

2021 Signet Responsible Sourcing Protocol (SRSP) - NATURAL DIAMOND APPENDIX:

SRSP COMPLIANCE REQUIREMENTS FOR NATURAL DIAMONDS

1. General Principles

The SRSP is designed to ensure that all Signet jewelry materials are responsibly sourced. However, the SRSPs recognize that jewelry supply chains are not linear and that these standards must take appropriate account of the differentials. This is especially the case with respect to the natural diamond supply chain.

Therefore, the definition of “source” recognizes that supply chain due diligence is in most cases conducted by a supplier with respect to their supplier. The natural diamond categories are designed so that Suppliers can report diamond sources relevant to their position in the supply chain. However, Suppliers must have a policy to the effect that original producer information is sought from suppliers wherever this information is available. Signet expects Suppliers to take steps to increase the percentage of material supplied to Signet with identified provenance to an original producer, over time.

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

2. Testing for Undisclosed Laboratory Grown Diamonds

2.1 All Suppliers are to take substantive and documented action to avoid the inclusion of undisclosed laboratory-grown/laboratory-created/synthetic diamonds, undisclosed treated diamonds or undisclosed diamond simulants in parcels of natural diamonds provided to Signet. To that end, Suppliers must:

2.1.1 Conduct an internal pipeline risk assessment, covering all movement of product, identifying all possible points at which undisclosed laboratory-grown/laboratory-created/synthetic diamonds, undisclosed treated diamonds or undisclosed diamond simulants could enter the Suppliers’ natural diamond supply chain. Policies, procedures and training must pay special attention to these risk points and mitigate the risks appropriately.

2.1.2 Testing must be implemented on the following bases:

2.1.2.1 Loose polished diamonds - 100% of your loose polished natural diamonds must be tested prior to the natural diamonds being moved into a production environment or set into jewelry. The tested natural diamonds must be sealed immediately following testing, and the sealed natural diamonds carefully secured throughout the jewelry manufacturing process.

2.1.2.2 Finished jewelry – Suppliers should work towards 100% testing. Where this is not possible, suppliers should screen using the De Beers BPP Disclosure Practice Note 2018 as guidance. Suppliers must be able to evidence they are working towards 100% screening of finished jewelry.

2.1.3 Suppliers must be able to demonstrate and evidence that 100% loose natural diamonds are tested and the percentage of set natural diamonds tested and maintain relevant documentation.

2.1.4 Supplier testing must be conducted with the use of the best available detection technology and fully trained staff, or testing may be outsourced to a qualified and



accredited gemological testing laboratory. Suppliers should consult the Assure Directory (<https://www.naturaldiamonds.com/council/assure-diamond-verification/>) to ensure that diamond detection technology employed in their supply chain has been certified under the Assure Standard.

- 2.1.5 Implement effective and detailed policies, procedures, security, monitoring and training to avoid the possibility for undisclosed laboratory-grown/laboratory-created/synthetic diamonds, undisclosed treated diamonds or undisclosed diamond simulants to be switched for natural diamonds during the production process.

Where a Supplier deals in laboratory-grown diamonds the Supplier must have clear policies and/or procedures and take all precautions to ensure that laboratory-grown diamonds are segregated from natural diamond production/polishing/jewelry manufacture/trading and/or any other relevant process in the pipeline at all times. Policies, procedures and training must make specific provision for this risk.

- 2.1.6 Implement adequate procedures and maintain clear records with respect to product handling, storage and transportation, which will assist in identifying any irregularities.
- 2.1.7 Implement appropriate training for staff involved in handling, movement or security of product.
- 2.1.8 These requirements should also be implemented in accordance with Clause 8 - Disclosure.

3. Definitions

3.1 Natural Diamond: “Mineral consisting essentially of carbon crystallized in the isometric (cubic) crystal system, with a hardness on the Mohs’ scale of 10, a specific gravity of approximately 3.52 and a refractive index of approximately 2.42, created by nature.” (ISO 18323)¹

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

3.3 Laboratory-grown diamond/laboratory-created diamond/synthetic diamond:

“artificial product that has essentially the same chemical composition, crystal structure and physical (including optical) properties as a diamond.” (ISO 18323)

3.4 The “source” of natural diamonds includes the Supplier of:

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

3.5 “Identified and verified” sources include:

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



- Identified producers (mining companies) which are independently certified under separate, relevant international standards (such as the RJC Code of Practices) and publish an annual report.
- Smaller industrial or artisanal producers that provide information about the original source of the diamonds and the standards of their operations, verified by reasonable due diligence such as the OECD DDG.
- Secondary market rough suppliers that provide information about the sources of their rough as far as possible.
- Polished Suppliers who manufacture in facilities under their direct control or using identified subcontractors.
- Jewellery manufacturers or wholesalers.
- Suppliers of recycled natural diamonds or recycled natural diamond jewellery.

3.6 The separate relevant international standards referred to in 3.5 include environmental management certifications such as ISO 14001 (and/or equivalents) and social performance certifications such as SA 8000 (and/or equivalents).

3.7 Continuous improvement is defined for the purposes of the Natural Diamond Appendix of the SRSP as follows. All Signet Suppliers must have:

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

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

4. SRSP Categories

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

- Category 1. Single Stone Tracking: Individual natural diamonds supplied by or sourced from identified diamond producers (mining companies) which are independently certified under separate, relevant international standards (such as the RJC Code of Practices). All natural diamonds in this category should be identifiable as being sourced from the producer/mining company.
- Category 2. Parcel Tracking: Parcels of natural diamonds supplied by or sourced from identified diamond producers which are independently certified under separate, relevant international



standards (such as the RJC Code of Practices). All parcels of natural diamonds in this category should be identifiable as being sourced from the producers/mining companies.

- Category 3. Mixed Sources: This category allows for the mixing of natural diamonds deriving from a number of different sources, with some percentage of the diamonds deriving from identified and verified sources.
- Category 4. Other Identified and Verified Sources: This category applies to natural diamonds which derive from small-scale or artisanal producers. All diamonds in this category should be identifiable as being sourced from small-scale or artisanal producers.

5 Evidence of Compliance

5.1 All categories must be evidenced by a documented inventory management system and transaction documents.

Categories 1 and 2:

- Inventory records, transaction documents.

Category 3:

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

Category 4:

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

6 Disclosure

6.1 Suppliers must have clear written policies and procedures to ensure that natural diamonds, laboratory-grown diamonds, treated diamonds, and diamond simulants are fully, proactively and conspicuously disclosed at all times.

6.2 The policies and procedures must cover all relevant contracts, certificates and records of workers involved in the buying and selling of diamonds.



6.3 Full disclosure is the complete and total release of material information about diamonds and the material steps the diamonds have undergone prior to sale. The Supplier must make all reasonable efforts to ensure that this information is disclosed at all times during the selling process. Full disclosure of all material facts must take place whether or not the information is specifically requested and regardless of the effect on the value of the diamonds being sold.

6.4 The disclosure policy must be comprised of the following:

- 6.4.1 A statement that all relevant information will be verbally disclosed prior to completion of sale.
- 6.4.2 A statement that all relevant information will be conspicuously disclosed on receipts/bills of sale in plain language, readily understandable to the customer.
- 6.4.3 A statement that disclosure will immediately precede or succeed the description of the stone or parcel and be equally conspicuous to that description.
- 6.4.4 A statement that this policy applies to the selling, advertising and distributing of any natural diamond, laboratory-grown diamond, treated diamond, or diamond simulant.
- 6.4.5 A statement that there will be no attempt to mislead customers through illustrations, descriptions, expressions, words, figures, depictions or symbols relating to the stones.

7 Intellectual Property

7.1 Signet requires all Suppliers who supply loose natural diamonds or natural diamond jewelry to take substantive and documented action to avoid the inclusion of diamonds that infringe² on the intellectual property rights³ of third parties in parcels or finished jewelry provided to Signet. To that end, Suppliers who supply loose natural diamonds or natural diamond jewelry must:

7.1.1. Document with drawings, descriptions, images, or other records the facet placement, size, and shape of each cut of natural diamond they manufacture or purchase from their suppliers.

7.1.2. Document with receipts, license agreements or other records the companies or persons that have sold them services, machines, equipment, tools, software, or technology valued at more than \$200.00 USD that they use in natural diamond manufacturing⁴;

7.1.3 Obtain a written warranty or representation in each contract with their suppliers of polished diamonds that the diamonds supplied to them do not infringe on the intellectual property rights of any third party and were not manufactured using processes, machines, equipment, tools, software, or technology that infringe on the intellectual property rights of any third party;

7.1.4. Obtain a written warranty or representation in each contract with their suppliers of natural diamond manufacturing services, machines, equipment, tools, software or technology stating that those services,

² "Infringe" in the context of intellectual property rights is the improper use or copying of a patent, invention, design, writing, graphic, or trademark without permission and/or without contracting for a payment of a royalty or licensing fee.

³ "Intellectual Property Rights" are the rights given to persons over the creations of their minds (such as copyrights, trademarks, patents, trade secrets, technology, and the like). They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.

⁴ "Natural Diamond Manufacturing" is the process of transforming rough natural diamonds into polished natural diamonds and includes all parts of the process comprising of (but not necessarily limited to) scanning, windowing, mapping, planning or marking the rough natural diamonds, cleaving, sawing, laser cutting, shaping, bruting, coning, treating, faceting, brillianteering and polishing.



machines, equipment, tools, software, or technology do not infringe on the intellectual property rights of any third party.



ERNEST JONES
With you forever

It feels good to gift
H.SAMUEL

 JAMES ALLEN

JARED

KAY
JEWELERS

PIERCING
Pagoda

PEOPLES
CANADA'S #1 DIAMOND STORE

rocksbox

ZALES
THE DIAMOND STORE