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Signet Responsible Sourcing Protocol (SRSP)

Due Diligence Requirements for Signet Suppliers

Effective: Calendar Year 2019

Due Diligence Requirements for Signet Suppliers

All suppliers of jewelry (components and/or finished jewelry) to Signet are required to undertake due diligence on their own supply chains in accordance with the OECD's Due Diligence Guidance 5-step framework to ensure that these supplies are responsibly managed and are "conflict-free" and sourced with respect for human rights.

This includes:

- having company management systems in place and a compliance officer nominated to Signet,
- undertaking a detailed mapping of the supply chains for all minerals, and identifying SRSP-compliant sources as specified for each mineral in the appendices to this SRSP,
- identifying any risks in the supply chains and mitigating such risks in accordance with the SRSP requirements for each mineral and OECD due diligence guidelines
- completing the annual SRSP compliance report and the associated independent audit (if requested by Signet) accurately and on time, in accordance with Signet's requirements.

General Compliance Requirements

a: Management Systems

All suppliers should have a dedicated contact person for Signet who acts as “compliance officer” for the SRSP and who is responsible for the annual SRSP compliance report and management of any related audits (e.g. RJC certification or SRSP audits).

Suppliers must have terms of business with suppliers and policies and procedures in place which are consistent with the SRSP compliance criteria. These terms of business must be documented and available for review by audit if requested.

Suppliers must be able to demonstrate through transaction documentation that these terms of business and policies have been implemented throughout their business, through documentation such as invoices, delivery notes, product certificates etc.

b: Supply Chain Due Diligence

Suppliers must have a demonstrable due diligence procedure to analyse and map their supply chains (including clear identification of their own suppliers, KYC details, terms of business in accordance with the SRSP and any provenance of materials).

Suppliers are required to undertake due diligence on all sources of jewelry materials included in the SRSP, even if the quantity of the material is small. There is no “de minimis”/minimum level of supply, so for such small volumes (e.g. of plated materials, diamond accents, repairs etc.), suppliers are required at a minimum to ask subcontractors to verify their sources, and this inquiry should be documented.

Through this due diligence, suppliers should be able to identify any risks in their supply chain, especially any risks relating to the compliance requirements of the SRSP.

Suppliers must have a procedure to assess the possibility of adverse impacts of these risks relating to the compliance criteria of the SRSP, and be prepared to take measures to mitigate or eliminate these risks.

c: Identification of Risks, “Red Flags” and Enhanced Due Diligence

If a supplier identifies a risk in their supply chain to Signet, the supplier should undertake enhanced due diligence as follows;

- i. Report findings of the supply chain risk assessment to Signet at info@signetsrsp.com
- ii. Devise and adopt a risk management plan. Devise a strategy for risk management by either:
 - a. continuing trade throughout the course of measurable risk mitigation efforts;
 - b. temporarily suspending trade while pursuing ongoing measurable risk mitigation;
 - c. disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable.
- iii. Implement the supplier’s risk management plan, monitor and track performance of risk mitigation efforts and report back to Signet.

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- iv. Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances.

d: Know Your Counterparty (KYC)

Suppliers are required to apply Know Your Customer/Counterparty principles (“KYC”) to their supply chains, which require businesses to establish the identity of all organisations with which they deal, have a clear understanding of their business relationships and have a reasonable ability to identify and react to transaction patterns appearing out of the ordinary or suspicious. KYC procedures may include;

- i. Collection and analysis of basic identity information.
- ii. Name matching against lists of known parties.
- iii. Details of the supplier’s policies and procedures (especially relating to identification of sources of scrap/recycled supply).
- iv. Determination of the supplier's risk, especially in terms of propensity to supply minerals from an area of conflict or human rights abuses and the trade of minerals on a cash transaction basis.
- v. An expectation of a customer's transactional behavior.
- vi. Monitoring of a customer's transactions against their expected behavior and recorded profile.

Documentation relating to the application of KYC is required for all sources of recycled or “scrap” materials.

e: Conflict-Free

Signet will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals used in supplies to Signet.

Direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who;

- i. Illegally control mine or manufacturing sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain and/or
- ii. Illegally tax or extort money or minerals at points of access to mine or manufacturing sites, along transportation routes or at points where minerals are traded; and/or
- iii. Illegally tax or extort intermediaries, export companies or international traders.

Suppliers must ensure that all minerals supplied to Signet do not directly or indirectly contribute to conflict.

Suppliers should ensure that the minerals are “conflict-free” through compliance with the criteria listed in the Appendices to the SRSP and associated standards and guidance (e.g. RJC certification, Kimberley Process certification, LBMA Responsible Sourcing standards).

Suppliers may source from areas of conflict (e.g. DRC and neighbouring countries) providing those sources are certified in accordance with international minerals standards as listed in the

Appendices to the SRSP, and any such certification must require an independent third party audit.

In the absence of verification against such accredited standards in the SRSP, suppliers must undertake due diligence to ensure minerals are not sourced from areas of conflict.

f: Human Rights

Suppliers shall respect Human Rights and observe the UN Guiding Principles on Business and Human Rights in ways appropriate to their size and circumstances, including as a minimum;

- i. A policy commitment to respect Human Rights,
- ii. Inclusion measures in the supplier's due diligence process that seek to identify, prevent, mitigate and account for how they address their impacts on Human Rights,
- iii. Where suppliers identify that they have caused or contributed to adverse Human Rights impacts, they shall provide for or cooperate in legitimate processes to enable the remediation of those impacts.

Suppliers due diligence on their supply chains should also verify that their own suppliers also follow these minimum Human Rights requirements.

Suppliers' policies and practices relating to the respect and protection of Human Rights should follow SA 8000 standard (see [www.sa-intl.org/ data/global/files/SA8000Standard2014\(3\).pdf](http://www.sa-intl.org/data/global/files/SA8000Standard2014(3).pdf)) and/or the RJC Code of Practices standard's section on Human Rights (see www.responsiblejewellery.com/files/RJC_Standards_Guidance_2013_eng.pdf). For further details see the Human Rights Appendix.

g: Product Integrity & Disclosure

Suppliers must ensure that the minerals and products supplied to Signet and to the supplier through the supplier's supply chain are correctly and accurately represented, including providing certificates where applicable (e.g. diamond grading certificates, gold purity/assay certificates).

Suppliers must adhere to the US Federal Trade Commission's Guides for the Jewelry, Precious Metals, and Pewter Industries, as amended in 2018. The FTC Guides apply to all levels of the industry and are especially focused on the avoidance of misleading or deceptive language.

h: AML, Bribery and Facilitation Payments

Suppliers must establish policies that:

- i. Prohibit bribery in all business practices and transactions carried out by the supplier and by agents acting on behalf of the supplier.
- ii. Protect Employees from any penalty or adverse consequences for identifying in good faith concerns related to suspected Bribery, for refusing to participate in Bribery, or refusing to pay a Facilitation Payment where Facilitation Payments are prohibited.
- iii. Set the criteria and approval procedures to be followed by Employees in respect of the offer and/or acceptance of gifts with third parties.
- iv. Train relevant managers and employees on policies and procedures
- v. Record relevant gifts to and from third parties in a gift register, as per the supplier's policy.

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- vi. Investigate any incidences of suspected bribery within their organisation.

Where facilitation payments are permitted by applicable law, suppliers shall:

- i. Undertake actions to eliminate all Facilitation Payments, or to reduce the size and frequency of Facilitation Payments over time.
- ii. Ensure that any Facilitation Payments are of limited nature and scope.
- iii. Implement controls to monitor, oversee and fully account for any Facilitation Payments made by or on behalf of the supplier.

Suppliers shall apply Know Your Counterparty (“KYC”, see above) principles for business partners that are suppliers or customers, including monitoring transactions for unusual or suspicious activity and reporting suspicions of money laundering or finance of terrorism to the relevant designated authority.

Suppliers shall maintain records of all cash or cash-like transactions which occur above the relevant defined financial threshold under applicable law and, where required, report these to the relevant designated authority.

i: Early Warnings, Grievances and Whistle-Blowing

Suppliers must have evidence of a company-level, or industry-wide, grievance mechanism as an early-warning risk-awareness system. Suppliers can also use the annual SRSP Compliance Report as a means of communicated grievances relating to the SRSP to Signet. Suppliers can also report risks in their own or others’ supply chains through the SRSP Compliance Report.

All grievances or reporting of identified risks will be treated in strict confidence by Signet.

j: Additional or Unforeseen Compliance Requirements

Signet may require suppliers to comply with additional or unforeseen requirements from time to time.

In these circumstances, Signet will advise the supplier’s designated contact person for SRSP compliance of any additional compliance requirements, with details of the compliance requirements, compliance criteria and required timescales for compliance.

Compliance for additional or unforeseen circumstances may be outside the normal SRSP reporting procedures and timescales.

6: Warranty Statement Requirements

Suppliers will be required to declare compliance with the SRSP in commercial documentation as defined by Signet, such as supplier agreements, invoices, delivery notes etc. Following successful reporting of compliance with the SRSP, all Signet suppliers must include the following warranty statements in full on all invoices and delivery notes, irrespective of the products and minerals supplied to Signet:

The seller warrants that these products have been supplied in compliance with the Signet Responsible Sourcing Protocol (“SRSP”).

Any diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations Resolutions and corresponding national laws. The seller hereby guarantees that these diamonds are conflict-free and confirms adherence to the WDC SoW Guidelines.

The seller hereby guarantees that any diamonds herein invoiced are exclusively of natural origin and untreated, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.

Please Note: Signet will allow suppliers to use the previous WDC warranty statement (which refers to “diamonds as conflict-free based on personal knowledge”) for a transition period until the end of 2019. Suppliers should try to use the new WDC warranty statement as soon as possible after reporting compliance with the 2019 SRSP.

The new warranty statement will be a mandatory requirement by February 29, 2020.

