

# SIGNET JEWELERS

## Signet Responsible Sourcing Protocol for Diamonds (D-SRSP)



## **Introduction**

The jewelry industry shares a responsibility to meet consumer expectations about the standards for diamond and jewelry production. Today all businesses are expected to take responsibility for their supply chains, especially with respect to human rights and labor practices. These concerns are articulated by a significant body of international and national law, as well voluntary standards such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

As a leading international jeweler Signet works with governments, trade associations, NGOs and jewelry suppliers around the world to implement responsible supply chain standards. The Signet Responsible Sourcing Protocols (SRSPs) are designed to ensure that Signet's supply chain does not contribute to conflict or human rights abuses.

### **1. About this Protocol**

- 1.1 This Protocol is intended to explain the requirements of the Signet Responsible Sourcing Protocol for diamonds (D-SRSP) enabling diamond and diamond jewelry Suppliers ("Suppliers") to report compliance with the D-SRSP. Suppliers should use this Protocol and the SRSP Audit Guidance to ensure that appropriate systems are in place and records are maintained to be able to evidence compliance with the D-SRSP to an independent, third-party auditor.
- 1.2 The objective of the D-SRSP is to provide transparency and to assure that all Signet diamonds are sourced through identified and verified sources, over time, through a process of continuous improvement. The D-SRSP is aligned with Signet's Conflict Minerals Policy and complements the 3TG SRSPs.<sup>1</sup>
- 1.3 The D-SRSP recognizes the OECD Due Diligence Guidance for Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas (DDG) and is based on the OECD Five-Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain.<sup>2</sup> The D-SRSP is designed to correlate with steps 1 and 2 of the OECD DDG Five Step Framework.
- 1.4 The D-SRSP may be amended as appropriate through consultation with Signet Suppliers and other stakeholders at Signet's discretion.
- 1.5 Suppliers may seek advice from Signet's Responsible Sourcing Team at any time via the dedicated email helpline: [info@signetsrsp.com](mailto:info@signetsrsp.com). The Team will support Suppliers to implement the D-SRSP, providing practical guidance about all aspects of the policy, including implementation, reporting, record keeping and audit. The Responsible Sourcing Team also provides training on SRSP compliance, through the website, webinars and 1:1 meetings.

---

<sup>1</sup> [http://www.signetjewelers.com/files/doc\\_downloads/Signet-Responsible-Sourcing-Protocol-for-Gold-revised-September-2013.pdf](http://www.signetjewelers.com/files/doc_downloads/Signet-Responsible-Sourcing-Protocol-for-Gold-revised-September-2013.pdf)

<sup>2</sup> Signet endorses the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (DDG) developed by the Organization for Economic Co-operation and Development.

## **2. General Principles**

- 2.1 All Suppliers are expected to join the Responsible Jewelry Council (RJC) at the earliest opportunity, include this Protocol as a “Provenance Claim” in their scope of membership, and be audited against the RJC Code of Practices (CoP) including its Provenance Claim provision.
- 2.2 Suppliers are encouraged to purchase from other RJC member companies whenever possible, and to actively share the D-SRSP requirements with all their suppliers, thereby contributing to a “chain of confidence” throughout the Signet supply chain and its own.
- 2.3 Suppliers are encouraged to take an active interest throughout the supply chain of goods supplied to Signet. Signet supports continuous improvement efforts with respect to working conditions and human rights in both diamond production and diamond and jewelry manufacturing facilities.
- 2.4 Signet acknowledges that the adoption of standards and certification is a long-term process for the jewelry industry and encourages a continuous improvement approach. Signet does not require a specific percentage of material supplied to Signet to be of identified provenance. However, Suppliers are expected to demonstrate management processes designed to deliver continuous improvement over time.
- 2.5 Signet encourages the cross-recognition and harmonization of relevant standards to reduce unnecessary audit duplication. The D-SRSP is harmonized with the De Beers Best Practice Principles, the World Federation of Diamond Bourses Code of Conduct and Chain of Warranties, the Jewelers of America Code of Professional Practices, the International Diamond Manufacturers Association Code of Conduct, the ALROSA ALLIANCE Guidelines on Responsible Business Practices, the United States Diamond Source Warranty Protocol, the Diamond Development Initiative and the RJC Provenance Claim provision.
- 2.6 The Kimberley Process Civil Society Coalition has set out “Eight Key Issues” for improvement in the diamond supply chain. Signet acknowledges this important statement and supports on-going cross-sector collaboration to improve transparency in the global diamond supply chain. (See Appendix C)
- 2.7 The definition of “source” recognizes that diamonds cannot always be traced to the country and/or mine of origin, particularly inherent to smaller material purchased in mixed parcels. However, Signet expects Suppliers to take steps to increase the percentage of material supplied to Signet with identified provenance, over time.

## **3. Requirements**

- 3.1 The D-SRSP applies to all diamonds supplied to Signet including loose rough and polished diamonds, and diamonds set into finished jewelry.

## Signet Responsible Sourcing Protocol for Diamonds (D-SRSP)

---

- 3.2 All Suppliers must comply with the Kimberley Process Certification Scheme<sup>3</sup> and the World Diamond Council System of Warranties<sup>4</sup>.
- 3.3 All Suppliers must have a documented and functioning “Know Your Counterparty” (KYC) policy and process in place<sup>5</sup>.
- 3.4 Signet will not purchase diamonds from companies or entities subject to US, UK, Canadian or EU sanctions. Suppliers must conduct thorough due diligence in support of Signet’s legal requirements in this and all current or future areas of regulatory compliance.
- 3.5 Signet requires all Suppliers to take substantive and documented action to avoid the inclusion of undisclosed laboratory-grown/laboratory-created/synthetic diamonds, undisclosed treated diamonds or undisclosed diamond simulants in parcels provided to Signet. To that end, Suppliers must:
- 3.5.1 Obtain a written warranty from their suppliers to the effect that no undisclosed laboratory-grown diamonds are included in parcels supplied to them. Suppliers should require their suppliers to follow the recommended warranty statements in the WFDB Charter on Disclosure of Synthetic, Treated Natural and Natural Diamonds;
  - 3.5.2 Document their own and their suppliers’ due diligence processes to ensure compliance with this requirement;
  - 3.5.3 Comply with the De Beers Best Practice Principles Standard Guidance – Undisclosed Synthetic Diamonds (2016) and the related Disclosure Practice Note (May 2016). For further details see documents at [www.signetresponsiblesourcing.com](http://www.signetresponsiblesourcing.com)
  - 3.5.4 Conduct an internal pipeline risk assessment identifying all possible points at which laboratory-grown diamonds could enter the Suppliers’ natural diamond supply chain. Single stone or batch testing should be conducted, depending upon the attributed risk. An example diamond supply chain is shown in Appendix B.
  - 3.5.5 Testing may be conducted by the Supplier using relevant detection technology, or may be outsourced to a qualified gemological laboratory.
- 3.6 All Suppliers must employ a due diligence process to identify and minimize supply chain risks<sup>6</sup>.
- 3.7 All Suppliers must employ a documented inventory management system which documents their chain of diamond ownership and can be verified by audit for all goods purchased as rough and all polished goods of 30 points or larger.
- 3.8 In accordance with Signet’s Supplier Code of Conduct, the same obligations and criteria that apply to Signet’s direct suppliers will also apply to subcontractors. Suppliers will therefore need to pass on the requirements of the D-SRSP to all subcontractors.

---

<sup>3</sup> [www.kimberleyprocess.com](http://www.kimberleyprocess.com)

<sup>4</sup> [www.worlddiamondcouncil.com](http://www.worlddiamondcouncil.com)

<sup>5</sup> A standard KYC process requires the identification of the beneficial owners of the supplier company or organization and the maintaining of documentary records of this information.

<sup>6</sup> See Definitions

#### **4. Audit**

4.1 When Suppliers have successfully reported compliance with the D-SRSP to Signet, they may be required to undertake an independent audit by an auditor pre-approved by Signet to evidence their compliance.

- For reporting for calendar year 2016, Suppliers can report compliance and request an independent audit on a voluntary basis (for example, in order to add D-SRSP compliance as a “bolt-on” Provenance Claim within RJC certification). In these cases, Suppliers should contact the SRSP Project team (by email at [info@signetsrsp.com](mailto:info@signetsrsp.com)) and the compliance report and audit will be managed by the SRSP team with the Supplier on an individual basis.

- For reporting for calendar year 2017 and beyond, all Suppliers will be required to complete a D-SRSP compliance report, and Suppliers will be notified of the requirement for an audit by the SRSP Project Team on a representative sample basis, in accordance with the SRSP audit policy.

4.2 For RJC Members, it is recommended that Suppliers utilize the Provenance Claims provision<sup>7</sup> of the RJC CoP in order to evidence their compliance via the RJC certification audit which includes all Signet sourcing protocols.

4.3 The Signet sourcing protocols audit can be carried out as part of a scheduled RJC audit.

4.4 Provenance claims certified under the RJC 2013 CoP prior to the finalization of the Signet D-SRSP that otherwise meet the substance of the D-SRSP are deemed to effectively meet the D-SRSP audit requirement. Such provenance claims are not retroactive and must be updated to reference the Signet D-SRSP no later than the time of the Supplier's next scheduled re-certification.

4.5 Suppliers are able to have their RJC CoP, DeBeers BPP (where applicable), D-SRSP, 3TG SRSP and Signet factory audits conducted simultaneously, generally through the RJC certification audit, thereby reducing audit costs and staff resources.

4.6 This approach should also allow for certain Suppliers to be audited on a three-yearly basis following initial RJC certification, rather than annually.

4.7 Known producers which are independently certified under relevant international standards (see Definitions) and publish an annual report are not required to be audited under the D-SRSP.

4.8 The D-SRSP reporting procedure and the SRSP website will allow suppliers to express any comments to Signet, including grievances and concerns relating to their own or other's diamond supply chains.

---

<sup>7</sup> <http://www.responsiblejewellery.com/provenance-claims-cop-2013/>

## **5. Definitions**

5.1 Diamond: “Mineral consisting essentially of carbon crystallized in the isometric (cubic) crystal system, with a hardness on the Mohs’ scale of 10, a specific gravity of approximately 3.52 and a refractive index of approximately 2.42, created by nature.” (ISO 18323)<sup>8</sup>

5.2 Treated diamond: “diamond having undergone any human intervention other than cutting, polishing, cleaning and setting, to permanently or non-permanently change its appearance. EXAMPLES Coating, fracture filling, heating, irradiation, laser drilling, HPHT treatment or any other physical or chemical process.” (ISO 18323)

5.3 Laboratory-grown diamond/laboratory-created diamond/synthetic diamond: “artificial product that has essentially the same chemical composition, crystal structure and physical (including optical) properties as a diamond.” (ISO 18323)

5.4 The “source” of diamonds includes the Supplier of:

- rough – direct producer
- rough – secondary market/open market
- polished – various suppliers
- recycled goods and repairs
- finished diamond jewelry and other products including watches

5.5 “Identified and verified” sources include:

- Known producers such as ALROSA, De Beers, Rio Tinto and Dominion which are independently certified under separate, relevant international standards and publish an annual report.
- Smaller industrial or artisanal producers that provide information about the original source of the diamonds and the standards of its operations, verified by reasonable due diligence such as the OECD DDG.
- Secondary market rough suppliers that provide information about the original sources of their rough as far as possible, which can be independently verified.
- Polished Suppliers who manufacture in facilities under their direct control or using identified subcontractors.

5.6 “Responsibly sourced” means that suppliers will avoid contributing to human rights abuses through their sourcing practices. Suppliers must map their supply chain and employ due diligence (See 5.7) to identify risks and take appropriate measures to mitigate any risks so identified.

---

<sup>8</sup> <https://www.iso.org/obp/ui/#iso:std:iso:18323:ed-1:v1:en>

The normative standards upon which this approach is founded include the extensive body of international law and United Nations instruments designed to protect fundamental human rights. In particular, the UN Guiding Principles on Business and Human Rights are relevant in the context of the Signet D-SRSP.

5.7 “Due diligence is an on-going, proactive and reactive process through which companies can ensure that they respect human rights and do not contribute to conflict. Due diligence can also help companies ensure they observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions. Risk-based due diligence refers to the steps companies should take to identify and address actual or potential risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.” (OECD DDG P13)

5.8 The separate relevant international standards referred to in 4.7 include environmental management certifications such as ISO 14001 (and/or equivalents) and social performance certifications such as SA 8000 (and/or equivalents).

5.9 Continuous improvement is defined for the purposes of the D-SRSP as follows. All Signet Suppliers must have:

- a policy statement to the effect that they will seek as much information as possible about the original sources of the diamonds they supply to Signet. This policy statement should include
  - an objective of achieving full transparency through their supply chains over a set period of time, and
  - measurable targets on an annual basis
- a standard Terms of Business agreement with all their diamond suppliers which shall include the requirements of the D-SRSP;
- the standard Terms of Business agreement must include a clause to the effect that their suppliers shall provide as much information as possible about the original sources of diamonds they supply and develop similar objectives to increase the information available over the same time periods.

Suppliers should be able to demonstrate how they are measuring improvement against the targets they have set and some improvement in the percentage of diamonds from original sources which they supply to Signet, as a percentage of the total dollar value of all diamonds they supply to Signet, on an annual comparative basis.

## **6. D-SRSP Categories**

Signet suppliers must identify all the diamonds they supply to Signet by reference to any or all of the Categories set out below.

- Category 1. Single Stone Tracking: Individual diamonds supplied by or sourced from identified and verified diamond producers such as De Beers, ALROSA, Rio Tinto or Dominion.
- Category 2. Parcel Tracking: Parcels of diamonds supplied by or sourced from identified and verified diamond producers such as De Beers, ALROSA, Rio Tinto or Dominion, not individually tracked but verified to have derived from all or any of these producers.
- Category 3. Mixed Sources: This category allows for the mixing of diamonds deriving from a number of different sources, with some percentage of the diamonds deriving from identified and verified sources.
- Category 4. Other Identified and Verified Sources: This category applies to diamonds which derive from a producer country or particular mine, originally sourced from other than De Beers, ALROSA, Rio Tinto or Dominion.

## **7. Evidence of Compliance**

7.1. All categories must be evidenced by a documented inventory management system and purchase documents.

7.2. Categories 1 and 2:

- Inventory records, sale or purchase documents.

7.3. Category 3:

- Additional statements identifying provenance should be obtained where possible, and records maintained.
- Documented evidence of a KYC due diligence system.
- Documented evidence of management processes designed to deliver continuous improvement over time.
- Where the sources are retail returns, repairs, or recycled diamonds and other used sources, records must be maintained which state the source.

7.4. Category 4:

- Where the rough is derived from several sources, such as smaller mines and artisanal sources, evidence of each source must be maintained where available, as well as information about the relevant warranty/certification – for example, RJC Certification, KP Certificates, DDI's Maendeleo Diamond Standards™.
- Documented evidence of a KYC due diligence system.
- Documented evidence of management processes designed to deliver continuous improvement over time.

**APPENDICES:**

**A: GLOSSARY OF TERMS AND REFERENCES**

**BPPs:** De Beers Group of Companies, Best Practice Principles, 2016

**DDI:** The Diamond Development Initiative. See Maendeleo Diamond Standards™.

**IDMA:** International Diamond Manufacturers Association. See IDMA Code of Conduct

**ISO:** International Standards Organisation. See in particular ISO 14001 and ISO 18323

**JA:** Jewelers of America. See Code of Professional Conduct

**KPCS:** Kimberley Process Certification Scheme. Rough diamonds can only be legally exported/imported if accompanied by an official KPCS Certificate.  
[www.kimberleyprocess.org](http://www.kimberleyprocess.org)

**KYC:** “Know Your Customer/Counterparty”; see examples of practices at US Patriot Act (“International Counter Money Laundering and Related Measures”) at [www.justice.gov](http://www.justice.gov).

**OECD:** Organisation for Economic Co-operation and Development: see “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” at [www.oecd.org](http://www.oecd.org)

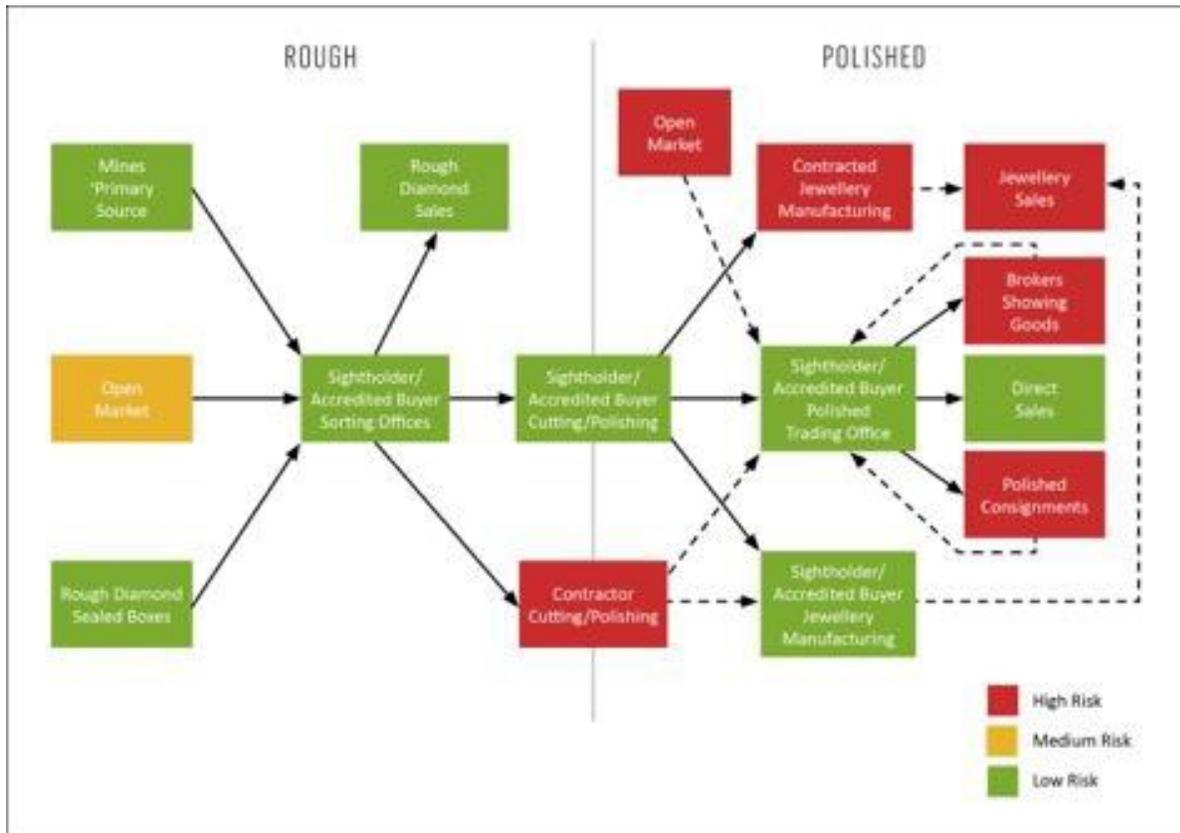
**RJC:** Responsible Jewelry Council: see “Member Certification” (under Code of Practices, especially “Provenance Claims”) at [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

**VBA:** Signet Vendor Buying Agreement.

**WDC:** World Diamond Council. See System of Warranties.

**WFDB:** World Federation of Diamond Bourses. See also The WFDB Charter on Disclosure of Synthetic, Treated Natural and Natural Diamonds.

B: EXAMPLE DIAMOND SUPPLY CHAIN & RISK POINTS



Source: De Beers Best Practice Principles 2016

**C: KIMBERLEY PROCESS CIVIL SOCIETY COALITION – EIGHT KEY ISSUES - 2016**

- Preventing diamonds from fueling violence and conflict of any kind or funding abusive government forces, in line with the OECD Due Diligence Guidance and applicable UN Security Council sanctions and resolutions;
- Ensuring companies in the diamond industry are legally required to meet their responsibility to respect all human rights throughout their global operations, as outlined in the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance;
- Supporting greater revenue and data transparency across the diamond supply chain, in line with the Extractive Industries Transparency Initiative (EITI), the Open Contracting Partnership, and similar efforts;
- Addressing in both producing countries and trading centres the undervaluation of diamonds and links to tax evasion and transfer mispricing;
- Addressing the potential for the diamond supply chain to be used for the purposes of money laundering, corruption, or threat finance, in line with the Financial Action Task Force (FATF) 2012 Recommendations and the FATF's 2014 report on diamonds;
- Taking effective steps to eliminate forced or child labor in diamond mining or manufacturing, in line with applicable International Labour Organization (ILO) Conventions; and
- Promoting sustainable and meaningful economic development throughout the diamond sector and particularly in artisanal producing countries, in line with the UN Sustainable Development Goals and the KP Washington Declaration.
- Continuing to expand on efforts within the KP that are rooted in productive multi-stakeholder collaboration, such as working to improve KP enforcement and strengthened internal controls in manufacturing, trading, and producing countries, including in regions like West Africa and the Central African Republic.