Addressing the Social and Financial Challenges of Artisanal and Small Scale Gold Mining

Supply chain approaches – Jewelry example

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OVERVIEW : WHO IS CARTIER?

• For more than 160 years, the image of the precious
• A tradition of excellence in particular in creativity and craftsmanship
• Long-lasting creations with a patrimonial value
WHAT DOES CARTIER REPRESENT?

- Most issues associated with precious materials happen upstream of Cartier and its suppliers
- Cartier accounts for a tiny proportion of the total precious materials used …
  - … Yet, people aspire to Cartier, a brand with broad symbolic value…
  - And a leader in jewellery design
  - …that means we have a responsibility to reassure our customers of the ethical provenance of our pieces
“Every activity and issue connected with the precious materials supply chain is a concern for CARTIER”
THE SCOPE OF OUR RESPONSIBILITIES

• Our own practices

• Those of our suppliers and our supply chain, which may have an impact on our reputation

• By extension, the practices of the entire industry, that have an impact on the réputation of jewellery products
THE APPROACH CHOSEN BY CARTIER

1. An « industry » approach, promote responsible business practices

2. Concrete action through our purchases

3. A « corporate » approach vs. A product approach
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RESPONSIBLE JEWELLERY COUNCIL

• Since 2005
• Ethical, social, environmental
• For all companies, from mine to retail
• Worldwide
• Develop a label of good practices that anyone can use
• Anticipate new regulations
• A unique system designed by the industry
• A voluntary system

Watches and Jewellery gold, platinum and diamonds
… future extensions: colored gemstones, silver
RESPONSIBLE JEWELLERY COUNCIL

- 240 members

- Adherence to a Code of practices (with a specific mining supplement)
  
  *Internal practices*
  
  *Impact on the supply chain*

- Members commit to be independently verified by RJC accredited auditors in order to be certified
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October 5, 2007: a leadership stance on Burmese gemstones

No more gemstones from Burma

Before the USA JADE Act (July 2008)

A decision in conformity with our policy
REAL ISSUES

- 10-15 million people of which 30% are children
- 20 to 30 per cent of world production
- *Mercury*
- *Working conditions*
- *Conflict gold*
REAL ISSUES

Large scale gold mining

- Gigantic operations
- Cyanide
- Tailings
- Lack of community consent and benefits to the community
- Mine closure: what’s left?
PROMOTE THE DEVELOPMENT OF EXEMPLARY PRACTICES
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• Cartier has signed a unique sourcing deal
• An Italian company operating in Honduras: GOLDLAKE
• An innovative company
• With an alluvial mine: EUROCANTERA
• Our mission is to deliver gold to the market with the assurance that at every step in the value chain we have a positive impact on the people, communities and the natural environment touched by our operations.

• We believe that in business, innovation, coupled with an ambition to make a difference in people’s lives and to protect our natural world, results in benefits for all.
DUAL, INTEGRATED PRODUCTION

70% mining company

30% artisanal
KEY POINTS: environment

- NO cyanide
- NO mercury
- ONLY water and gravitational force
- Zero waste: 100% recycling including gravel and clay
- Reforestation program
KEY POINTS: social

- Free clinic for 8 villages
- 4000 consultations/year
- 80 km of roads to break isolation
- Disease prevention campaigns
- Equipment, training and assistance for artisan miners
THE AGREEMENT

• 3 years
• Year 1: all production
• Year 2 and 3: Cartier can buy 50% of excess production above year 1
WHY THIS STEP IS IMPORTANT

A SMALL FRACTION OF OUR GOLD SUPPLY BUT ....

• Supports Goldlake’s development - rewards leaders and forward thinkers

• A strong signal to the market that practices must change?

• An incentive to develop yet more solutions?