⁸ Both require third-party audits of individual mines.

The **Fairmined Standard** was introduced by the Alliance for Responsible Mining (ARM) in 2014. Depending on the customer's license with Fairmined, the gold may be fully traceable to the mine of origin, or may be mixed with other gold.¹⁰⁹ Availability of Fairmined gold is

¹⁰⁵ Dominion Diamond Corporation, “CanadaMark,” October 23, 2017, <http://www.ddcorp.ca/operations/canadamark> (accessed October 4, 2017); CanadaMark, “The Mines,” undated, <http://www.canadamark.com/the-journey-1/the-mines> (accessed October 4, 2017).

¹⁰⁶ CanadaMark, “Verify My Diamond,” undated, <https://www.canadamark.com/#verify-my-diamond> (accessed October 4, 2017).

¹⁰⁷ Solidaridad, “Gold,” undated, <https://www.solidaridadnetwork.org/supply-chains/gold> (accessed October 10, 2017).

¹⁰⁸ Alliance for Responsible Mining, “Fairmined Standard for Gold from Artisanal and Small-Scale Mining, including associated precious metals, v.2.0,” April 5, 2014, http://www.responsiblemines.org/images/sampledata/EstandarFairmined/Fairmined%20Stnd%202%200_2014_.pdf (accessed August 29, 2017); Fairtrade International, “Fairtrade Standard for Gold and Associated Precious Metals for Artisanal and Small-Scale Mining,” 2013, https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2015-04-15_EN_Gold-and-Precious_Metals.pdf (accessed January 16, 2018).

¹⁰⁹ If the Fairmined gold is mixed with other gold, licensees can state that they have sourced a specific quantity of Fairmined gold, but are prohibited from using the Fairmined logo with a particular product. See Fairmined, “Ways to Engage with Fairmined,” undated, <http://www.fairmined.org/ways-to-engage-with-fairmined/> (accessed July 21, 2017).

limited, however, with a total annual output of approximately 500 kilograms of gold per year.¹¹⁰ This amount is just a small fraction of the gold used each year by several of the companies examined in this report.¹¹¹ As of early 2018, eight mines in four countries (Bolivia, Colombia, Mongolia, and Peru) were certified, with an additional 20 mining organizations working towards certification.¹¹² The Fairmined Gold Standard is currently developing a new “market entry” standard that seeks to assist artisanal gold mines in the process towards full certification.¹¹³

The **Fairtrade Standard** for Gold was launched in 2011. It is administered under the umbrella of Fairtrade International, and allows jewelers to trace their gold back all the way to the mine of origin.¹¹⁴ Fairtrade’s first certified mines were in Peru. Over the last few years, the Fairtrade Foundation, Solidaridad, and other NGOs conducted a program of training and support to artisanal and small-scale gold miners in Africa, and in early 2017, certified an artisanal gold mine in Uganda.¹¹⁵ Certified mines produced approximately 325 kilograms of gold in 2013-2014, and similar amounts more recently.¹¹⁶ Fairtrade gold supplies a network of jewelers in Europe, Australia, and North America. In the United Kingdom, where the Fairtrade Foundation has a strong presence, many small jewelers have shown a strong interest in selling Fairtrade gold.¹¹⁷ A Swiss public private partnership, the Swiss Better Gold Association, has linked up Swiss refiners, jewelry, and other gold companies with mines that are certified against the Fairmined and Fairtrade gold standards and has, together with NGOs and other actors, supported steps to improve conditions in gold mining.

¹¹⁰ Fairmined, “Our Impact,” undated, <http://www.fairmined.org/our-impact/> (accessed January 3, 2018).

¹¹¹ Tribhovandas Bhimji Zaveri Ltd. (TBZ Ltd.), “Evolving Strategies Sustaining Values: Annual Report 2015-2016,” 2016, <http://www.tbztheoriginal.com/pdf/TBZ-%20Annual%20Report%202015-16.pdf> (accessed July 201, 2017), p. 3.

¹¹² Ibid.

¹¹³ Alliance for Responsible Mining et al., “Market Entry Standard for Artisanal and Small-scale Producers of Gold and Associated Precious Metals,” July 25, 2017, <http://www.responsiblemines.org/wp-content/uploads/2017/07/MES-Terms-of-Reference-July252017.pdf> (accessed January 9, 2018).

¹¹⁴ Human Rights Watch interview with representative of Fairtrade Foundation, March 2017; Edelmetalle Scheideanstalt. “Fairtrade Goldbarren,” undated, <https://www.scheideanstalt.de/fairtrade-barren/> (accessed July 31, 2017).

¹¹⁵ Fair Trade Foundation, “Fairtrade brings hope to Uganda’s artisanal gold mines,” January 6, 2017, <http://www.fairtrade.org.uk/Media-Centre/Blog/2017/January/Fairtrade-brings-hope-to-Ugandas-artisanal-gold-mines> (accessed August 18, 2017); Email from Solidaridad to Human Rights Watch, October 6, 2017.

¹¹⁶ Fairtrade International, “Scope and Benefits of Fairtrade,” seventh edition, 2015, https://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2015-Monitoring_and_Impact_Report_web.pdf (accessed July 20, 2017).

¹¹⁷ Fairtrade Foundation, “Discover Fairtrade Gold,” undated, <http://www.fairtrade.org.uk/~media/FairtradeUK/Get%20Involved/Documents/Current%20Campaigns/Gold/Gold-Campaigner-Briefing.pdf> (accessed July 31, 2017).

Diamonds

In the artisanal diamond sector, the Development Diamond Initiative (DDI) is working to help register artisanal diamond miners, formalize the mining sector, and offer certification against the **Maendeleo Diamond Standard**.¹¹⁸ *Maendeleo* is a Swahili word meaning “development” and “progress.” The Maendeleo Diamond Standard goes beyond the conflict focus of other diamond schemes, such as the Kimberley Process, by addressing labor conditions, child labor, health and safety, and environmental protection. Independent auditors visit the mining sites at random to verify compliance with the standard, and DDI provides support to miners to help improve their practices. In mid-2017, DDI was implementing the Maendeleo Diamond Standard in 14 mining communities in Sierra Leone, and had sold small quantities of diamonds to a buyer in Belgium.¹¹⁹ It was also beginning implementation in the Democratic Republic of Congo.¹²⁰ A range of actors in the jewelry industry has supported the DDI, including De Beers, Tiffany and Co., Cartier, and Rio Tinto.¹²¹

In the future, the **Initiative for Responsible Mining Assurance** (IRMA) will offer jewelry companies another source of responsibly-sourced precious minerals and gems. IRMA was launched in 2006 to develop an independent standard for responsible mining, offering certification to individual mine sites, rather than mining companies.¹²² IRMA’s focus is industrial, rather than small-scale or artisanal mines. The IRMA standard focuses on social and environmental practices of mines, and has been developed by a broad stakeholder group that includes mining companies, jewelers, and other “downstream users,” nongovernmental organizations, affected communities, and labor unions. In 2018, IRMA is offering a launch phase of certification for interested mines. During the launch phase, IRMA says it will evaluate and refine its systems, with a goal to offer mines full certification starting in 2019.¹²³ Tiffany and Co. helped launch IRMA, and says it plans to source from IRMA-certified mines, when feasible.

¹¹⁸ Development Diamond Initiative (DDI), Maendeleo Diamond Standard Overview, April 2016, <http://www.ddiglobal.org/login/resources/overview-maendeleo-diamond-standards.pdf> (accessed August 18, 2017).

¹¹⁹ Human Rights Watch telephone interview with Dorothee Gizenga, executive director, Development Diamond Initiative, August 8, 2017.

¹²⁰ DDI, “What We Do,” undated, <http://www.ddiglobal.org/what-we-do> (accessed July 21, 2017)

¹²¹ Ibid.

¹²² The Initiative for Responsible Mining Assurance (IRMA) Standard for Responsible Mining, July 2014, <http://www.responsiblemining.net/irma-standard/> (accessed August 28, 2017).

¹²³ IRMA, undated, www.responsiblemining.net (accessed January 3, 2018).

Batch Processing

One challenge for jewelers is ensuring that gold produced under responsible conditions is kept separate from other gold during the refining process. Commonly, gold refiners mix gold from multiple sources when they refine it. Many refiners are resistant to so-called “batch” or “segregated” processing, since it typically costs more.¹²⁴ Nevertheless, some refiners are willing to segregate gold for processing, often at extra cost. For example, refiners including PX Précinox (Switzerland), Metalor (Switzerland), S&P Trading (France), and Ögussa (Austria) all refine Fairmined gold, segregating it from the other gold that they process.¹²⁵

Recycled Gold

Use of recycled gold can help avoid the human rights risks and environmental harms associated with newly-mined gold, as long as companies conduct due diligence; however, using recycled gold is not risk-free either, as it can be used for money laundering or wrongly labeled as recycled.¹²⁶ According to the World Gold Council, recycled gold accounts for approximately one-third of the total global supply of gold.¹²⁷ Jewelry, gold bars, and coins account for approximately 90 percent of post-consumer recycled gold, while the other 10 percent comes from industrial recycled gold, including electronics and cell phones.¹²⁸ Recycled gold can also refer to scrap material generated during refining or manufacturing, which is returned to a refiner or processor.

¹²⁴ Philip Olden, “OECD Due Diligence Guidance for Responsible Supply Chain Management of Minerals from Conflict and High-Risk Areas: Implications for the Supply Chain of Gold and other Precious Metals,” August 2010, <https://www.oecd.org/corporate/mne/46080654.pdf> (accessed August 29, 2017).

¹²⁵ Alliance for Responsible Mining, “The Important Role of the Authorized Supplier in the Fairmined Gold Value Chain,” October 23, 2016, <http://www.responsiblemines.org/en/news/the-important-role-of-the-authorized-suppliers-in-the-fairmined-gold-value-chain/> (accessed January 9, 2018).

¹²⁶ Marc Choyt and Greg Valerio, “Recycled Gold: How ethical is it really?,” September 14, 2016, <https://gregvalerio.com/tag/global-witness/> (accessed November 10, 2017). The Gold Supplement of the OCED Due Diligence deals with recycling as a potential risk for laundering gold to hide its origin, e.g. from conflict-affected areas. Refiners are bound by a broader set of rules, the “Responsible Gold Guidance.” London Bullion Market Association (LBMA), “LBMA Responsible Gold Guidance,” January 18, 2013, <http://www.lbma.org.uk/assets/RGG20130118.pdf> (accessed October 12, 2017).

¹²⁷ Boston Consulting Group and World Gold Council, “The Ups and Downs of Gold Recycling: Understanding Market Drivers and Industry Challenges,” March 2015, <https://www.gold.org/supply-and-demand/ups-and-downs-gold-recycling> (accessed January 9, 2018), p. 4. Recycled gold includes end-user, post-consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment gold and gold-bearing products. LBMA, “LBMA Responsible Gold Guidance.”

¹²⁸ Ibid, p. 4.

Small Jewelers Push for Change

Small jewelers in the UK have recently come together and formed a group called Fair Luxury, or FLUX, with the goal of promoting responsible sourcing from rights-respecting mines.¹²⁹ The group organizes events to showcase positive sourcing practices and strategize on how to bring about broader change. Many FLUX members source their gold from Fairtrade certified mines. One of the first jewelers in this field has been Cred Jewellery, founded by Greg Valerio, a campaigner for fair trade jewelry, and now led by Alan Frampton. Cred says that, “We never do business with any mine until we have visited them ourselves to ensure that our customers receive the best assurance of where their gold is coming from.”¹³⁰ Another jeweler producing gold jewelry exclusively from Fairtrade gold is Anna Loucah, an award-winning goldsmith and designer whose jewelry has been worn by celebrities.¹³¹

¹²⁹ FLUX, “Fair Luxury,” undated, <http://www.fairlux.co.uk/> (accessed August 28, 2017).

¹³⁰ Cred Jewellery, “The Cred Story- Pioneering Ethical Jewellery Since 1996,” <https://credjewellery.com/pages/the-cred-story> (accessed August 29, 2017).

¹³¹ International Jewellery London, “Anna Loucah,” <http://www.jewellerylondon.com/en/Contributors/4117025/Anna-Loucah> (accessed August 28, 2017).

IV. Company Rankings and Performance

Methodology

When preparing this report, Human Rights Watch sent letters to the 13 companies profiled below, requesting information about their policies and practices in relation to human rights due diligence and the sourcing of their gold and diamonds. These 13 companies were selected to include some of the industry's largest and best-known jewelry and watch companies and to reflect different geographic markets. Of the 13 companies, seven are based in Europe, three in the United States, and three in India. While these 13 companies are not necessarily representative of the entire industry, collectively, they generate an estimated US\$30 billion in annual revenue, about ten percent of global jewelry sales.

Nine companies responded in writing to Human Rights Watch's initial letters. The company responses varied widely, with some providing detailed information on their policies and practices, while others provided only general information on their approach to sourcing. An additional company met with Human Rights Watch by phone, but did not provide a written response. Three companies did not reply, despite repeated requests.

Human Rights Watch also requested meetings with each company, and spoke by phone or in person with senior staff of 7 of the 13 companies.¹³²

The information provided below is based on information provided to Human Rights Watch directly from the companies, as well as publicly available information from company websites, annual reports, disclosure statements, and other public sources.

Human Rights Watch assessed the companies by evaluating what they were doing to achieve the following elements of responsible sourcing:

¹³² Human Rights Watch met in person or by phone with Boodles (Jody Wainwright, director, and Michael Wainwright, managing director), Bulgari (Isabelle Castellini, vice president human resources and organisation, and Eleonora Rizutto, corporate social responsibility director), Christ (Bernd Schröder, chief executive officer, Franck Noack, head of quality management, and Diana Hampe, head of legal affairs), Pandora (Claus Teilmann Petersen, vice president group ethics), Signet Jewelers (David Bouffard, vice president), Tanishq (C.K. Venkataraman, chief executive officer) and Tiffany and Co. (Michael J. Kowalski, interim chief executive officer, Anisa Kamadoli Costa, chief sustainability officer, and Andy Hart, senior vice president, diamond and jewelry manufacturing).

- Adoption and implementation of a robust supply chain policy—based on international human rights and humanitarian law, international labor standards, and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance—that is incorporated into all contracts with suppliers;
- Chain of custody over gold and diamonds, including efforts to trace these minerals to their mines of origin by requiring full supply chain documentation from suppliers;
- Assessment of all human rights risks throughout the supply chain, including evidence of human rights due diligence by upstream suppliers, such as on-the-ground mine assessments;
- Concrete steps to mitigate identified human rights risks, including by severing contracts with noncompliant suppliers;
- Third-party audits of the company’s and its suppliers’ human rights due diligence by auditors qualified to assess human rights issues;
- Annual public reporting on their human rights due diligence, including steps to manage and mitigate risks;
- Publication of names of gold and diamond suppliers on an annual basis.

In addition and as explained above, Human Rights Watch believes that jewelry companies should engage in efforts to support and source from responsible, rights-respecting artisanal and small-scale mines.

Based on a company’s performance with regards to these criteria, we have indicated whether the company is taking **strong**, **moderate**, **weak**, or **very weak** steps towards responsible sourcing. Companies that have not shared information are in a separate category due to nondisclosure.

Below is an overview of findings, followed by a detailed description of each company. Annex 1 contains a table with summary information on all companies in relation to the criteria.

Overview

Some of the jewelry companies examined have made important efforts to responsibly source their gold and diamonds, while others have taken much weaker measures, or disclose nothing about their efforts to source gold and diamonds responsibly. While there

are significant differences in the companies' approaches, Human Rights Watch found that none of the companies fully meet our criteria for responsible sourcing. Among the key problems are a failure to assess human rights risks, a lack of public reporting, and an overreliance on the Responsible Jewellery Council (RJC) for their due diligence.

Five of the thirteen companies—**Bulgari**, **Cartier**, **Pandora**, **Signet**, and **Tiffany**—have a code of conduct for their suppliers that they make public. In most cases, they include these policies in contracts with their suppliers. Eight companies have no such policies or do not make them publicly available. **Boodles** has pledged to enhance its existing code of conduct and make it public; **Christ** has pledged to make its existing supplier code of conduct public.

No company that Human Rights Watch contacted can trace all of their gold and diamonds back to their mines of origin, ensuring full chain of custody. One company, **Tiffany**, has achieved full chain of custody for gold by sourcing its newly mined gold from just one mine, the Bingham Canyon Mine in Utah.¹³³ **Bulgari** can trace its gold to two refiners that are certified under the RJC's Chain-of-Custody Standard, but does not share information on mines of origin. **Cartier** and **Chopard** have chain of custody for a fraction of their gold supply. Cartier, for example, purchases the entire output of a “model mine” in Honduras.¹³⁴ The gold is fully traceable, and is refined in Italy at a facility that is solely dedicated to processing gold from the mine.¹³⁵ Some other companies—including **Pandora** and **Christ**—minimize risks of abuses in their gold supply chain by using almost exclusively recycled gold.

For diamonds, almost all companies require their suppliers to comply with the Kimberley Process, which should allow them to identify the country of origin of their diamonds, though the scheme suffers from a number of weaknesses. None of the companies can identify all of their diamonds' individual mines of origin.

¹³³ Tiffany and Co., “Sustainability Report 2016,” <http://www.tiffany.com/sustainability/CSRFullReport.aspx#> (accessed August 29, 2017), p. 23.

¹³⁴ Cartier, “Cartier and Corporate Social Responsibility – Gold,” undated, <http://www.en.cartier.com/maison/commitments/cartier-and-corporate-social-responsibility/resources-excellence/gold-12160.html> (accessed August 4, 2017).

¹³⁵ Goldlake Group, “Eurocantera,” undated, http://www.goldlake.co.uk/The_projects/Eurocantera.aspx# (accessed August 4, 2017).

The OECD Due Diligence Guidance elaborates a detailed mineral supply chain due diligence framework for companies operating in or sourcing from conflict-affected or high-risk areas. The Guidance offers a broad definition of “high-risk areas” that focuses largely on the prevalence of serious human rights abuses or violations of international law.¹³⁶ This includes, among other things, a context characterized by the prevalence of hazardous child labor.¹³⁷ Under this framework, where companies cannot trace their material all the way back to the mine, they should require upstream suppliers such as gold refiners to provide them with detailed evidence that they have conducted due diligence in their supply chain.

Four companies examined—**Bulgari, Pandora, Signet, and Tiffany and Co.**—said that they require their suppliers to conduct self-assessments of human rights risks. But even these assessments were limited. Bulgari acknowledged that it is not requiring suppliers to disclose their gold full supply chain to them, but relies on their certification under the RJC’s Chain-of-Custody Standard. Signet and Pandora largely rely on RJC audits against the weaker Code of Practices to assure themselves that their suppliers have fully assessed risks.¹³⁸ As outlined above, the RJC process provides inadequate assurance of due diligence. Only a few companies conduct their own visits to suppliers to evaluate conditions.

Only a few of the companies examined took any apparent action to respond to risks in their supply chain. At least four companies—**Bulgari, Pandora, Signet, and Tiffany and Co.**—have systems to work with suppliers to help them meet standards and take corrective action, as necessary.¹³⁹ **Boodles** has pledged to do so. Some jewelry companies state that

¹³⁶ Organisation for Economic Co-operation and Development (OECD), “OECD Due Diligence Guidance,” p. 13, third edition, 2016, <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf> (accessed August 1, 2017).

¹³⁷ OECD, “Due Diligence Guidance,” pp. 20-21; “Practical actions for companies to identify and address the worst forms of child labor in mineral supply chains,” 2017, <https://mneguidelines.oecd.org/Practical-actions-for-worst-forms-of-child-labour-mining-sector.pdf> (accessed November 7, 2017).

¹³⁸ Email from David Bouffard, vice president, Signet Jewelers, to Human Rights Watch July 10, 2017; Email from Claus Teilmann Petersen, vice president group ethics, Pandora, to Human Rights Watch, April 25, 2017.

¹³⁹ See, for example, Pandora, “Responsible Supplier Programme, Pandora Ethics Report 2016,” http://pandoragroup.com/~/media/Files/Corporate/PDF/CSR/PANDORA_Ethics_Report_2016.pdf (accessed January 9, 2018), p. 25; Tiffany and Co., “Social Accountability Program, Sustainability Report 2016,” p. 36; Email from David Bouffard to Human Rights Watch, July 10, 2017; Human Rights Watch telephone interview with Isabelle Castellini, vice president human resources and organisation, and Eleonora Rizutto, corporate social responsibility director, Bulgari, Human Rights Watch, May 24, 2017.

they will sever contracts with suppliers that fail to meet standards, but it is difficult to appraise their willingness to do so in practice.¹⁴⁰

The OECD Due Diligence Guidance requires independent third-party audits of suppliers' due diligence. Ideally, this should include unannounced visits at mine sites by qualified monitors. More than half of the companies Human Rights Watch examined conducted no apparent third-party audits of their suppliers, either on their own, or through other entities like the RJC. Others, particularly Cartier and Signet, rely heavily on the RJC for such audits: They waive their own third-party audits for RJC-certified suppliers, delegating the task to the RJC.¹⁴¹ In such cases, the companies' own supplier codes of conduct—no matter how robust—may become irrelevant. In practice, companies rarely appear to use their own third-party auditors to assess their gold and diamond suppliers and almost none of the companies include visits to mines of origin as part of their third-party audits. The exceptions appear to be **Tiffany**, which conducts regular audits for all suppliers considered “high-risk” and regular audits of a sample of medium- and low-risk suppliers, and **Pandora**, which requires its suppliers to undergo audits for the RJC, but also independently audits some of its suppliers and visits mine sites where “red flags” have been identified.¹⁴²

Jewelry companies should report annually on their human rights due diligence, including risks identified and steps taken to manage these risks. Only about half of the jewelry companies assessed report publicly on their sourcing of gold and diamonds.¹⁴³ Those that do typically include only general information on their sourcing policies and practices. Very few companies include any information at all about the results of their audits, areas of noncompliance, or steps that they are taking to address problems. One company that stands out is **Pandora**, which publishes an annual ethics report that includes an overview of noncompliance issues identified through its supplier audits.¹⁴⁴

¹⁴⁰ Email from Anisa Kamadolli Costa, chief sustainability officer, Tiffany and Co., to Human Rights Watch, September 11, 2017.

¹⁴¹ Email from David Bouffard, to Human Rights Watch, July 10, 2017; Richemont, “Corporate Social Responsibility 2017,” July 14, 2017, https://www.richemont.com/images/csr/2017/csr_report_2017.pdf (accessed August 4, 2017), p. 24.

¹⁴² Tiffany and Co., “Sustainability Report 2016”, p. 36.

¹⁴³ Bulgari (via its parent company, LVMH Moet Hennessy Louis Vuitton S.E. (LVMH)), Cartier (via its parent company, Richemont), Harry Winston (via its parent company, The Swatch Group AG), Pandora, Signet, and Tiffany and Co.

¹⁴⁴ Pandora, “Pandora Ethics Report 2016,” http://static.pandora.net/campaigns/pandoragroup/reports/PANDORA_Ethics_Report_2016/index.html#1 (accessed January 9, 2018).

Publishing information about a company’s suppliers provides consumers and investors more meaningful information about the source of jewelry and watches and sends a message that companies are willing to be accountable when human rights abuses are found in their supply chain. However, none of the companies examined publish all the names of their gold and diamond suppliers. Some state that they do not do so to maintain competitive advantage. Several companies—such as **Cartier, Chopard, Signet, and Tiffany**—publish names of a few suppliers. For example, Signet publicly identifies De Beers, ALROSA, and Rio Tinto as suppliers of their rough diamonds.¹⁴⁵

Finally, only a small number of companies evaluated source gold or diamonds from small-scale or artisanal mines, or support such mining initiatives. The Swiss jeweller **Chopard**, for example, sources a small proportion of its gold directly from artisanal mining cooperatives in Latin America that are certified against the Fairmined standard.¹⁴⁶ The company worked with the mines for three years to help them achieve Fairmined certification, providing them with financial support and expertise.¹⁴⁷ **Cartier**, as mentioned above, purchases the entire output of a “model” mine in Honduras that produces both industrially- and artisanally-mined gold. Cartier has also sourced gold from a Peruvian gold mine that has been certified against both the Fairtrade and Fairmined standards.¹⁴⁸ Several other companies, including Signet, Tiffany and Co., Cartier, and Harry Winston’s parent company, Swatch, have provided financial support to initiatives to develop responsible artisanal mines. Boodles, Pandora, Signet, and Tiffany and Co. state that they are exploring the possibility of sourcing from small-scale and artisanal mines in the future.¹⁴⁹

¹⁴⁵ Signet Jewelers, “2016 Corporate Responsibility Report,” <http://www.signetjewelers.com/company/default.aspx> (accessed July 7, 2017), p. 22.

¹⁴⁶ Le Petit-Fils de L.U. Chopard & Compagnie S.A., “Baselworld 2017 – Discover Our New L.U.C Timepieces,” March 23, 2017, <https://www.chopard.com/intl/diary/baselworld-2017-discover-new-l-u-c-timepieces/> (accessed October 12, 2017).

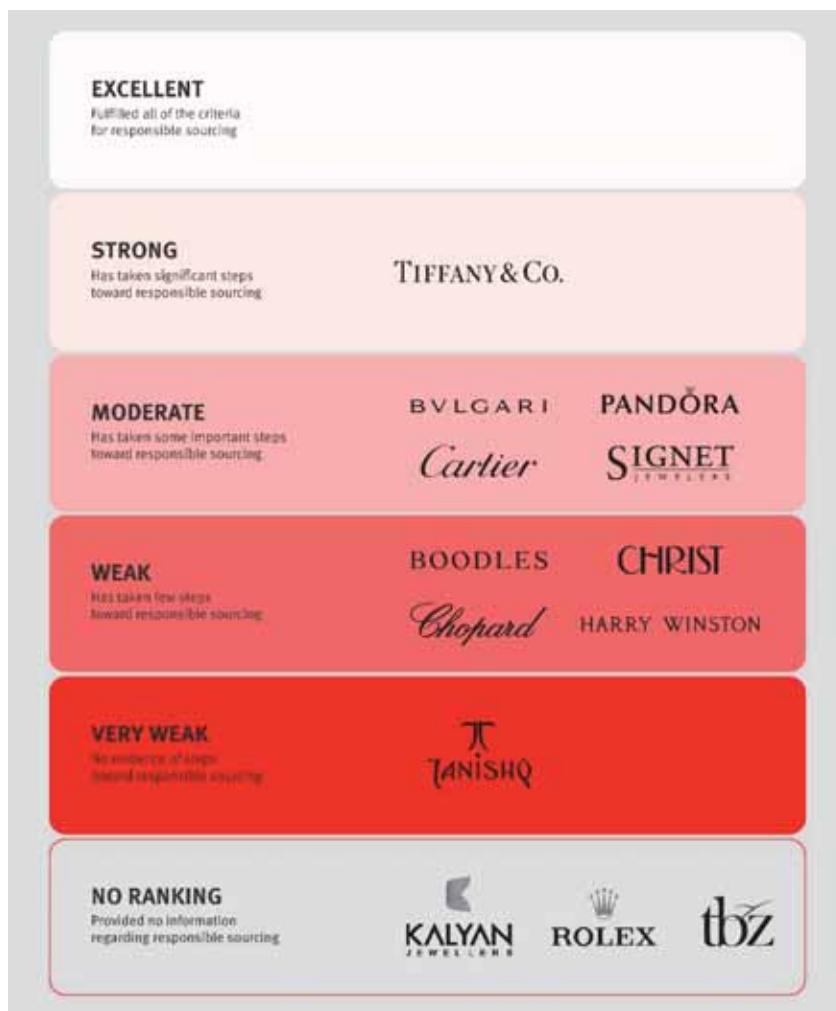
¹⁴⁷ Letter by Karl-Friedrich Scheufele, co-president, Chopard, to Human Rights Watch, March 10, 2017; Fairmined, “Six New Mines Reach Fairmined Certification,” October 7, 2015, <http://www.fairmined.org/six-new-mines-reach-fairmined-certification/> (accessed July 21, 2017).

¹⁴⁸ Swiss Better Gold Association (SGBA), “About Swiss Better Gold Association,” undated, <http://www.swissbettergold.ch/en/about> (accessed July 31, 2017); Human Rights Watch interview with Philippe Fornier, secretary of Swiss Better Gold Association, August 3, 2017.

¹⁴⁹ Email from Claus Teilmann Petersen, vice-president group ethics, Pandora, to Human Rights Watch, April 25, 2017; Signet Jewelers, “2016 Corporate Social Responsibility Report,” <http://www.signetjewelers.com/corporate-responsibility/CSR-Report-2016/default.aspx> (accessed January 10, 2018) p. 26; Tiffany and Co., “Sustainability Report 2016,” p. 23.

Company Rankings on Responsible Sourcing

We assessed each company against the criteria for responsible sourcing outlined above, based on the information they provided directly, as well as information that is publicly available. Based on our analysis of each company's performance, we ranked them as follows. A detailed assessment of each company appears in the next section, and a table providing an overview over the performance of all 13 companies can be found in the report annex.



The companies are based in the following countries: Denmark (Pandora), France (Cartier), Germany (Christ), India (Kalyan, TBZ Ltd., Tanishq), Italy (Bulgari), Switzerland (Chopard, Rolex), UK (Boodles), US (Harry Winston, Signet, Tiffany). Signet is the parent company of Kay Jewelers and Zales in the US, Ernest Jones and H. Samuel in the UK, and other jewelers.

Strong

Tiffany and Co. (US)

Tiffany and Co, founded in 1837, is a luxury jeweler with over 300 stores across 27 countries. Its 2016 revenue was approximately \$4 billion, with jewelry representing 92 percent of its worldwide sales.¹⁵⁰ It is publicly traded.

Tiffany responded to Human Rights Watch's request for information with a written, detailed letter and met with Human Rights Watch staff in person.

Tiffany and Co. states that it is "committed to reducing environmental impacts, respecting human rights and contributing in a positive way to the communities where we operate."¹⁵¹ Tiffany and Co. has full chain of custody over its gold; it purchases newly mined gold exclusively from a single mine that is identified publicly, and the remainder of its gold from recycled sources. Tiffany has partial chain of custody over its diamonds, and can trace some of its diamonds to specific mines. It does not publish the results of audits or how it responds to cases of noncompliance. On the basis of available information, Human Rights Watch considers Tiffany and Co. to have made strong efforts to ensure human rights due diligence.

Supply chain policy: Tiffany and Co. updated its Supplier Code of Conduct in 2016.¹⁵² The Code of Conduct outlines expectations of suppliers regarding human rights, labor practices, environmental protection, and ethical business conduct, and asks suppliers to align with the United Nations Guiding Principles on Business and Human Rights. Each



Gift boxes at a Tiffany and Co. event in January 2009 in New York, United States. © 2009 /Getty Images

¹⁵⁰ Information provided to Human Rights Watch by Tiffany and Co., June 2017.

¹⁵¹ Ibid.

¹⁵² Tiffany and Co., "Supplier Code of Conduct, Version 2.0," September 2016, <http://www.tiffany.com/Sustainability/SupplierCodeofConduct.aspx> (accessed August 29, 2017).

supplier is expected to sign the Code, and the Code is part of the companies' contracts. Diamond suppliers are expected to comply with the Kimberley Process and World Diamond Council System of Warranties.

Chain of custody: Tiffany and Co. has full chain of custody over its gold supply chain. Twenty-seven percent of its gold comes from a single mine in Utah, the Bingham Canyon Mine, and the remaining 73 percent comes from recycled sources.¹⁵³ It sources all of its recycled gold from one supplier, which has the ability to segregate gold from mined and from recycled sources. Its rough diamonds are sourced primarily from Botswana, Canada, Namibia, Russia, Sierra Leone, and South Africa.¹⁵⁴ Tiffany can trace some of its diamonds back to the mine of origin.

Assessment of human rights risks: All Tiffany and Co. suppliers are required to conduct a self-assessment based on the Supplier Code of Conduct. The company then assigns a low-, medium-, or high-risk rating based on the supplier's self-assessment, the product category, past audits, and geographic location. Tiffany and Co. visits many suppliers on a regular basis; however, it does not visit mines of origin for diamonds. The company does not buy diamonds from Angola or Zimbabwe due to heightened human rights risks.¹⁵⁵

Response to human rights risks: Tiffany and Co. says that it works with suppliers (including mines, refiners, polished diamond suppliers, and diamond polishing subcontractors) through a Social Accountability Program to review and improve their human rights, labor, and environmental performance. The company says it implements corrective action plans in cases where problems are found. If suppliers fail to meet the Suppliers' Code of Conduct, the company may end contracts with those suppliers, and has done so in several instances.¹⁵⁶ Tiffany previously sourced from the Octea diamond mine in Sierra Leone, which has been associated with allegations of labor rights abuse and corruption; but informed Human Rights Watch that it stopped sourcing from Octea in March 2017.¹⁵⁷

¹⁵³ Tiffany and Co., "Sustainability Report 2016," <http://www.tiffany.com/sustainability/CSRFULLReport.aspx> (accessed August 29, 2017), p. 23.

¹⁵⁴ Tiffany and Co., "Sustainability Report 2016," p. 13.

¹⁵⁵ Information provided to Human Rights Watch by Tiffany and Co, June 2017.

¹⁵⁶ Ibid.

¹⁵⁷ Cooper Inveen, "'One Day They Will Rise Up:' Explosive Anger Builds Around a Tiffany Diamond Mine," *Vice News*, March 9, 2016, <https://news.vice.com/article/explosive-anger-tiffany-diamond-octea-mine> (accessed October 10, 2017); Iain Cobain, "Diamond tycoon Beny Steinmetz detained in fraud inquiry," *The Guardian*, August 14, 2017, <https://www.theguardian.com/world/2017/aug/14/israeli-diamond-tycoon-beny-steinmetz-arrested-fraud-investigation>

Third-party verification: Tiffany and Co. is certified against the RJC Code of Practices. Third-party audits are conducted regularly for all suppliers considered at high-risk to assess compliance with the Code of Conduct, and a targeted subset of suppliers. Audits address compliance with applicable laws, hours of work, wages and benefits, health and safety, freedom of association and collective bargaining, child labor, forced labor, harassment and abuse, disciplinary practices, discrimination, and environmental protection. Audits do not include visits to diamond mines of origin.¹⁵⁸

Report annually: Tiffany and Co. publishes an annual sustainability report, which includes information on efforts to achieve responsible mining and ethical sourcing, and its approach to supplier audits. It does not provide any information regarding audits of suppliers, noncompliance information, or steps to address noncompliance.¹⁵⁹

Publish suppliers: The source of Tiffany and Co.'s newly mined gold, Bingham Canyon Mine, owned by Rio Tinto, is public. It does not publish information on its other suppliers but shared the names of some suppliers with Human Rights Watch on a confidential basis.

Support for artisanal and small-scale mining: Tiffany and Co. has provided financial support for the Diamond Development Initiative and the Institute for Environment and Development to help formalize and promote responsible artisanal mining in both the diamond and gold sectors.¹⁶⁰ It does not source from artisanal mines but states that it is exploring the possibility of sourcing artisanally-mined metals that have been certified by third parties as responsibly managed, and hopes to begin such procurement soon.¹⁶¹

(accessed September 17, 2017); Human Rights Watch telephone interview with Anisa Kamadoli Costa, chief sustainability officer, Tiffany and Co., September 20, 2017.

¹⁵⁸ Ibid.

¹⁵⁹ Tiffany and Co., "Sustainability Report 2016."

¹⁶⁰ Diamond Development Initiative (DDI), "Annual Report 2015, Responding to the Needs of Artisanal Miners," <http://www.ddiglobal.org/login/resources/ddi-annual-report-2015-english.pdf> (accessed August 29, 2017), p. 7; Tiffany and Co., "Sustainability Report 2016," p. 18.

¹⁶¹ Information provided to Human Rights Watch by Tiffany and Co., June 2017.

Moderate

Bulgari (Italy)

Bulgari is an Italian jeweler, owned by the French luxury group LVMH Moet Hennessy Louis Vuitton S.E. (LVMH).¹⁶² The company has about 200 stores worldwide.¹⁶³ LVMH's jewelry companies had a total revenue of \$3.4 billion in 2016; the revenue of individual companies is not made public.¹⁶⁴

Bulgari responded to Human Rights Watch's request for information with a detailed written letter and met with Human Rights Watch staff by conference call.

Bulgari is one of very few jewelry companies that has been certified under the RJC's Chain-of-Custody Standard. However, Bulgari does not have chain of custody for its diamonds and does not require all suppliers to undertake human rights due diligence and third-party audits. On the basis of available information, Human Rights Watch considers Bulgari to have made moderate efforts to ensure human rights due diligence.¹⁶⁵

Supply chain policy: Bulgari has a Code of Ethics that includes a brief statement requiring suppliers to respect labor rights; Bulgari also has a separate Anti-Slavery & Human Trafficking Statement.¹⁶⁶ Bulgari's parent company, LVMH, has a more detailed Supplier's Code of Conduct with provisions on labor rights and environment that also apply to Bulgari.¹⁶⁷ LVMH's Code was under revision in late 2017 and Bulgari has informed Human Rights Watch that it will reviewing its Code of Ethics to reflect the

¹⁶² Bulgari, "Celebrating Bulgari-The Maison," undated, http://www.bulgari.com/en-us/celebrating_explored (accessed February 2, 2017).

¹⁶³ Bulgari, "About Bulgari, People and Careers (including map of worldwide stores)," undated, <https://www.bulgari.com/en-us/about-bulgari-people-and-careers> (accessed August 21, 2017).

¹⁶⁴ LVMH, "2016 record results," January 26, 2017, <https://www.lvmh.com/news-documents/press-releases/2016-record-results/> (accessed August 21, 2017).

¹⁶⁵ A 2011 report found Bulgari to be "partially active" on corporate responsibility issues. Lifeworth Consulting, "Uplifting The Earth: The Ethical Performance of Luxury Jewellery Brands," June 2011, <http://www.lifeworth.com/consult/wp-content/uploads/2011/06/UpliftingTheEarth.pdf> (accessed August 21, 2017).

¹⁶⁶ Bulgari, "Bulgari: Code of Ethics," undated, [http://static.bulgari.com/download/code-of-ethic-new-\(english\).pdf](http://static.bulgari.com/download/code-of-ethic-new-(english).pdf) (accessed August 21, 2017); Bulgari, "Anti Modern Slavery and Human Trafficking Statement," undated, https://www.bulgari.com/en-us/csr_commitment_responsible_sourcing (accessed August 21, 2017).

¹⁶⁷ Email from Eleonora Rizutto, corporate social responsibility director, Bulgari, to Human Rights Watch, July 7, 2017; LVMH, "Supplier's Code of Conduct," undated, <https://r.lvmh-static.com/uploads/2014/10/lvmh-suppliers-code-of-conduct.pdf> (accessed August 21, 2017); LVMH, "Environment," undated, <https://www.lvmh.com/group/lvmh-commitments/environment/> (accessed August 21, 2017).



Bulgari jewelry store on New Bond Street, London, United Kingdom, December 2014. © 2014/ Alamy

changes. Respect for the codes is part of Bulgari's contracts with its suppliers.¹⁶⁸ Diamond suppliers must be in compliance with the Kimberley Process and the World Diamond Council's Standard of Warranties.¹⁶⁹

Chain of custody: Bulgari sources gold only from refiners that are certified against the Chain-of-Custody Standard of the RJC.¹⁷⁰ As described above, the Chain-of-Custody Standard does not require comprehensive human rights due diligence and is mostly focused on a documentation of business transactions.¹⁷¹ Bulgari informed Human Rights Watch in a letter that it uses transfer documents for each batch of gold purchased, which include information on the kind of material (such as mined or recycled) and the country of origin.¹⁷² However, the company subsequently stated that it does not always have information on the country of origin, but complies with the Chain-of-Custody Standard by ensuring that the gold does not

¹⁶⁸ Ibid.

¹⁶⁹ Letter from Jean-Christophe Babin to Human Rights Watch, March 31, 2017.

¹⁷⁰ Ibid.

¹⁷¹ See section "The Responsible Jewellery Council—A Weak Assurance."

¹⁷² Letter from Jean-Christophe Babin to Human Rights Watch, March 31, 2017.

originate from conflict-affected areas.¹⁷³ With regards to the diamond supply chain, Bulgari does not trace diamonds back to the countries or mines of origin.¹⁷⁴

Assessment of human rights risks: Bulgari has put in place a Suppliers Risk Management Process to implement its Supplier's Code of Conduct.¹⁷⁵ As part of this process, Bulgari requests suppliers to provide self-assessments on their social and environmental performance.¹⁷⁶ Bulgari uses this information to assess human rights risks, and to deploy auditors to conduct announced and unannounced visits to suppliers, such as its factories in Italy.¹⁷⁷ The risk assessment also includes visits approximately once a year to countries where Bulgari sources or is considering sourcing, and that are considered more high-risk. In October 2017, Bulgari stated that it intends to work with suppliers to reinforce and enlarge its due diligence processes, to ensure it applies to the whole supply chain, including on-the-ground mine assessments.¹⁷⁸

Response to human rights risks: Bulgari states that, "We are aware that our business could have adverse impacts on human rights and local communities," and that it is therefore committed to continuously assess and reduce these impacts.¹⁷⁹ When Bulgari finds that a supplier is not in compliance with its standards, the company says it usually gives the supplier between one and six months to correct the problem.¹⁸⁰

Third-party verification: Bulgari is certified against the Code of Practices and the Chain-of-Custody Standard of the RJC.¹⁸¹ Bulgari states that it conducts third-party audits of its suppliers.¹⁸² All of its gold suppliers are certified against the RJC's Chain-of-Custody standard, and its diamond suppliers are certified against the RJC's Code of Practices.¹⁸³

¹⁷³ Email from Eleonora Rizutto to Human Rights Watch, July 7, 2017. See also Appendix 1 of the standard, which includes a transfer document template and does not require country-of-origin information. Responsible Jewellery Council, "Chain-of-Custody Standard," Appendix 1.

¹⁷⁴ Letter from Jean-Christophe Babin to Human Rights Watch, March 31, 2017.

¹⁷⁵ Bulgari, "Supply Chain," undated, <https://www.bulgari.com/en-us/supply-chain-learn-more> (accessed August 21, 2017).

¹⁷⁶ Letter from Jean-Christophe Babin to Human Rights Watch, October 18, 2017.

¹⁷⁷ Letter by Jean-Christophe Babin to Human Rights Watch, March 31, 2017.

¹⁷⁸ Letter from Jean-Christophe Babin to Human Rights Watch, October 18, 2017.

¹⁷⁹ Letter from Jean-Christophe Babin to Human Rights Watch, March 31, 2017.

¹⁸⁰ Human Rights Watch telephone interview with Isabelle Castellini and Eleonora Rizutto, Bulgari, May 24, 2017.

¹⁸¹ Bulgari, "Anti Modern Slavery and Human Trafficking Statement," undated, https://www.bulgari.com/en-us/csr_committment_responsible_sourcing (accessed August 21, 2017).

¹⁸² Letter from Jean-Christophe Babin to Human Rights Watch, October 18, 2017.

¹⁸³ Ibid.

Report annually: Bulgari's parent company LVMH publishes an annual report and a yearly environmental report, covering all LVMH brands.¹⁸⁴ The 2016 environmental report includes a section on Bulgari's chain of custody for gold, and various environmental risks, but does not provide audit summaries, mention noncompliance issues, or steps to address noncompliance.

Publish suppliers: Bulgari does not publish the names of its suppliers. It shared the names of its gold suppliers with Human Rights Watch on a confidential basis.

Support for artisanal and small-scale mining: Bulgari does not participate in a dedicated program to source from artisanal and small-scale mines or support initiatives for responsible small-scale mining.

Cartier (France)

Cartier was founded in Paris in 1847 and has since become one of world's largest and most well-known jewelry brands. The company operates 278 stores worldwide.¹⁸⁵ Its 2016 sales were about \$5.7 billion.¹⁸⁶ Cartier is owned by Richemont, a luxury goods group based in Switzerland, and represents an estimated 45 percent of Richemont's revenue.¹⁸⁷

Cartier responded to Human Rights Watch's request for information with three short letters about Cartier's commitment to responsible sourcing and its role in the RJC. Cartier did not respond to Human Rights Watch's request for a meeting.

Cartier has chain of custody for some of its gold and sources an undisclosed percentage of its gold from a small-scale "model" mine in Honduras. The company, however, is heavily reliant on the RJC and its certification system, which, as described above, has a

¹⁸⁴ LVMH, "Environmental report 2016," https://r.lvmh-static.com/uploads/2017/04/lvmh_rapport-environment_2016en.pdf (accessed August 21, 2017).

¹⁸⁵ Richemont, "Annual Report and Accounts 2017," https://www.richemont.com/images/investor_relations/reports/annual_report/2017/ar_fy2017_f73jdsf82s64r2.pdf, (accessed August 5, 2017), p. 5.

¹⁸⁶ Forbes, "The World's Most Valuable Brands, Cartier #61," as at May 2017, <https://www.forbes.com/companies/cartier/> (accessed August 4, 2017).

¹⁸⁷ Richemont's annual sales for 2016-2017 were US\$12.64 million. Richemont, "Key Figures: Consolidated results for the year ended 31 March 2017," <https://www.richemont.com/investor-relations/key-figures.html> (accessed August 4, 2017). Richemont does not list the sales of Cartier alone, but states that Cartier and Van Cleef & Arpels—its jewelry companies—had combined sales of 7.03 million.

number of weaknesses.¹⁸⁸ Cartier waives audits for suppliers that are RJC-certified, the vast majority of their gold and diamond suppliers. On the basis of available information, Human Rights Watch considers Cartier to have made moderate efforts to ensure human rights due diligence.

Supply chain policy: Cartier's corporate responsibility policy recognizes a range of international labor and human rights standards and states that the policy "applies equally to Cartier's supply chain."¹⁸⁹ Diamond suppliers must be in compliance with the Kimberley Process and the World Diamond Council's Standard of Warranties.¹⁹⁰ Cartier's parent company, Richemont, has a more detailed Supplier Code of Conduct, which applies to all of its brands.¹⁹¹ However, Cartier does not present the Supplier Code of Conduct as a central element of its responsible sourcing policy; it is not even mentioned on its website.¹⁹² Rather, Cartier emphasizes the central role of the RJC in its approach to responsible sourcing: Cartier's website and letters to Human Rights Watch focus on the importance of the RJC and Cartier's active role within it.

Cartier requires all its gold suppliers to be members of the RJC and sources the overwhelming majority of its diamonds from RJC-certified companies.¹⁹³

Chain of custody: Cartier has chain of custody for some, but not all, of its gold. It does not indicate whether it has chain of custody for diamonds. Cartier's corporate responsibility

¹⁸⁸ See section above, "The Responsible Jewellery Council—A Weak Assurance."

¹⁸⁹ Cartier, "Corporate Responsibility Policy," undated, http://www.cartier.com/content/dam/cartier_dam/Communication%20assets/Articles/La_Maison/cartier_politique_corporate_responsibility_en.pdf (accessed August 4, 2017).

¹⁹⁰ Ibid. See also Cartier, "Cartier and Corporate Social Responsibility – Diamonds," undated, <http://www.en.cartier.com/maison/commitments/cartier-and-corporate-social-responsibility/resources-excellence/diamonds-10726.html> (accessed August 4, 2017).

¹⁹¹ Richemont, "Supplier Code of Conduct," 2015, https://www.richemont.com/images/csr/2015/supplier_code_of_conduct_2015.pdf (accessed August 3, 2017); "Corporate Social Responsibility 2017," July 14, 2017, https://www.richemont.com/images/csr/2017/csr_report_2017.pdf (accessed August 4, 2017).

¹⁹² Richemont itself has recognized the limited reach of its Supplier Code of Conduct among suppliers. Although Richemont's goal is for all of its suppliers to sign its Code, only 45 percent (by value) had done so by 2017. Richemont, "Corporate Social Responsibility 2017," pp. 21-24.

¹⁹³ Cartier, "Cartier and Corporate Social Responsibility – Gold," undated, <http://www.en.cartier.com/maison/commitments/cartier-and-corporate-social-responsibility/resources-excellence/gold-12160.html> (accessed August 4, 2017); Richemont, "Corporate Social Responsibility 2017," pp. 21-24; Letters from Bernard Malek, director of staff, transformation and corporate social responsibility, Cartier, to Human Rights Watch, February 28, and May 22, 2017; Letter from Bernard Malek, director of transformation and corporate social responsibility, and Céline Marchal, corporate social responsibility director, Cartier, to Human Rights Watch, October 17, 2017.

policy does not mention traceability. Cartier's parent company Richemont says that traceability is a long-term goal and an area for improvement for all its companies in the coming years.¹⁹⁴

Richemont's refinery in Switzerland has developed sources of gold that it says are either certified or will become certified against the RJC Chain-of-Custody Standard, with a heavy emphasis on recycled gold.¹⁹⁵ Cartier also has traceability for a fraction of its gold, sourced from a mine in Honduras, as described below.¹⁹⁶

Assessment of human rights risks: Cartier appears to rely heavily on RJC standards as a tool to assess human rights risks. According to Richemont's Supplier Code of Conduct, suppliers are required to demonstrate that they are undertaking human rights due diligence, but it is unclear whether Cartier enforces this provision or considers RJC certification sufficient.¹⁹⁷

¹⁹⁴ Richemont, "Corporate Social Responsibility 2017," July 14, 2017, https://www.richemont.com/images/csr/2017/csr_report_2017.pdf (accessed August 4, 2017), pp. 21-22.

¹⁹⁵ Ibid., pp. 21, 28.

¹⁹⁶ Cartier, "Cartier and Corporate Social Responsibility – Gold."

¹⁹⁷ Richemont, "Supplier Code of Conduct, Principle 19," p. 5.



A Cartier watch sits on display at a store in New York, US, November 2014. © 2014 Michael Nagle/ Bloomberg via Getty Images

Response to human rights risks: Cartier appears to rely on the RJC to respond to human rights risks. The Supplier Code of Conduct states that where third-party audits of suppliers identify areas for improvement, Richemont's "Maisons" (brands) follow up with remedial action plans.¹⁹⁸ Under the Code, Richemont also reserves the right to terminate business relationships with suppliers that do not comply with its Code of Conduct.¹⁹⁹ It is unclear whether Cartier takes independent steps to enforce these provisions or considers RJC certification sufficient.

Third-party verification: Cartier is certified against the RJC's Code of Practices. The company relies on the RJC auditing process for third-party audits of its gold and diamond suppliers. Suppliers that are RJC-certified do not have to undergo separate audits against Cartier or Richemont standards.²⁰⁰

¹⁹⁸ Richemont, "Corporate Social Responsibility 2017," p. 24.

¹⁹⁹ Richemont, "Supplier Code of Conduct, Principle 39," p. 9.

²⁰⁰ Richemont, "Corporate Social Responsibility 2017," p. 24.

Annual reporting: Cartier's policies and approach to responsible sourcing are described annually in Richemont's Corporate Social Responsibility report. The company does not publish summaries of audits, information regarding noncompliance, or steps to address noncompliance. Richemont's Corporate Social Responsibility report states explicitly that "neither supplier audit findings nor remedial action plans are publicly disclosed."²⁰¹

Publish suppliers: Cartier has identified the Eurocantera mine in Honduras (see below) as a supplier for a small portion of its gold, but does not provide information on other suppliers.

Support for artisanal and small-scale mining: Cartier sources part of its gold from the Italian-owned Eurocantera mine in Honduras, but does not specify what percentage of its gold is sourced there. Cartier describes Eurocantera as a "model mine" for its high ethical, social, and environmental standards. According to Cartier, the mine uses neither cyanide nor mercury to extract and process its gold. The mine integrates a mid-scale gold mine that produces about two-thirds of Eurocantera's gold, and an artisanal and small-scale mining community, which produces one-third of the gold.²⁰² Cartier buys the entire output of the mine, and refines the gold at a facility in Italy that is solely dedicated to processing gold from the mine.²⁰³ The company has also sourced gold from a Peruvian mine that has been Fairtrade-certified.²⁰⁴

Pandora (Denmark)

Pandora is a publicly-traded company founded in 1982. Its 2016 revenue was approximately \$3 billion.²⁰⁵ Pandora sells its jewelry in more than 100 countries through over 8,000 points of sale and 2,100 stores.²⁰⁶ In 2016, the company crafted more than 122 million pieces of

²⁰¹ Ibid.

²⁰² Cartier, "Cartier and Corporate Social Responsibility – Gold." See also Goldlake Group, "Eurocantera," undated, http://www.goldlake.co.uk/The_projects/Eurocantera.aspx# (accessed August 4, 2017). Human Rights Watch has not verified these statements nor seen audits of Eurocantera.

²⁰³ Ibid.

²⁰⁴ Human Rights Watch interview with Philippe Fornier, secretary of Swiss Better Gold Association, August 3, 2017.

²⁰⁵ Email from Claus Teilmann Petersen, vice-president group ethics, Pandora, to Human Rights Watch, April 25, 2017.

²⁰⁶ Pandora, "Pandora Ethics Report 2016," p. 3.

jewelry. Its main markets are the US, UK, Australia, Italy, and France.²⁰⁷ It has over 22,000 employees; 13,000 are employed in Pandora's manufacturing facilities in Thailand.²⁰⁸

Pandora responded to Human Rights Watch's request for information with a written, detailed letter and met with Human Rights Watch staff in person and by conference call.

Pandora works with suppliers to achieve compliance with its standards and requires suppliers to be RJC-certified. It also conducts additional audits of suppliers on an occasional basis and publishes information on areas of noncompliance. However, it does not reveal its suppliers and Human Rights Watch considers the company to be overly-reliant on the RJC for its due diligence. On the basis of available information, Human Rights Watch considers Pandora to have made moderate efforts to ensure human rights due diligence.

Supply chain policy: Pandora's Supplier's Code of Conduct is part of all contracts with suppliers, and addresses human rights, labor rights, environmental protection, and business ethics.²⁰⁹ The Supplier Code of Conduct does not apply to the suppliers' full supply chain, but only to suppliers' subcontractors involved in production and manufacturing. Pandora also has a Responsible Supplier Policy.²¹⁰ Pandora requires each of its suppliers to be RJC-certified, and diamond suppliers to comply with the Kimberley Process and World Diamond Council System of Warranties. Unlike many other jewelry companies, Pandora has integrated manufacturing into its own operations, thus exerting direct control over working conditions in manufacturing and shortening the supply chain.²¹¹

²⁰⁷ Email to Human Rights Watch from Claus Teilmann Petersen, April 25, 2017.

²⁰⁸ Pandora, "The Pandora Story," undated, http://pandoragroup.com/Media/Pandora_In_Brief/the-pandora-story (accessed August 22, 2017).

²⁰⁹ Pandora, "Suppliers' Code of Conduct," undated, <http://pandoragroup.com/-/media/Files/Corporate/PDF/Ethics/Supplier-CoC---with-new-logo.ashx?la=en&hash=5F1750D6B4303898EC92493C914447DD37D21124> (accessed July 19, 2017). The Code of Conduct covers a wide range of labor rights, including the prohibition of forced and child labor, freedom of association and collective bargaining, wages, and health and safety.

²¹⁰ Ibid.

²¹¹ Pandora has programs for training and development, and for health and safety of its employees in Thailand. Pandora Jewelers, "Pandora Ethics Report 2016," pp. 12-14.



A Pandora jewelry store opening in August 2016 in New York, US.

© 2016 Noam Galai/Getty Images for PANDORA

Chain of custody: While Pandora jewelry is most often made with silver, gemstones, and a range of other material, the company also sells jewelry made with gold or diamonds.²¹² Pandora states that in 2016, 91 percent of the gold it purchased was recycled; the rest was newly mined.²¹³ Since late 2016, the company has only used recycled gold which helps minimize human rights risks in its gold supply chain. However, the company states that it may resume purchases of newly mined gold in the future. Any newly mined gold must be certified against the London Bullion Market Association (LBMA) or the RJC's Chain-of-Custody Standard. Between 2012 and 2016, all of Pandora's diamonds were recycled from discontinued Pandora jewelry.²¹⁴ When it sources new diamonds, Pandora requires invoices for each batch of diamonds to confirm compliance with the Kimberley Process and

²¹² Pandora, "Materials," undated, <http://www.pandora.net/de-de/universe/jewelleryguide/materials> (accessed November 7, 2017); Email from Claus Teilmann Petersen to Human Rights Watch, April 25, 2017.

²¹³ Email from Claus Teilmann Petersen to Human Rights Watch, April 25, 2017.

²¹⁴ Pandora, "Pandora Ethics Report 2016," p. 28.

World Diamond Council System of Warranties. It does not trace diamonds to mines of origin, but says it is investigating the possibility of direct sourcing with full traceability.²¹⁵

Assessment of human rights risks: New suppliers are expected to conduct self-assessments on a broad range of criteria.²¹⁶ Furthermore, Pandora visits suppliers' production sites before entering into a contract.²¹⁷ Pandora also relies on the RJC certification and audit process to identify risks in the supply chain.

Response to human rights risks: When audits reveal areas of noncompliance, Pandora says it works with suppliers to implement corrective actions. If the supplier is not willing or able to meet expectations, Pandora says it may end its contract with the supplier.²¹⁸

Third-party verification: Pandora is certified against the RJC Code of Practices. Its gold and diamond suppliers are certified against the RJC's Code of Practice. In addition to RJC audits, Pandora conducts additional audits of suppliers on an occasional basis.²¹⁹ Auditing generally extends only to production sites, not to mines, and visits are announced in advance. Pandora representatives also visit mine sites where "red flags" are identified or in relation to "new responsible business opportunities or support to fair mining programs."²²⁰

Report annually: Pandora publishes an annual ethics report that includes information on its sourcing of gold and diamonds and an overview of noncompliance issues identified at audited suppliers.²²¹

Publish suppliers: Pandora will not share information regarding its suppliers, citing nondisclosure agreements.²²²

²¹⁵ Email from Claus Teilmann Petersen to Human Rights Watch, April 25, 2017.

²¹⁶ Pandora, "Pandora Responsible Supplier Policy," February 1, 2012, <http://pandoragroup.com/-/media/Files/Corporate/PDF/Ethics/Responsible-Supplier-Policy.ashx?la=en&hash=93E3AE04D111FB04832AA90BB57D1349C89BD3FB> (accessed January 10, 2018).

²¹⁷ Human Rights Watch meeting with Claus Teilmann Petersen, vice president group ethics, Pandora, Copenhagen, June 18, 2017.

²¹⁸ Email from Claus Teilmann Petersen to Human Rights Watch, April 25, 2017.

²¹⁹ Pandora, "Pandora Ethics Report 2016," p. 26.

²²⁰ Email from Claus Teilmann Petersen to Human Rights Watch, October 23, 2017.

²²¹ Pandora, "Pandora Ethics Report 2016," p. 26.

²²² Email from Claus Teilmann Petersen to Human Rights Watch, April 25, 2017.

Support for artisanal and small-scale mining: Pandora says it is exploring the possibility of sourcing gold from artisanal and small-scale mines.²²³

Signet Jewelers (US)

Signet Jewelers Limited is the world's largest retailer of diamond jewelry and the largest specialty jewelry retailer in the United States, United Kingdom, and Canada.²²⁴ Signet operates approximately 3,600 stores under the name brands of Kay Jewelers, Zales, Jared, the Galleria of Jewelry, H. Samuel, Ernest Jones, Peoples Jewellers, and Piercing Pagoda. Its annual revenue is approximately \$6.4 billion.

Signet responded to Human Rights Watch's request for information with a written, detailed letter and met with Human Rights Watch staff in person and by conference call.

Signet states that it has developed rigorous sourcing standards and is "leading the efforts to foster increasingly transparent and responsible jewelry supply chains around the world."²²⁵ Signet has responsible sourcing protocols for both gold and diamonds, but relies heavily on the RJC for its due diligence. Signet publicly identifies its key diamond suppliers, but does not reveal its gold suppliers. It does not publish the results of audits of its suppliers, or how it responds to cases of noncompliance. On the basis of available information, Human Rights Watch considers Signet to have made moderate efforts to ensure human rights due diligence.

Supply chain policy: Signet has a Supplier Code of Conduct that spells out expectations for its suppliers on human rights, labor, environmental, and other issues.²²⁶ In 2012, Signet adopted a Responsible Sourcing Protocol (SRSP) for conflict-free gold, which it revised in 2016.²²⁷ The protocol states that Signet will only accept gold from refiners and banks that

²²³ Ibid.

²²⁴ Signet Jewelers, "2016 Corporate Social Responsibility Report," <http://www.signetjewelers.com/corporate-responsibility/CSR-Report-2016/default.aspx> (accessed January 10, 2018), p. 3; Signet Jewelers, <http://www.signetjewelers.com/company/default.aspx> (accessed July 7, 2017).

²²⁵ Letter from Signet Jewelers in response to Human Rights Watch letter to Mark Light, then-chief executive officer, February 8, 2017.

²²⁶ Signet Jewelers, "Supplier Code of Conduct," undated, <http://www.signetjewelers.com/corporate-responsibility/supplier-code-of-conduct/default.aspx> (accessed August 29, 2017).

²²⁷ Signet Jewelers, "Signet Responsible Sourcing Protocol ("SRSP") for Conflict-free Gold," revised November 2016, http://s2.q4cdn.com/912924347/files/doc_downloads/2017/Signet-Responsible-Sourcing-Protocol-for-Gold-revised-November-2016.pdf (accessed August 28, 2017).



Signage for Kay Jewelers, a subsidiary of Signet Jewelers Ltd., on the exterior of a store in New York, US, August 2017. © 2017 Mark Kauzlarich/Bloomberg via Getty Images

meet at least one recognized existing standard for conflict-free gold.²²⁸ Suppliers are required to define in detail which criteria are used to certify their gold supplies as compliant with the protocol, and are responsible for documentation, certification, and external audits. The protocol does not apply to watches and does not have requirements for human rights beyond ensuring that gold is “conflict-free.”²²⁹

In 2016, Signet developed a Responsible Sourcing Protocol for Diamonds, which it revised in April 2017.²³⁰ It states that all suppliers are expected to join the RJC and include the

²²⁸ These include suppliers that are on the current LBMA good delivery list; are on the Electronic Industry Citizenship Coalition (EICC)/ Global e-Sustainability Initiative (GeSI)/Conflict-Free Sourcing Initiative (CFSI) conflict-free compliant smelter list; on the Dubai Multi Commodities Centre (DMCC) “Dubai Good Delivery” list for gold; are certified members of the RJC; certify and independently audit that all gold supplies are conflict-free; are certified under SCS Global Services’ “Responsible Source” standard for Precious Metals; or have certified that all supplies are from mines which comply with the World Gold Council Conflict-free Standard.

²²⁹ Signet Jewelers, “Responsible Sourcing Protocol (“SRSP”) for Conflict-free Gold,” revised November 2016, http://s2.q4cdn.com/912924347/files/doc_downloads/2017/Signet-Responsible-Sourcing-Protocol-for-Gold-revised-November-2016.pdf (accessed August 28, 2017).

²³⁰ Signet Jewelers, “Signet Responsible Sourcing Protocol – Diamonds (D-SRSP),” April 2017, http://s2.q4cdn.com/912924347/files/doc_downloads/2017/April/D-SRSP-April-2017.pdf (accessed August 29, 2017).

Signet Protocol as a “provenance claim”—a statement about the origin of the material—for the purposes of RJC certification. Suppliers also must comply with the Kimberley Process and the World Diamond Council System of Warranties. The Protocol requires suppliers to employ a due diligence process to identify and minimize supply chain risks, with respect to both human rights and armed conflict, and to document chain of custody for all diamonds of 30 points (approximately 1/3 carat) or larger. It does not require suppliers to trace smaller diamonds to the country and/or mine of origin, but “expects” suppliers to take steps to increase the percentage of material with identified provenance over time.²³¹

In 2016, Signet began requiring all suppliers to be members of the RJC.²³²

Chain of custody: Signet’s Responsible Sourcing Protocol for Diamonds states that suppliers should seek as much information as possible about the original sources of the diamonds they supply to Signet. Suppliers should seek to achieve “full transparency” through their supply chains over a set period of time, and set measurable targets on an annual basis. Signet states that because this requirement was added in 2016, it does not yet have information regarding these targets.²³³ Signet’s Responsible Sourcing Protocol for conflict-free gold has no such requirement for progressive transparency.²³⁴ Signet states that its priority is purchasing gold that is certified against recognized standards, such as the LBMA, “not that we know which mine it comes from.”²³⁵

²³¹ Ibid., para. 2.7.

²³² Signet Jewelers, “2016 Corporate Social Responsibility Report,” p. 19.

²³³ Email from David Bouffard, vice president, Signet Jewelers, to Human Rights Watch, July 10, 2017.

²³⁴ Signet Jewelers, “Signet Responsible Sourcing Protocol – Diamonds (D-SRSP),” para. 5.9.

²³⁵ Email from David Bouffard to Human Rights Watch, July 10, 2017.



Zales jewelry on display at a December 2016 event in New York, US. © 2016 Astrid Stawiarz/Getty Images for Vera Wang LOVE

Assessment of human rights risks: The Signet Responsible Sourcing Protocol for Gold requires suppliers to undertake due diligence, but only to ensure that products are “conflict-free.” The Signet Responsible Sourcing Protocol on Diamonds is more rigorous, and states that suppliers will avoid contributing to human rights abuses through their sourcing practices, and requires suppliers to map their supply chain and employ due diligence to identify risks and take appropriate measures to mitigate any risks identified. Signet expects its suppliers to monitor their own compliance with Signet’s Supplier Code of Conduct, and to undergo third-party audits for compliance with Signet’s responsible sourcing protocols.

Response to human rights risks: Signet states that if a supplier has difficulty with compliance, a dedicated Signet team will work with the supplier to address the issues. It states that most cases of nonconformance involve suppliers that are unable to provide sufficiently detailed information on their supply chains. It has not severed any

relationships with suppliers because of noncompliance with its protocols, but has begun to sever relationships with suppliers that have not joined the RJC.²³⁶

Third-party verification: Signet is certified against the RJC's Code of Practices. Suppliers are expected to undertake an independent audit of their compliance with the protocol by a Signet-approved auditor. Signet waives these audits for RJC-certified suppliers who include a provenance claim referencing Signet's protocols.²³⁷ Signet's audit guidance states that "The SRSP audit is a documentation audit of the suppliers' compliance reports, to validate that these compliance reports are accurate and true. It is not an audit of the supplier's supply chain."²³⁸ Signet requires only summaries of the audits, stating whether or not the supplier is in compliance with Signet protocols. The Signet Audit Guidance indicates that audits may be conducted solely based on documentation provided by the supplier. On-site visits to facilities or mines are not required.²³⁹

Report annually: In 2016, Signet published its first corporate social responsibility report. The report includes information regarding Signet's responsible sourcing protocols and its support for projects to develop responsible artisanal mines. It does not provide any information regarding audits of suppliers, noncompliance information, or steps to address noncompliance.²⁴⁰

Publish suppliers: Signet states that it purchases rough diamonds from De Beers, ALROSA, and Rio Tinto.²⁴¹ It also purchases diamonds from additional suppliers that comply with the Kimberley Process. It does not publish the names of its gold suppliers.

Support for artisanal and small-scale mining: Signet is participating in a multi-stakeholder group, the Responsible Artisanal Gold Solutions Forum (RAGSF), that aims to develop a process of sourcing responsibly managed, artisanally-mined metals from conflict-affected

²³⁶ Ibid.

²³⁷ Ibid.

²³⁸ Signet Jewelers, "Signet SRSP Audit Guidance 2016," https://www.scsglobalservices.com/files/program_documents/signet_srsp_audit_guidance_2016.pdf (accessed January 10, 2018), p. 14.

²³⁹ Ibid., pp. 14-19.

²⁴⁰ Signet Jewelers, "2016 Corporate Social Responsibility Report," <http://www.signetjewelers.com/company/default.aspx> (accessed July 7, 2017).

²⁴¹ Ibid., p. 22.

regions. Signet states that it is committed to including gold from these projects in its supply chain in the future.²⁴² Signet also supports the Diamond Development Initiative that works to help formalize and promote responsible artisanal diamond mining.²⁴³

Weak

Boodles (UK)

Boodles is a family-owned UK jeweler, founded in 1798. Its 2016 revenue from jewelry was approximately \$57 million.²⁴⁴ The company operates nine stores in the UK and Ireland, including five in London.

Boodles responded to Human Rights Watch's request for information with a written, detailed letter and met with Human Rights Watch staff in person and by conference call.

Overall, Boodles shares almost no information publicly about its supply chain and human rights due diligence. Its code of conduct for suppliers is very general and does not require third-party audits. Historically, the company has relied heavily on its suppliers to address human rights risks. On the basis of available information, Human Rights Watch considers its human rights due diligence to be weak, with few steps towards responsible sourcing. However, in its interactions with Human Rights Watch, Boodles has stated that it wishes to do more, and pledged to take important additional steps to strengthen its human rights due diligence.

Supply chain policy: Boodles has a Code of Conduct for its diamond suppliers that requires suppliers to respect fundamental human rights, prohibit discrimination and child labor, commit to “high levels” of health and safety in the workplace, and provide employees with a living wage. It also states that suppliers must adhere to the Kimberley Process and the World Diamond Council System of Warranties, and ensure that all diamonds have been purchased from “legitimate” sources that are not involved in funding conflict.²⁴⁵ The Code is not made public. The company has pledged to develop a comprehensive code of

²⁴² 2016 Corporate Social Responsibility Report, p. 26.

²⁴³ Diamond Development Initiative, “Annual Report 2015, Responding to the Needs of Artisanal Miners,” <http://www.ddiglobal.org/login/resources/ddi-annual-report-2015-english.pdf> (accessed August 29, 2017), p. 7.

²⁴⁴ Letter from Jody Wainwright, director, Boodles, to Human Rights Watch, April 11, 2017.

²⁴⁵ Vendor agreement provided to Human Rights Watch by Jody Wainwright, director, Boodles, April 2017.



A Boodles store in Dublin, Ireland, 2013. © 2013/Alamy

conduct for all gold and diamond suppliers, to require suppliers to become certified under the RJC Code of Practices, and to make its code public.²⁴⁶

Chain of custody: Boodles does not trace its gold or diamonds to mines of origin. Boodles does not purchase gold directly, but has subcontracted workshops that source gold from three suppliers it describes as “trusted.” Boodles estimates that 35 percent of its gold is recycled.²⁴⁷ Boodles initially told Human Rights Watch that it was “satisfied with the integrity of our suppliers,”²⁴⁸ but in October 2017, informed Human Rights Watch that it recognized more needed to be done to ensure Boodles sources responsibly. The company informed Human Rights Watch that it had engaged in a conversation over the need for robust human rights due diligence with one of its diamond suppliers, and that it was intending to do the same with other diamond suppliers.²⁴⁹

²⁴⁶ Letter from Jody Wainwright, director, Boodles, to Human Rights Watch, October 2017.

²⁴⁷ Letter from Jody Wainwright, director, Boodles, to Human Rights Watch, April 11, 2017.

²⁴⁸ Ibid.

²⁴⁹ Letter from Jody Wainwright to Human Rights Watch, October 2017.

Assessment of human rights risks: Boodles began a self-assessment against the RJC Code of Practices in 2017, and has started to conduct a more thorough assessment of its suppliers' human rights due diligence, as described above. Previously it had not conducted its own assessment of human rights risks or undertaken its own site investigations, and stated that "we rely on our trusted suppliers to identify and mitigate against human rights risks."²⁵⁰ Boodles shared the sourcing policies of its three gold suppliers with Human Rights Watch. The policies varied in rigor. One, for example, appeared to conduct fairly robust human rights due diligence, including audits of its mining counterparts by both the supplier and third-parties, while another supplier's policy focused only on providing gold that is "conflict-free."²⁵¹

Response to human rights risks: Boodles has relied on its suppliers to respond to human rights risks in its supply chain. It has not ended any business relationships because of human rights concerns.²⁵² In October 2017, Boodles stated that it will begin requiring regular suppliers to provide the results of third-party audits, and that areas of noncompliance will be assessed and remedied through activities such as site spot visits conducted by Boodles or a third party. It also indicated that it will work with suppliers to take corrective action, if necessary, and consider severing contracts with noncompliant suppliers.²⁵³

Third-party verification: The company has not had audits to verify compliance with standards on responsible sourcing or mining. Boodles joined the RJC in 2017, and was undergoing an audit against RJC standards in January 2018.²⁵⁴ It has indicated it plans to begin requiring suppliers to become RJC members and undergo RJC audits.²⁵⁵

Annual reporting: Boodles has not reported publicly on its human rights due diligence. It states that it will begin doing so in 2019, with support from the RJC or other actors. It plans to report on summary information of audits, areas of noncompliance, and remedial activities.²⁵⁶

²⁵⁰ Letter from Jody Wainwright to Human Rights Watch, April 11, 2017.

²⁵¹ Supplier policy statements provided to Human Rights Watch by Boodles, April 2017.

²⁵² Letter from Jody Wainwright to Human Rights Watch, April 11, 2017.

²⁵³ Letter from Jody Wainwright to Human Rights Watch, October 2017.

²⁵⁴ Letter from Jody Wainwright to Human Rights Watch, April 11, 2017; Letter from Jody Wainwright to Human Rights Watch, October 2017; Email from Jody Wainwright to Human Rights Watch, December 6, 2017.

²⁵⁵ Letter from Jody Wainwright to Human Rights Watch, October 2017.

²⁵⁶ Ibid.

Publish suppliers: Boodles does not publish the names of its suppliers, but shared the names of its gold and diamond suppliers with Human Rights Watch on a confidential basis. It says it would be willing to publish the names of its gold suppliers with their prior consent, but for “commercial and competitive reasons,” it prefers not to publicly disclose the names of its diamond suppliers.²⁵⁷

Support for artisanal and small-scale mining: Boodles has not sourced from artisanal mines and does not support initiatives that seek to develop responsible small-scale mines,²⁵⁸ but states that it will do so “as suitable opportunities arise and there is an identified business need.”²⁵⁹

Chopard (Switzerland)

Chopard is a Swiss luxury watchmaker and jeweler founded in 1860.²⁶⁰ Chopard is privately owned by Karl Scheufele, and has an annual revenue of over \$800 million.²⁶¹ The company has stores in over 100 countries.²⁶²

Chopard responded to Human Rights Watch’s request for information with a letter but declined to meet in person.

Of all the companies assessed, Chopard stands out for its efforts to support responsible mining in the artisanal sector. However, the company provides little public information on its supply chain due diligence for the bulk of its gold and diamonds. On the basis of available information, Human Rights Watch considers Chopard’s human rights due diligence to be weak.

Supply chain policy: Chopard’s approach to responsible sourcing is outlined in its “Journey to Sustainable Luxury” initiative. The initiative has provided expertise and funds to a few gold, diamond, and gem mines to assist them in improving conditions and—in the case of

²⁵⁷ Letter from Jody Wainwright to Human Rights Watch, April 11, 2017.

²⁵⁸ Ibid.

²⁵⁹ Letter by Jody Wainwright to Human Rights Watch, October 2017.

²⁶⁰ Chopard, “Chopard’s History,” undated, <https://www.chopard.com/intl/chopard-history/> (accessed August 24, 2017).

²⁶¹ Natalie Robehmed, “Chopard’s Karl Scheufele Joins Luxury Billionaire Ranks,” *Forbes.com*, April 15, 2014, <https://www.forbes.com/sites/natalierobehmed/2014/04/15/chopard-s-karl-scheufele-joins-luxury-billionaire-ranks/#22b8aae33eeb> (accessed August 24, 2017).

²⁶² Chopard, “Store Locator,” undated, <https://www.chopard.com/intl/storelocator> (accessed August 24, 2017).



A Chopard jewelry store in Place Vendôme in Paris, France, July 2011.

© 2011 Marc Piasecki/Getty Images

gold—achieve Fairmined certification. It also sources directly from these mines.²⁶³ With regards to diamonds, the company states that it abides by the Kimberley Process Certification Scheme (KPCS) and its system of warranties.²⁶⁴ The Chopard website states that the company has a Code of Conduct for partners, outlining expectations for all “downstream” partners on responsible business practices, but it does not make the code public.²⁶⁵

Chain of custody: Chopard has chain of custody for a small amount of its material, notably gold sourced from Fairmined sites in Latin America. It has also sourced diamonds from the Karowe mine in Botswana, whose parent company, Lucara Diamonds, is seeking RJC certification.²⁶⁶ Chopard emphasizes that it has an in-house foundry, which enables the

²⁶³ Letter from Karl-Friedrich Scheufele, co-President, Chopard, to Human Rights Watch, March 10, 2017; Letter from Karl-Friedrich Scheufele, co-president, Chopard, to Human Rights Watch, November 8, 2017; Chopard, “Corporate Social Responsibility,” undated, <https://www.chopard.com/intl/corporate-social-responsability/> (accessed January 5, 2018).

²⁶⁴ Chopard, “Corporate Social Responsibility.”

²⁶⁵ Chopard, “Corporate Social Responsibility.”

²⁶⁶ Letter from Karl-Friedrich Scheufele to Human Rights Watch, March 10, 2017.

company to recycle gold and reduce its need for freshly mined gold.²⁶⁷ It remains unclear whether Chopard has chain of custody for the bulk of its gold and diamonds.

Assessment of human rights risks: Chopard provides little information on how it assesses human rights risks throughout its operations. The company is cooperating with the consulting group Eco-Age, which has visited a diamond mine in Botswana for Chopard and worked on an unspecified “program of improvement” for the mine.²⁶⁸

Respond to risks: Chopard does not publish information on how it responds to human rights risks and did not provide a substantive response to Human Rights Watch’s request for information on this topic.

Third-party verification: Chopard has been certified against the RJC Code of Practices. The company does not publish information on whether it uses audits to verify compliance of its suppliers with standards on responsible sourcing or mining, and did not provide a substantive response to Human Rights Watch’s request for information on this topic.²⁶⁹

Report annually: Chopard promotes its “Journey to Sustainable Luxury” initiative publicly. It does not publish annual reports on its human rights due diligence for the bulk of its gold and diamonds.²⁷⁰

Publish suppliers: The company has publicly named just one of its gold suppliers, the Swiss refinery PX Précinox, which refines gold from Fairmined sites in Bolivia and Colombia.²⁷¹ It considers publishing the names of other suppliers a risk for its operations.²⁷²

Support for artisanal and small-scale mining: Chopard worked with the Alliance for Responsible Mining over a period of several years to help small-scale mining cooperatives in Peru, Bolivia, and Colombia get training, social welfare, and education, and to reach

²⁶⁷ Chopard, “Corporate Social Responsibility.”

²⁶⁸ Letter from Karl-Friedrich Scheufele to Human Rights Watch, March 10, 2017.

²⁶⁹ Chopard, “Corporate Social Responsibility.”

²⁷⁰ Chopard, “The Journey to Sustainable Luxury,” March 19, 2015, <https://www.chopard.com/intl/diary/journey-sustainable-luxury/> (accessed August 24, 2017).

²⁷¹ Ibid.

²⁷² Letter from Karl-Friedrich Scheufele to Human Rights Watch, November 8, 2017.

Fairmined certification. It has also sourced from Fairmined-certified mines.²⁷³ Currently, Chopard is sourcing a part of its gold from Fairmined certified gold mines in Bolivia and Colombia. In March 2017, the company presented a new line of watches made from Fairmined gold at Baselworld, an international watch fair.²⁷⁴

Christ (Germany)

Christ is one of Germany's largest jewelry companies, with about 220 stores. It also recently opened stores in Austria and the Netherlands. Christ was acquired by the private equity group 3i Group in 2014 and had a revenue of approximately \$490 million in 2014.²⁷⁵

Christ responded to Human Rights Watch's request for information with a detailed written letter and met with Human Rights Watch staff in person and by conference call.

Christ has a supplier code in place and sources predominantly recycled gold. The company shares almost no information about its supply chain and human rights due diligence publicly, though it has informed Human Rights Watch that it is planning to publish its supplier code of conduct and other information on responsible sourcing in the coming year.²⁷⁶ On the basis of the available information and discussions with the company, Human Rights Watch considers Christ's human rights due diligence to be weak.

Supply chain policy: Christ has a code for suppliers that requires compliance with International Labour Organization standards regarding a wide range of labor rights, which are spelled out in detail. It also briefly mentions Christ's commitment to the environment and human rights more broadly. The Code obliges suppliers to comply with its provisions

²⁷³ Chopard, "Fairmined Gold – Certified Ethical Gold: Paving The Way Towards Sustainable Luxury," <https://www.chopard.com/intl/fairmined-gold> (accessed August 24, 2017); Alliance for Responsible Mining, "Six New Mines Reach Fairmined Certification," October 7, 2015, <http://www.fairmined.org/six-new-mines-reach-fairmined-certification/> (accessed September 14, 2017); Letter from Karl-Friedrich Scheufele to Human Rights Watch, March 10, 2017.

²⁷⁴ Chopard, "Baselworld 2017 – Discover our New L.U.C. Timepieces," March 23, 2017, <https://www.chopard.com/intl/diary/baselworld-2017-discover-new-l-u-c-timepieces/> (accessed November 1, 2017).

²⁷⁵ Christ, "Our Business," <https://www.3i.com/portfolio/?id=2798> (accessed August 24, 2017); "Update 1- Buyout group Advent sells Christ jewellery stores to 3i," *Reuters*, October 27, 2014, <https://www.reuters.com/article/douglas-restructuring-3i-group/update-1-buyout-group-advent-sells-christ-jewellery-stores-to-3i-idUSL5NoSM44V20141027> (accessed January 15, 2018); Sandra Bauer, "Juwelier CHRIST expandiert in die Niederlande," *PR-Inside*, March 28, 2017, <https://www.pr-inside.com/de/juwelier-christ-expandiert-in-die-niederlande-r4583342.htm> (accessed August 24, 2017).

²⁷⁶ Human Rights Watch meeting with Bernd Schröder, chief executive officer, Christ, and Frank Noack, head of quality management, Christ, Hagen, Germany, October 5, 2017; Email from Frank Noack, head of quality management, to Human Rights Watch, October 23, 2017.

and authorizes Christ to conduct unannounced compliance checks.²⁷⁷ However, Christ has not made the code public.

Chain of custody: Christ sources its gold almost entirely from recycling.²⁷⁸ Diamond suppliers must be in compliance with the Kimberley Process. It does not trace its diamonds back to the countries or mines of origin.

Assessment of human rights risks: Christ relies on its supplier code as a tool to assess human rights risks, and does spot checks during visits with suppliers, but does not monitor adherence systematically. The company does not visit mines of origin and states that it has not identified any human rights risks in its supply chains so far.²⁷⁹

Response to human rights risks: Christ's supplier code threatens sanctions, including ending the business relationship, if the supplier does not meet its requirements. According to correspondence from Christ, the company has not ended a business relationship due to human rights concerns in the supply chain.²⁸⁰

Third-party verification: The company has not had audits to verify compliance with standards on responsible sourcing or mining.²⁸¹ It is not a member of the RJC.

Report annually: Christ does not report publicly on its efforts around human rights due diligence.²⁸² However, in October 2017, Christ informed Human Rights Watch that it intends to share information on its sourcing practices on its website.²⁸³

²⁷⁷ Christ, "Lieferantenkodex," (Suppliers' Code). On file with Human Rights Watch.

²⁷⁸ Email from Christ, "Human Rights Watch Fragenkatalog," (Human Rights Watch questionnaire) to Human Rights Watch, May 23, 2017.

²⁷⁹ Ibid.

²⁸⁰ Ibid.

²⁸¹ Ibid.

²⁸² Ibid.

²⁸³ Human Rights Watch meeting with Bernd Schröder, chief executive officer, Christ, and Frank Noack, Head of Quality Management, Christ, Hagen, Germany, October 5, 2017.



A Christ store in Cologne, Germany, 2002. © 2002/Kevin George / Alamy Stock Photo

Publish suppliers: Christ does not publish the names of its direct suppliers, citing nondisclosure agreements.²⁸⁴ Christ shared the names of some of its refiners with Human Rights Watch on a confidential basis.²⁸⁵

Support for artisanal and small-scale mining: Christ does not participate in a dedicated program to source from artisanal and small-scale mines or support initiatives for responsible small-scale mining.²⁸⁶

²⁸⁴ Email from Christ, “Human Rights Watch Fragenkatalog,” (Human Rights Watch questionnaire), to Human Rights Watch, May 23, 2017.

²⁸⁵ Christ does not have nondisclosure agreements with its refiners.

²⁸⁶ Email from Christ, “Human Rights Watch Fragenkatalog,” (Human Rights Watch questionnaire), to Human Rights Watch, May 23, 2017.

Harry Winston (US)

Harry Winston, founded in 1932, is a luxury jeweler and watchmaker. It has salons and retailers in over 50 countries.²⁸⁷ It is a private company, and operates as a subsidiary of the Swatch Group AG. The Swatch Group AG's overall revenue for 2016 was \$7.8 billion.²⁸⁸ Specific revenue figures for Harry Winston are not available.

Harry Winston responded to Human Rights Watch's request for information with a short letter, focused on its membership in the RJC and its compliance with the Kimberley Process. Harry Winston did not respond to Human Rights Watch's request for a meeting.

Harry Winston publishes little information regarding human rights due diligence in its supply chain. On the basis of available information, Human Rights Watch considers Harry Winston's human rights due diligence to be weak.

Supply chain policy: Neither Harry Winston nor its parent company, the Swatch Group AG, has a publicly available supply chain policy. Harry Winston says that it will only purchase polished diamonds from countries that adhere to the Kimberley Process, “that meet the Company’s supplier vetting process,” and comply with the World Diamond Council voluntary system of warranties.²⁸⁹ It further states that it is “committed to buying from suppliers who adhere to industry standards on ethical, environmental and social issues related to the polishing of our diamonds.”²⁹⁰ The company’s website states that suppliers must certify that they maintain ethical business practices, and comply with applicable laws and regulations, including “protecting basic human rights wherever they operate.”²⁹¹

Harry Winston’s parent company, the Swatch Group AG, states that “as far as possible,” the Swatch Group “requests its suppliers to guarantee that all precious metals delivered originate from ethically impeccable sources and conflict-free regions, and moreover, that

²⁸⁷ Harry Winston, “Locations,” undated, <http://www.harrywinston.com/en/salon-locations/locations> (accessed August 22, 2017).

²⁸⁸ Swatch Group AG, “Swatch Group: Key Figures 2016,” February 2, 2017, http://www.swatchgroup.com/en/services/archive/2017/swatch_group_key_figures_2016 (accessed January 10, 2018).

²⁸⁹ Letter from Robert Scott, chief financial officer, Harry Winston, to Human Rights Watch, August 24, 2017.

²⁹⁰ Ibid.

²⁹¹ Harry Winston, Inc., “California Transparency in Supply Chains Act Disclosure,” <http://www.harrywinston.com/en/california-transparency-supply-chains-act-disclosure> (accessed July 20, 2017).



The plaque on the Harry Winston Inc. flagship store in New York, US, August 2013. © 2013 Waring Abbott/Getty Images

the entire supply chain fully complies with all legal regulations.”²⁹² Gold suppliers must be certified members of the RJC or the LBMA. Diamond suppliers must be in compliance with the Kimberley Process and the World Diamond Council’s Standard of Warranties.²⁹³

Chain of custody: The Swatch Group AG says that it only purchases precious metals from “individual established long-term suppliers” who are certified with the RJC or LBMA, and that it processes precious metals in its own foundries and refineries, as much as possible.²⁹⁴ From available information, it does not appear that Harry Winston traces either its gold or diamonds to mines of origin.

Assessment of human rights risks: The Swatch Group AG states that suppliers and sub-suppliers are expected to comply with the OECD Due Diligence Guidance for

²⁹² The Swatch Group, “Swatch Group Annual Report 2016,” http://www.swatchgroup.com/en/investor_relations/annual_and_half_year_reports (accessed October 8, 2017), p. 142.

²⁹³ Ibid, p. 147.

²⁹⁴ Ibid, p. 147.

Responsible Supply Chains.²⁹⁵ It is not clear how adherence to these expectations is monitored or measured.

Response to human rights risks: The Harry Winston website states that employees are trained to investigate violations of the RJC Code of Practices and take appropriate action, up to and including terminating agreements with vendors who do not comply.²⁹⁶ Neither Harry Winston nor the Swatch Group AG provide further information regarding how they respond to risks in their supply chains.

Third-party verification: Harry Winston is certified against the RJC's Code of Practices. The company states that "representatives of the company visit as many supplier offices as regularly possible, to monitor the supplier's compliance with the Company's principles."²⁹⁷ It does not provide information regarding whether any of its supply chain is subject to independent, third-party audits.

Report annually: Harry Winston does not report publicly on its human rights due diligence. The Swatch Group AG publishes an annual report with general information regarding its sourcing of precious metals, diamonds, and gemstones.²⁹⁸ The report does not include any information on third-party audits, noncompliance information, or steps to address noncompliance.

Publish suppliers: Harry Winston does not publish the names of its suppliers.

Support for artisanal and small-scale mining: From available information, Harry Winston does not participate in a dedicated program to source from artisanal and small-scale mines or support initiatives for responsible small-scale mining.

²⁹⁵ Ibid, p. 146.

²⁹⁶ Harry Winston, Inc., "California Transparency in Supply Chains Act Disclosure."

²⁹⁷ Letter from Robert Scott to Human Rights Watch, August 24, 2017.

²⁹⁸ The Swatch Group, "Swatch Group Annual Report 2016," p. 147.



View of gold and diamond wedding jewelry at Tanishq Jewellery House in Ludhiana, Punjab, India, October 2009. © 2009 Vikram Sharma/The India Today Group/Getty Images

Very weak

Tanishq (India)

Tanishq is an Indian jewelry company with over 200 stores in India.²⁹⁹ The company had revenue of \$1.7 billion in 2015-16.³⁰⁰ It is part of Titan Company, a luxury goods company that is a joint venture between the Indian multinational Tata Group and the Tamil Nadu Industrial Development Corporation.³⁰¹

Tanishq did not respond in writing to Human Rights Watch’s request for information, but met with Human Rights Watch staff by conference call.

²⁹⁹ Titan Company, “Investor Presentation, Delivering value by creating brands,” February, 2017, <https://www.titan.co.in/TitanEcom/corporate/pdflinks/Investors%20Meet/2017/Q3FY16-17%20Investor%20presentation.pdf> (accessed August 24, 2017).

³⁰⁰ “Tanishq Retains Growth Forecast at 15% for FY 2017,” *Economic Times*, June 1, 2016, <http://economictimes.indiatimes.com/industry/cons-products/fashion-/cosmetics-/jewellery/tanishq-retains-growth-forecast-at-15-for-fy17/articleshow/52541680.cms> (accessed August 22, 2017).

³⁰¹ Titan Company, “About Us,” undated, <https://www.titan.co.in/company-profile> (accessed August 24, 2017).

Tanishq publishes little information on human rights due diligence in its supply chain. From the information provided by Tanishq to Human Rights Watch, Human Rights Watch considers the company's overall human rights due diligence process to be very weak, with no evidence of steps towards responsible sourcing.

Supply chain policy: Tanishq is covered by Titan's overall corporate social responsibility policy. The policy is vague and focuses on the company's outside philanthropic initiatives—such as programs for girls' education—rather than the company's policies or practices in relation to its own operations.³⁰² It does not mention human rights or responsible sourcing.

Chain of custody: Tanishq does not have full chain of custody for its gold and diamonds. The company seems to rely on the reputation of its suppliers, and sources a large portion of its gold from well-known international banks.³⁰³ In addition, it sources some gold from refiners and customers who wish to recycle gold.³⁰⁴ For diamonds, Tanishq says it seeks to ensure its diamonds are in compliance with the Kimberley Process.³⁰⁵ The company's website states that "we only source our diamonds from known, trusted and certified suppliers."³⁰⁶

Assessment of human rights risks: Tanishq has identified child labor in Indian manufacturing as a potential risk for its operations. However, the company does not appear to carry out its own assessment of human rights risks in its international supply chain. According to its chief executive officer, "We had hoped for automatic assurances" from their international suppliers. However, he said that the company is willing to explore human rights issues in the global supply chain further.³⁰⁷

³⁰² Titan Company, "Corporate Social Responsibility Policy and Strategy," undated, http://www.titan.co.in/TitanEcom/corporate/pdflinks/corporate%20governance/CSR%20Policy%20-%20Titan%20Company%20Limited_n.pdf (accessed July 3, 2017); Titan Company, "Investors Presentation, Delivering value by creating brands," February 2017. Indian law requires large companies to spend at least 2 percent of their average net profits on corporate social responsibility activities.

³⁰³ Human Rights Watch telephone interview with C.K Venkataraman, chief executive officer, Tanishq, June 1, 2017; Some information on Tanishq's sourcing also in Titan Company, "Discuss the Recent Regulatory Developments In Gold Imports," June 11, 2013 , <http://www.titan.co.in/TitanEcom/corporate/pdflinks/ConferenceCall-Regulatorychanges.pdf> (accessed August 24, 2017)

³⁰⁴ Human Rights Watch telephone interview with C.K Venkataraman, June 1, 2017; Tanishq, "Promises," undated, <https://www.tanishq.co.in/promises> (accessed July 3, 2017).

³⁰⁵ Human Rights Watch telephone interview with C.K Venkataraman, , June 1, 2017.

³⁰⁶ Tanishq, "Brand Story," undated, <https://www.tanishq.co.in/inside-tanishq/#Brand-Story> (accessed January 10, 2018).

³⁰⁷ Human Rights Watch telephone interview with C.K Venkataraman, June 1, 2017.

Response to human rights risks: In the past, Tanishq has dealt with the issue of child labor in jewelry manufacturing in India.³⁰⁸ According to a 2014 Titan report to UN Global Compact, a UN network on corporate responsibility, “[a]ll supply contracts through the entire supply chain include a clause that clearly expresses that the Company shall take serious note if the contractor in any way employs child labor directly or indirectly.”³⁰⁹ However, Titan was expelled from the UN Global Compact in July 2016 for failure to report progress.³¹⁰

Third-party verification: The company has not had audits to verify compliance with standards on responsible sourcing or mining. It is not a member of the RJC.

Report annually: Tanishq does not report publicly on its human rights due diligence.

Publish suppliers: Tanishq does not publish the names of its suppliers but shared the names of two suppliers—a well-known bank and a company refining gold that is a side product from copper mining—with Human Rights Watch on a confidential basis.

Support for artisanal and small-scale mining: Tanishq does not participate in a dedicated program to source from artisanal and small-scale mines or support initiatives for responsible small-scale mining.

No Ranking Due to Non-Disclosure

Kalyan (India)

Kalyan is an Indian jewelry company. Founded in 1993, its 2015 revenue was estimated to be \$1.5 billion.³¹¹ The company has 80 retail stores in India and over 20 in Gulf States.³¹²

³⁰⁸ Ibid.

³⁰⁹ Titan Company, “UN Global Compact - Communications on Progress April 2014,” May 2014, https://www.unglobalcompact.org/system/attachments/cop_2014/94671/original/COP_Titan_Industries_Ltd2014final.pdf?1404899333 (accessed February 28, 2017), p. 3.

³¹⁰ UN Global Compact, “Participants-Titan Company Ltd.,” <https://www.unglobalcompact.org/what-is-gc/participants/9390-Titan-Company-Ltd.expelled> (accessed February 28, 2017).

³¹¹ Anshul Dhamija, “Kalyan Jewellers: From a textile store to a jewellery chain,” *Forbes India*, September 8, 2015, [http://www.forbesindia.com/article/hidden-gems/kalyan-jewellers-from-a-textile-store-to-a-jewellery-chain/41039/1](http://www.forbesindia.com/article/hidden-gems/kalyan-jewellers-from-a-textile-store-to-a-jewellery-chain/41039/) (accessed March 7, 2017).

³¹² Kalyan Jewellers, “Store Locator,” undated, <http://kalyanjewellers.net/#storeLocator> (accessed July 25, 2017)



Kalyan Jewellers shop, Kerala, India, May 2011. © 2011/Alamy

Kalyan has not responded to Human Rights Watch’s letters and publishes little information on human rights due diligence in its supply chain. On the basis of available information, we are unable to determine whether Kalyan conducts any human rights due diligence.

Supply chain policy: According to Kalyan’s vision statement, the company “aims at common social good through fair and ethical business practices.”³¹³ The company’s website does not have any specific information in relation to human rights or responsible sourcing.³¹⁴

Chain of custody: Kalyan does not publish information on its sourcing practices, or what steps it takes to trace its gold and diamonds.

Assessment of human rights risks: Kalyan does not publish information on human rights assessments.

³¹³ Kalyan Jewellers, “Company Profile,” undated, <http://kalyanjewellers.net/> (accessed July 25, 2017).

³¹⁴ Kalyan’s website states that its diamonds are certified by the International Gemological Institute (IGI) and that its gold is certified by the Bureau of Indian Standards (BIS) for quality assurance. These standards are concerned with the quality of the product, not responsible sourcing.

Respond to risks: Kalyan does not publish information on how it responds to human rights risks.

Third-party verification: The company does not publish information on whether it uses audits to verify compliance with standards on responsible sourcing or mining. It is not a member of the RJC.

Report annually: Kalyan does not report publicly on its human rights due diligence.

Publish suppliers: Kalyan does not publish the names of its suppliers.

Support for artisanal and small-scale mining: Kalyan does not publish information regarding support for artisanal and small-scale mining or sourcing from such mines.

Rolex (Switzerland)

Rolex is a Swiss watch brand, believed to be the largest single luxury watch brand globally.³¹⁵ In 2014, its revenue was estimated to be about \$5 billion.³¹⁶ The company is privately held by a charitable trust named after its founder, the Hans Wilsdorf Foundation.³¹⁷

³¹⁵Sammy Said, “Rolex: The Largest Luxury Watch Brand in the World,” *The Richest.Com*, September 28, 2013, <https://www.therichest.com/luxury/watches-luxury/rolex-the-largest-luxury-watch-brand-in-the-world/> (accessed January 15, 2018).

³¹⁶Ibid.

³¹⁷Rolex, “History of Rolex,” undated, <https://www.rolex.com/rolex-history.html> (accessed July 4, 2017); “Rolex,” undated, *Wikipedia*, <https://en.wikipedia.org/wiki/Rolex> (accessed July 4, 2017).



Rolex watches displayed in the window of a store in London, UK, November 2016.

© 2016 John Keeble/Getty Images

Rolex has not responded to Human Rights Watch's letters and publishes virtually no information on human rights due diligence and its supply chain.³¹⁸ On the basis of available information, we are unable to determine whether Rolex conducts any human rights due diligence.

Supply chain policy: Rolex has no publicly available supply chain policy; Human Rights Watch does not know whether the company has an internal supply chain policy or supplier protocol.

Chain of custody: Rolex does not publish information on its sourcing practices and what steps it takes to trace its gold and diamonds.

Assessment of human rights risks: Rolex does not publish information on human rights assessments.

³¹⁸ Rolex has also avoided engaging with the No Dirty Gold campaign. See Michael John Bloomfield, *Dirty Gold: How Activism Transformed the Jewelry Industry* (Cambridge/Massachusetts: MIT Press, 2017).

Response to human rights risks: Rolex does not publish information on its response to human rights risks.

Third-party verification: The company does not publish information on whether it uses audits to verify compliance with standards on responsible sourcing or mining. Rolex is not a member of the RJC.

Report annually: Rolex does not report publicly on its human rights due diligence.

Publish suppliers: Rolex does not publish the names of its suppliers.

Support for artisanal and small-scale mining: Rolex does not publish information regarding support for artisanal and small-scale mining or sourcing from such mines.

Tribhovandas Bhimji Zaveri Limited (TBZ Ltd.) (India)

Founded in 1864, TBZ Ltd. is one of India's largest jewelry companies, with approximately 31 retail stores across India, and online sales through retailers such as Amazon, Snapdeal, and Flipkart.³¹⁹ Its 2016 revenue was approximately \$2.5 billion.³²⁰ The company produces over 100,000 carats of diamond jewelry each year.³²¹ Gold jewelry accounts for approximately 75 percent of TBZ's revenues.³²² It is a publicly traded company.

³¹⁹ Tribhovandas Bhimji Zaveri Limited (TBZ Ltd.), "Evolving Strategies Sustaining Values: Annual Report 2015-16," 2016, <http://www.tbztheoriginal.com/pdf/TBZ-%20Annual%20Report%202015-16.pdf> (accessed July 17, 2017), pp. 3, 5.

³²⁰ Ibid, p. 7.

³²¹ Ibid, p. 3.

³²² Ibid, p. 23.

TBZ has not responded to Human Rights Watch's letters and publishes almost no information on human rights due diligence in its supply chain. TBZ's corporate responsibility activities are focused on philanthropic efforts to address health, education, gender-based violence, and other broader social concerns.³²³ On the basis of available information, we are unable to determine whether TBZ conducts any human rights due diligence.

Supply chain policy: TBZ has no publicly available supply chain policy. It has a code of conduct regarding ethical business practices, but this only applies to its employees and makes no reference to obligations for suppliers.³²⁴



A woman tries on a necklace at the Tribhovandas Bhimji Zaveri (TBZ) showroom in Ahmedabad, India, August 2010. © 2010 Sam Panthaky/AFP/Getty Images

Chain of custody: TBZ sources its gold primarily from bullion dealers, banks, and purchases of old jewelry (i.e. recycled gold).³²⁵ TBZ states that it purchases its diamonds from suppliers that source from De Beers, as well as other unnamed vendors.³²⁶ TBZ provides no public information indicating whether it has chain of custody over its gold and diamonds.

Assessment of human rights risks: TBZ publishes almost no information regarding human rights risks in its supply chain. TBZ surveyed 77 of its artisans and vendors to evaluate the social and economic impact of its business. Vendors reported that they used no child labor.³²⁷ However, the results of the survey appear to be based solely on self-reporting.

³²³ Ibid, pp. 13-15, 48. See also TBZ Ltd, "Corporate Social Responsibility Policy," 2014, <http://tbztheoriginal.com/pdf/TBZ-%20CSR%20Policy%20-%2004.08.2014.pdf> (accessed July 17, 2017), p. 1.

³²⁴ TBZ Ltd, "Code of conduct for Senior Management, Officers and Employees of Tribhovandas Bhimji Zaveri Limited," undated, <http://www.tbztheoriginal.com/pdf/Code%20of%20Conduct%20for%20KMP%20&%20Employees.pdf> (accessed March 30, 2017).

³²⁵ TBZ Ltd, "Investor Presentation-Q3 & 9M FY17 Results Update," February 2017, [http://www.tbztheoriginal.com/pdf/TBZ-Investor%20Presentation\(Dec.16\).pdf](http://www.tbztheoriginal.com/pdf/TBZ-Investor%20Presentation(Dec.16).pdf) (accessed July 17, 2017), p. 26.

³²⁶ Ibid, p. 27. Indian manufacturers have been found to use child labor in the past.

³²⁷ TBZ Ltd, "Evolving Strategies Sustaining Values: Annual Report 2015-16," p. 13. The timeframe for the survey was not provided.

Response to human rights risks: TBZ does not publish information regarding its response to human rights risks.

Third-party verification: TBZ appears to have had no audits to verify compliance with standards on responsible sourcing or mining. It is not a member of the RJC.

Report annually: TBZ publishes an annual report which includes information regarding its philanthropic activities but provides no information regarding human rights due diligence.³²⁸

Publish suppliers: TBZ does not publish the names of its suppliers.

Support for artisanal and small-scale mining: TBZ does not publish information regarding support for artisanal and small-scale mining or sourcing from such mines.

³²⁸ Ibid.

V. A Call to Action: Next Steps for the Jewelry Industry

Recommendations to Jewelry Companies

To ensure that their jewelry is responsibly sourced, all jewelry companies should:

Supply Chain Policy

- Adopt and implement a robust, detailed sourcing policy that requires suppliers to provide detailed evidence of chain of custody and human rights due diligence undertaken throughout the supply chain, based on international human rights standards and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance;
- Incorporate the policy or equivalent code of conduct into contracts with suppliers;

Supply Chain Information and Traceability

- Establish chain of custody over gold and diamond supply chains, and store supply chain information and documents internally in a systematic way;
- Require suppliers, including gold refiners and diamond suppliers, to ensure traceability and to provide detailed information on the whole supply chain;
- Cover the cost of segregated gold refining to ensure traceability in the gold supply chain.

Assessment of Human Rights Risks

- Assess human rights risks throughout their supply chain by using auditors with human rights expertise, and by conducting announced and unannounced mine visits;
- Require suppliers—particularly gold refiners and diamond cutters and polishers—to provide credible evidence of human rights due diligence, including information on risks identified;

Response to Human Rights Risks

- Put in place systems to address human rights risks, particularly at the mine level, and take concrete steps to mitigate them. Severing contracts with noncompliant suppliers should only be a last resort;
- Require suppliers—particularly gold refiners and diamond suppliers—to provide credible evidence of human rights due diligence, including information on steps taken to address risks;

Third-Party Verification

- Undergo third-party verification for their company’s performance on responsible sourcing;
- Ensure third-party audits of their gold and diamonds’ suppliers’ human rights due diligence, including visits to mines of origin;

Public Reporting on Human Rights Due Diligence

- Report annually on their human rights due diligence, including risks identified, and steps to manage and mitigate risks;

Public Reporting on Supply Chains

- Increase transparency by publishing their suppliers of gold and diamonds on an annual basis;
- Increase transparency by making public the percentage of the company’s gold and diamonds that is traceable back to the mines of origin;

Artisanal and Small-Scale Mining

- Source from responsible, rights-respecting artisanal and small-scale mines;
- Support organizations and initiatives that work to improve human rights conditions in artisanal and small-scale mines, including those aimed at certification under the Fairtrade or Fairmined standard.

Recommendations to the Responsible Jewellery Council

Many companies rely on the Responsible Jewellery Council (RJC) to help them meet their human rights obligations. The RJC has helped the industry adopt more responsible practices and plays an important role. However, RJC certification does not provide assurance that companies meet international standards for responsible sourcing, due to shortcomings in the RJC's governance, standards, and certification process.

To address these flaws, the RJC should improve its standards and requirements for compliance. We urge the RJC to:

- Give civil society and industry representatives equal decision-making powers in the RJC, and ensure that civil society and industry are represented equally on the Board of Directors and the Committees; civil society groups should include trade unions, human rights nongovernmental organizations, and representatives of mining communities.
- Strengthen its standards to set a high bar for responsible sourcing practices by the industry, in particular by requiring all member companies to:
 - Explicitly endorse and fully implement the OECD Due Diligence Guidance;
 - Put in place a supply chain policy consistent with Annex II of the OECD Due Diligence Guidance;
 - Put in place chain of custody for all precious metals and gems, including diamonds;
 - Require evidence of robust human rights due diligence by all suppliers, in particular, gold refiners and diamond suppliers;
 - Seek certification for their entire operations, not just for select entities;
 - Exclusively source from mines with operations that are compliant with core international human rights standards, verified through qualified human rights monitors who conduct announced and unannounced on-site mine visits;
 - Ensure that third-party audits verify compliance with international human rights standards, including through on-site mine visits;
 - Annually publish the names of their suppliers;
 - Make public audit summaries, including information on all facilities visited, areas of noncompliance, steps taken to assess and mitigate risks, a description of any identified risks, and a description of the specific, measurable steps taken to assess and mitigate identified risks.

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CRITERIA	TIFFANY AND CO.	BULGARI	PANDORA	SIGNET	CARTIER	CHOPARD	BOODLES	CHRIST	HARRY WINSTON	TANISHQ	KALYAN	ROLEX	TBZ
Overall Performance on Human Rights Due Diligence (Gold and Diamonds)	STRONG	MODERATE	MODERATE	MODERATE	MODERATE	WEAK	WEAK	WEAK	WEAK	VERY WEAK	NO INFO	NO INFO	NO INFO
Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy	Supply Chain Policy
Has a supplier code of conduct	Yes	Yes (parent company)	Yes	Yes (parent company)	Yes	*Yes (diamonds)	Yes	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Makes supplier code of conduct public	Yes	Yes	Yes	Yes	No	*No, but pledged to do so	*No, but pledged to do so	No	No	No	No	No	No
Reflects international human rights standards	To a large extent	Partially	To a large extent	To a large extent	To a large extent	N.A.	To a large extent	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody	Chain of Custody
Has chain-of-custody for gold	Yes	Partial	Yes (recycled)	No	Partial	Partial	No	Yes (recycled)	No	No	Unknown	Unknown	Unknown
Has chain of custody for diamonds	Partial	No	No	No	Partial	No	No	No	No	No	Unknown	Unknown	Unknown
Assessment of rights risks	Assessment	Assessment	Assessment	Assessment	Assessment	In process	Assessment	Assessment	Assessment	Assessment	Assessment	Assessment	Assessment
Conducts risk mapping/assessment	Yes	Yes	Yes	Yes	Unknown	Unknown	Yes	Unknown	No	Unknown	Unknown	Unknown	Unknown
Requires suppliers to provide written information on human rights assessments	Yes	Yes	Yes (new suppliers)	Unknown	Unknown	Unknown	No	Unknown	No	Unknown	Unknown	Unknown	Unknown
Has visited some current or potential new mines of origin	Yes	Yes	Yes	Unknown	Unknown	Yes	Yes	No	Unknown	No	Unknown	Unknown	Unknown
Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks	Response to risks
Has adopted a risk management plan	Yes	Yes	Yes	Yes	Unknown	Unknown	Unknown	No	Unknown	Unknown	Unknown	Unknown	Unknown
Suspends engagement with suppliers when no improvement	Yes, and has done so	Yes – in theory	Yes – in theory	Yes – in theory	Yes – In theory	Yes – in theory	Yes – in theory	Yes – in theory	Yes – in theory	Yes – in theory	Yes – in theory	Yes – in theory	Yes – in theory

CRITERIA	TIFFANY AND CO.	BULGARI	PANDORA	SIGNET	CARTIER	CHOPARD	BOODLES	CHRIST	HARRY WINSTON	TANISHQ	KALYAN	ROLEX	TBZ
Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification	Third-party verification
Has undergone third-party verification of human rights diligence	Yes (CoP and CoC)	Yes (CoP)	Yes (CoP)	Yes (CoP)	Yes (CoP)	Yes (CoP)	No (first audit for CoP underway)	No	Yes (CoP)	No	No	No	No
Requires suppliers to undergo third-party verification of human rights diligence	Yes	Yes	Yes (RJC and occasionally by Pandora)	Yes (RJC)	Yes (RJC)	Unknown	*No, but pledged to do so	No	Unknown	No	Unknown	Unknown	Unknown
Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually	Report Annually
Reports annually, publicly on human rights due diligence	Yes	Yes (parent company)	Yes	Yes	Yes (parent company)	No	*No, but pledged to do so 2019	*No, but pledged to do so	Yes (parent company)	No	No	No	No
Reports include audit summaries and information on non-compliances	No	No	No	Partially (non-compliances)	No	No	No	No	No	No	No	No	No
Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers	Publish Suppliers
Publishes on an annual basis the names of its gold and diamond suppliers	Partially	No	No	Partially	Partially	Partially	No	No	No	No	No	No	No
Support for Artisanal and Small-Scale Mining	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM	Support for ASM
Sources from responsible, rights-respecting artisanal and small-scale mines	No	No	No	Yes	Yes	Yes	No	No	Unknown	No	Unknown	Unknown	Unknown
Supports projects to develop responsible ASM	Yes	No	No	Yes	No	No	Yes	No	Unknown	No	Unknown	Unknown	Unknown

CoP = Responsible Jewellery Council Code of Practices

CoC = Responsible Jewellery Council Chain-of-Custody Standard