



HUMAN
RIGHTS
WATCH

THE HIDDEN COST OF JEWELRY

Human Rights in Supply Chains and the Responsibility
of Jewelry Companies

SUMMARY





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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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GHANA

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

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



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PHILIPPINES

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

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

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



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TANZANIA

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

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

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



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

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CENTRAL AFRICAN REPUBLIC

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

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

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

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

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Gold and diamond mining have been linked to serious human rights violations, including child labor, forced resettlement, and conflict-related abuses. In this report, Human Rights Watch scrutinizes steps taken by key actors within the jewelry and watch industry to ensure that rights are respected in their gold and diamond supply chains. The report focuses on the policies and practices of 13 major jewelry and watch brands. It is based on interviews with victims of abuse in mining areas, as well as interviews and written exchanges with jewelry companies, industry groups, other businesses, civil society groups, and experts.

Human Rights Watch found that some of the 13 companies assessed have taken important steps to address human rights risks in the gold and diamond supply chain. However, most companies still fall short of meeting international responsible sourcing standards. Some jewelers rely simply on assurances of their suppliers that their gold and diamonds are free of human rights abuses. Most companies do not have full traceability for their gold and diamonds, and do not provide comprehensive public reports on their responsible sourcing efforts. The Responsible Jewellery Council, an industry group with over 1,000 members, only provides a weak assurance of responsible sourcing.

In recent years, some exciting initiatives for traceability and enhanced human rights due diligence have emerged in the jewelry sector to show that change is possible. Jewelry companies can and should do more to ensure that their supply chains are free of abuse, prevent and address human rights risks, and publicly report on their actions.



A girl works in an artisanal diamond mine in Sosso Nakombo, Central African Republic, near the border with Cameroon, in August 2015.

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