



RESPONSIBLE
JEWELRY
COUNCIL

SMALL BUSINESS SUSTAINABILITY TOOLKIT

Beyond CSR: Immediate actions you can take as a small business owner to help tackle environmental and social challenges, and contribute to the 17 Sustainable Development Goals (SDGs)

Readers should be mindful the content of this document is not a substitute for legal advice.

SEPTEMBER 2021

YOUR SUSTAINABILITY JOURNEY

RJC CERTIFICATION FOR BETTER BUSINESS PRACTICE



Once you have begun your sustainability journey, becoming an RJC certified member can be an important next step. RJC membership gives you the opportunity to accelerate your sustainability commitment. RJC members benefit from access to a global leadership community of over 1400 members, expert trainings, updates on regulations, help desk support on implementation.



SME TOOLKIT

This toolkit will provide you with the baseline steps to begin your sustainability journey.

INTRODUCTION

The Responsible Jewelry Council (RJC) is taking important steps to support our members now and into the future to accelerate responsible business practices across the supply chain. In certain countries CSR is now a mandatory requirement with existing legislations and standards on CSR issues such as environment, human rights and labor rights. The jewelry supply chain is complex and composed of diverse supply chain actors, many who are small and medium sized enterprises (SMEs). These Businesses may want to start their sustainability journey, but are unsure where to start and what the business case is for doing so.

CSR presents numerous benefits for businesses regardless of their size such as higher motivation and productivity amongst workers, enhanced reputation and access to global markets. There are different approaches to implementing CSR from fully integrated responsible sourcing practices to contributions towards social and economic development projects, which ever approach works best for your company CSR should not be considered as an isolated activity from your core business operations. With this toolkit, RJC aims to provide practical guidance for SMEs alongside tools and resources to help them start their CSR journey. CSR is a process of continuous improvement over time. It is moving your organization beyond compliance and integrating management systems in the areas of human rights, labor practices, sourcing practices, product integrity and environmental impact as part of your core business strategy.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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

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

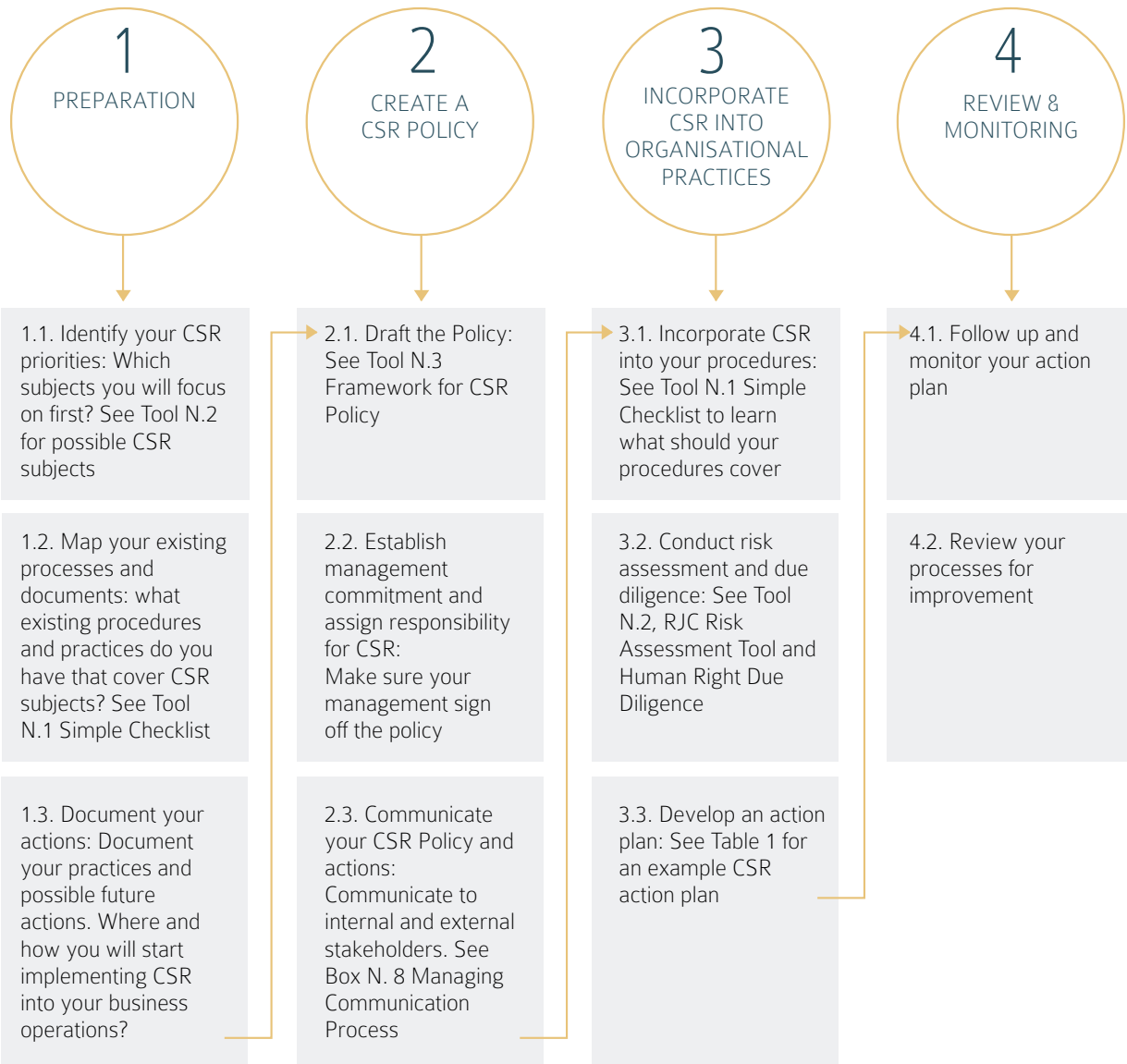
No matter how large or small, and regardless of their industry, all companies can contribute to the SDGs through their sustainability and corporate social responsibility strategies, policies and processes. Small and medium-sized businesses, however, are uniquely positioned to make significant impacts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



IMPLEMENTING CSR: ABOUT THIS TOOLKIT

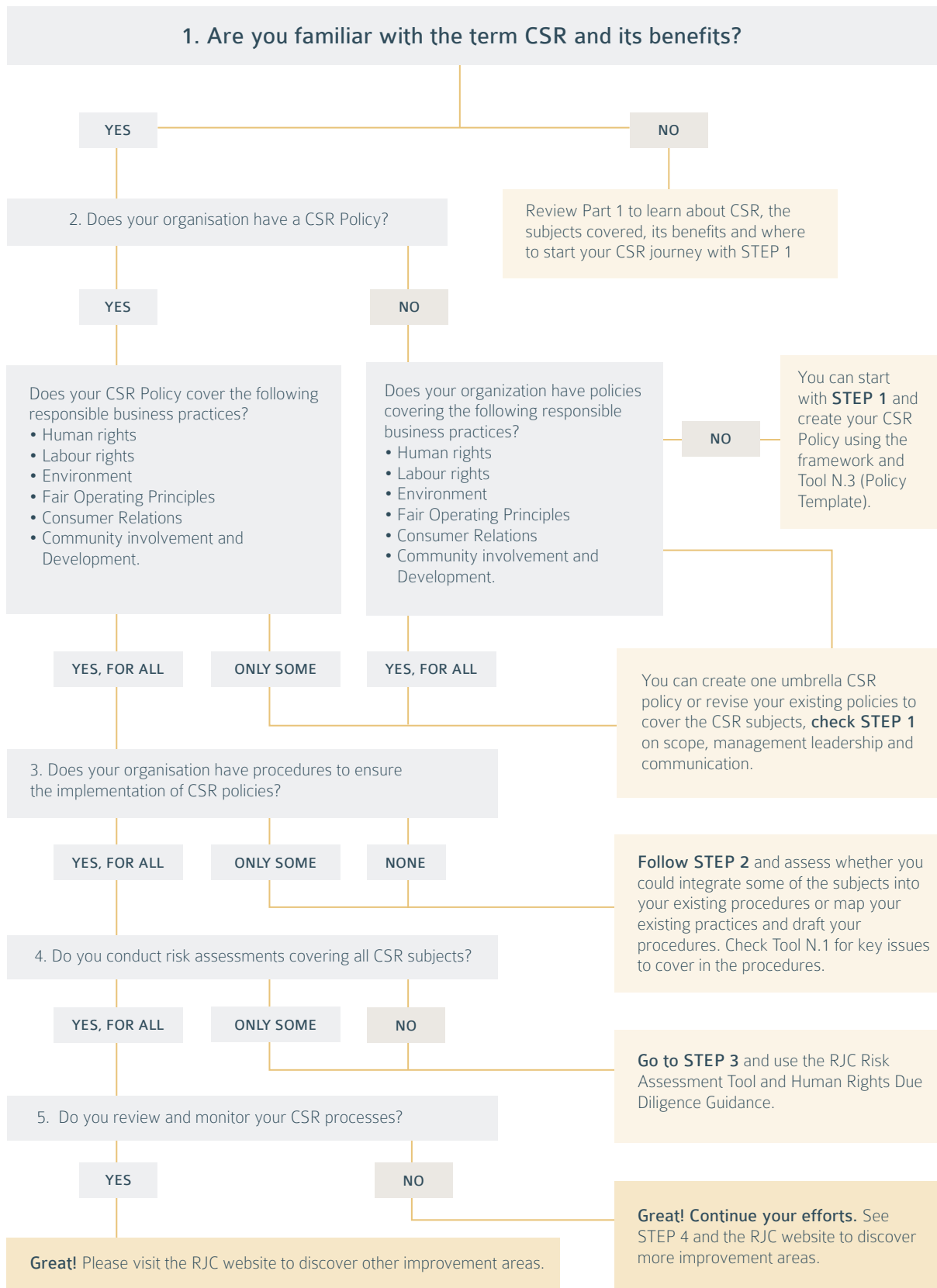
RJC's mission is a responsible worldwide supply chain that promotes trust in the global jewelry and watch industry. This can only be possible with more jewelry supply chain actors taking responsibility and implementing responsible practices. For SMEs, it can be difficult for them to know where to start and what to do in practice. This toolkit, provides practical guidance for SMEs on how to implement CSR in four initial steps.

INITIAL STEPS FOR SMEs



The content of this toolkit provides introductory guidance and resources. The information provided in this toolkit is sourced from the RJC Code of Practices (COP) standard and guidance documents. Both documents are freely available on the RJC website; see www.responsiblejewellery.com.

FLOWCHART: USING THE CSR TOOLKIT



PART 1: WHAT IS CSR AND WHY IMPLEMENT IT?

CSR is a voluntary action by businesses to take responsibility for the impacts of its activities on society and the environment - going beyond legal compliance. In some countries there has been a progressive approach to include CSR under corporate law and it is becoming mandatory¹.

There are two key concepts to implementing CSR - **responsibility** and **impact**. Understanding and assessing the scope of your business's responsibility and its impact will help you to develop your CSR program and implement it. By implementing CSR you can also contribute towards the 17 sustainable development goals (SDG). Figure 1 lists the subjects that are considered to be within the scope of CSR activities. They can help you to understand and focus your efforts.

FIGURE 1: CSR SUBJECTS

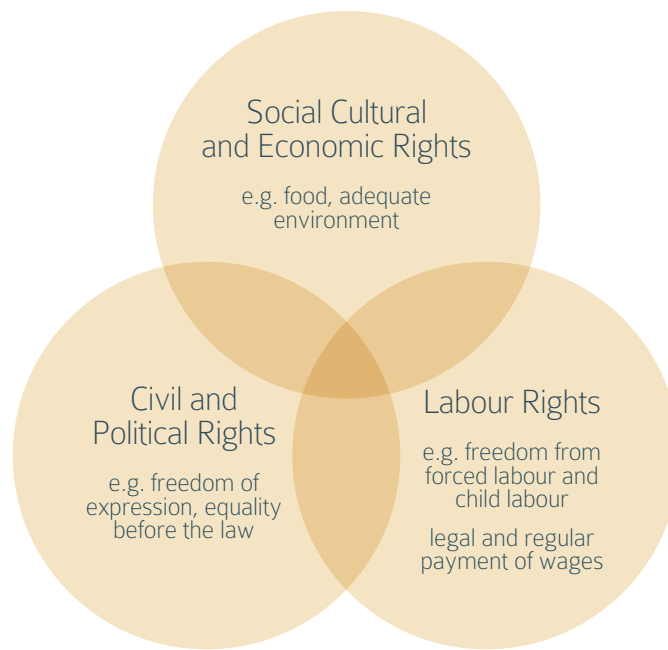


- **Human rights:** There are two broad categories of human rights: **1; civil and political rights** and **2; economic, social and cultural rights**. In the context of a business's responsibility, the list of rights that international guidance documents often refer to is rights that are covered by the International Bill of Human Rights. However, your business's responsibility might also cover other types such as economic, social and cultural rights protected under the national law where you operate. For further information on human rights (provision 6), look at the RJC website training page: [here](#).
- **Labor rights:** Labor rights often refers to International Labor Standards and the International Labor Organization (ILO) Fundamental Principles and Rights at Work². Other issues such as wages, working hours, harassment and abuse, health and safety are often addressed by national laws that have to be considered within the scope of a company's responsibility. To learn more about labor rights (provisions 15-22), look at the RJC COP 2019 Guidance document: [here](#).

1. See FAQ for details on mandatory CSR.

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

FIGURE 2: HUMAN RIGHTS AND LABOUR RIGHTS



BOX 1: LABOR RIGHTS: HEALTH AND SAFETY IN CUTTING AND POLISHING

Both diamond and colored gemstone cutting and polishing exposes workers to equipment and materials that can be hazardous if the appropriate precautions are not taken. Silicosis and other lung diseases are a concern in the cutting and polishing due to exposure to silica dust, beryllium, cobalt and lack of appropriate air filter systems. Health problems might also include back pains and eyesight problems. However, measures such as;

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

Policies and procedures for ensuring safe and healthy working conditions, safety training records and records of safety related incidents and corrective actions also help you to provide a safe working environment for your workers.

BOX 2: CHILD LABOR AND FORCED LABOR IN MINING

More than one million children are engaged in child labor in mines and quarries. In some areas the problem is particularly acute such as artisanal and small-scale mines. Child labor is most commonly found in artisanal and small-scale mines (ASM). ASM is significant, they account for about 20% of global gold supply, 80% of global sapphire supply (jewelry) and 20% of global diamond supply. These mining activities often have serious health consequences for children, such as silicosis related respiratory diseases, joint and bone deformities, eye injuries, neuroglial damage. Freedom from child labor and forced labor are part of fundamental principles and rights at work and are also basic human rights.

For more information see, ILO, [Child Labor in Mining and Global Supply Chains](#), 2019

- **Environment:** Environmental impact might vary depending on business operations, location of the business and availability of natural resources. For instance, production may lead to pollution. The use of chemicals can be harmful to plant and animal life. Mining activities can result in soil erosion, deforestation and air and water pollution. Various issues should be considered such as your companies carbon footprint, methods to prevent pollution (e.g. waste management, disposal of chemicals, recycling, life cycle assessments), sustainable resource use (e.g. water management), and biodiversity. For further information regarding your impact on the environment (provisions 24-27), look at the RJC COP 2019 Guidance document: [here](#).
- **General requirements and supply chains:** A company is expected to comply with applicable law(s) and regulation(s) related to its operations. Companies are not only responsible for their direct activities but also expected to respect human rights, labor rights and the environment throughout their supply chains. In the jewelry industry, companies are recommended to pay attention to sourcing practices from conflict affected and high risk areas and implement internationally recognized guidance and standards such as [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas](#), [OECD Guidance Supplement Gold](#), Kimberley Process Certification Scheme and World Diamond Council System of Warranties. Where SMEs source directly from artisanal and small-scale mining, risks have to regularly assessed and minimized. RJC COP 2019 has specific provisions covering general requirements and supply chains (provisions 1-7), to read these look at the guidance document: [here](#).

BOX 3: TRANSPARENCY AND TRACEABILITY IN SUPPLY CHAINS: WHY IT IS IMPORTANT?

Transparency and traceability are essential for responsible supply chains. Without knowing the where products & materials comes from, we cannot ensure that our operations do not have a negative impact on environment and society. A business should be able to answer questions on its supply chain such as: **Where the materials come from? How were they mined? What kind of impact does the mining have on local communities and environment?**

Lack of transparency on the origin of materials pose various risks on environmental damage, child labor and forced labor and bribery, money laundering and financing terrorism.

In the jewelry industry, most business relations are built on trust and due to secrecy and security, traceability from mine to retail can be hard to achieve. In some cases, there might be a strong chain of custody mechanism in place because of the type of gemstone, its origins and quality. In others, due to numerous people and transactions, it might be difficult to trace the origin. To ensure that the business ethics are respected, any actors within the jewelry supply chain have to find and then provide information on the origin or manufacturing process of the materials and the records of financial transaction. SMEs are advised to keep, as minimum, internal inventory and transaction documents to retrospectively identify materials, inputs and outputs for all their sourced jewelry materials, particularly gold, silver, platinum group metals (PGM), diamond and colored gemstones.

That means collecting:

- Information on the form, type and weight of materials input: e.g. for precious stones: the origin of the material, locations where its consolidated before export, method of extraction, weight, transportation route.
- Supplier details including Know Your Counterparty (KYC) information

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

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

For more information see **RJC Self-assessment**.

BOX 4: THE RISK OF BRIBERY, MONEY LAUNDERING, FINANCING TERRORISM AND CORRUPTION

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

For more information see IFC, [Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue](#), 2015

- **Consumer relations:** Companies dealing with retail products should provide accurate and transparent information. It is important to disclose information about your product especially within the gold, silver, platinum group metals (PGM), diamond and colored gemstone supply chain as purchasers have a right to make an informed choice. Record keeping is critical especially in the processing stage. For example, information on the 4Cs (cut, color, clarity and carat) should be documented for diamonds to enable accurate and transparent disclosure. Similarly, to comply with the World Diamond Council (WDC) System of Warranties (SoW) diamond suppliers and manufacturers must pass on a warranty statement each time a diamond changes hands – records of these warranty invoices received and issued, must be kept on file. Procedures for and records of ensuring disclosures should be accurate and comply with the law, including sourcing practices, due diligence, regular product testing, inspections and laboratory or testing reports. Consumer relations and product disclosures (provisions 28-30) are key for your customer to trust you, look at the RJC COP guidance document for more information: [here](#).

BOX 5: RESPONSIBLE SUPPLY CHAINS

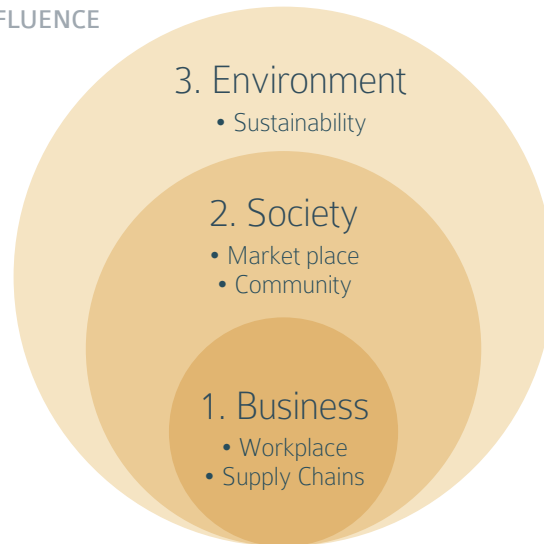
As a company, you have to consider not only your business operations but also your business partners actions and other stakeholder (individuals or organization that might be affected by your business operations e.g. your employees or local community affected by the mining activities where your materials are coming. This could be examined in two dimensions:

direct impact: which includes your core business operations that are under your control: e.g. human resources management, health and safety in the workplace, disposal of waste in your workplace and **indirect impact:** includes activities of your business partners (e.g. traders), sourcing activities (where your materials are coming from) and impact of your sourcing activities on communities (how do mining activities impact local communities and environment).

- **Community involvement and development:** Companies have close relationships with the communities in which they operate. In most parts of the world SMEs contribute immensely to the economic progress of a country/local community and create jobs. SMEs support social, economic and institutional development of the communities in which they operate by the activities which they conduct such as supporting education and culture, technology development, social investment and community involvement. Working with your communities will benefit all, not just your company, look at how to develop strong communities development (provision 10) with the RJC COP guidance: [here](#).

When implementing CSR, SMEs should assess their responsibility and impact on their employees, environment and communities. There is a strong link between your sphere of influence and responsibility to act (see Figure 3). Within the three key spheres of influence, sphere one covers the activities you have direct control over such as health and safety of your employees. It also includes your supply chain such as adhering to the national and international product requirements in your trading activities or having full record of your financial transactions. The second and third spheres represent areas where you may have an impact, but you do not have direct control, such as community development. The more influence you have in each sphere, the greater your responsibility is to act.

FIGURE 3: KEY SPHERES OF INFLUENCE



CSR implementation is a progressive process. You can start by looking at your internal operations (e.g. towards your own employees and inside the company). Internal interventions can be highly visible and have tangible returns in the short-to-medium term. External involvement such as community relations may come later. The priority of areas to implement can also be based on expectations made by your stakeholders. The major stakeholders of SMEs are often the employees and the communities where the business operations are situated, and in some cases business partners/suppliers and retailers. However, other civil society organizations such as trade unions, business associations, as public and regulatory bodies are important stakeholders to take into consideration as you develop your CSR plan.

BENEFITS AND CHALLENGES OF IMPLEMENTING CSR

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

As an SME, your CSR motives and initiatives may take different forms than those of larger enterprises. You might be concerned about losing your competitiveness by imposing additional conditions onto your suppliers or setting higher standards for your workers than your competitors. CSR may seem difficult to implement. However, there is a business case for SMEs, advantages can be:

- Higher motivation and productivity amongst workers, that decreases turnover rates.
- Enhanced reputation and trust that leads to better access to global markets and investment.
- Enhanced reputation amongst the community, customers, banks and other important stakeholders.
- Optimization of management processes that contributes to better risk management and efficient resource management.
- A long-term vision for the sustainability of the business operations which may eventually increase your competitiveness and client base.
- Attract and retain talent.

Even if you lack the human and financial resources, it is still possible to implement CSR gradually. You can start by following the practical steps in chapter 2.

BOX 6: CSR IN TIMES OF CRISIS

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

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

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

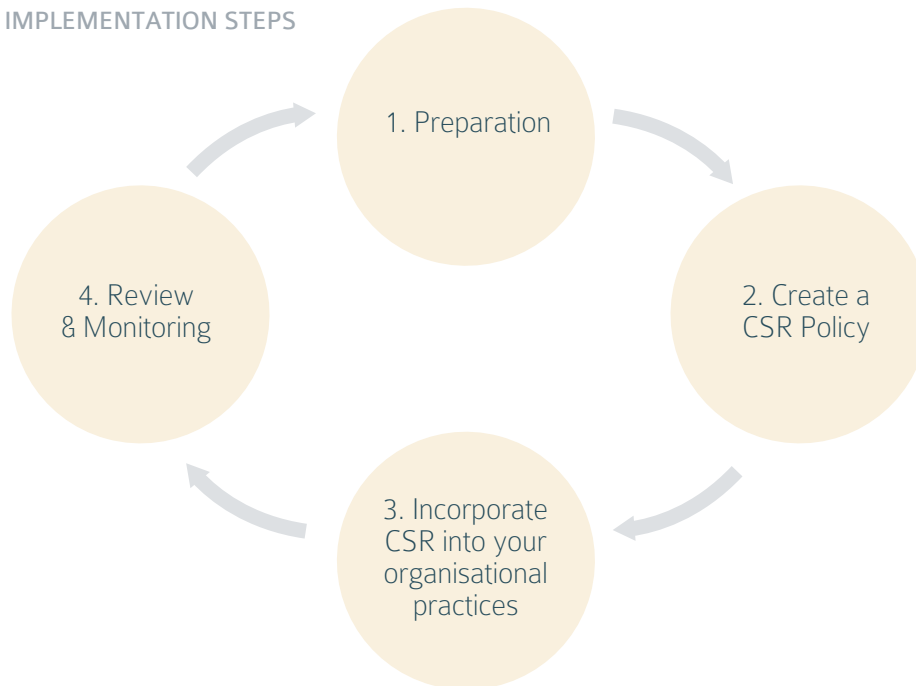
CSR promotes safe working environments: measures such as safeguarding employee welfare and safety are closely linked to the requirements for health and safety, labor rights and human rights. Yet, implementing CSR initiatives can present an opportunity for your business to make long-term commitments on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

TOP TIPS

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

PART 2: PRACTICAL STEPS FOR CSR IMPLEMENTATION

FIGURE 4: CSR IMPLEMENTATION STEPS



CSR STRATEGY

You may find that developing a CSR strategy helps to guide you and provide a point of reference for creating and implementing CSR policies and procedures. A strategy does not need to be detailed, it just needs to be a guide so you can set objectives or parameters for your CSR work. To develop a strategy consider the following:

1. Understand your business and what it is you deliver - if you want to set goals or targets use your policies to achieve this. Your strategy should frame what pillars you want to align your business with. Ensure these pillars are within your scope and applicable to your industry. Also build your strategy around your core competencies. Align with what your business already does well in order to ensure your strategy is effective.
2. Consult with your employees and stakeholders– It is incredibly important for their input and buy-in. If you want your strategy and subsequent policies and procedures to be achievable and followed, their understanding and action will be key to its success.
3. Lead by example – Whilst framing the strategy within your business is important to ensure a positive impact and achievable result, do set strategic objectives that benefit you and show your peers what is possible. In addition to addressing improvement areas, build on your strengths.
4. Communicate - Ensure you effectively communicate your CSR activities to your various stakeholders through as many channels as possible. This is important not just to promote the positive work you are doing, but it also ensures transparency and can help you show progress towards the goals you have set.

For more information on key steps, **see Appendix 1**.

STEP 1: PREPARATION

In this section, we guide you through practical steps to implement CSR. CSR should not be considered as an isolated activity from your core business operations. It can be implemented gradually and be integrated into your existing management systems or business practices. Based on your resources and time, you can set up a simple system covering your workplace and expand it to cover your supply chain.

Before you start, it is useful to conduct a basic review of your existing documentation and practices of your organization with your staff to identify the areas where you may already contribute towards CSR. This can include your policies, principles, procedures (e.g. hiring procedure covering age verification, health and safety procedure), certifications, guidelines (e.g. workplace rules handbook), contracts, projects and reports.

If you have a management system in place, it is likely your organization has an inventory of documentation for your management system. In Chapter 3: Tools and Resources, we have provided a simple questionnaire/checklist (see **Tool N. 1**) that will help you to identify the gaps and take action. While doing this exercise we also suggest for you to:

- **Identify your priorities:** identify which CSR subjects impacts your business the most and what should be addressed first. A list of CSR issues that you can use as reference is provided in Chapter 3: Tools and Resources (see **Tool N. 2**). During this exercise it is recommended that you consult with your stakeholders. This does not have to be a complex process; you can call your direct suppliers and business partners and ask what their expectations are. Or use survey tools to understand the expectations of employees or conduct desk-based research on what your competitors are doing.
- **Map your existing processes:** Review your existing practices and documents to identify which CSR subjects are covered and which subjects have to be addressed. This can include policies, procedures, production records, sourcing materials records, contracts, financial transaction records, employee contracts, human resources or other types of quality guidance documents/handbooks, codes of conduct and project reports.
- **Document your actions:** You can integrate your CSR priorities into your existing business practices instead of writing new policies, rules and procedures. For instance, you can integrate your CSR policy into your quality management system. Or you can integrate relevant subjects into your existing management procedures. An example you might already have measures in place to ensure the health and safety of workers, but this is not documented. You can document the current practice, revise it where necessary and include other related practices. You do not need a separate policy and procedure for each CSR subject. Simple sentences reflecting your practices and respecting CSR standards are sufficient.

FIGURE 5: KEY STEPS IN CSR PREPARATION



TOP TIPS

- Examine your existing resources (human resources and finances) and documentation on CSR subjects.
- Identify key personnel who can lead and provide support in CSR implementation.
- Start familiarizing your staff with the concept of CSR and issues in the jewelry industry.
- Think collectively with your employees and if possible, with your business partners about your strategy and goals in implementing CSR.
- Ensure that you start with leadership at the top – a strong commitment from the head of the organization to start building a culture of sustainability in the organization.

STEP 2: CREATE A CSR POLICY

FIGURE 6: STEPS IN CREATING A CSR POLICY



DRAFTING THE POLICY

A CSR policy refers to a company's responsibility towards the environment and people, it highlights the strategic focus areas of responsible practices in their business operations. It is often used to communicate a company's values and responsible business practices internally and externally. The policy structure and length vary. However, most CSR policies generally focus on three main areas:

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

Include key personnel when drafting your CSR policy. Depending on the complexity of your operations and organization size, you can choose to have a short policy and have separate detailed policies covering all CSR subjects. Or you can develop one detailed CSR policy (sustainability policy, sustainability charter, code of ethics) covering all the CSR subjects. The important factor is that you provide commitments for all the key CSR areas. **See Tool N. 3** in Chapter 3: Tools and Resources for a template responsible business practices policy. The RJC COP guidance has further information on how to develop and implement your policies (provision 2), look at that: [here](#).

BOX 7: GENDER EQUALITY AND THE JEWELRY INDUSTRY

The inclusion of a gender perspective in CSR can play a critical role in achieving gender equality in the workplace. A large proportion of the downstream retail sector is composed of women workers, but they are entirely absent in the upstream supply chain. Likewise, in other sectors that are often dominated by men, women's roles are facing barriers to entering and advancing within the industry. By including a gender perspective in your policy, you can address this issue. However, you have to note that the policy has to be complemented with procedures and meaningful actions (e.g. by supporting women's economic empowerment with access to safe and equitable employment opportunities, education and training, access to social protection and childcare).

For more information, see BSR, [Women in the Jewellery Supply Chain, Landscape Review of Barriers to Women's Economic Empowerment](#), 2018

MANAGEMENT COMMITMENT AND ASSIGNING RESPONSIBILITY

Managers and company owners are important drivers of CSR implementation. It is critical to have commitment from the top. The policy also has to be signed and approved by the company owner or senior manager. Depending on the size of your organization, it is also recommended to assign responsible personnel to coordinate the implementation of CSR activities.

COMMUNICATION

Strategic communication should be targeted to key stakeholders. In the context of SMEs, they are often employees, large buyers or retailers, suppliers, civil society and community organizations. Different communication strategies and tools might be needed to communicate to each type of stakeholder group. Suggestions are provided in Box 8 and Box 10.

BOX 8: MANAGING THE CHANGE PROCESS: HOW TO COMMUNICATE CSR TO YOUR EMPLOYEES

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

- **Communicate the process from the beginning:** Do not wait to communicate with your employee to complete the policy drafting process. Once you decide to implement CSR, explain and share the implementation steps with all your staff with a meeting, announcement or webinar.
- **Explain clearly why CSR policy is needed and what you want to achieve to your employees:** To successfully promote CSR, you need to clearly explain why it is needed, what are the objectives and how will it impact your employee and affect their work. Building the business case for CSR involves formulating the arguments and rationale behind your engagement in CSR. A holistic overview that is not only looking at the business benefits but also takes into account motivations can be useful. Here, you can explain the possible positive outcomes of CSR or indicate the negative outcomes of not having it.
- **Create a leadership team:** Depending on the size of your company, assign one or more responsible people who will lead the process and engage with other employees. The responsible person is not required to work on this full time.
- **Support dialogue:** Ideally, CSR implementation should not be a top-down approach and employee's engagement should be promoted. This can be done in various ways such as organizing consultations, building on their knowledge and experience with training or workshops. Create opportunities for employees to take part in the consultation process. Using tools such as surveys or interviews will help you to engage with your employees. Explore digital solutions such as online voting and poll tools too sophisticated for SMES – suggest "coffee" or "breakfast" conversations. They provide lots of opportunities for reaching out to many people for consultation purposes without spending too much time and effort.

Examples of internal communication: Regular employee meetings, posters, brochures in the workplace (in common areas, canteen, entrance etc.) and internal newsletters and key messages by the CEO or owner.

STEP 3: INCORPORATE CSR INTO YOUR ORGANIZATIONAL PRACTICES

The CSR Policy is a company commitment to take responsibility of its actions. In practical terms, you need more than a commitment to ensure its implementation, meaning having a system in place to identify your risks, impact and procedures to ensure that you respect responsible business practices. In this section, we will first look at the procedures and how you can incorporate CSR subjects in them and then we will examine the methods for risk management.

INCORPORATING CSR INTO STANDARD OPERATING PROCEDURES

If you want to ensure that you respect core CSR subjects, you need to integrate them into your regular operational standard operating procedures (SOP) or create new procedures for subjects covered by CSR. Examples could be:

- **Labor rights:** Labor rights cover various issues such as equal treatment, forced labor, child labor, freedom of association and collective bargaining, wages, working hours, harassment and abuse, health and safety. Depending on the size of your company, these issues can be covered under an employee handbook, workplace rules or separate procedure. If you employ more than five people and engage in production the following key example issues can also be addressed in the SOP to ensure protection of the employee rights.

- **Forced labor:** Do not prohibit movement of workers, workers should be free to leave the workplace, due to security reasons if you lock doors or restrict movement between production sites, make sure that workers have access to the emergency exit.
- **Child labor:** Verify workers age at the hiring stage, take copies of their government issued identification and keep them on file.
- **Freedom of association and collective bargaining:** Prohibit all types of intervention with workers' rights to engage with unions.
- **Equal treatment and non-discrimination:** Prohibit all types of discrimination at the workplace in hiring, promotion and termination. Provide equal pay for equal work for men and women.
- **Wages:** Adhere to the national minimum wage requirements. Do not withhold workers' wages and pay wages regularly.
- **Overtime:** Overtime should be voluntary. Working time should not pass the national legal working hours limits.
- **Health and safety:** Workers should be provided with necessary protective equipment, conduct risk assessments and address hazards. Other measures such as first aid, fire safety, emergency procedures should be implemented.
- **Environment:** Depending on your operations, you might have different impacts on the environment. Issues such as the use of natural resources, waste management and how to mitigate the negative effects can be addressed by in the procedures.

BOX 9: CONTROL OF CHEMICAL & HAZARDOUS SUBSTANCES

All companies that use chemicals and hazardous materials must have in place controls of their use, storage and disposal. Ensure you have all applicable safety data sheets (SDS), they are documents giving information on the properties of hazardous chemicals and how they affect health and safety in the workplace. Most countries have laws and regulations to govern the handling, management, use and disposal of hazardous substances, which reflect the ILO Chemicals Convention, 1990. Be aware of, and comply with, all applicable laws.

To help with this process a simple checklist (**see Tool N. 1**) is provided in Chapter 3: Tools and Resources that can identify essential issues to add your procedures.

RISK ASSESSMENT

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

- Listing all products and services you purchase, produce, provide and export.
- Identify the country where each product was manufactured.
- Determine what the main raw materials are for composite products and/or semi-finished products, and where they come from.

In the jewelry industry, risks can be found at different levels of the supply chain: high risk of human rights, and environmental degradation in the upstream supply chain where the precious stones and minerals come from, health and safety risks in the middle of the supply chain (cutting & polishing), child labor in ASM. Knowledge of the supply chain and transparency are key features of CSR, because without linking the source with the product we cannot ensure that all CSR principles are respected.

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

- **Risk related to countries/location and materials:** Damage and risks are diverse based on the material type. For instance, mercury and cyanide in gold extraction are harmful to plant and animal life while gemstone mining is relatively less hazardous since chemicals are not used. However, all types of mining activities may cause deforestation, erosion, found in protected areas/fragile biodiversity and may involve child labor or dangerous working conditions. Risks may also be related to the origin of the material. Some countries can be riskier due to weak law enforcement (e.g. if the land rights are unclear/not established), poverty, vulnerable state institutions, political instability and high rate of informality. There are online resources providing information on each country's overall performance on CSR as well as on particular subjects such as corruption, labor rights and human rights.³
- **Risk related to characteristics of the suppliers:** Characteristics of the suppliers such as lack of management systems, informality and relationship with the supplier (leverage, longevity of the business relations, contracting types, payment practices) also determines the risk level and what to look for. For example, issues related to community rights and environmental degradation can be more commonly observed in large scale mining operations.

For more information you can refer to the [RJC Risk Assessment Toolkit](#) that can help you to identify the risks and mitigate them in your supply chain, and **Tool N.2** (in Chapter 3: Tools and Resources) will help you pre-assess risks related to materials and suppliers. It can help prioritize your work by assigning risk levels, high, medium and low to your risk assessment. Focus your work on high risks first as they are more likely to occur and have a greater impact than a low risk and then work your way down through to your low risks.

HUMAN RIGHTS DUE DILIGENCE AND DUE DILIGENCE FOR CONFLICT AFFECTED AND HIGH-RISK AREAS (CAHRA)

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

Human Rights due diligence covers the entire supply chain. As an SME with few staff and limited resources available you can assess your human rights impacts by:

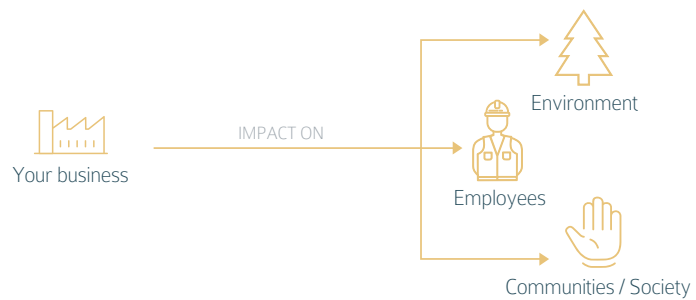
- Using publicly available resources to create a list of human rights risks to assess, both in your own operations and in your supply chain.
- Prioritizing risks from that list based on salience (severe negative impact) in your business. For example:
 - If you rely on contracted labor, prioritize a review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

3. Danish Institute for Human Rights, [The Human Rights and Country Guide](#), Transparency International, [Corruption Index](#), World Bank, [World Governance Index](#), SA8000, [Country Risk Assessment](#)

While assessing your impact it's important to have a broad and in-depth view and consider your level of involvement:

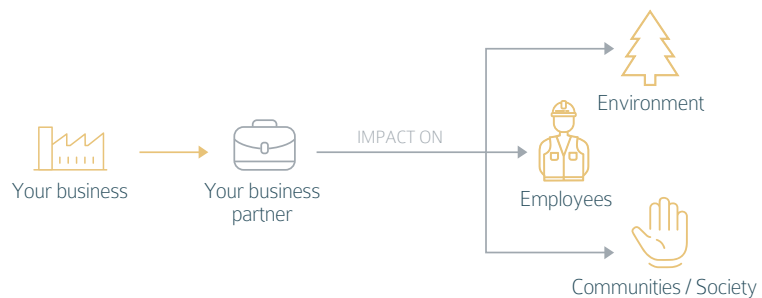
CAUSE

Your company's direct actions cause the harm. Examples can be exposing workers to hazardous working conditions without adequate safety equipment, dumping chemical effluents from production processes into waterways, directly polluting local communities' drinking water.



CONTRIBUTION

Your business partners or suppliers' actions cause the harm. Examples can be, a contracted private security firm abuses workers, working with a sub-contractor that uses forced labour to complete orders.



One significant efficiency can be combining data collection from your suppliers with Know Your Counterparty / Know Your Customer (KYC). KYC is often a legal requirement in many jurisdictions so if you are conducting KYC, combine it with all data collection from suppliers into one document, helping your supplier manage their time and you manage your process.

The [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas](#) does not only cover human rights, but also addresses other risk areas such as the financing of terrorism, bribery, money laundering and similar risks. The OECD Guidance recommends a 5-step approach to organizations:

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

For more information you can watch the RJC [video introducing OECD Due Diligence Guidance on CAHRA](#) and access practical resources to help you understand and implement the 5-step process. RJC also provide a specific [due diligence toolkit for diamond and colored gemstone supply chains](#).

BOX 10: COMMUNICATING CSR POLICY AND DUE DILIGENCE REQUIREMENTS

- **Choose a culturally sensible and acceptable way to communicate the CSR Policy:** The issues that you will refer to in your CSR Policy might be difficult to process for some of your business partners. Supply chain issues such as human rights, and the environment are often well-known by the industry. However, it may be useful to explain the reasoning behind your policy, what you want to achieve with your CSR program. Selecting the mode of communication depends on your regular way of communicating with your suppliers. You might be using calls, face to face meetings, online meetings or emails to communicate business operational issues. CSR is also part of your business operations, so it is best to communicate it the way you communicate any business issue. If you think that your suppliers/business partners are not familiar with the concept, having a meeting in which you will start by explaining the CSR concept and areas covered might be beneficial. Your suppliers most probably would like to know how it will affect your business relations. In case you plan some changes (such as adherence to the policy or contractual changes), be prepared for questions, provide an introduction and explain the benefits of CSR. It might be a strategic move to start communicating your policy with your long-term suppliers and work on a common agenda for how to move forward.
- **Add a CSR section into your website and communicate continuously your policies and efforts:** In case you have a website, add a section on CSR. You can use your website to communicate not only your policy but also your efforts, projects and results. Make use of your social media channels to communicate your CSR commitment and efforts.
- **Communicate publicly your performance and impact:** Public reporting is a key component of CSR. Companies are expected to be transparent about their efforts. A CSR report is often published annually or periodically by companies with the objective of sharing CSR actions and results. **Examples of external communication:** Website, newsletters, brochures, events. Communicating straight away is not a requirement, consider communicating once you have a better understanding of due diligence to ensure clear messaging to external parties.

Due diligence and suppliers: To ensure that the business ethics are respected, any actors within the jewelry industry have to be able to obtain and/or provide information on the origin of the materials and the records of financial transaction. These questions might not be easy to ask in long established commercial relations and with trading partners. So, in such cases:

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

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

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

DEVELOP AN ACTION PLAN

Once you identify your policy, and risk areas, the next step is to come up with an action plan (see table 1) to implement your CSR program. This includes documenting actions to reduce/manage risks and prevent negative impacts of your business on the environment, labor and human rights or minimize their harm.

For each identified issue or risk, you need to come up with:

- **Set of activities:** which actions are you planning to take to address the risks?
- **Responsibility:** who should be responsible to complete the actions and monitor the results? Depending on the size of your organization, set up a cross departmental working group with leadership commitment at the top to develop a strategy.
- **Timeline:** what is the deadline for completing the activities?
- **Results & verification:** how will you monitor the results? How will you verify that the action has been completed?

TABLE 1: EXAMPLE CSR ACTION PLAN

FINDING	SET OF ACTIVITIES	TIMELINE	RESULTS	VERIFICATION
Lack information on the origin of the materials.	1.1. Communicating CSR Policy to suppliers. 1.2. Creating an information data base for materials received. 1.3. Conducting risk assessment on the country of origins.	Q1	<ul style="list-style-type: none"> • 100% of the suppliers received the CSR Policy. • 80% of the materials have complete information on the database. • Risk assessment conducted for all CAHRA countries. 	Internal review of progress. Agreements with suppliers on timeline to collect required information. Annual reporting on CSR

The RJC Self-Assessment also provides guidance and activities for addressing various CSR issues and risks, you can refer to this document to identify actions. Other resources include [CSRCOMPASS](#), [UN Global Compact Self-Assessment](#), [EU Guidance on Human Rights](#).

You may identify violations of human rights or other types of problematic issues (red flags) in your supply chain and organization. Incorporating these issues into your action plan and addressing them is the most important part of your risk assessment. Similarly, your internal and external stakeholders such as your workers should be able to report their concerns or grievances through a confidential channel, such as a grievance mechanism.

BOX 11: GRIEVANCE MECHANISMS

Grievance mechanisms are procedures that create an effective way for companies to receive, process and provide adequate response or remedy for grievances raised by workers or external stakeholders. They are a crucial tool for learning risk areas and identifying issues in your operations and supply chain. As an SME, you can establish and administer grievance mechanisms or work with the industry, multi-stakeholders or other collaborative initiatives to provide external channels for complaints.

Grievance mechanisms need to be effective to build trust among the complainers, hear worker voices and provide a remedy. However, they should be designed according to the needs of the complainers and their ability to access them. Consider the below points when establishing your mechanism:

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

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

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

A number of RJC COP provisions require a grievance mechanism (6-9, 11, 14, 16, 18, 21, 32, 36) if you want to learn more about how to set up such a mechanism, refer to the RJC COP guidance: [here](#).

USE NETWORKING AND COLLECTIVE ACTION TO ADDRESS COMPLEX ISSUES

Most supply chain issues are deep rooted and complex. It is very unlikely for a sole company to solve an industry-wide problem such as unclear supply chains, long working hours or corrupted practices. However, SMEs should not underestimate their impact to change practices. They can benefit from a collective approach and networking to tackle these issues together for a greater impact. Collective approaches can be developed either directly with other SMEs or associations. Examples can be:

- Supporting industry-led initiatives: In many instances, SMEs lack the leverage to address systemic issues independently. Many of these issues can only be addressed through collaborative industry-wide action. To address common challenges, enterprises can engage in various platforms and share experiences or learn from peers.
- Sharing knowledge and experience on CSR practices.
- Developing a common agenda or workplan for industry-wide problems.
- Collaborating on projects and programs with other industry players to increase leverage on suppliers or get access to funding.

TOP TIPS

- Communicate your CSR policy internally and externally through meetings, emails, your website and social media platforms (where relevant).
- Set up a simple database (can be an excel spreadsheet) of your suppliers and materials, identify the major risk areas by location and type of materials.
- Make the commercial benefits of CSR clear to your suppliers and share your knowledge on CSR and its challenges, offer partnerships where necessary.
- Dedicate your resources first to the high-risk areas and operations in your supply chain before expanding to cover the entire supply chain.

STEP 4: REVIEW

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

One of the effective ways to identify the need for a revision is by monitoring your CSR activities. By using various methods such as reporting, surveying suppliers and workers, interviews, performance reviews and verifying the actions in your CSR action plan, you can measure the efficiency and effectiveness of your approach. While monitoring you should:

- Assess the implementation and acceptance of the CSR policy and procedure: how do your workers, staff and suppliers perceive it and what is their feedback.
- Assess whether the existing system allows you to identify risks and prevent them.
- Examine whether the activities in the action plan have been implemented, if not, why and if yes whether they have been successful in solving the issues.
- Explore innovative ways to improve your system. e.g. Is it possible to use digital technologies to collect data; can we increase supplier engagement with training, are there areas for new projects or cooperation.

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

PART 3: TOOLS AND RESOURCES

TOOL N.1: INTRODUCTORY CSR QUESTIONNAIRE/CHECKLIST. PAGE 1 OF 4

QUESTIONS	ANSWERS	RECOMMENDATIONS	ACTIONS (TO BE FILLED BY COMPANY)
<p>Strategy: Does your organization have a CSR strategy?</p>		Create a CSR strategy that is feasible, achievable and has employee buy-in.	
<p>If no, please refer to the strategy design section in this toolkit.</p>			
<p>Policy: Does your organization have a CSR Policy?</p>			
<p>If yes, does your organizations' CSR Policy cover responsible business practices namely:</p> <ul style="list-style-type: none"> • Human rights • Labor rights • Environment • Fair operating practices • Consumer relations • Community involvement and development 		<p>In case your organization has a policy, and it covers all the CSR subjects, consider assessing other points such as:</p> <ul style="list-style-type: none"> • Does our staff have the full understanding of our CSR Policy? • Did we communicate our CSR Policy to our staff and suppliers? <p>If it only covers a few or some of the practices, consider revising your CSR policy and do necessary changes.</p> <p>Also verify whether the CSR policy is in line with the international standards and national laws.</p>	
<p>If no, do you have individual policies covering:</p> <ul style="list-style-type: none"> • Human rights • Labor rights • Environment • Fair operating practices • Consumer relations • Community involvement and development 		<p>If you have several individual policies covering these subjects, consider having an umbrella CSR policy. Also verify whether your individual policies are in line with the international standards and national laws.</p>	

<p>Implementation: risk assessments:</p> <p>Do you conduct a risk assessment of your business operational impact on:</p> <ul style="list-style-type: none"> • Human rights • Labor rights • Environment • Suppliers and source of materials • Fair operating practices 		<p>If your risk assessment covers all subjects, assess the efficiency of your analysis: does it allow you to identify risks, are your prevention measures efficient?</p> <p>If no, consider implementing a risk assessment, you can use the RJC Risk Assessment tool.</p>	
<p>Procedures and written rules</p> <p>Do you have procedures or written rules in place to ensure protection of:</p> <ul style="list-style-type: none"> • Human rights • Labor rights • Environment <p>in your direct business operations?</p>		<p>If yes, assess if they are fully communicated and understood by your staff and review whether they cover key areas such as:</p> <ul style="list-style-type: none"> • Human rights protection rules/procedures provide lists of protected rights and channels for remedy. • Labor rights rules/procedures cover minimum the fundamental principles and rights at work namely: elimination of child labor, forced labor, freedom of association and collective bargaining, equal treatment and non-discrimination. Also make sure that the labor procedures/rules: <ul style="list-style-type: none"> • Set the minimum working age as per ILO and national law requirements and present an age verification system. • Require workers to be provided with information on the terms and conditions, a written contract that is in compliance with national law. • Ensure that the employment is voluntary. • Prohibits indicators of forced labor such as limitation of workers mobility, confiscation of personal documents, recruitment fees. • Prohibits all types of discrimination, harassment and abuse as disciplinary measures. • Prohibits anti-union activities. <p>Decent work issues are covered, such as:</p> <ul style="list-style-type: none"> • Ensure minimum wage and working hours in line with national laws. • Prohibits mandatory overtime and unreasonable wage deductions. • Ensure a safe working environment and basic measures for health and safety: portable drinking water, sanitary facilities, emergency exits, fire safety equipment and first aid kits. 	

<p>Procedures and written rules continued</p>		<p>Environmental rules and procedures at minimum:</p> <ul style="list-style-type: none"> • Prohibits manufacturing, trade and use of chemicals and hazardous substances subject to international ban. • Requiring measuring environmental impact: waste, water and emissions and responsible management of discharge or disposal of waste and emissions in compliance with national laws. • Promote efficient use of natural resources. <p>If not covered, consider developing rules or procedures covering minimum requirements and communicate them to your staff.</p>	
<p>Do you have measures in place for ensuring consumer protection?</p>		<p>If yes, please make sure that;</p> <ul style="list-style-type: none"> • The information you provided is in line with national and international standards. • All diamonds processed are certified by KPCS and WDCSW. 	
<p>Do you have measures in place preventing corruption, bribery, money laundering?</p>		<p>If yes, the measures require;</p> <ul style="list-style-type: none"> • Prohibits bribery, money laundering and all other types of finance of terrorism. • Risk assessment of all your business partners. • Information on financial transactions and business licenses. • And the rules and procedures communicated to staff and business partners. <p>If no, it is recommended to create a policy and procedure that defines and prohibits unethical business practices and requires risk assessment and implementation of corrective measures.</p>	
<p>Risk Assessment</p> <p>Do you conduct risk assessments on your supply chain?</p>		<p>If yes, the measures require;</p> <ul style="list-style-type: none"> • Listing all products and services you purchase, produce and sell/provide • Identify the country where each product was manufactured • Determine what the main raw materials are for composite products and/or semi-finished products, and where they come from. • Identify the risks for each product or suppliers based on country of origin, characteristics of the suppliers. 	

<p>Supply chain information</p> <p>Do you have information on the source of precious metals and stones you use in your business operations?</p>		<p>If yes, review if:</p> <ul style="list-style-type: none"> • Information on the form, type and weight of materials input available: e.g. for precious stones: the origin of the material, locations where its consolidated before export, method of extraction, weight, transportation route. • Supplier details including Know Your Counterparty (KYC) information. <p>If no, work on a system/database which will cover the above information in cooperation with your suppliers.</p>	
<p>If you source from CAHRA, do you conduct due diligence?</p>		<p>Make sure that you follow the OECD guidelines while conducting due diligence.</p>	
<p>Reporting</p> <p>Do you communicate and report your CSR efforts?</p>		<p>Make sure that your reporting covers your performance on key issues; human rights and labor rights (forced labor, child labor, non-discrimination, freedom of association and collective bargaining, indigenous rights, occupational health and safety); environment (biodiversity, effluents and waste, emissions); anti-corruption and legal compliance, responsible sourcing.</p> <p>You can also refer to the Global Reporting Initiative Reporting Standards and comparable reporting guidelines.</p>	
<p>Grievance channel</p> <p>Do you have a grievance channel?</p>		<p>If yes, make sure that your grievance channel is effective and functioning by reviewing the results of the complaints.</p> <p>If no, when developing and implementing make sure;</p> <ul style="list-style-type: none"> • It is easily accessible and provides multiple ways for communication. • There are mechanisms in place for protecting whistleblowers. • All grievances are recorded and followed up. • It's transparent and responds to all grievances in a timely and efficient manner. • There are measures in place for monitoring of corrective actions and dismissals. 	

TOOL N.2 JEWELRY SUPPLY CHAIN AND COMMON CSR ISSUES ISSUE IDENTIFICATION BASED ON SOURCED MATERIALS

Material	Origin information (available/not available)	Country of Origin (CAHRA or not CAHRA)	Type of mining activities (formal/informal)	Nature of supply chain	Relationship and influence on supplier (long term/short term/contracted)

CSR Topics	Human Rights	Labor Rights	Environment	Fair Operating Practices	Consumer Protection	Community Development
Issues to Consider	Child Labor	Wages	Materials	Anti-corruption	Availability of supplier and material information	Indigenous rights and community rights
	Forced Labor	Working Hours	Energy	Bribery	Certificates	Land rights
	Freedom of Association and Collective Bargaining	Health and safety	Biodiversity	Legal compliance	National requirements for product disclosure Labeling	Resettlement
	Discrimination & Diversity	Social Security	Emissions	Permits/licenses		Grievances
	Security	Employment Relationship Contracts	Effluent and Waste	Supplier Contracts/Permits/ Licenses		
	Indigenous rights and community rights	Grievances	Land management (erosion and other types of land loss)	Financial Transactions		
	Harassment and abuse		Grievances	Grievances		

TOOL N.3 CSR PUBLIC POLICY TEMPLATE

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

FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE DEFINITION OF CSR?

CSR is an organization's responsibility for the impacts of its activities on society and the environment. The European Commission defined CSR as "the responsibility of enterprises for their impact on society". Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business and operations and following the law. Once you have established and embedded CSR within your company, you can consider further advancements such as ESG (environmental, social and governance), which are aimed at creating measurable and comparable objectives.

2. IS CSR MANDATORY? WHAT ARE THE EXISTING MANDATORY LEGISLATIONS ON CSR?

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

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

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

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

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

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

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

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

3. I'M A SMALL BUSINESS WITH LESS THAN FIVE EMPLOYEES DO I NEED TO CREATE A CSR POLICY?

You have to demonstrate your commitment to responsible business practices. Therefore, if responsible business practices cited under Chapter 1 are covered by your individual policies or code of conduct, your company does not need to create a separate CSR policy. However, if none exist, it is recommended that you have a separate policy on CSR.

4. HOW CAN I ADAPT CSR POLICIES INTO MY ORGANIZATIONAL CULTURE?

As an SME, producing a policy statement on CSR subjects such as human rights or business ethics may feel "corporate" or "technical". You may be concerned with how such a policy will be perceived by employees and suppliers. To overcome this, the policy and the way it is communicated needs to be in line with the organizational culture. This toolkit contains a framework and checklist to help SMEs. However, it should be tailored to your organization. Communicating CSR is not a box ticking exercise, it is an ongoing dialogue with your stakeholders and sharing information.

5. CODE OF CONDUCT OR CSR POLICY, SUSTAINABILITY POLICY: WHAT IS THE DIFFERENCE?

A code of conduct or code of ethics is often a set of general guidelines or values written for employees of a company to outline principles and issues that are prohibited. There are often overlapping subjects in both documents and there is no rule on whether you should first have one and then the other or combine them both. Policies have more flexible documents and can be revised when needed. If you already have a code of conduct, you can review and update it with the key CSR areas or if there is any information not aligned with your CSR policy.

6. WILL A CSR POLICY AFFECT MY PROCUREMENT DECISIONS AND INTERNATIONAL TRANSACTIONS?

It is a challenging process to integrate CSR into sourcing practices even for larger companies. However, it is necessary to demonstrate responsible business practices. Therefore, the answer is, yes it should do. You need to plan procurement decisions carefully and identify the risks and let your suppliers know. You can create a supply chain policy specific to a supplier to include known or potential risks and impacts or start with or start more general and update at a later date. Most relations with suppliers are built on trust, some are very long-term partnerships. There is definitely room for cooperation and working together towards responsible supply chains. However, some issues such as sourcing from conflict affected regions have to be addressed immediately due to possible severe impacts on human rights. There are several ways to explain to your suppliers the relationship between CSR and sourcing, for more information see Box 10 How to Communicate CSR Policy and Due Diligence.

7. ASSIGNING A RESPONSIBLE PERSON FOR CSR: DO WE NEED ONE OR MORE DEDICATED PERSONNEL FOR CSR ACTIVITIES?

This highly depends on the size of your organization and operations as well as the capacity of your personnel. The answer is likely to be no if you want to integrate CSR into your regular business operations. It is important to assign a responsible

person or a lead for the planning and communication of the activities. However, CSR has lots of cross-cutting issues related to different departments e.g. finance, production, sales and human resources. Therefore, each responsible person from the relevant departments has to have an understanding of CSR activities. If a common understanding and responsibility culture can be created amongst the organization, CSR activities can be managed without the need of extra people.

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

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

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

When contracting security services, it is important that these contractors understand and work in ways that protect and promote human rights. For example, by embedding acceptable policies and procedures into contracts with security contractors and maintaining clear oversight over all security activities. [The Voluntary Principles on Security and Human Rights](#) serve to guide extractive companies in providing security for their operations in a way that respects human rights. All measures that take place for security reasons that limits the workers mobility (i.e. locked doors) should be reasonable and not pose health and safety risks. Measures such as body search, bag search should be conducted by respecting workers dignity and gender. Workers should be provided with a grievance mechanism that can enable them to share their concerns about security staff.

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

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

11. WHAT IS THE DIFFERENCE BETWEEN UN GUIDING PRINCIPLES DUE DILIGENCE AND OECD DUE DILIGENCE?

Both due diligence approaches recommend identifying risks in the supply chain. In the case of OECD guidance, the main focus is **on the high-risk and conflict affected regions**. Additionally, it requires companies to conduct due diligence not only on human rights, but other high risks issues related to sourcing minerals. Companies must provide clear actions based on the severity of the identified issues. To conduct OECD due diligence and human rights due diligence, you need to have a certain level of transparency and control over your supply chain. To learn more on how to engage with your suppliers on CSR Policy and due diligence see Box 10.

12. HOW DO I IDENTIFY CONFLICT AFFECTED AND HIGH-RISK AREAS?

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

FURTHER RESOURCES

RJC TOOLS AND RESOURCES

RJC, Code of Practices (2019), [available online](#)
RJC, Code of Practices Guidance (2019), [available online](#)
RJC, Self-assessment Tool, [available online](#)
RJC, Risk Assessment Tool, [available online](#)
RJC, Human Rights Due Diligence Tool, [available online](#)
RJC Due Diligence Toolkits
RJC Training page
FAQ's

CSR RELEVANT TOOLS AND FRAMEWORKS

[United Nations Global Compact](#): UN Global Compact is an international and member-based initiative within the UN. Global Compact Principles is composed of 10 principles covering responsible business conduct, human rights, labor rights, environment, anti-corruption.
UN Global Compact Self-Assessment Tool, [available online](#)
UN Global Compact, Guidance on Responsible Business in Conflict-Affected High Risk Areas (2010), [available online](#)
UN Global Compact, A Practical Guide for Collective Action Against Corruption (2015), [available online](#)

UN Human Rights, Guiding Principles on Business and Human Rights (2011), [available online](#)

UN Human Rights, Frequently Asked Questions about the Guiding Principles on Business and Human Rights (2014), [available online](#)

OECD, Annual Report on the OECD Guidelines for Multinational Enterprises (2019), [available online](#)

OECD, Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (2016), [available online](#)

OECD, Responsible Supply Chains in Artisanal and Small-Scale Gold Mining (2016), [available online](#)

ISO, ISO 26000:2010 Guidance on Social Responsibility, [available online](#)

Small Business Standards, SMB User Guide for European SMEs on ISO 26000 Guidance on Social Responsibility (2016), [available online](#)

CSR GUIDANCE DOCUMENTS FOR SMEs

CSR Compass: is a free online tool that can help companies implement responsible supply chain management.

www.csrcompass.com/about-csr-compass

CSR Europe, www.csreurope.org

CSR SMEs, www.csr-smes.eu

SDG GUIDANCE AND TOOLS FOR SMEs

www.bsigroup.com/en-GB/blog/Small-Business-Blog/how-the-sdgs-help-smes-grow/

SDG website: www.sdgs.un.org/goals

SDG report 2019 showing progress to the SDGs
<https://unstats.un.org/sdgs/report/2019/>

SDGs webinars: <https://sdgs.un.org/webinars>

RJC webinars on the SDGs

- [SDG 5 – Gender Equality \(and the Women’s Empowerment Principles\)](#)
- [SDG 12 – Responsible Production and Consumption](#)
- [SDG13 – Climate Action](#)
- [Implementing the SDG Compass Part 1](#)
- [Implementing the SDG Compass Part 2&3](#)
- [Implementing the SDG Compass Part 4 & 5](#)

DEFINITIONS

Sustainability: Due to the breadth, scope and adaptability of the term, sustainability has no single definition. However, it is commonly defined as meeting the needs of the present without compromising the ability of future generations to meet theirs. From a business perspective it can be understood as a business approach that creates long-term value by taking into consideration how a given organization operates in the ecological, social and economic environment. Sustainability is built on the assumption that

developing such strategies foster company longevity.

CSR: CSR is an organization’s responsibility for the impacts of its activities on society and the environment. The European Commission defined CSR as “the responsibility of enterprises for their impact on society”. Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business and operations and following the law.

Due diligence: Due diligence is the investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement or contract with another party or an act with a certain standard of care and to avoid harm to other persons or their property.

Transparency & Traceability: These two terms are similar and complimentary in their given context. Supply chain transparency requires companies to know what is happening upstream in the supply chain and to communicate this knowledge both internally and externally. Supply chain traceability on the other hand is the process of tracking the provenance and journey of products and their inputs, from the very start of the supply chain through to end-use. In the sustainability context, traceability provides an opportunity for a company to credibly make and verify sustainability claims.

Policy: A policy is a deliberate system of principles to guide decisions and achieve rational outcomes. A policy is a statement of intent and is implemented as a procedure or protocol by an organization or individual.

Gender equality: the state in which access to rights or opportunities is unaffected by gender. It is when people of all genders have equal rights, responsibilities and opportunities.

USEFUL ACRONYMS

ASM	Artisanal and Small-Scale Mining
CAHRA	Conflict affected and high-risk areas
COP	Codes of Practices
CSR	Corporate Social Responsibility
FPRW	Fundamental Principles and Rights at Work
ILO	International Labor Organization
IOE	Organization of Employers
KPCS	Kimberly Process Certification Scheme
KYC	Know your counterparty
NGOs	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
RJC	Responsible Jewelry Council
SME	Small and Medium-Sized Enterprises
SOP	Standard Operating Procedures
WDCSW	World Diamond Council System of Warranties

APPENDIX 1

6 STEPS FOR SMEs WHEN CREATING A CSR STRATEGY.

1. Determine the purpose of your strategy.

Look at your company values and what you care about. Whether its advocating for equality, tackling climate change, improving education, start where the focus aligns most with your company's values. You must link your sustainability strategy to your core purpose.

2. Consult with your employees and stakeholders.

Their input and buy-in is extremely valuable. If you want your strategy and subsequent policies and procedures to be achievable and effective, their understanding and action will be key to its success. Communicate both internally with employees, as well as externally with industry stakeholders. Engagement in this process should come from high level management as well as from the bottom up.

3. Start small.

Let your commitment grow as you progress on your sustainability journey. Often the first step is the hardest, but maintaining a strong commitment will enable you to keep stepping up and making positive progress.

4. Keep track of your impact.

Measure impacts on both your company and the wider community. This will help you identify where you are making the most difference and where you can improve.

5. Communicate the impacts.

Share your journey and the positive work your company is conducting. This is important both for your brand but also for ensuring transparency and can help you show progress towards the goals you have set.

6. Join an association with a sustainability focus

There are many organizations offering assistance on taking the next step of your CSR journey. Once you have committed to being sustainable, organizations like RJC can be an important tool to facilitate the next step in your journey, by providing helpful resources, tools and support.

Sources:

<https://www.edc.ca/en/article/7-tips-build-a-csr-strategy.html>

<https://www.globalgiving.org/learn/steps-to-sustainable-csr/>

http://publications.gc.ca/collections/collection_2016/isde-ised/lu23-12-2015-eng.pdf

https://b1g1ebooks.s3.amazonaws.com/CSR+Guide_.pdf

5 IMPORTANT QUESTIONS TO ANSWER WHEN PLANNING YOUR CSR STRATEGY:

- **WHY** – Establish a clear purpose of your initiative.
- **WHAT** – Define which area of sustainability you want to support.
- **WHO** – Assign a person to take charge.
- **HOW** – What is your budget and how can you measure the impact of the program.
- **WHEN** – Set a timeline and goal for when you want to achieve your sustainability goals by.



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