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JA Sends Protest to NGOs on Conflict Diamond Survey

Global Witness/Amnesty International survey asks questions that are unfair and misleading, says JA

New York, NY – Jewelers of America (JA) President and CEO Matthew A. Runci sent a letter on December 21 to non-governmental organizations Global Witness and Amnesty International, expressing JA's disappointment about certain aspects of a recent survey the groups sent to retailers in the U.S. and overseas. The survey asks retailers about their adherence to the System of Warranties, which works to support the Kimberley Process in fighting conflict diamonds.

“Some of the questions in your letter are likely to blindside many retailers, since the questions ask for assurances on practices retailers are not required to undertake as part of the System of Warranties,” wrote Runci.

Runci pointed out that retailers' System of Warranties responsibilities have been clearly stated in “The Essential Guide to Implementing the Kimberley Process,” produced by the World Diamond Council in 2003. According to p. 8 of the guide, they are:

- Retailers are required to insist that their suppliers provide warranties for all diamonds polished after January 1, 2003.
- It is further recommended that retailers inform their suppliers in writing that they require a warranty.
- Finally, retailers are advised to retain these warranties for five years.

– More –

There are currently no other specific, official requirements for retailers, though JA has always advised its members to internally audit suppliers' warranty assurances annually, to ensure that retailers are receiving them from every diamond and diamond jewelry supplier.

“While most retailers can provide a company policy on diamond sourcing to prevent the purchase of conflict diamonds, as well as an explanation (with samples of warranties received and procedures undertaken) on how they have implemented the System of Warranties,” wrote Runci, “the rest of the items you ask for are problematic.” Among the unfair items Runci cited are:

- “What actions you are taking on smuggling from the Ivory Coast?”
- “Your policies for ensuring that your suppliers are responsibly sourcing diamonds”
- “Your independent auditing measures”

Neither the Kimberley Process nor the System of Warranties require retailers to take steps on these matters, Runci pointed out to Global Witness and Amnesty International. In a related letter that JA distributed to retailers, the group advised jewelers to respond to this line of questioning by reminding Global Witness and Amnesty International that, in order to achieve maximum effectiveness, our industry deals with these kinds of issues on an industry-wide basis through participation in the World Diamond Council – rather than acting as individual companies.

JA advises retailers to address the unfair questions by making the following points:

- The World Diamond Council represents all retailers, as well as suppliers, in the Kimberley Process' increased scrutiny of Ivory Coast diamond smuggling into Ghana. Retailers support and encourage the World Diamond Council's participation in those efforts.
- Retailers and their suppliers comply with the System of Warranties. It is through this system that retailers are assured their suppliers are responsibly sourcing diamonds.

- The System of Warranties does not currently require independent audits of retailers. It does require suppliers to have independent audits performed by their own auditors, and this requirement is clearly stated in “The Essential Guide to the Kimberley Process.”

JA also advises retailers to send Global Witness some sample documents that illustrate their compliance with the System of Warranties, such as policy statements, a supplier’s invoice with the warranty statement included, and the letter retailers sent to suppliers requiring warranties.

Runci completed his letter to Global Witness and Amnesty International with these thoughts: “As you are well aware, the diamond supply chain is complex. Our retail members recognized at the outset that, rather than acting individually, the best way to combat conflict diamonds and support the Kimberley Process was to work together with all levels of the supply chain. Our designated representative is the World Diamond Council, which leads our efforts on issues such as diamond smuggling from conflict countries and ensuring responsible sourcing throughout the industry, via the System of Warranties.

“Your letter misleads retailers by implying that they should be individually fulfilling other and additional ‘responsibilities’ that are not part of their role in the Kimberley Process or the System of Warranties. Your questions will confuse many retailers and serve only to undermine the unified system that the trade initiated at the time the Kimberley Process was approved.

“Jewelers of America, which represents 11,000 U.S. retailer-member stores, is willing to participate, along with other segments of the supply chain, in collaborative efforts with your organizations to develop practical and achievable measures that will improve the effectiveness of the Kimberley Process and the System of Warranties,” Runci concludes. “Asking individual retailers to work on these efforts is counterproductive and will not be effective. Only by working in concert with the rest of our supply chain can we assure real change. “

Jewelers of America is the national trade association for retail jewelers. With over 10,000 member stores, JA also works locally through its 40 state and regional affiliates. JA advocates high social, ethical, and environmental standards, promotes professional business and leadership skills, and enhances its members’ profitability by offering education, certification, marketing and cost-saving programs. For more information about Jewelers of America, visit www.jewelers.org.

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