SPARKLING JEWELS, OPAQUE SUPPLY CHAINS
Sparkling Jewels, Opaque Supply Chains
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Sparkling Jewels, Opaque Supply Chains

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Acknowledgments
SUMMARY
The Covid-19 pandemic has demonstrated the fragility of global supply chains and the vulnerability of people working at the bottom of these supply chains. In the mining sector, the pandemic has had devastating effects on workers and communities around the world. In some parts of Africa, Asia, and Latin America, small-scale mining activity has been reduced or halted due to lockdowns and blocked trade routes. Where mining has been suspended, mine workers and their families have lost their income. Where mining has continued, workers and affected communities have been exposed to increased risks to their human rights. In some small-scale mining areas, child labor has risen.

SUMMARY
Mponeng Mine in South Africa, which was closed between May 2020 due to a Covid-19 outbreak and restarted partially in June 2020.

© 2017 JMK/Wikimedia Commons
Miners look for diamonds and gold in a mine at the edge of the Canaima National Park in Parai-Tepui, Bolivar state, Venezuela, May 2019. Human Rights Watch has documented serious human rights abuses and environmental destruction by armed groups controlling mines in Bolivar state.

© 2019 Michael Robinson Chavez/The Washington Post via Getty Images
In addition, some illegal mine operators and traders have made use of the Covid-19 pandemic to expand their unlawful small-scale mining activities. Illegal gold mining in Africa and Latin America threatens the environment and rights protections, especially the rights of Indigenous peoples. And while lockdowns have been important in combatting the spread of the pandemic, they have also hampered government monitoring and enforcement of mining and labor rights standards. Finally, industrial mines have become hotspots for Covid-19, including the world’s deepest gold mine, located in South Africa.

The Covid-19 pandemic has also posed vast challenges for the jewelry and watch industry, a major market for gold, diamonds, and other minerals. Jewelry companies have had to close stores, and consumer demand has slumped. Companies that were investing in responsible sourcing have diverted attention and resources to more immediate crisis management measures. But now more than ever, because of the increased risk of abuse, jewelry companies should conduct human rights due diligence to ensure that they do not cause or contribute to rights abuses in their supply chains. To achieve this they should comply with the United Nations Guiding Principles on Business and Human Rights (the “UN Guiding Principles”) and a sector-specific norm for mineral sourcing, the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by the Organization for Economic Development and Cooperation (the “OECD Minerals Guidance”). Such human rights due diligence should include steps to prevent and address environmental harm and risks from climate change, given their foreseeable impact.
This report scrutinizes and ranks 15 major jewelry companies for their efforts to prevent and address human rights abuses in their gold and diamond supply chains between 2018 and 2020, following up on Human Right Watch’s 2018 report, “The Hidden Cost of Jewelry.” The report also assesses the role of broader industry initiatives, including certification standards.

The 15 companies featured in this report have been selected to include some of the industry’s largest and best-known jewelry and watch companies from different markets: Boodles (United Kingdom), Bulgari (Italy), Cartier (France), Chopard (Switzerland), Chow Tai Fook (Hong Kong), Christ (Germany), Harry Winston (United States), Kalyan (India), Mikimoto (Japan), Pandora (Denmark), Rolex (Switzerland), Signet (United States), Tanishq (India), Tribhovandas Bhimji Zaveri Ltd. (TBZ)(India), and Tiffany & Co. (US). Thirteen of the companies were first assessed by Human Rights Watch in 2018 and have been evaluated for their progress made since publication of our initial report. Two companies, Mikimoto and Chow Tai Fook, were added to this assessment to extend the report’s geographic scope to Japan, Hong Kong, and China. While these 15 companies are not representative of the entire industry, collectively they generate more than US$40 billion in annual revenue, about 15 percent of global jewelry sales.

Overall, the report finds that there has been some progress in individual company practice and in industry standard-setting since 2018. Still, most companies assessed fall short of meeting international norms, and existing certification schemes lack rigor and transparency. In short, much more needs to be done to assure consumers that the jewelry they buy is sourced responsibly.

On the positive side, 11 of the 15 companies assessed have taken some steps to improve their human rights due diligence since the publication of our 2018 report. Eight of the fifteen companies assessed in this report have taken some steps to enhance traceability of their gold or diamonds. Some have opted to source only recycled gold, thus avoiding risks related to mined gold of unknown origin. Several companies have strengthened their supplier codes of conduct, more rigorously screened their suppliers, or published their requirements of suppliers for the first time. Some now publicly identified their suppliers. In addition, 10 companies assessed have taken steps to disclose publicly more information on their due diligence in ensuring respect for human rights. While the steps taken by individual companies vary greatly, and some companies are still performing poorly, these efforts demonstrate progress.
An artisanal miner climbs out of a gold mine with a bag of rocks broken off from inside the mining pit at the unlicensed mining site of Nsuaem Top in Ghana, November 2018.

© 2018 Zohra Bensemra/Reuters
Gold miners at an illegal mine in the Amazon jungle in the municipality of Itaituba in Pará state, Brazil, August 21, 2020.

© 2020 Lucas Búrmoys/Associated Press
Several industry initiatives have also progressed since 2018. For example, the Responsible Jewelry Council (RJC), the main jewelry industry association, has brought its main certification standard in line with the OECD Minerals Guidance. The Fairtrade and Fairmined Gold standards, which have successfully certified artisanal and small-scale gold mines, are popular with small jewelers and some bigger companies. A new, robust standard for responsible mining has been launched by the Initiative for Responsible Mining Assurance. In addition, several industry initiatives are underway to use technology—such as blockchain and laser technology—to ensure full traceability of diamonds and other minerals.

Overall, many players in the sector are recognizing the need to respond to increased consumer demand for responsible and transparent sourcing, as well as to demands and requirements by governments for responsible company conduct.

On the negative side, some of the companies have serious gaps in their due diligence on human rights and transparency. For example, most jewelry companies are still not able to trace their gold and diamonds to the mines of origin. Many do not conduct thorough human rights assessments or mitigation measures regarding conditions at the mines of origin or elsewhere in the supply chain. This is a serious gap, given the legacy of human rights abuses in gold and diamond mining generally, and the renewed human rights risks linked to the Covid-19 pandemic. In the context of the pandemic, few companies appear to have reassessed their supply chains for renewed risks, or actively taken steps to protect the rights of workers in their supply chains. Most companies also do not report on their due diligence efforts to respect human rights in detail. Notably, the vast majority of companies assessed do not report on the human rights risks identified, mitigating actions taken, or non-compliances found. None publish audit reports.

Furthermore, four companies assessed disclose almost no information to the public about their approach to responsible sourcing. This lack of transparency contravenes international norms and standards on best business practice, and diverges from the industry trend described above. When companies do not disclose any information about their practices, it becomes impossible for consumers, the general public, or affected mining communities to assess their actions, and corporate accountability is harder to establish.
Artisanal miners watch operations during a rescue-and-recovery operation at the flooded Cricket gold mine near Kadoma, Zimbabwe, on February 17, 2019. Rescue workers retrieved 26 bodies and 8 survivors from the two flooded gold mines.

© 2019 Jekesai Njikizana/ AFP via Getty Images
Although certification standards should set a high standard, they have not always done so. For example, standards by the main jewelry industry group, the RJC, or the Kimberley Process Certification Scheme and the World Diamond Council’s System of Warranties Guidelines do not require full traceability, transparency, or robust on-the-ground human rights assessments from their members. Third-party audits of jewelry supply chains are often conducted remotely, and auditors sometimes lack human rights expertise. While some industry standards, such as the RJC and the London Bullion Market Association (LBMA), require companies to report about their human rights due diligence efforts, they do not mandate the publication of audit reports or instances of non-compliance found. Their own implementation and certification processes lack transparency, too: The roll-out of the 2019 RJC standard, for example, is planned over a multi-year period, and its certification process is opaque. About 30 percent of RJC members also have the reputational benefit of being members without having completed certification.

Voluntary standards can play a role in generating dialogue and supporting companies that seek to develop best practice. But they cannot replace legal requirements, as our findings confirm. Ultimately, only mandatory human rights due diligence rules—laws—will create a level playing field and move the whole industry in the right direction.
For this report, Human Rights Watch sent letters to the 15 companies profiled, requesting information about their policies and practices in relation to human rights due diligence and the sourcing of their gold and diamonds. Nine companies responded in writing to Human Rights Watch’s letters requesting information regarding their policies and practices with regard to sourcing: Boodles, Bulgari, Cartier, Chopard, Chow Tai Fook, Pandora, Signet, Tanishq, and Tiffany & Co. The company responses varied widely, with some providing detailed information on their policies and practices in writing, while others provided only general information on their approach to sourcing. Five companies that responded to Human Rights Watch also spoke to us via conference call: Boodles, Bulgari, Pandora, Signet, and Tiffany & Co. Human Rights Watch also requested information from these companies regarding their response to Covid-19. Six companies did not reply to several requests for information on their Covid-19 response: Christ, Harry Winston, Kalyan, Mikimoto, Rolex, and TBZ.

We assessed the companies for their human rights due diligence measures taken between 2018 and 2020, based on the information provided to Human Rights Watch directly, as well as publicly available information. Since very little information was available on Kalyan, Mikimoto, Rolex, and TBZ, we could not rank these four companies. Below is the ranking that summarizes our findings:
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 and available to the public;
- 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), and through reliable, accessible, and independent community- and operational-level grievance mechanisms;
- Publicly report at regular intervals 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, and support initiatives seeking to improve human rights conditions in artisanal and small-scale mines.

**Certification schemes** and **responsible sourcing initiatives**—including the Responsible Jewellery Council and the World Diamond Council—should set and uphold a high industry standard and ensure they do not give legitimacy to companies that do not deserve it. Such initiatives should:

- Require companies to adhere to international human rights and humanitarian law;
- Require companies to disclose information on their suppliers, human rights due diligence conducted, audit summary reports, and grievances received and addressed; and
- Ensure that companies are checked for compliance through thorough audits by human rights experts;
- Sanction companies that fail to adhere to the standard, including by withdrawing certification and membership; and
- Ensure that civil society groups and industry representatives have equal decision-making powers and are represented equally on the board of directors and other key bodies.

As **governments** develop legislation on supply chain due diligence, they should require proper human rights assessments, prevention, mitigation, and remedy, and full transparency in supply chains. Membership in a certification standard, such as the RJC or LBMA, should not automatically exempt companies from their obligations or penalties under the law, as is currently planned or debated in several jurisdictions.
Satellite image recorded on October 12, 2020 shows mining sites and deforested areas along tributaries of the Tapajós River in the Tapajós Environmental Protection Area (APA Tapajós), Pará State, Brazil.

© 2020 Planet Labs
Overview of illegal mining areas and deforestation around the Tapajós River, Pará State, Brazil, accessed via https://mineria.amazonasocioambiental.org/ on November 11, 2020. The boundaries of illegal mining areas are approximate and depend on the availability of satellite imagery and the information provided by third parties.
© 2020 Portal Raisg - Mineria ilegal. Additional data sources: PRODES, OSM
I. Abuses in Mining and the Impact of Covid-19

A Legacy of Human Rights Abuses in Gold and Diamond Mining

Around the world, people living near or working at gold and diamond mines have for many years suffered serious human rights abuses, including those stemming from large-scale environmental destruction. An estimated 40 million people work in artisanal and small-scale mining, and an additional 100 million people indirectly depend on the sector for their livelihoods.¹ Artisanal and small-scale mines operate with little or no machinery and often belong to the informal sector. By comparison, around seven million people work globally in industrial, large-scale mining operations.²

Basic labor rights are violated in the context of artisanal and small-scale mining. For example, young children have worked in small-scale gold or diamond mines, often at the expense of their education. Disregard for health and safety standards has resulted in mining accidents, injuring and killing child as well as adult miners.³ Miners have also been subject to trafficking or forced labor in both small-scale and industrial mining.⁴

² Intergovernmental Forum on Mining, “Global Trends in Artisanal and Small-Scale Mining (ASM).”
Gold and diamond mining operations have polluted the environment, contributed to global carbon emissions, and threatened people’s rights to health, water, food, and a healthy environment. Large-scale industrial mines in particular have caused environmental damage and ill-health through the improper management of tailings (mine residue), the release of toxins from mineral processing, and accidents.⁵ Small-scale gold mines often rely on mercury for gold processing and emit over 800 tons of mercury a year, exposing millions of people to this highly toxic substance.⁶ Mercury attacks the central nervous system and can cause serious, irreversible health conditions, disability, and death; children are especially at risk.⁷

Example of diamond supply chains. 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.

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Mining operations have also threatened the rights of Indigenous peoples. For example, large-scale mining companies have reportedly cleared land for exploration and mining without seeking prior and informed consent from Indigenous communities living nearby.\(^8\) Activists opposing mining, including Indigenous peoples, have allegedly been threatened or killed.\(^9\)

Local residents have sometimes become victims of violent abuses by states security forces, private security personnel, or non-state armed groups.\(^10\) In situations of armed

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conflict, gold and diamond companies have been directly linked to violations of international humanitarian law. In particular, gold and diamond mining and trade have helped finance abusive armed groups, including through money-laundering.\textsuperscript{11} Abusive government armed forces and government-allied militias also have benefited from mining in countries such as Zimbabwe, Sudan, and South Sudan.\textsuperscript{12}

\begin{quote}
\textbf{Venezuela: Brutal Abuses in Gold Mines Taint Gold Supply Chain}

In Bolívar State in Venezuela, Venezuelan armed groups known as “syndicates” and Colombian armed groups control illegal gold mines and spread terror among residents and miners. The armed groups largely operate with government acquiescence and, in some cases, with the direct involvement of the army. Some of the gold produced is sold to Venezuela’s Central Bank, but much of it is reportedly smuggled out of the country to countries including Turkey, the United Arab Emirates, and Switzerland.\textsuperscript{13}

In 2019, Human Rights Watch interviewed miners and residents, and documented horrific abuses by armed groups, including punitive amputations and torture.\textsuperscript{14} In the worst cases, syndicates have dismembered and killed alleged offenders in front of other workers. “Everyone knows the rules,” one resident said. “If you steal or mix gold with another product, the pran [the syndicate leader] will beat or kill you.” Four residents said that they witnessed members of syndicates amputating or shooting the hands of people accused of stealing. A 17-year-old boy said he witnessed syndicate
\end{quote}


members individually amputating each finger of a miner accused of stealing gold, before amputating the remains of both hands. He said they did it in front of other mine workers so “everyone could see.”

The illegal mining operations also devastate the environment and harm workers’ health. Residents are exposed to mercury, which miners use to extract the gold. Residents described harsh working conditions in the mines, including 12-hour shifts, lack of protective gear, and children as young as 10 working alongside adults.

During the Covid-19 pandemic, the gold mines have continued to operate, although gasoline shortages have made it harder to move around. Border closures have led to an increased use of unofficial crossings to transport gold. A comprehensive report released by the United Nations Office of the High Commissioner for Human Rights in July 2020 documented similar abuses.

Zimbabwe: Diamonds Still Certified Despite Abuses

In the Marange diamond fields of eastern Zimbabwe, residents have suffered serious human rights abuses related to diamond mining for many years. Nonetheless, the Kimberley Process, an intergovernmental certification scheme for diamonds, allows diamonds from Marange to be exported.

In 2018, security forces in Marange beat and otherwise abused residents after protests against mining turned violent; three children were hospitalized. Many residents feel harassed by authorities who have declared Marange a “protected area”

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15 Ibid.
16 Human Rights Watch telephone interviews with residents in Bolivar State, June 2020.
that can only be visited with special authorization. Security forces have arrested several people caught without an identity document proving their residency.\(^\text{19}\)

During 2018 and 2019, private security officers employed by the state-owned Zimbabwe Consolidated Diamond Company (ZCDC) have used violence to deter local residents from mining diamonds, according to victims. In several cases, ZCDC security personnel have set dogs on men accused of mining illegally, injuring and even killing some of the men.\(^\text{20}\) One of the miners described his arrest: “The guards handcuffed me and my colleagues and ordered us to sit down. They set vicious dogs on us which mauled us for about 10 to 15 minutes as they watched, leaving us severely injured.”\(^\text{21}\)

Since the outbreak of Covid-19, the Zimbabwean government has declared mining an essential service and allowed operations to continue. This has caused concern among trade unions and NGOs who have called for better protections for mine workers at the ZCDC and Anjin diamond mines in Marange.\(^\text{22}\) Illegal small-scale diamond mining and diamond smuggling to Mozambique has continued during the pandemic, and soldiers have continued to raid and arrest artisanal miners according to an NGO report.\(^\text{23}\)


Impact of the Covid-19 Pandemic on Mine Workers and Mining Communities

The Covid-19 pandemic has had a devastating effect on the human rights of mine workers and communities. At the same time, government monitoring and enforcement have decreased or even been suspended, and in a few countries, governments have rolled back environmental and mining-related regulations.24

Covid-19’s Effect on Artisanal and Small-scale Mining

The Covid-19 pandemic has severely affected small-scale mining and trade. In some parts of Africa, Asia, and Latin America, small-scale mining activity has been reduced or ground to a halt altogether due to lockdowns and blocked trade routes.25 In other areas, unregulated small-scale mining has continued or even expanded, and sometimes child labor has increased. At the same time, government monitoring and enforcement of mining and labor rights standards have been hampered by lockdowns.

In producing countries, prices for minerals from small-scale mines have crashed because local traders faced difficulties in selling minerals abroad.26 Gold prices dropped 40 percent or more in some countries, even as international prices reached their highest point in years as investors bought up gold as a “safe” asset; local diamond prices also fell sharply.27

As small-scale mining operations and trade were severely curtailed, millions of households lost their income and struggled to meet their basic needs, including food, water, and housing.28 As a result, child labor has increased in some areas where mining still occurs. For example, surveys by an independent research group found an increase in

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child labor in artisanal gold and diamond mining sites in the Central Africa Republic, as well as in artisanal gold mining sites in the Democratic Republic of Congo since the start of the Covid-19 pandemic. Observers of the mining sector have noted the risk for increased child labor in mining in other countries, and the UN has rung the alarm bell over risks of higher rates of child labor globally due to the pandemic.

There has also been an increase in illegal gold and diamond mining and trading in several countries in Africa and Latin America, in part due to restrictions on the legal movement of resources and reduced government monitoring of laws and regulations. As a result, mining communities are at heightened risks of exploitation, abuse, and environmental damage by illegal mining operators.

For example, a civil society activist in Guinea said that illegal diamond mining has risen, as security forces were no longer monitoring mining activities during the lockdown. Observers in Ghana noted a similar increase in illegal gold mining, including in rivers and forest reserves, as state control and monitoring of mining areas were drastically reduced due to lockdown rules. In East and Central Africa, while many trading houses shuttered, illicit trading networks thrived. Traders travelled to the Democratic Republic of Congo (DRC) and Uganda to export gold from there, and illicit gold exports were reported to continue from the DRC through Uganda to the gold-trading hubs of Dubai and Istanbul.

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35 IMPACT, “COVID-19 &ASM.”
This illegal trade can exacerbate economic exploitation of local workers, money-laundering, and violence in conflict-affected countries such as Congo.\textsuperscript{36}

In the Brazilian Amazon, illegal gold mining sites have continued to operate despite the lockdown, raising concerns around the potential spread of Covid-19 to vulnerable Indigenous groups.\textsuperscript{37} Indigenous leaders, local organizations and federal prosecutors have reported illegal mining along the Tapajos River and miners encroaching on Yanomami's indigenous territory.\textsuperscript{38} In July 2020, the Inter-American Commission for Human Rights issued precautionary measures in favor of the Yanomami and specifically mentioned the threat from mining.\textsuperscript{39}

**Impact of Covid-19 on Large-Scale Mining**

Large-scale mining companies continued to operate in many countries around the world after the onset of the pandemic. Several governments, including Argentina, Australia, Brazil, Canada, Ghana, South Africa, and Zimbabwe explicitly declared these operations as essential services.\textsuperscript{40} Where industrial mines reduced or halted operations, they did so for a

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By July 2020, most mines had resumed operations. The continuation or resumption of mining operations has caused concern for the health of mine workers among trade unions and civil society groups. Industrial mines can easily become hotspots for contamination as workers often work close to each other in confined spaces. Migrant workers also often live together in cramped hostels and risk spreading the virus when travelling between their home community and their workplace. A case in point is the world’s deepest gold mine, Mponeng, in South Africa. The mine, owned at the time by AngloGold Ashanti, had to suspend operations in late May 2020 because 196 workers had tested positive for the coronavirus.

The World Health Organization has given detailed guidelines to companies on steps they should take to protect workers from the pandemic, for example by providing personal protective equipment. Yet, efforts by some companies have sometimes been inadequate, according to civil society groups and unions.

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Restrictions on public gatherings have made it more difficult in some countries to protest against mining-related impacts; in addition, community consultations have been moved online, making community participation harder.\textsuperscript{48} Civil society groups have also reported numerous attacks on those opposing mining during the pandemic, including arrests and killings.\textsuperscript{49} In Ecuador, for example, a mayor and other municipal government officials were detained in May 2020 after they protested the decision of the central government to allow gold mining in their area.\textsuperscript{50}

\textsuperscript{48} Mining Watch Canada, "Voices from the Ground," p. 26.
\textsuperscript{49} Ibid., p. 13.
\textsuperscript{50} Ibid., p. 11.
II. International Standards

The human rights responsibility of companies is articulated in the 2011 UN Guiding Principles on Business and Human Rights (the “UN Guiding Principles”). Under the UN Guiding Principles, businesses have a responsibility to ensure that they are not causing or contributing to human rights abuses in their global supply chains. They are expected to put in place so-called human rights due diligence measures—that is, a process to identify, prevent, mitigate, and account for companies’ impacts on human rights—throughout their supply chain. 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. This should include environmental harms and climate-related risks that have human rights consequences. Businesses are also required to report on their progress externally.

Although some companies engage in philanthropy outside their own operations, such charitable endeavors are largely unrelated to their human rights responsibilities under the UN Guiding Principles.

The Organisation for Economic Co-operation and Development (OECD) has spelled out these requirements further in its Due Diligence Guidance for Responsible Business Conduct, as well as in a sector-specific guidance for the mineral supply chain, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the “OECD Minerals Guidance”). The OECD Minerals Guidance builds on the concept of human rights due diligence developed in the UN Guiding Principles.

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Principles. It lays out five steps for risk-based due diligence in the minerals supply chain, including jewelry companies: 1) strong management systems, including systems to establish chain of custody; 2) identification 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 Minerals 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.” The OECD Minerals 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.

From January 2021, a new European Union minerals regulation will make compliance with the OECD Minerals Guidance a legal requirement for EU importers of gold and three other minerals (tin, tantalum and tungsten). The regulation directly applies to EU importers of the four metals, but will also have an impact on refiners and smelters who supply the importers; the EU will draw up a list of refiners and smelters considered “responsible.” While the regulation does not apply to downstream companies such as jewelry companies, such companies are still “expected to use reporting and other tools to make their due diligence more transparent, including, for many large companies, those in the non-financial reporting directive.”

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56 OECD “OECD Due Diligence Guidance, Gold Supplement,” p. 70. The terms are also commonly used for other supply chains, including diamonds.
Money-laundering, fraud, bribery, and tax evasion have been connected to human rights abuses in the mineral supply chain, and measures against financial crime are part of the OECD Minerals Guidance. A more detailed international norm on anti-money laundering measures is the guidance of the Financial Action Task Force, the global regulator against illicit financial transactions. Its 40 general recommendations apply to all industries and define measures for the criminal justice system, law enforcement, the financial system, and international cooperation. In addition, the Financial Action Task Force issued specific guidance documents on the diamond and gold supply chains.

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III. Jewelry Industry and the Pandemic: Threats and Opportunities

The Covid-19 pandemic has posed vast challenges for jewelry brands and has drawn attention and resources away from human rights due diligence efforts to more immediate crisis-management measures. At the same time, some jewelry industry representatives have told Human Rights Watch that human rights due diligence remains a key component of successful business and that responsible business conduct is crucial, perhaps even more necessary, at times of a pandemic. Observers have noted that companies focused on responsible business conduct may be more likely to weather the economic crisis than others. Indeed, companies that embrace responsible sourcing may be most likely to rebound successfully from the Covid-19 crisis, as consumers attach increasing importance to responsible business conduct.

Impact of Covid-19 on Jewelry Brands

In response to widespread lockdowns and guidance from health authorities, global brands began closing their retail stores in China in January 2020 and, by mid-March, across most of Europe and North America. Travel restrictions and lockdown rules prevented mining companies, traders, manufacturers, and other businesses in the jewelry supply chain from shipping their products. At the same time, consumer spending decreased dramatically due to job and income losses and economic insecurity linked to the pandemic. Consumers began spending less on non-essential products and in particular, delaying purchases of luxury items. McKinsey surveys of consumers across 12 major global markets from mid-

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63 Sue Allchurch, Chief of Outreach and Engagement, UN Global Compact, Speech at RJC webinar, May 20, 2020.
March to early May 2020 found that consumers in all but 1 of the 12 countries surveyed put jewelry among the categories they were least likely to purchase.\(^65\)

Companies in the jewelry supply chain have all been affected. For example, exports of polished diamonds from Belgium, a global diamond hub, dropped by 45 percent in the first quarter of 2020, according to the Antwerp World Diamond Centre.\(^66\) For the first quarter of the year, Chow Tai Fook Jewellery Group Ltd’s sales were down 65 percent in Hong Kong and Macau, and 41 percent in China.\(^67\) Sales for Signet Jewelers, one of the world’s largest diamond retailers, were also down 41 percent for the first quarter of 2020, and in June the company announced it would permanently close 400 stores.\(^68\) As jewelry companies closed stores, some worked to shift sales online.\(^69\)

Workers in jewelry manufacturing, trading, and retail have been affected as companies have shifted to at-home work, reduced work hours for employees, furloughed or laid off workers, and cut salaries. In Surat, India, a global diamond-manufacturing hub, migrant workers in diamond manufacturing were left without pay and jobs after the government lockdown.\(^70\) Diamond cutting businesses in Surat resumed limited operations in late May but suspended them again in July to contain the spread of Covid-19.\(^71\) Government and third-party monitoring of labor standards have been hindered or altogether stopped. In many cases, third-party auditing firms have had to move to “virtual audits” because of the

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\(^67\) Ibid.


travel restrictions and lockdowns. This environment presents heightened risks that labor abuses would occur altogether unnoticed.\textsuperscript{72}

Some jewelry companies made efforts to protect the livelihoods and well-being of their direct employees. Signet launched a relief fund to provide grants to hundreds of employees who experienced financial or other hardships as a result of Covid-19.\textsuperscript{73} Tiffany & Co. continued to pay employees, although at a reduced level after a period of time, for certain employees in closed or partially closed locations who were not able to work from home.\textsuperscript{74} Pandora guaranteed eight weeks’ salary for store employees after 90 percent of its stores were closed and—remarkably—maintained operations at its main manufacturing facility in Thailand, while instituting safety measures such as social distancing among workers.\textsuperscript{75} Pandora’s case is unusual as the company has its own manufacturing factories (meaning it is vertically integrated). Human Rights Watch does not have any information on jewelry brands taking steps to protect workers in supplier factories from the economic impacts of the pandemic.

Some companies pivoted to meet specific Covid-19-related demand. Bulgari, owned by LVMH, repurposed its fragrance factory in Lodi, Italy, to provide hand sanitizer for hospitals in Italy and Switzerland.\textsuperscript{76} LVMH, its parent company, has likewise used its labs in France to produce hand sanitizer for French hospitals.\textsuperscript{77} Chow Tai Fook used one of its diamond processing factories to manufacture surgical masks.\textsuperscript{78}

\begin{itemize}
\item \textsuperscript{73} Letter to Human Rights Watch from David Bouffard, May 20, 2020.
\item \textsuperscript{74} Communication from Tiffany and Co. to Human Rights Watch, June 19, 2020.
\item \textsuperscript{75} Ibid.
\item \textsuperscript{77} Ibid.
\end{itemize}
Consumer focus on transparent and ethical business

Surveys conducted since the start of the Covid-19 pandemic indicate that consumers attach a high value to ethical business, “conscious shopping,” and buying local products, even when overall spending patterns are changing.\(^79\) It is expected that this trend will remain even after the pandemic.

Market analysts agree that there is a heightened focus on sustainability among consumers, particularly millennials and those younger (“Generation Z”). Surveys in 2019 among 3,000 consumers in Brazil, China, France, the UK, and the US found that 75 percent of consumers view sustainability as extremely or very important. More than one-third reported that they had already switched from a preferred brand to another because of the brand’s social or environmental practices, and more than half said they planned to switch brands in the future if another brand is perceived as more environmentally or socially sustainable.\(^80\)

Consumers’ focus on sustainability has created an incentive for companies to show that they have a larger purpose and are acting in an ethical manner.\(^81\) This has helped prompt changes in the garment sector, where more and more companies are revealing which suppliers have produced their clothes or footwear. The Fashion Transparency Index, a tool used by a nongovernmental organization to assess and rank the biggest apparel retailers’ disclosure practices, has found that 35 percent of brands surveyed are now publishing information on their direct suppliers, whereas only 12.5 percent of companies surveyed did so in 2016.\(^82\) This discernible shift in the fashion industry may prompt greater transparency

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in the jewelry industry as well, particularly as some clothing brands also sell affordable jewelry and list the suppliers who make such accessories.\textsuperscript{83}

**Traceability Technologies**

New technologies in the minerals sector have the potential to enhance traceability and provide consumers with much more reliable information about the geographic origin of the minerals in their jewelry. These traceability technologies could offer an opportunity for improved jewelry sourcing, even though there have also been some concerns.

**Laser Technology**

Emerging laser technologies can analyze the geochemical qualities of individual diamonds—and in the future, also other minerals—to identify their mine of origin with a high degree of accuracy. For example, Mintek, South Africa’s national mineral research organization, is creating a database of “fingerprints” of rough diamonds from across the African continent.\textsuperscript{84} To date, the laboratory has analyzed over 1,080 diamonds from six different African nations, although its technique is currently not suitable for polished diamonds.\textsuperscript{85}

Materialytics, a US-based, privately funded company, has developed a similar approach to diamond traceability through laser technology. The process analyzes millions of data points per sample to create a unique signature for each sample, similar to DNA.\textsuperscript{86} Applied to diamonds, Materialytics can use this “DNA sequence” to trace a diamond back to its mine of origin with reportedly more than 95 percent accuracy.\textsuperscript{87}

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\textsuperscript{87} Approximately 60 mines comprise the current world diamond supply; Materialytics has conducted analysis of about 15-20 of these mines. Catherine McManus and Nancy J. McMillan, “Diamond Provenance Determined by Multivariate Analysis of
to establish traceability for both rough and polished diamonds, and is both quick and inexpensive. Materialytics has analyzed thousands of diamonds from 10 different countries and approximately 25 percent of the world’s diamond deposits and is currently working with several retailers to make the technology commercially available in early 2021.88

Blockchain

In parallel, a number of initiatives are underway to establish traceability through distributed ledger technology, commonly known as blockchain. Blockchain allows data to be validated and stored as an immutable “block” on a collectively owned and distributed digital database.89 Blockchain technology builds up a shared database (ledger) in which all actors in the value chain log their activities, thus creating a single source of information for the entire supply chain. The technology can be used in a variety of supply chains, and is being explored in the minerals supply chain, among others.90

Several blockchain initiatives are underway for the gold and diamond supply chains, through the collaboration of large jewelry, mining and technology firms.91 One of them is Trustchain, a consortium including IBM and the Richline Group, a global jewelry manufacturer.92 In 2018, Trustchain produced a set of six engagement rings that it said were the first finished pieces of jewelry offered for retail sale that had been traced from mine to market using blockchain.93 Another initiative is Tracr, a blockchain-based tracking program designed to create digital mine-to-consumer records of diamonds. It is

88 Communication to Human Rights Watch from Catherine McManus, chief scientist, Materialytics, LLC, August 6, 2020.
93 Ibid.
being developed by De Beers, in collaboration with other stakeholders, including Signet, Chow Tai Fook, and Alrosa.94

Concerns about traceability technology

There is a risk that traceability technologies favor large corporate players and exclude smaller businesses with less technological know-how and resources. In the diamond and gold supply chain, artisanal and small-scale mining operations may not have access to the new technology or reliable internet, or may not be included in relevant mine databases, and as a result could be disadvantaged.95

Another concern is that blockchain and laser technology may be misunderstood as tools that automatically deliver responsible business conduct. But traceability initiatives are designed to trace goods, and do not assess human rights risks.96 To be effective, these technologies need to be accompanied by rigorous human rights assessments to ensure that mines of origin meet responsible sourcing standards.

Finally, the new technologies are only at the development stage, and their practical use still needs to be proven. For example, blockchain data on a ledger may not always be correct, and blockchain systems are expensive to create.97

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IV. Industry Standards for Responsible Sourcing: Fig Leaf or Assurance?

A number of business-led initiatives have developed sector-specific standards with the goal of promoting responsible business conduct in the minerals and jewelry industry. These standards are voluntary—they are not legally binding and companies can choose whether or not to adopt and join the initiative promoting them.

While industry platforms should set the highest standard in the industry, they have often not done so, and in some cases fallen below existing international norms such as the UN Guiding Principles on Business and Human Rights and the OECD Minerals Guidance, which should be treated as the minimum requirement. Some standards, such as the System of Warranties Guidelines for the diamond industry, clearly fall below international responsible business norms and compliance with them would still leave mining communities at risk of abuse. Other standards have more rigorous requirements, but still suffer from substantive gaps and untransparent certification processes. With weaker requirements and without independent verification, voluntary standards can be used by companies as a “fig leaf,” even if this is not the intention of the bodies managing the standards.

Voluntary standards can play a role in generating dialogue and supporting companies that are ready to do more than what is legally required. But they are not fit-for-purpose to reliably detect abuses and hold corporations to account for harm, nor to provide remedies to victims of corporate abuse. Third-party audits have been found to have severe limitations and have repeatedly failed to uncover or address non-compliance, including human rights abuses. While some argue that mandatory human rights due diligence is not needed, our findings confirm that voluntary standards cannot replace mandatory rules.

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98 A recent study on multi-stakeholder initiatives—including those certifying products as ethical—finds that “many MSIs adopt narrow or weak standards that ... risk creating a misperception that” abuses are being addressed. MSI Integrity, “Not Fit-for-Purpose. The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights, and Global Governance,” July 2020, https://www.msi-integrity.org/not-fit-for-purpose/ (accessed September 14, 2020).

Ultimately, only legislation will be able to create a level playing field and prompt all businesses to conduct robust human rights due diligence.

Standards of the Responsible Jewellery Council

*Code of Practices of the Responsible Jewellery Council*

The Responsible Jewellery Council (RJC) is the leading jewelry industry association, with over 1,200 member companies along the jewelry supply chain, including small-scale and industrial mines, traders, gold refiners, diamond cutters and polishers, manufacturers, and jewelry retailers. The RJC maintains a certification standard, the Code of Practices (the “Code”) that, in theory, requires all its members to take detailed steps regarding human rights, the environment, and financial integrity in their own operations and with business partners. Members are certified if they are found by auditors to comply with the standard. As of May 2020, the RJC had 888 certified members.

In April 2019, the RJC published a new, revised version of its certification standards. The content of the revised standard is significantly stronger than the previous 2013 version; however, the implementation and certification process remain weak. The revision occurred partly in response to a poor OECD review that threatened the RJC’s ability to be recognized as a valid industry scheme under a new EU minerals regulation.\(^\text{100}\)

The new Code represents a significant improvement over the previous standard because it aligns with the OECD Minerals Guidance. Importantly, it also makes clear that the OECD Minerals Guidance applies to all company members in the gold, silver, platinum, diamonds, and colored gemstones supply chains, including diamond companies irrespective of their efforts under the Kimberley Process and World Diamond Council’s System of Warranties Guidelines.\(^\text{101}\) The Code is accompanied by a manual with detailed explanations regarding implementation of the OECD Minerals Guidance. In addition, the Code also makes important, positive changes with regards to transparency: It now requires

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\(^{101}\) COP 2019, section 7.
member companies to report publicly about their practices, and to make their supply chain policy public.\textsuperscript{102}  

Unfortunately, the Code of Practices still has a number of weaknesses. On content, it does not require compliance with several key international human rights instruments, notably fundamental International Labour Organization (ILO) conventions on forced labor, freedom of association, and collective bargaining, as well as Indigenous peoples’ rights. Provisions on waste, emissions, and tailings are very vague.\textsuperscript{103} It also does not require companies to establish full traceability for their material.\textsuperscript{104}

One of the most serious problems with the Code revolves around implementation. For the new standard, the RJC planned a protracted, multi-year rollout with extra time for diamond and gemstone companies, and a review by 2021 that could potentially lower the existing requirements.\textsuperscript{105}

The implementation timeline was designed before the outbreak of Covid-19, so is unrelated to delays caused by the pandemic.\textsuperscript{106} The timetable foresees that during the first “transition” year (April 2019-April 2020), members of the RJC coming up for certification could choose whether to be assessed against the new Code or the previous 2013 version. Because certification is for a three-year period, companies that chose the 2013 version may not be required to be audited against the new standard until 2023. Furthermore, diamond and colored gemstone companies have been granted a “pilot period” with additional time to reach compliance, after diamond industry companies or groups pushed for this exception\textsuperscript{107}: Between April 2020 and April 2021, companies in the diamond and gemstone supply chain will be assessed for some, but not all of the Code’s requirements—notably, they will not be checked for steps 3 and 4 of the OECD Minerals Guidance which require companies to identify and address human rights risks and undergo a third-party audit. This is problematic, as a mere review of steps 1, 2, and 5 of the OECD Minerals

\textsuperscript{102} COP 2019, section 3. Previously, the Code of Practices only required companies to report to stakeholders.

\textsuperscript{103} Such as COP 2019 sections on water and emissions (26) and use of natural resources (27).

\textsuperscript{104} The RJC has a separate, voluntary standard on traceability, the chain-of-custody Standard. See section below.


\textsuperscript{107} Ibid. The decision to create a separate process for companies in the diamond and gemstone supply chain was taken behind closed doors, and without giving civil society groups sufficient opportunity for input.
Guidance is unlikely to detect human rights concerns in supply chains. Between April 2021 and April 2022, companies in the diamond and gemstone sector should be fully assessed against the Code, according to the RJC. At the same time, however, the findings of the pilot period will be used to evaluate the Code of Practices, guidance, and audit approach, so further changes may take place.\textsuperscript{108} Hence, in theory, companies that have not been assessed against the 2019 Code until April 2021 may not be assessed against the current standard at all. However, when asked about the timetable, the RJC assured Human Rights Watch that diamond and colored gemstone companies are expected to comply with the full five-step framework from 2021.\textsuperscript{109}

An audit is a third-party review that examines compliance with a standard’s requirements. The Code of Practices’ provisions around auditing and certification remain weak and opaque. For example, companies are not required to make audit reports or summaries publicly available, nor does the RJC disclose information on the certification process and decision.\textsuperscript{110} There is a complaints procedure that could prompt disciplinary proceedings, including loss of RJC membership, but information regarding disciplinary proceedings is confidential.\textsuperscript{111}

A related concern is that members are given two years to comply with the standard after joining the RJC, but benefit from the RJC’s reputation by creating the impression that they comply with the organization’s standard in the interim. As of May 2020, about 30 percent of the RJC’s 1256 members were not certified.\textsuperscript{112}

\textit{Chain of Custody Standard of the Responsible Jewellery Council}

The RJC has a separate “Chain of Custody Standard.”\textsuperscript{113} A chain of custody is the documental evidence of a product’s supply chain, which allows for the product’s

traceability. Chain of custody and traceability are essential for conducting human rights due diligence—if a company does not know where its material is from, it cannot assess or address human rights risks.

The Chain of Custody Standard promotes traceability by ensuring documentation along the supply chain and requiring information on the country of origin for mined gold, silver, and platinum metals. But it does not require companies to trace their metal back to the mines of origin—only to the country of origin—nor does it require companies to make any of that information public or conduct full human rights due diligence. The Chain of Custody Standard also has a provision on recycled material, requiring companies to check on the suppliers’ due diligence process and assess risks.

The RJC’s Chain of Custody Standard is voluntary for members, unlike the Code of Practices, and applies to supply chains for gold, silver, and platinum group metals—but not diamonds. As of July 2020, only 106 of the RJC’s 1,256 members—about 8 percent—were certified against the standard, even though the vast majority of RJC members have at least one of the metals covered by the standard in their supply chain.

Standards for the Diamond Sector

Kimberley Process

The Kimberley Process Certification Scheme is a government-led international certification scheme launched in 2003 to prevent trade in “conflict diamonds.” Under the scheme, member states have to set up an import and export control system for rough diamonds. Both the Kimberley Process and the associated World Diamond Council System of Warranties Guidelines for companies have proven insufficient to ensure robust human rights due diligence in the diamond supply chain.

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114 Ibid.
118 This is not a complete list of diamond sector standards, but focuses on important ones. The same is the case for the gold sector standards listed in the next section.
The Kimberley Process relies on a narrow “conflict diamond” definition that only focuses on rough diamonds sold by rebel groups seeking to overthrow a legitimate government, ignoring a wide range of human rights issues related to state actors or private security firms. Because of this glaring loophole a diamond certified as compliant under the Kimberley Process may still be tainted by abuse. That has happened in the case of diamonds from Zimbabwe and Angola. These diamonds continue to be KP-certified and reach the global diamond market.\footnote{Kimberley Process Civil Society Coalition, “Real Care is Rare,” September 2019, \url{https://www.kpcivilsociety.org/wp-content/uploads/2019/10/Report-real-care-is-rare-FINAL-web.pdf} (accessed January 17, 2020). See also text box above, “Zimbabwe: Diamonds Still Certified Despite Abuses.”} In addition, the Kimberley Process applies only to rough diamonds, allowing stones that are fully or partially cut and polished to fall outside the scope of the initiative.

Despite much discussion over the need to reform the Kimberley Process, and a third periodic reform process starting in 2017, almost no progress has been made to change the definition to ensure diamonds are abuse-free.\footnote{IPIS, “In Focus: Whither the Kimberley Process after another failed reform cycle?,” November 2019, \url{https://ipisresearch.be/publication/ipis-briefing-no-2/} (accessed January 17, 2020).} Civil society groups, the World Diamond Council, and the government of Canada have unsuccessfully pushed for a widening of the “conflict diamond” definition, but producing and manufacturing countries such as Angola and India have resisted the change “to protect state interests against rebels,” according to a civil society spokesperson.\footnote{Kimberley Process Civil Society Coalition, “Conflict diamond certification system unable and unwilling to reform,” November 2019, \url{https://www.kpcivilsociety.org/press/conflict-diamond-certification-scheme-unable-and-unwilling-to-reform/} (accessed January 17, 2020).} As a result of this and significant concerns with implementation and enforcement, the scheme appears increasingly dysfunctional and has lost credibility as a safeguard against the abusive mining of diamonds.

**World Diamond Council’s System of Warranties Guidelines**

The World Diamond Council (WDC), a business association for the diamond industry focused exclusively on the KP, has published guidelines for industry self-regulation in order to “strengthen consumer confidence in diamonds” whether in rough or polished form.\footnote{WDC, “System of Warranties Guidelines,” 2018, \url{https://www.worlddiamondcouncil.org/downloads/WDC%20SoW%20Guidelines.pdf} (accessed January 17, 2020).} Its System of Warranties Guidelines are primarily designed to help companies meet and exceed the requirements of the Kimberley Process, though they also include broader language on human rights and anti-money laundering. The System of Warranties
Guidelines apply to polished diamonds, which are not covered by the Kimberley Process. They do not have a monitoring, verification, or complaints procedure.

The WDC believes that it has brought “further improvement” to responsible diamond supply chains by revising the System of Warranties Guidelines in 2018. The Guidelines now include language on human rights, for example, broad references to labor rights and discrimination, as well as anti-money laundering standards.

However, the guidelines are weak because they do not make human rights due diligence a clear requirement for members. In the publicly available version of the guidelines, human rights and labor rights issues are described as “voluntary.” Members are only “encouraged” to avoid causing or contributing to abuses and to “educate themselves on” rather than implement the OECD Minerals Guidance. The Guidelines also lack any explicit reporting requirements on human rights due diligence. The System of Warranties Guidelines therefore fall below international responsible business norms and leave mining communities at very real risk of exploitation and other serious harms.

Standards for the Gold Sector

*Responsible Gold Guidance by the London Bullion Market Association*

Gold refineries have a unique opportunity to establish traceability and conduct human rights due diligence in their supply chain, as they receive gold from various sources but then usually mix it during the refining process. The London Bullion Market Association (LBMA)—the trade association of major gold refineries, bullion dealers, and banks—has a responsible sourcing standard, called the Responsible Gold Guidance, that all its members

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126 A draft toolkit meant to assist companies in the diamond supply chain in the implementation of the Guidelines also falls short of the OECD Minerals Guidance and lacks detail. Letter by Human Rights Watch, Enough Project, Global Witness, Impact, and the Kimberley Process Civil Society Coalition to Stéphane Fischler, President, World Diamond Council, March 31, 2020. The WDC has said that the draft toolkit is only one element in a larger product it is working on.
are required to comply with. The LBMA’s standard follows the structure of the OECD Minerals Guidance. It covers a wide range of human rights, environment and anti-money laundering measures and makes explicitly clear that it applies to mined and recycled gold.

However, the Responsible Gold Guidance has several gaps, including a failure to require full traceability. The OECD itself has found that the LBMA falls short in its implementation; for example, the LBMA has certified refiners even when their internal and external risk assessments lacked quality and rigor, and due diligence measures did not extend beyond its immediate (tier 1) suppliers. Another concern is that the Responsible Gold Guidance does not have robust transparency requirements; for example, it does not require refiners to disclose who their suppliers are. Perhaps in response to this critique, the LBMA has started to oblige refiners to share information on countries of origin, and has created an aggregated list of countries of origin that it plans to publish.

*Fairtrade and Fairmined Gold standards*

The Fairtrade and the Fairmined standards for gold were launched by non-profit organizations to benefit disadvantaged artisanal and small-scale mine producers and workers in the Global South and increase their access to markets. Buyers pay an extra sum (a premium) for Fairtrade and Fairmined gold to fund community programs to improve living conditions in mining communities. Both standards have detailed and rigorous requirements on a range of issues, including labor rights, the environment, and other human rights and are popular with many small jewelers. However, they lack transparency in some areas.

The Fairtrade Standard has 10 certified artisanal and small-scale mining sites in Peru; it also supports mines in Kenya, Uganda, and Tanzania that are working to achieve

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128 Ibid.
130 Ibid., p. 72.
certification. Nearly 100 supply chain actors, including licensed jewelers, are trading in and selling Fairtrade-certified gold. Under the standard, all Fairtrade-certified gold must be traced back to the mine of origin. Mines of origin and traders are audited; licensed jewelers are only audited in exceptional circumstances.

The Fairmined Standard has 10 certified mines in Colombia, Peru, and Mongolia, 19 authorized suppliers (such as refiners and traders), and over 200 licensed, consumer-facing companies (such as jewelers). The standard requires traceability from the mine to the refinery. Consumer-facing jewelry companies can only sell gold with a Fairmined label if it is possible to trace the gold back to the certified mine of origin. Jewelry companies can also use Fairmined gold in their jewelry that has been mixed with other gold, but are not allowed to sell it with the label in that case. The standard requires all mines to be audited on a regular basis. While most suppliers and licensees in the gold supply chain are audited as well, some—such as those mixing Fairmined gold with other gold—can opt out of an audit and submit a report to ARM instead.

Production from certified Fairtrade and Fairmined mines is limited, in part because it requires significant resources to bring mines up to the standard. In 2019, for example, only 412 kilograms of Fairmined certified gold was sold to the market; this is about 0.0124 percent of global gold mine production that year. As a consequence, most buyers of the gold are small jewelers; larger companies report that available quantities are not sufficient for their needs.

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134 FLOCERT, “Customer Search.”


137 Fairmined Standard, 5 and Market Annex.


A number of initiatives seek to assist mines that are working towards compliance with human rights and environmental standards, including support programs from nongovernmental organizations (NGOs) and an open-source standard for responsible artisanal and small-scale mining, developed by ARM. The list of mines using the open-source standard includes mines in Colombia, Honduras, Ghana, and Burkina Faso.

Overall, both the Fairmined and the Fairtrade standard are positive initiatives seeking to ensure responsible gold supply chains spanning from small-scale mine to jewelers. Their strengths lie in the rigor of the requirements regarding human rights, the environment, and traceability. However, both standards have gaps in their certification processes and lack robust public reporting requirements. For example, Fairtrade and Fairmined do not make public audit reports and information on non-compliances and do not usually require jewelers to disclose the names of their first-tier suppliers.

A Standard for Industrial Mining:
The Initiative for Responsible Mining Assurance

The Initiative for Responsible Mining Assurance (IRMA) has developed a robust standard for responsible large-scale, industrial mining through a lengthy multi-stakeholder process that included companies, trade unions, and civil society groups. The board of IRMA is unique in that it has equal representation of mining companies, downstream companies, NGOs, affected communities, and trade unions—it is a multi-stakeholder initiative and not an industry initiative.

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140 “Code of Risk-mitigation for artisanal and small-scale mining engaging in formal trade,” https://www.responsiblemines.org/en/our-work/standards-and-certification/craft/, (accessed January 27, 2020); NGOs seeking to bring mines up to standard include ARM, Solidaridad, and IMPACT.


The standard, which allows for certification of individual mines, was published in 2018. In 2020, third-party audits were underway at three mines—in Mexico, Brazil, and Zimbabwe—and another seven mines were undergoing a self-assessment.

The standard’s requirements on mining relate to a wide range of human rights and environment issues and are more detailed than those of the Responsible Jewellery Council, for example in relation to labor rights, Indigenous peoples’ rights, and the environment. Audit results of companies are summarized by stating the percent of IRMA’s requirements that have been met. The results of the audit are to be made public in summary form, along with the percentage figure indicating to what degree companies are fulfilling requirements. While this would not provide details on human rights risks or non-compliances found and addressed, IRMA’s reporting requirements may provide more transparency than most other standards.

The scope of the standard is limited to industrial mines, but other actors in the mineral supply chain—such as jewelry companies—can choose to source from IRMA-certified mines to reduce human rights risk; this would not, however, relieve them from their duty to conduct their own human rights assessments.

**Need for Mandatory Supply Chain Standards**

Human rights abuses continue to occur in the context of gold and diamond mining, despite the existence of numerous voluntary standards for responsible business conduct. While voluntary standards have in some cases increased awareness and led companies to improve their practices, they have not been able to bring about the industry-wide change that is needed. This is not only because the standards have some weaknesses, as described above, but also because they are voluntary in nature, companies that do not wish to join are not obliged to do so. This creates a disadvantage for the companies who source their minerals responsibly.

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146 IRMA, “IRMA Standard for Responsible Mining.”
Ultimately, only mandatory human rights due diligence rules—national or regional laws—will create a level playing field and move the whole industry in the right direction. Some countries already have mandatory rules in place or are preparing for them.\textsuperscript{148} For example, a European Union regulation on human rights due diligence for minerals will enter into force on January 1, 2021.\textsuperscript{149} But the majority of countries still lack laws requiring all business actors to conduct robust human rights due diligence.

\textsuperscript{148} This is for example the case of the 2010 Dodd-Frank 1502 rule in the United States, which only applies to certain minerals, and the 2017 Duty of Vigilance Law in France, which applies to all sectors. A European Union regulation on minerals will enter into force on January 1, 2021. For more information on other countries are considering laws, see Komala Ramachandra and Juliane Kippenberg, “Building Momentum to Hold Companies to Account,” \textit{InterPress Service}, December 11, 2019, http://www.ipsnews.net/2019/12/building-momentum-hold-companies-account/ (accessed June 30, 2020).

V. Company Rankings and Performance

Methodology

For this report, Human Rights Watch sent letters to the 15 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 15 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 15 companies, 7 are based in Europe, 3 in the United States, and 5 in Asia. While these 15 companies are not representative of the entire industry, collectively, they generate more than $40 billion in annual revenue, about 15 percent of global jewelry sales.150

Thirteen of the companies were first assessed by Human Rights Watch in our initial report in 2018 and have now been evaluated for their progress between 2018 and 2020. Two companies, Chow Tai Fook and Mikimoto, were added to the assessment to increase the report’s geographic scope to include the Chinese and Japanese jewelry markets. They were assessed for their human rights due diligence efforts between 2018 and 2020.

Nine companies responded in writing to Human Rights Watch’s letters requesting information regarding their policies and practices on sourcing: Boodles, Bulgari, Cartier, Chopard, Chow Tai Fook, Pandora, Signet, Tanishq, and Tiffany & Co. The company responses varied widely, with some providing detailed information on their policies and practices in writing, and others providing only general information on their approach to sourcing. Six companies did not reply, despite repeated requests: Christ, Harry Winston, Kalyan, Mikimoto, Rolex, and TBZ. Of the companies that replied, Human Rights Watch also requested information regarding their response to the Covid-19 pandemic.

150 Statista, “Global Jewelry Market – Statistics & Facts,” February 19, 2020, https://www.statista.com/topics/5163/jewelry-market-worldwide/ (accessed August 6, 2020). We have used publicly available figures on the company’s revenues, coming to $40.8 billion. However, for Bulgari and Harry Winston, the only information available is the total revenue of their respective mother companies ($4.8 billion for LVMH and $8.8 billion for Swatch). We have not included Bulgari and Harry Winston in this calculation, but can assume that the actual share of these 15 companies in the global revenue is higher.
The information provided in this report 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 based on the seven criteria below and evaluating what they were doing to achieve those objectives:

- 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) Minerals Guidance—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 non-compliant 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; and
- Publication of names of gold and diamond suppliers.

In addition, Human Rights Watch believes that jewelry companies should make the extra effort to support and source from responsible artisanal and small-scale mines that respect human rights standards. While labor abuses are widespread in the sector, artisanal mines provide income for millions of workers and thousands of mining communities. Instead of excluding artisanal suppliers from their supply chains, as many companies do, the jewelry industry should support efforts to formalize and professionalize artisanal mines and improve working conditions.

Based on a company’s performance with regards to these criteria, we have indicated whether the company is taking excellent, strong, moderate, weak, or very weak steps
towards responsible sourcing. Companies that have shared little or no information publicly or with Human Rights Watch are in a separate category due to nondisclosure.

Summary of findings

Most of the jewelry and watch companies featured in this report have strengthened their efforts to source responsibly since Human Rights Watch first assessed them in 2018. Several strengthened their supplier codes of conduct, more rigorously screened their suppliers, or published previously confidential requirements of their suppliers. Some improved their traceability of gold and diamonds, publicly identified their suppliers, or opted to source only recycled gold. Several companies also increased transparency in reporting on their human rights due diligence.

However, all of the companies assessed can and should take additional steps to ensure that their jewelry is not tainted by human rights abuses. The majority of the companies assessed are still not able to trace their gold and diamonds to the mines of origin, and thus do not undertake human rights assessments or mitigation measures regarding conditions prevailing at these mines.

Although most of the companies provide information to the public regarding their sourcing practices and responded to Human Rights Watch’s requests for information, four of the fifteen companies—Kalyan, Mikimoto, Rolex, and TBZ—are highly untransparent: they disclose almost no information to the public about their approach to responsible sourcing and did not answer any of Human Rights Watch’s letters and emails for this report.

Below is a summary of findings regarding some of the key criteria for Human Rights Watch’s assessments:

**Supplier Codes of Conduct:** Eight of the fifteen companies assessed (or the relevant parent company) have a public supplier code of conduct, though the codes vary in how well they incorporate international standards. Since our 2018 assessment, two companies – Boodles and Christ – have made their codes public, and four companies – Boodles, Bulgari, Signet, and Tiffany & Co. – have revised or expanded their codes. Two companies assessed – Chopard and Harry Winston (including its parent company, the Swatch Group) – state that they have supplier codes of conduct, but do not make their codes public. In
2019, Tanishq informed Human Rights Watch that the company was in the process of formalizing a supplier policy, though they did not share it. Kalyan, Mikimoto, Rolex, and TBZ do not say publicly if they have supplier codes and did not respond to Human Rights Watch’s letters. Therefore, Human Rights Watch was unable to determine whether the remaining companies have codes for their suppliers.

**Traceability:** Very few companies can trace all their mined gold or diamonds back to the mines of origin, ensuring full chain of custody in order to reliably assess whether their materials are free from abuse. Of the 15 companies assessed in this report, 4 report that they can trace some of their gold back to the mines of origin: Boodles, Chopard, Harry Winston, and Tiffany & Co. In 2018, the Swatch group (parent company of Harry Winston) announced that it had full traceability for its gold. Tiffany & Co. also states that all of its newly mined gold can be traced to mines of origin. Since October 2019, Boodles says it sources all its gold from Yanfolila, a large-scale mine in Mali, and Chopard says it purchases some Fairtrade and Fairmined certified gold, which is traceable to mines of origin. Bulgari, Cartier, and Chopard say they are committed to sourcing gold certified against RJC’s Chain of Custody Standard, but as noted above, the standard does not require companies to trace their metal back to the mines of origin. While Bulgari and Cartier say they increasingly source gold certified under the Chain of Custody Standard from recycled sources, traceability remains a concern for any mined gold.

With regard to diamonds, few companies have traceability to the mine of origin since the major diamond mining companies do not provide this information. However, Boodles also has traceability for some of its diamonds. While Chow Tai Fook’s T Mark “is committed to full disclosure of the life journey of diamonds,” the company is able to trace a diamond to the mine of origin only in some cases. In others, it means only that Chow Tai Food has traced the diamond to a responsible supplier, but does not know the mine of origin.

**Human rights risk assessments and mitigation:** Most companies that Human Rights Watch reviewed do not conduct robust, comprehensive human rights assessments or mitigation measures—including on-site visits—regarding conditions prevailing at the mines of origin. One major reason for this is that companies only sometimes have

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traceability for their gold, and only rarely for their diamonds. Another reason is that some companies consider mere membership in an industry initiative—the RJC—a guarantee for responsible sourcing, even though this approach does not actually mean that they are conducting assessments.

Some companies have taken small steps to better assess and manage human rights risks in their supply chains. Boodles conducted a human rights risk assessment for the first time in early 2018 and has decided to exclude five countries from its sourcing, based on a set of criteria; while disengagement can be problematic, the measure shows that Boodles is developing systems to assess and address risks. Tanishq states that it has been working to improve conditions in its jewelry manufacturing suppliers with regards to safety and fair wages. Bulgari, Cartier, and Pandora increasingly use recycled gold as a way to avoid the human rights risks associated with newly mined gold.  

Third Party audits: Seven of the fifteen companies assessed regularly undergo third-party audits for responsible sourcing as part of their membership in the RJC. At least six of the fifteen companies assessed also require third-party audits for their suppliers, including Cartier, Chopard, Harry Winston, Pandora, Signet, and Tiffany & Co. Pandora reported that in 2019, 99 percent of its total direct sourcing value was subjected to third-party audits. Some jewelry companies, for example, Cartier, Signet, and the Swatch Group (parent company of Harry Winston) are increasingly requiring that their gold and diamond suppliers belong to the RJC. In 2019, Richemont (Cartier’s parent company) reported that 95 percent of its gold and diamonds were from RJC-certified sources. Signet reported that RJC members account for approximately 96 percent by value of all Signet purchases. By contrast, other companies—such as Bulgari and Tiffany & Co.—conduct their audits independently of the RJC.

Public Reporting: Eight of the fifteen companies assessed annually publish a report on their approach to sourcing. Most of these reports provide general information regarding their approach to sourcing and how they assess and manage human rights risks in their

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152 Recycled gold is not risk-free either, as it can be used for money-laundering or mislabeled as recycled; it is therefore crucial that refiners conduct human rights due diligence for recycled gold, too, as required by the LBMA’s Responsible Gold Guidance. The LBMA defines recycled gold that has been previously refined. It 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. It may also include fully refined gold that has been fabricated into grain, good delivery bars, medallions and coins. LBMA, “Responsible Gold Guidance,” p. 4.
supply chains. However, very few companies include any information about the results of their audits, areas of noncompliance, or steps that they are taking to address problems. One company that continues to stand out in this regard is Pandora, the only company that includes an overview of noncompliance issues identified through its supplier audits in its annual sustainability report. Two companies that lack such an annual report—Boodles and Christ—do disclose information on their responsible sourcing approach on their websites. Kalyan, Mikimoto, Rolex, and TBZ publish almost no information about their approach to responsible sourcing.

**Transparency regarding suppliers:** Publishing information about a company’s suppliers provides consumers, investors, and affected workers and communities with more meaningful information about the source of jewelry and watches. It also sends a message that companies are willing to be accountable when human rights abuses are found in their supply chain. In 2018, we found that several companies—including Cartier, Chopard, Signet, and Tiffany & Co.—published the names of a few suppliers. In 2020, two companies—Pandora and Tiffany & Co.—published the names of their suppliers for both gold and diamonds. Pandora had previously not done so and Tiffany & Co. had only published some of its suppliers. Regrettably, two companies—Signet and Cartier—no longer published their gold or diamond suppliers in 2020, despite having done so previously.

**Sourcing and support for the artisanal sector:** Artisanal mines provide income for millions of workers and thousands of mining communities. Jewelry companies can play an important role by supporting efforts to formalize and professionalize artisanal mines, improve working conditions, and by sourcing from these mines. In 2018, four companies—Cartier, Chopard, Signet, and Tiffany & Co.—provided support for initiatives to improve working conditions at artisanal and small-scale gold mines, but only two—Chopard and Cartier—purchased gold from such mines. By 2020, two additional companies—Signet and Tiffany & Co.—had also purchased gold from artisanal and small-scale mining and made it available in their jewelry.
How Diamond Mining Companies’ Lack of Traceability Impacts the Jewelry Supply Chain

The diamond industry is dominated by a few large diamond mining companies. The two largest diamond miners are De Beers and Alrosa, which control about half of the world’s rough diamond production, though their current production is down due to the Covid-19 pandemic. Both De Beers and Alrosa have significant influence over sourcing practices in the jewelry sector. These companies have made it effectively impossible for jewelry companies that source from them to have full traceability.

De Beers

The London-based De Beers Group is one of the world’s largest diamond mining companies with an annual revenue of about $4.6 billion. Its mines are located in Botswana, Canada, Namibia, and South Africa. De Beers has several internal policies and a set of detailed requirements for its mines, other operations, and its contractors called the “Best Practice Principles.” Businesses to whom De Beers sells diamonds are both accredited buyers and so-called “sightholders,” including trading companies and manufacturers. The Best Practice Principles cover a wide range of issues, including business ethics, human rights, environment, and mining.

De Beers aggregates diamonds from multiple mines before selling them to other businesses, and therefore does not provide buyers with information regarding the specific mines of origin. De Beers has been criticized for this lack of traceability. In April 2019, likely in response to some of the criticism, De Beers publicly stated that its diamonds originate from the Diamond Trading Company (a subsidiary), and the Diamond Trading Company then launched a new website with information on human

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156 “Sightholders” are defined as term-contract rough diamond customers. Contractors of sightholders are also required to comply with the Best Practice Principles.
rights issues checked at each of its eight mines of origin.\textsuperscript{158} While the website includes a summary of audits under the Best Practice Principles, it lacks detail and does not allow for traceability of diamonds from industrial mines.

**Alrosa**

Russia-based Alrosa is the world’s largest diamond mining company by volume, accounting for 26 percent of global diamond production (by carats). In 2019, Alrosa produced 35.5 million carats of rough diamonds and its revenue from sales was about US$2.7 billion.\textsuperscript{159} Alrosa Group operates eight open-pit and three underground diamond mines in Russia’s Yakutia and Arkhangelsk regions.\textsuperscript{160} In Zimbabwe, the company has set up a joint venture with the state-owned Zimbabwe Consolidated Diamond Company (ZCDC) to develop geological exploration and mineral production.\textsuperscript{161} Alrosa also owns a stake in Catoca Mining Company, Ltd., which had planned to mine diamonds in 2020 but had to suspend operations due to Covid-19.\textsuperscript{162}

In 2018, Alrosa updated its Policy on Sustainable Development and Corporate Social Responsibility and its Alrosa Alliance Guidelines on Responsible Business Practices.\textsuperscript{163} In March 2020, the company adopted new regulations on responsible diamond supply chain management, aligning its due diligence to the OECD guidance. Alrosa states that it conducts due diligence of its diamond supply chain management system and of its suppliers and joint ventures on an annual basis.\textsuperscript{164} Alrosa publishes


\textsuperscript{160} Letter from Alrosa to Human Rights Watch, November 6, 2019.


\textsuperscript{163} Letter from Alrosa to Human Rights Watch, November 6, 2019.

an annual Social and Environmental Report, which describes its risk assessment and risk management related to environmental impacts and labor rights, but provides little information regarding the results of audits or instances of non-compliance with human rights or other standards.\textsuperscript{165}

In 2020, Alrosa adopted a new internal diamond tracking and traceability system to provide information on the region of origin of its rough and polished diamonds from Russia.\textsuperscript{166} The company states that Alrosa diamonds produced in different regions are not mixed in the process of sorting, valuation, cutting and polishing, and trading.\textsuperscript{167} However, it operates several mines in each region and does not provide information on the individual mine of origin for its diamonds, but only on the region and in some cases subregion.

Jewelry company profiles

\textit{Boodles (UK)}

Boodles is a family-owned luxury jeweler from the United Kingdom with over $100 million revenue in 2019.\textsuperscript{168} The company has improved its responsible sourcing practices since 2018 and is now in the \textit{fair} category of Human Rights Watch’s ranking.

Boodles previously had only a confidential Code of Conduct for its diamond suppliers. It now has a publicly available Code of Conduct for all suppliers, accompanied by a due diligence handbook.\textsuperscript{169} The Code’s content covers human rights, environment, and sourcing, though it lacks detail. For example, it does not reference any international

\begin{itemize}
  \item \textsuperscript{166} See diamonds.alrosa.ru.
\end{itemize}
human rights or labor standards. The Code only requires gold, not diamond, suppliers to adhere to the OECD Minerals Guidance.170

Over the past two years, Boodles has also improved its traceability and now has traceability for some of its gold and diamonds. From October 2019, 80 percent of Boodles’ gold supply has come exclusively from Yanfolila, a large-scale mine in Mali operated by Hummingbird Resources, and by November 2020, all of the company’s gold supply came from there.171 Boodles sources an unspecified percentage of its diamonds from a large-scale mine in South Africa.172

The company’s Code of Conduct states that Boodles is committed to the Kimberley Process and the System of Warranties Guidelines for diamonds.173 Boodles has started to engage its suppliers on due diligence issues and has visited some major suppliers, including a factory in India.174 The jeweler has undertaken an assessment of human rights risks and has been certified by the RJC. As a result of its risk assessment, the company stated that it decided not to source from five countries for risk of armed conflict, human rights abuse, and corruption, and published the names of these countries in an “exclusion list.”175

Boodles does not have an annual sustainability report and has not published information on human rights risks or supplier non-compliance beyond its “exclusion list.” It does not make public the names of its suppliers, with the exception of the Yanfolila gold mine in Mali. The company has recognized the need for more consistent public reporting and is planning to publish information on progress regarding sustainability in 2020.176

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170 Boodles, “Code of Conduct.”
175 Letter from Jody Wainwright, Director, Boodles, to Human Rights Watch, May 7, 2019.
177 Email from Jody Wainwright, Boodles, July 23, 2020, to Human Rights Watch.
**Bulgari (Italy)**

Bulgari is an Italian jeweler owned by the French luxury group Louis Vuitton Moët Hennessy (LVMH). LVMH’s jewelry companies had a combined revenue of about $5.2 billion in 2019; the revenue of individual LVMH companies is not made public. Bulgari continues to take some important steps towards responsible sourcing and remains in the moderate category of Human Rights Watch’s ranking.

In 2018, Bulgari adopted and made public a new Business Partner and Supplier Code of Conduct, with detailed requirements on human rights, as well as some more general provisions on environment and business integrity. Suppliers must keep written evidence of their compliance with the code and share it if requested by Bulgari. In 2020, Bulgari also adopted a responsible sourcing policy, which spells out the company’s main sourcing principles and endorses the OECD Minerals Guidance.

Bulgari is a member of the RJC and certified against the RJC’s main standard, the Code of Practices, as well as the RJC’s optional Chain of Custody standard. In 2019, Bulgari exclusively sourced recycled gold. For diamonds, Bulgari acknowledges that it is still very difficult to find mining companies who offer full traceability to mine level and acknowledges that this lack of traceability “represents a continuous improvement aspect for the entire industry.”

Bulgari has strong due diligence measures in place. Bulgari conducts visits to mines to assess social and environmental conditions; site visits do not need to be announced. Audits can be led either by Bulgari or by a third-party auditor. In 2018, Bulgari completed a risk mapping on environment, corruption, and human rights, which included analysis of health and safety, working hours and wages, discrimination, freedom of association, and

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181 Ibid.
forced and child labor. Bulgari mentioned in its letter that it “defined mitigating actions” in response to the risks identified but did not provide details.\textsuperscript{183}

The company states that it is committed to the Kimberley Process and the System of Warranties Guidelines and in 2019, sought to enhance human rights due diligence in the diamond supply chain through its “Bulgari Due Diligence Programme on the Responsible Sourcing of Diamonds.”\textsuperscript{184} Under this program, Bulgari has enhanced checks on diamond suppliers through self-assessment questionnaires, more in-depth analysis of risks, and internal or external audits, including onsite audits.\textsuperscript{185}

Bulgari is covered in LVMH’s annual sustainability report as well as in LVMH’s new environmental report but has not published information on specific human rights risks identified or supplier non-compliances found.\textsuperscript{186} It does not publish the names of its suppliers.

\textit{Cartier (Switzerland)}

Cartier is a large Swiss jeweler with about $6.2 billion revenue, owned by the French luxury company Richemont.\textsuperscript{187} Cartier continues to take some important steps towards responsible sourcing and remains in the moderate category of Human Rights Watch’s ranking.

Cartier has a corporate responsibility policy on business ethics, human rights, and environmental issues; in addition, its parent company has a more detailed Supplier Code of Conduct that applies to Cartier as well.\textsuperscript{188} The two documents have not been updated

\textsuperscript{184} Letter from Jean-Christophe Babin, CEO, Bulgari, to Human Rights Watch, April 14, 2020.
\textsuperscript{185} Ibid.
since 2018. Cartier is a member of the RJC and certified against the RJC’s main standard, the Code of Practices.  

Cartier requires suppliers to be RJC-certified. According to Richemont’s May 2020 sustainability report, more than 95 percent of its direct (first-tier) diamond suppliers and about 97 percent of its first-tier gold suppliers are RJC-certified.

For gold, Cartier has its own refinery, which is a member of the RJC and also certified against its optional standard, the Chain of Custody Standard. In 2017, Richemont set a target of exclusively sourcing gold certified under the RJC’s Chain of Custody Standard within three years. In May 2020, the company stated that 90 percent of its gold originated from sources certified under the Chain of Custody Standard; all of it is recycled. As a board member of the Swiss Better Gold Association, Cartier is involved in efforts to support responsible sourcing from artisanal gold mines, though it does not currently source from these mines. This is a change from 2018, when Cartier sourced some of its gold from Eurocantera mine and nearby artisanal operations in Honduras.

For diamonds, Richemont states that it is committed to the Kimberley Process and the System of Warranties Guidelines but does not provide information on traceability.

Information on Cartier’s sourcing practices is published on the company’s website as well as in Richemont’s annual sustainability report. However, Cartier has not published information on specific human rights risks identified or supplier non-compliances found. The company currently does not publish the names of its suppliers, having named one gold supplier in the past.

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191 Ibid., p. 75. On the Chain-of-Custody Standard, see section on the RJC above.
193 Ibid. The Swiss Better Gold Association, an association of Swiss companies in the gold supply chain working in partnership with the Swiss government to facilitate access of gold from select artisanal mines to markets and to encourage progress toward better social and environmental conditions. “SBGA,” http://www.swissbettergold.ch/en/home (accessed March 24, 2020).
195 Ibid.
Chopard (Switzerland)

Chopard is a family-owned Swiss jeweler with an estimated revenue of more than $845 million.\(^{197}\) The company has improved its responsible sourcing practices since 2018 and is now in the fair category of Human Rights Watch’s ranking.

Chopard has a Code of Conduct for Partners but does not make it public. According to the company website, the Code covers human rights, labor rights, and environment, and suppliers are “continually assessed” against the Code.\(^{198}\) Chopard is certified against the RJC’s main standard, the Code of Practices.

Chopard is one of the few larger jewelry brands that sources gold from Fairtrade and Fairmined certified artisanal and small-scale mines.\(^{199}\) Chopard says that it has been sourcing “100% ethical gold” since July 2018—meaning that its mined gold originates either from small-scale mines participating in the Swiss Better Gold Association, Fairmined and Fairtrade schemes or from sources that are certified against the RJC Chain of Custody Standard.\(^{200}\) Chopard states that in 2017, it was the single largest buyer of Fairmined gold.\(^{201}\) The Fairmined standard is rigorous and a vital tool in strengthening rights-respecting artisanal gold mining, and Chopard’s decision to buy gold from mines that are certified under this standard is a positive step. However, the RJC’s Chain of Custody Standard does not yet represent industry best practices, as explained above.\(^{202}\) Therefore, gold from RJC sources is not automatically “ethical.”

In the case of diamonds, Chopard says it is supporting the Kimberley Process and has put in place a “self-regulation” initiative but provides no details. Chopard used traceable diamonds from a Botswanan mine for one diamond collection in 2017.\(^{203}\)

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\(^{199}\) Ibid. Chopard says its gold is from mines participating in the Swiss Better Gold Association; these are all in Peru. “SGBA,” http://www.swissbettergold.ch/en/mines?mine_id=8 (accessed March 24, 2020).

\(^{200}\) Chopard, “Responsible Sourcing.”

\(^{201}\) Ibid.

\(^{202}\) See sections on the RJC and Fairmined standards above. Chopard itself is not certified against the Chain-of-Custody Standard, but states that its gold suppliers are.

\(^{203}\) Chopard, “Responsible Sourcing.”
Chopard does not publish information on human rights risks or cases of noncompliance. It does not make public the names of its suppliers, with the exception of Fairmined and Fairtrade for gold. In response to questions regarding these areas, the company responded that it cannot disclose further details “in the interests of protecting our employees and business partners, as well as our production sites and manufacturing processes.”

**Chow Tai Fook (Hong Kong)**

Chow Tai Fook Jewellery Group is a Hong Kong-based Chinese company with approximately $8.5 billion in annual revenue. It is publicly traded, though about 70 percent is owned by the Cheng Yu Tung family. By March 2020, the company had 3,850 stores, of which 3,699 were in China. The company sells jewelry through its own brand as well as several other subsidiary brands. Chow Tai Fook has undertaken steps towards responsible sourcing, but is in the weak category of Human Rights Watch’s ranking.

The company has a public supply chain policy as well as a Code of Practices for Supplier Assessment, both of which cover human rights, business ethics, environment, and other issues; it also has several sections on diamond supply chains specifically. In addition, Chow Tai Fook has developed a Code of Conduct for Precious Metals Suppliers, but it does not make this public and did not share it with Human Rights Watch. The company assesses its suppliers’ conduct at regular intervals, but provides little detail regarding how it does so. Chow Tai Fook is not a member of the RJC, though its diamond trading subsidiary is RJC-certified.

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204 Letter by Louis de Meckenheim, Global Marketing and Communication Director, Chopard, to Human Rights Watch, May 9, 2019.
207 Chow Tai Fook Jewellery Group, “About Our Group.”
210 Ibid., p. 17.
Chow Tai Fook acknowledges that it does not have full traceability for its gold or diamonds.\(^{211}\) Some of its gold suppliers are certified by the RJC and the LBMA.\(^{212}\) Most of the company’s diamond procurements are rough diamonds, purchased from large-scale mining companies such as De Beers.\(^{213}\) The company states that its sourcing is compliant with the Kimberley Process and the System of Warranties Guidelines.\(^{214}\)

Chow Tai Fook’s T Mark brand, introduced in 2017, asserts that the diamonds are “traceable” and that each customer can “verify the diamond’s life journey” through a set of tiny serial numbers inscribed into each diamond.\(^{215}\) This is potentially misleading since not all T Mark diamonds can be traced back to the mine of origin. In some cases, customers can only trace the diamond back to a previous supplier, such as De Beers.\(^{216}\) By 2019, the T Mark brand accounted for 19 percent of Chow Tai Fook’s retail sales value of diamond products in mainland China and 26 percent for Hong Kong and Macau.\(^{217}\) Chow Tai Fook is also part of the blockchain initiative for diamonds called Tracr.\(^{218}\)

The company states that to ensure respect for human rights in its supply chains, it is adhering to international industry standards such as those set by the RJC, conducting regular human rights assessments of its suppliers, and is working to strengthen its anti-money laundering policies and procedures.\(^{219}\) While the company has visited diamond mines it sources from, it has not conducted on-site investigations specifically for human rights concerns.\(^{220}\) The company states that it has not identified red flags or ended a business relationship due to human rights concerns so far though it is not clear how it came to that conclusion since it does not conduct on-site human rights investigations.\(^{221}\)

\(^{211}\) Letter from Chow Tai Fook to Human Rights Watch, December 5, 2019.
\(^{212}\) Ibid.
\(^{213}\) Ibid.
\(^{214}\) Ibid.
\(^{216}\) Email from Marco Mak, Chow Tai Fook, to Human Rights Watch, August 21, 2020.
\(^{218}\) Letter from Chow Tai Fook to Human Rights Watch, December 5, 2019.
\(^{220}\) Ibid.
\(^{221}\) Ibid.
Chow Tai Fook publishes an annual sustainability report but does not disclose information on human rights risks identified or supplier non-compliances found. It also does not publish the names of its suppliers, though it mentions that it adheres to the De Beers Best Practices Principles.\footnote{Chow Tai Fook Jewellery Group, “Sustainability Report 2020,” p. 22. Chow Tai Fook informed Human Rights Watch that its major diamond suppliers were De Beers, Alrosa and Rio Tinto, but has not stated this publicly.}

\textit{Christ (Germany)}

Christ is one of Germany’s largest jewelry companies, owned by the UK private equity firm 3i. It had a revenue of about $440 million in 2018.\footnote{“Christ drängt in den Markt für Luxusuhren und Luxusschmuck,” Handelsblatt, September 9, 2019, https://www.handelsblatt.com/unternehmen/handel-konsumgueter/juwelierkette-christ-draengt-in-den-markt-fuer-luxusuhren-und-luxusschmuck/24994478.html (accessed April 27, 2020).} Christ has made limited improvements to its sourcing practices since 2018 and remains in the weak category of Human Rights Watch’s ranking.

Christ did not respond to Human Rights Watch’s 2019 letter or follow-up emails requesting information.\footnote{Christ had shared information about its sourcing practices in 2017.} In 2017 and 2018, Christ did respond to Human Rights Watch’s request for information with a detailed letter and also met with Human Rights Watch staff in person and by conference call.

Christ has a set of policies known as the Supplier Codex which covers some labor rights and environmental issues.\footnote{Christ, “Verantwortung,” https://www.christ.de/unternehmen/verantwortung (accessed April 27, 2020). In late 2017, Christ pledged to place its Supplier Codex on its website, which it had shared with Human Rights Watch. It subsequently published a shortened version of the Codex, from which provisions on wage, working hours, and contracts had been eliminated.} The Supplier Codex was made public by Christ in 2018 after the company pledged to Human Rights Watch to disclose it on its website. Christ did already have a Supplier Codex previously, which it shared confidentially with Human Rights Watch in 2017.\footnote{Human Rights Watch, The Hidden Cost of Jewelry, pp. 79-81.} The published version is however slightly shorter; sections on wages, working time, and labor contracts as well as about regular monitoring have been removed. While Human Rights Watch welcomes the publication of the Supplier Codex as a measure to strengthen transparency, it is disappointing that some language on labor rights and monitoring has been taken out. As a result, it is unclear how companies are assessed for compliance with the Supplier Codex. Another concern is that it is unclear how the
Supplier Codex relates to another, separate, Code of Conduct on the “compliance” page of its website. 227 The Code of Conduct mostly deals with business ethics and professional behavior, but also briefly touches on labor rights.

Christ does not publish information on the origin of its gold or diamonds, its assessment of or response to human rights risks, or the names of its suppliers.

**Harry Winston (United States)**

Harry Winston, founded in 1932, is a luxury jeweler and watchmaker. It has salons and retailers in over 50 countries. 228 It is a private company and operates as a subsidiary of the Swatch Group AG. The Swatch Group’s net sales for 2019 were about $9 billion. 229 Specific revenue figures for Harry Winston are not publicly available. Harry Winston has improved its sourcing practices since 2018 and is now in the fair category of Human Rights Watch’s ranking.

Harry Winston did not respond to Human Rights Watch’s 2019 letter or follow-up emails requesting information.

Harry Winston’s parent company, the Swatch Group AG, states that it has a Code of Conduct, but does not make it public. The Swatch Group states that raw material suppliers are contractually required to comply with the OECD Guidance, and that all precious metals suppliers must be certified with either the Responsible Jewellery Council or the LBMA. 230 In late 2018, the Swatch Group announced that it had full traceability for its “entire gold processing chain.” 231 It strives to keep its supply chain as short as possible, sourcing its gold exclusively from mines in the United States, Canada, or Australia, and sending it directly to the Swatch Group’s in-house foundry, Nivarox-FAR in Switzerland. Nivarox-FAR received RJC certification against the Code of Practices in 2018 and the Chain of Custody

standard in 2019. Processed gold is then manufactured into finished pieces in in-house facilities.\textsuperscript{232}

The Swatch Group states that its diamond suppliers must be in compliance with the Kimberley Process and certified by the Responsible Jewellery Council. It states that in the event of non-compliance the supplier will be “immediately disqualified.” \textsuperscript{233}

The Swatch Group publishes an annual report with information regarding its sourcing of materials, but provides little information regarding audits of suppliers, non-compliance information, or steps to address non-compliance. Harry Winston does not publicly identify its suppliers.

\textit{Kalyan (India)}

Kalyan Jewellery is a privately owned Indian jewelry company with a revenue of about $1.4 billion in 2018.\textsuperscript{234}

Kalyan did not respond to Human Rights Watch’s letters or follow-up emails.\textsuperscript{235} The company does not publish information on its activities regarding human rights due diligence or the names of its suppliers. \textsuperscript{236} It could, therefore, not be ranked.

\textit{Mikomoto (Japan)}

Mikimoto is a Japanese jewelry company, best known for its cultured pearl jewelry.\textsuperscript{237} The company reportedly had a $251 million revenue in 2018 and is privately held.\textsuperscript{238}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{232} Swatch Group, “Sustainability Report and Social Policy.”
\item \textsuperscript{235} Human Rights Watch sent letters in 2017, 2018, and 2019, and re-sent the last one in 2020.
\item \textsuperscript{238} “K. Mikimoto & Co.,” DueDil, http://app.duedil.com/company/gb/FC019389/k-mikimoto-and-co-ltd (accessed March 19, 2020). It is unclear whether the $216 million revenue (about £186 million) refers to Mikimoto in the UK or globally.
\end{itemize}
\end{footnotesize}
Mikimoto did not respond to Human Rights Watch’s letter or subsequent queries. Mikimoto does not have a publicly available sourcing policy nor does it publish information on its gold sourcing practices. The company states on its website that it adheres rigorously to both the Kimberley Process and the World Diamond Council’s voluntary System of Warranties and states that “all our diamonds are conflict-free.”

Mikimoto provides no other information regarding its human rights due diligence or the names of its suppliers. It could, therefore, not be ranked.

**Pandora (Denmark)**

Pandora is a publicly traded company with 2019 revenue of $3.3 billion. Pandora has more than 7,400 points of sale in more than 100 countries. The company has improved its responsible sourcing practices since 2018 and is now in the strong category of Human Rights Watch’s ranking.

Pandora is a member of the RJC and spells out its requirements towards suppliers in its code of conduct. The company states that it continually assesses changes in its supply chain with a view to adapting its risk mitigation measures, and that it supports the strengthening of the LBMA and RJC standards. All suppliers are subject to the company’s Responsible Supplier Programme; in 2019, 99 percent of Pandora’s total direct sourcing value was subjected to third-party audits.

Pandora has a single diamond supplier, KGK Diamonds Co. KGK is RJC-certified and complies with the Kimberley Process and WDC System of Warranties. Since 2018, Pandora has used only recycled gold. In 2020, Pandora announced that by 2025, all of its silver...
and gold, including semi-finished parts and components from third party suppliers, would be from recycled sources. Furthermore, in 2020 Pandora committed to become carbon neutral by 2025 and to set a greenhouse gas reduction target across its entire supply chain. Pandora also joined the Science Based Targets Initiative, which provides support to companies in this regard.

Pandora continues to distinguish itself from other companies by publishing information regarding non-compliance found during its supplier audits. Of 262 non-compliance issues found in 2019, 56 percent were related to health and safety, 17 percent to compensation and benefits, and 10 percent to working hours. Pandora reported that two were “zero tolerance” breaches that were immediately and satisfactorily resolved.

Pandora publishes an annual sustainability report that includes information on its sourcing of stones and minerals, supplier audits, non-compliances, and other issues. Since 2018, Pandora has made its suppliers public, naming KGK Diamonds as its diamond supplier and Umicore as its gold supplier.

**Rolex (Switzerland)**

Rolex, a Swiss luxury watch company with a 2018 revenue of about $5.3 billion, is one of the biggest watch brands in the world. The company is privately held by a charitable trust named after its founder, the Hans Wilsdorf Foundation.

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247 Pandora, “Pandora to be carbon neutral by 2025,” January 30, 2020, https://ml-eu.globenewswire.com/Resource/Download/5142fa2-a03a-4be7-b6e4-37194dd33459; Science Based Targets Initiative, https://sciencebasedtargets.org/(accessed October 8, 2020). The initiative supports businesses in setting and implementing greenhouse gas emissions reduction targets in line with the goals of the Paris Agreement on climate change.


Rolex did not respond to Human Rights Watch’s letters. The company has no publicly available sourcing policy and does not publish information on any human rights due diligence measures or the names of its suppliers. It could, therefore, not be ranked.

**Signet (United States)**

Signet, one of the world’s largest diamond retailers, has approximately 3,200 stores and generated $6.14 billion in revenue in fiscal year 2020. Signet continues to take some important steps towards responsible sourcing and remains in the moderate category of Human Rights Watch’s ranking.

Signet’s responsible sourcing protocol was revised in 2019 to align with the OECD Mineral Guidance and to require suppliers to conduct due diligence in accordance with the OECD framework. It also requires all suppliers to be members of the RJC. RJC members account for approximately 96 percent by value of all Signet purchases, although Signet reports that about one-third of these suppliers have recently joined RJC and are not yet certified. Signet states that it regularly carries out risk reviews regarding social, ethical, and environmental issues, but provides few details. It relies primarily on RJC audits of its suppliers to ensure compliance with the RJC Code of Practices as well as Signet’s responsible sourcing protocol. Non-RJC members may be required to undertake an independent audit of their compliance with Signet’s responsible sourcing protocol based on Signet’s risk assessment of that supplier. Signet reports that since the beginning of its responsible sourcing program, it has required approximately 50 non-RJC audits per year.

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In 2018, Signet purchased traceable, conflict-free gold from an artisanal gold mine in South Kivu, Democratic Republic of Congo, that was used for jewelry sold in its US stores.\textsuperscript{259} The company worked with the Responsible Artisanal Gold Solutions (RAGS) Forum, a multi-stakeholder initiative on artisanal gold to help Nyamurhale, a mine once occupied by non-state armed groups, to improve working conditions, address human rights issues, and ensure full traceability from the mine site to the retailer.\textsuperscript{260}

In 2018, Signet joined the blockchain program Tracr.\textsuperscript{261} In January 2019, Signet discontinued sourcing of minerals from Myanmar because, it said, of human rights risks.\textsuperscript{262}

Signet's corporate social responsibility report provides information on its responsible sourcing protocols and its approach to sourcing artisanal gold and conflict-free minerals. However, it provides little information on audits of suppliers, noncompliance information, or steps to address noncompliance. Signet publicly identified its main diamond suppliers in 2018 but no longer does so. It also does not publish the names of its gold suppliers.

\textit{Tanishq (India)}

Tanishq is an Indian jewelry company with a revenue of about $2.2 billion in 2019 and is part of the Titan group.\textsuperscript{263} Tanishq has taken some steps towards responsible sourcing in response to its engagement with Human Rights Watch and is now in the weak category of Human Rights Watch’s ranking.

Tanishq is covered by Titan’s overall policies on corporate social responsibility (CSR), sustainability, and occupational health, which are vague and superficial, and do not

\begin{footnotes}
\footnote{Letter from Signet to Human Rights Watch, May 31, 2019.}
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mention human rights requirements towards suppliers. Nevertheless, in its Business Responsibility report, Titan states that the company’s principles include respect for and promotion of human rights and that human rights practices are routinely reinforced during interactions with vendors. In addition, Titan has spelled out requirements for suppliers in its Titan Supplier Engagement Protocol (specific to diamonds) and in a Code of Practices for Vendor Partners (specific to manufacturers); the latter also contains an overall responsible sourcing framework. The policies are not made public. Tanishq has focused its efforts on improving the working conditions among its suppliers in the jewelry manufacturing sector by supporting manufacturing centers with regards to safety, “dignity of labour” and fair wages.

Tanishq’s gold is in part recycled, notably from exchanges by customers. It also sources from banks where the gold may be recycled or mined. While all of the gold that Tanishq buys directly is LBMA-certified, about 10 percent of the gold in vendor-produced jewelry that Tanishq buys is not LBMA-certified. The company says it is planning to rely only on LBMA-certified gold in the near future.

Tanishq wrote to Human Rights Watch that it sources most of its diamonds from large-scale mining companies such as De Beers, Alrosa, and Rio Tinto. However, about 20 percent of its diamonds have reached its suppliers through other routes. The company says it is planning to bring some changes to its diamond sourcing by 2021 by cutting and polishing diamonds only through select manufacturing centers with set standards. Tanishq also says it is planning to source rough diamonds only from large-scale mining companies.

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267 Letter from N.E. Sridhar, Head of Corporate Sustainability, Tanishq, June 6, 2019, to Human Rights Watch.
after a 2018 visit to an Alrosa mine where the company found “acceptable” labor practices.\textsuperscript{268}

Tanishq does not publish information on the origin of its gold or diamonds. Titan issued a Business Responsibility Report for 2017-2018 with superficial references to responsible sourcing; no such report has been published since, though sourcing issues are briefly addressed in Titan’s annual reports. Furthermore, the company does not publish information regarding audits of suppliers, non-compliance information, or steps to address non-compliance.

\textit{Tribhovandas Bhimji Zaveri (India)}

Tribhovandas Bhimji Zaveri (TBZ) is a publicly traded Indian jewelry company with a revenue of about $238 million in 2019.\textsuperscript{269}

TBZ has not responded to Human Rights Watch’s letter and follow-up email. The company publishes very little information on its activities regarding human rights due diligence and could, therefore, not be ranked.

The company has a public code of conduct, but it does not mention human rights due diligence nor does it spell out requirements for suppliers; it only mentions the importance of building trust with suppliers.\textsuperscript{270} TBZ’s annual report states that its diamonds are from “conflict-free and ethical” sources such as the De Beers-owned Diamond Trading Company. It says that it adheres to guidelines by the Responsible Jewellery Council but is not an RJC member. According to TBZ, the company’s gold is bought from bullion dealers, banks, and through purchase and exchange of old jewelry.\textsuperscript{271}

\textsuperscript{268} Ibid.
Tiffany & Co. (United States)

Tiffany & Co. is a US-based jewelry company with net sales of about $4.4 billion in 2019. In October 2020 it was reported that an agreement had been reached for LVMH to acquire Tiffany & Co. early in 2021. The company continues to take significant steps towards responsible sourcing and as in 2018, Human Rights Watch assesses its performance as strong.

In 2019, Tiffany & Co. updated its Supplier Code of Conduct, adding or enhancing provisions related to young workers, freedom of association, engagement with host communities, traceability and due diligence, and grievance mechanisms. It conducted in-person and online training for its suppliers and revised its third-party audit to reflect the new code. The company reports that third-party audits are conducted for 100 percent of its high-risk suppliers, 50 percent of medium-risk suppliers, and 20 percent of low-risk suppliers.

Tiffany & Co. says it encourages its mining suppliers to seek certification from the Initiative for Responsible Mining Assurance (IRMA), the first independent certification standard for responsible mining for large-scale mining operations, which first audits began in 2019.

In 2019, Tiffany & Co. launched a Diamond Source Initiative, which it says is designed to increase transparency about its diamonds. Through the initiative, Tiffany now shares with customers the country or region of origin of all newly sourced, individually registered diamonds of 0.18 carats and larger. Going forward, Tiffany has committed to only source individually registered diamonds with provenance information, and in 2020 it will also begin providing information on the location where these diamonds are cut or polished.

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275 Tiffany and Co. communication to Human Rights Watch, June 19, and July 31, 2020.
276 Ibid.
In 2018, Tiffany & Co. made its first purchase of a small amount of artisanally mined gold from Alaska through the Salmon Gold project.278 Launched in 2018 by the organization Resolve, Salmon Gold is an initiative that combines re-mining of old mine sites with fish habitat restoration in Alaska, the Yukon Territory, and British Columbia. Tiffany & Co. also says it expects to source Fairmined certified gold from artisanal mine sites in developing countries before the end of 2020.279

Tiffany & Co. states that 100 percent of its rough diamonds are sourced either directly from a known mine or from a supplier with a limited number of known mines,280 and that 100 percent of its purchased raw gold was traceable to mines in the United States or from recycled sources.281 In September 2020, Tiffany & Co. pledged to achieve net-zero greenhouse gas emissions by 2025.282

Tiffany & Co. provides information on sustainability on its website, but provides little information regarding audits of suppliers, non-compliance information, or steps to address non-compliance. The company publicly identifies its main suppliers of rough diamonds as De Beers, Rio Tinto, Alrosa, and Dominion Diamonds, and its supplier of newly mined gold as Rio Tinto Kennecott’s Bingham Canyon Mine. 283

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280 Tiffany and Co. “Sustainability Performance and Metrics, Fiscal Year 2018,” https://media.tiffany.com/is/content/Tiffany/Tiffany_CSR_Metrics_and_Assurance.


Recommendations

Recommendations to Jewelry Companies

In the context of the devastating impacts of the Covid-19 pandemic, all jewelry companies should protect existing improvements in human rights due diligence, including relating to the environment, and build on them.

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

Supply Chain Policy

- Adopt, publish, and implement a robust 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 OECD Minerals Guidance.
- Incorporate the policy or equivalent code of conduct into contracts with suppliers.

Supply Chain Information and Traceability

- Determine chain of custody over gold and diamond supply chains, and systematically store supply chain information and documents internally.
- Require suppliers, including gold refiners and diamond suppliers, to ensure traceability and to provide detailed information on the whole supply chain.

Assessment of Human Rights Risks

- Regularly assess human rights risks throughout the supply chain experts 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 non-compliant suppliers should only be a last resort.
- In the context of the Covid-19 pandemic, develop specific steps to mitigate new risks identified.
- 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 and Grievance Mechanisms

- Undergo third-party verification for performance on responsible sourcing.
- Ensure third-party audits of gold and diamond suppliers’ human rights due diligence, including visits to mines of origin.
- Supplement third-party audits by community- and operational-level grievance mechanisms. These grievance mechanisms should be designed with the participation of a wide variety of stakeholders, including affected communities, independent unions, workers’ organizations, and credible local human rights groups to be reliable, accessible, and independent.

Public Reporting on Human Rights Due Diligence

- Report annually on human rights due diligence, including risks identified, and steps to manage and mitigate risks.
- Provide regular public periodic reports on grievances received through grievance mechanisms, and measures taken to resolve them.

Public Reporting on Supply Chains

- Increase transparency by publishing the names and locations of gold and diamond suppliers.
- 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 efforts to address the harmful impacts of the Covid-19 pandemic on artisanal and small-scale mining communities. A particular focus should be on assisting mines to reach certification under the Fairtrade or Fairmined standard.

Recommendations to Sector-Specific Certification Schemes and Industry Initiatives, including the Responsible Jewellery Council:

- Ensure that all voluntary standards advance the responsible sourcing agenda by requiring adherence to international human rights and humanitarian law, including the UN Guiding Principles on Business and Human Rights.
- Require thorough third-party audits by human rights and environmental experts, including on-site visits.
- Acknowledge the limitations of social audits to detect and respond to a range of human rights abuses, including child labor and gender-based violence, and require members to establish community- and operational-level grievance mechanisms to supplement third-party audits. These grievance mechanisms should be designed with the participation of affected communities, independent unions, workers’ organizations, and credible local rights groups to be reliable, accessible, and independent.
- Require member companies to make public audit summaries, including information on all facilities visited, areas of noncompliance, a description of any identified risks, and a description of the specific, measurable steps taken to assess and mitigate identified risks.
- Require member companies to make public reports on grievances received through grievance mechanisms, and measures taken to resolve them.
- Require member companies to publicly disclose the names and locations of their suppliers.
- Sanction non-compliance of members, including by withdrawing certification and membership, and make information about such actions public.
- Ensure that civil society and industry representatives have equal decision-making powers and are represented equally on the board of directors and other key...
bodies; civil society groups should include trade unions, human rights and environmental organizations, and representatives of mining communities.

Recommendations to Governments

• In the response to the Covid-19 pandemic, ensure effective social protection aligned with ILO standards, including sickness benefits, unemployment, employment injury, and medical insurance.

• Enact robust laws requiring business entities in all sectors to conduct human rights due diligence—including on environmental harms and climate-related risks that pose a threat to rights—throughout the whole supply chain, in line with the UN Guiding Principles on Business and Human Rights. Such laws should:
  o Require business enterprises to respect internationally recognized human rights, including labor rights, and relevant environmental standards in their own operations and business relationships, including global value chains.
  o Require full transparency in supply chains, in particular publication of names and locations of suppliers.
  o Incentivize compliance and foresee clear consequences for non-compliance, including penalties, irrespective of a company’s membership in a certification scheme or industry initiative.
  o Create a civil course of action for non-compliance and access to judicial remedies.
Acknowledgments

This report was researched and written by Juliane Kippenberg, associate director in the Children’s Rights division, and Jo Becker, advocacy director in the Children’s Rights division of Human Rights Watch.

The report was reviewed by Arvind Ganesan, Business and Human Rights division; Zama Neff, director of the Children’s Rights division; Felix Horne, senior researcher, and Luciana Téllez-Chávez, researcher, Environment and Human Rights division; Dewa Mavhinga, Southern Africa director and Jim Wormington, Senior Researcher, Africa division; César Muñoz, Senior Researcher, and Tamara Taraciuk Broner, Acting Deputy Director, Americas division; and Sophie Richardson, China Director, Asia division. Tom Porteous, deputy program director, provided program review. James Ross, legal and policy director, provided legal review. Elizabeth Wang of the Wang Law Firm, and Monika Roth of the Roth Schwarz Roth law firm, provided external legal review.

Production assistance was provided by Alex Firth, Senior Associate in the Children’s Rights division; Travis Carr, photos and publications coordinator; and Fitzroy Hepkins, administrative manager.

We also wish to thank Brad Brooks-Rubin, managing director of the Sentry, for his input.
Gold and diamond mining have been linked to serious human rights violations, including child labor, harm to the environment, and conflict-related abuses. During the Covid-19 pandemic, human rights risks have increased in some areas. Where mining has stalled due to lockdowns, mine worker families have been stripped of their income. Where mining has continued, workers and affected communities have faced increased risks of child labor and other abuses.

Sparkling Jewels, Opaque Supply Chains scrutinizes and ranks the efforts of 15 major jewelry brands to prevent and address human rights abuses in their gold and diamond supply chains, and tracks progress since Human Rights Watch’s 2018 report on the subject. It also assesses the role of broader industry initiatives, including certification standards. The report is based on interviews and communications with jewelry companies, industry groups, and supply-chain experts, among others.

Eleven of the 15 companies assessed have taken some steps to improve their sourcing practices since our 2018 report, for example by enhancing traceability or transparency. But most companies still fall short of meeting international norms. Many do not know from which mines their gold and diamonds originate, and do not provide comprehensive public reports on their sourcing practices.

Jewelry companies should do more to fully control their supply chains, assess and address human rights risks, and publicly report on their actions. Voluntary certification standards have helped generate dialogue and supported companies that seek to develop best practice, but they do not always set a high standard. Ultimately, only mandatory human rights due diligence rules—laws—will create a level playing field and move the whole industry in the right direction.