

Fair Trade Jewelry Manufacturing
Principles And Standards
WORKING DRAFT

Proposed by Marc Choyt

Publisher: www.fairjewelry.org

President, Reflective Images Inc.

email: reflective@cybermesa.com

912 Baca Street.

Santa Fe, NM 87505

Tel: 505-988-7393 Ex. 12

skype: circlemanifesto

Table Of Contents

Introduction.....	3
A: Manufacturing Group Procedures.....	4
B: Objectives.....	5
Principle Document.....	6
Foundational Issues.....	9
A: Composition of Product.....	9
B: Size of Factories.....	10
Standards and Principles.....	11
1. Community.....	11
2. Human and Worker Rights.....	12
Skill Transfer Program.....	13
3. Safety.....	14
4. Indigenous People.....	14
5. Sustainable Social Development.....	15
6. Environment.....	15
7. Legality.....	16
8. Transparency.....	17
9. Closure	17
10. Verification	17
11. Materials.....	18

Introduction:

The initial impetus for a working group to establish principles and standards for fair trade manufacturing for the mainstream jewelry sector, came from a cross sector meeting on ethical jewelry issues, which took place at the World Bank in Washington DC, in October, 2007. This watershed event brought together representatives from the jewelry trade and civil society, many of whom had been working on their own initiatives around exemplary mine to market sourcing. Though the focus of the meeting was on mining and diamonds issues, it was acknowledged that jewelry manufacturing posed its own unique set of challenges.

At the time of the DC meeting, fair trade jewelry or “ethical jewelry” made from a transparent and traceable supply chain was still a relatively new concept within the mainstream jewelry sector. With few exceptions, jewelry sold as “fair trade” was sourced from small cottage industry producers in the developing world. The jewelry was targeted for a low end niche, fair trade market.

Yet most everyone recognized that adding the fair trade halo to luxury jewelry products would constitute a perfect “added value” to an item loaded with emotional and symbolic value. Also, many recognized the potential for positive economic develop for the fifteen to twenty million small scale artisan miners through fair trade and beneficiation projects. Fair trade mined product ultimately needed to end up in a fair trade manufactured product.

Today, eco friendly, fair trade jewelry as a concept is still in its infancy, even though several initiatives have developed, and mine to market sourcing has become a kind of *holy grail*. Apart from the internet, a few mainstream jewelry stores in the US and the UK are also marketing their product as fair trade jewelry. Many people across the sector are working in their own areas of expertise to fill in the supply chain gaps. Third party certified fair trade precious metal is very close to entering the market.

The market remains chaotic, with various claims being made about jewelry often with little transparency and no standards. But in this chaos is also opportunity. The market is ripe for fair trade jewelry. Given what we have seen in the last ten years in organics and natural products, it only a matter of time before ethical jewelry catches hold. Fair trade manufacturing is the keystone in the process, and the need for principles and standards is greater than ever.

Some believe that the term, “fair trade” should be reserved strictly for the producer of raw material, and not the manufacturer. During early discussions, terms such as “fair made jewelry” or “fair produced jewelry” were used to describe what we were trying to achieve. Though we may ultimately brand ourselves with a term other than “fair trade manufacturing,” we are for now simply using this term for the purpose of this document.

A: Manufacturing Group Procedures

The impetus for a manufacturing group at the Madison Dialogue meeting came from Marc Choyt, President of Reflective Images Inc, a designer jewelry studio located in Santa Fe, New Mexico. He was joined in an initial steering committee composed of Amanda Stark, at the time, Fair Trade Development Manager for the Rapaport Group; and Demos Takoulas, CEO of Vukani-Ubuntu, a South African fair trade jewelry manufacturing project. This group was later joined by Vivien Johnston, a designer jeweler in Scotland, Director of Fifi Bijoux and head of the British Ethical Jewellery Association.

Visits to factories in Thailand, India and Indonesia¹ by a member of the steering committee, strongly enforced the view that, in addition to the market potential of fair trade manufactured jewelry, factories that were exemplary needed greater guidance. Worker safety was a serious problem. Though excellent principles and standards do exist for general manufacturing², small and medium scale jewelry manufacturing have unique requirements, particularly in the context of fair trade.

Using the International Standards and Environmental Accreditation and Labeling Alliance (ISEAL)³ codes of good practices for establishing environmental standards, the steering committee sought out a diversified group, representatives from various sectors, including but not limited to: manufacturing, civil society, and environmental protection. There were calls for public participation in list serves, websites and in trade publications⁴. The steering committee drafted documents, initiated, and moderated discussions.

Recognizing that consensus may not always be possible, it was decided that a two thirds vote would be sufficient to move forward with a decision. In the case that participants had a strong minority opinion, that minority view would also be published.

To gain maximizing credibility by creating a transparent and open process, dialogues were to be publicly posted on www.fairjewelry.org, where they remain today under the heading of *Manufacturing Standards*.

¹ See article by Marc Choyt on factory visit: <http://www.fairjewelry.org/archives/143>

² See information about SA 8000 website: <http://en.wikipedia.org/wiki/SA8000>

³ ISEAL has established procedures for undertaking a standard setting project. To learn more, see: <http://www.isealalliance.org/>

⁴ [http://www.modernjeweler.com/print/Modern-Jeweler/Fair-Jewelry/1\\$606](http://www.modernjeweler.com/print/Modern-Jeweler/Fair-Jewelry/1$606)

B: Objectives

The steering committee developed these objectives in early 2008.

1. To develop fair trade⁵ based principles which lead to specific objective criteria for environmental, corporate social responsibility, and working conditions for small and medium jewelry manufacturing facilities in the developing world.

2. From these principles, to develop standards.

3. To create a fair trade verification platform utilizing an existing organization or a newly developed one

4. To visit factories and objectively evaluate the fair made standards and to assist them in worker safety issues

5. To publish these standards on-line, on a website which will allow those who work with the factory to link directly to that site, offering third party verification to legitimize claims of “fair trade” or “ethical” practices.

6. In the final stage, the factories would be supported in the marketplace minimally through a website. A customer would click on a logo on a web page which will take them to a specific website, allowing them to see the actual report, including comments, photos and perhaps video of the factory. In this regard, the model would be based on something akin to what the American Better Business Bureau does with its clients.⁶

The ultimate goal of the initial steering committee was to create a certification agency that produces a product for a particular label. The label will be rooted in transparency. Studies have shown⁷ that consumers wish to make their own assessment as to whether something is “fair,” “green” or “ethical,” themselves. Ultimately, the group hoped to develop a ‘fair made’ brand based on radical transparency.⁸

⁵ The term “fair trade” manufacturing has been up for discussion, as the term has often been reserved for producer communities. In discussions, “fair made” was also considered. The terminology for what we are attempting to do is still under consideration.

⁶ See the BBB form here: <http://www.bbbsw.org/BBBWeb/Forms/>

⁷ See article at: <http://www.fairjewelry.org/archives/97>

⁸ See article on Radical Transparency http://www.wired.com/wired/archive/15.04/wired40_ceo.html

PRINCIPLE DOCUMENT

In the first half of 2008, with a list serve, the initial group had robust discussions. These discussions and the final principles⁹ were posted under the Manufacturing Group heading on fairjewelry.org.

This document was created as a working draft, knowing that in the development of the standards, elements that did not fit would be modified in the development of standards.

1. Community Consent

Companies and manufacturing operators will obtain free, prior, participatory and informed consent of affected communities and civil society before starting operations. Existing operations will also engage affected communities.

2. Human and Workers' Rights

Employers will respect basic human rights and labor standards, including but not limited to: freedom to organize, no forced labor, no child labor and no discrimination, in adherence with the eight core ILO Principles. Operators will also respect the rights of women and disadvantaged groups.

3. Safety

Employers will provide safe working conditions, ensuring training and monitoring are ongoing to uphold continual improvement in this regard.

4. Indigenous People

Employers will respect the culture and heritage of local communities, including indigenous peoples.

5. Sustainable Development

Manufacturing activities will contribute to the sustainable human development of the communities in which they take place, improving the quality of men and women workers and their families.

⁹ <http://www.fairjewelry.org/archives/155>

6. Environment

- Manufacturing will operate within ecological limits, minimize waste, seek continuous improvement in their environmental performance and report on performance. They will operate in full compliance with national environmental regulatory requirements;
- No materials shall be used in producing jewelry from endangered species
- Manufacturers will identify, manage, and mitigate the negative impacts of dumping wastes;
- Water and energy will be managed responsibly and efficiently. There will be responsible use, re-use, and recycling and disposal of substances and materials at all stages of operation;
- There will be no contamination of water, soil or air by manufacturing operations. Non-toxic, less harmful or biodegradable substances will be used over hazardous chemicals when available.

7. Legality

- Companies and individuals will adhere to existing applicable laws and support the establishment of legal frameworks in sectors where they do not currently exist;
- Companies and individuals will comply with international conventions and national laws with regard to anti-money laundering, trafficking, bribery and corruption.

8. Transparency

High standards of financial transparency and accountability principles will be observed.

9. Closure

Companies will design and plan operations so that adequate resources are allocated to meet legal, ethical and environmental closure requirements.

10. Verification

Independent, third party verification will be sought to ensure that activities operate in accordance with stated principles and standards.

Foundational Issues For Standards

After these principles were developed and posted, the steering committee recognized that they should seek support from other organizations that had experience in standard setting.

Two organizations offered support. Cristina Echavarría, from the Alliance for Responsible Mining (ARM); and Steve D’Esposito, from RESOLVE joined the working group. Demos Takoulas, CEO of Vukani-Ubuntu dropped out and in his place, Mari Lee, Project Director for Vukani-Ubuntu, a successful model for fair made jewelry based in South Africa, joined the steering committee members.

In spring of 2009, the steering committee began standard discussions. In setting standards, two foundational issues of import needed to be settled: composition of fair made jewelry and the sizes of the factories to make them.

A: Composition of Product

At the outside of standard discussions in Spring, 2009, the Fair Trade Labeling Organization (FLO) and the Alliance for Responsible Mining (ARM) were in the final stages of determining certification for fair trade precious metal. The question was raised whether or not a fair made piece of jewelry must be composed of fair trade products. Discussions around this issue took place in the spring of 2009.

While in the niche fair trade market, fair trade jewelry can be made of fair trade agricultural products, in the mainstream jewelry sector, jewelry is composed mainly of gems and precious metals.

Fair trade gemstones at present, remain an expensive, boutique item not easily adapted to fair trade manufacturing.¹⁰ The popular mass market stones that were in the past commonly referred to as “semi-precious,” such as garnet and amethyst, are hardly available from a mine to market with traceable sources.

At present, the supply of uncertified, yet claimed as fair trade, jewelry materials with which to manufacture is not sufficiently mature. Massive supply chain gaps still exist. Fair trade precious metal is very expensive. Indeed, even in the fair trade world there are different models, ranging from the plantation with multiple workers to the individual farmer. It may end up that some fair trade manufacturing takes place in volume with controlled production. This is an entirely different approach and market than what is taking place now under the label of fair trade jewelry in the mainstream jewelry sector: the offerings of boutique, designer, custom jewelers who has clients willing to pay a premium price for jewelry made with fair trade precious metal.

¹⁰ See the survey article on What Is A Fair Trade Gem <http://www.fairjewelry.org/archives/2443>

Fair trade manufacturing will take place in the developed world, where even exporting fair trade metal is daunting. For example, to import recycled silver to Indonesia, you can pay close to \$2000 in duty and shipping costs, regardless of the value of the shipment, even to a manufacturer who has created an “export free zone” within his factory that traces silver all the way through production.¹¹

Ultimately, it was decided that to link the sourcing and manufacturing together, at this point, would diminish, from the start, the impact that our work might have. Matching fair trade material with fair made product is the ultimate goal. But it is too early to attempt it as a minimum requirement for fair trade manufacturing. Just the focus on manufacturing issues is a big enough task with plenty of challenges, separate and distinct from sourcing issues.

B: Size Of Factories

Our goal is to be widely inclusive and supportive of a wide range of manufacturing. The workshop that produces a niche markets fair trade products commonly sold today, is often a family business located in a small village. This is different from a factory that produces for mass markets. The cost for production equipment needed for mass market production is generally not affordable to the small producer.

Standards for the large and small factory overlap, but larger workshops need additional standards which are tied into issues related to production for the main steam jewelry sector, which is investment intensive. For the purpose of this working document, a small factory is under ten production workers and a medium size factory is under two hundred production workers.

Consequently, many of the standards have base minimum requirements that apply to all shop situations, and additional requirements for larger operations. Many standards also have progressive requirements that give a best practice target.

In context to both large and small facilities, another factor to consider is traceability of a product through its entire manufacturing process. Often, to satisfy a large order, a manufacturer will farm out part of the production to several smaller shops. In this case, the work cannot qualify as fair made, unless all individuals within the network apply for the rating.

¹¹ See article on the challenges of converting to recycled silver in Bali:
<http://www.fairjewelry.org/archives/837>

Standards and Principles

The principles as a basis for standards used in this section represent the latest version as decided by the larger working group, with the exception of number 8, which deals with composition of the product. Those who worked on this project recognized that there will be some evolution in the principle document as it is tied to specific standards.

THE PROPOSED PRINCIPLES AND STANDARDS DOCUMENT BELOW REPRESENTS ONLY A STARTING POINT FOR WHAT WILL BE A LARGER DISCUSSION AMONG THE MANUFACTURING LIST SERVE GROUP WHICH PRESENTS GREATER CIVIL SOCIETY.

EVEN THE PRINCIPLES WHICH WERE ESTABLISHED IN 2008 WILL CERTAINLY BE CHANGED IN THE EVOLUTION OF THIS DOCUMENT.

1 Community Consent:

Introductory Comments: Fair made jewelry products generate local economy and local prosperity. They are often based in communities with strong craft traditions. Given the chemicals used in jewelry production—even small shops can negatively impact worker health and environment-- any factory could represent a “resource curse”¹² to its host community. Therefore, they must function with full transparency and within the regulatory framework of local governments.

Principle:

Companies recognize that community support is the foundation of any fair made product. To the extent possible, companies will obtain prior informed consent of affected communities and civil society before starting operations. Companies will support local community as part of their efforts toward sustainable manufacturing.

Sustainable manufacturing first and foremost generates maximum beneficial economic activity in a local community. This includes decent work at a livable wage, environmental safeguards and real support of the general well being of a host community.

Standards for Community Consent:

Minimum requirements:

1.1: Companies will provide documentation of consent for their operations from local community and government.

¹² The resource curse refers to when a countries resources actually result in degradation and further poverty. For more info, see this: http://en.wikipedia.org/wiki/Resource_curse

1.2: Companies will provide documentation listing how they work with community as part of their efforts at sustainable manufacturing. Possible documentation would include: community meeting minutes, or photo/video footage of processes.

Progressive requirements:

1.3p: Companies should make a positive difference to the quality of life in the communities where they live, providing not only jobs at a living wage, but supporting activities relating to the public good, such as charitable and or cultural program activities, or a community based forum, if it does not exist.

2. Human and Workers Rights

Introductory Comments:

The principles contained in the International Labor Organization (ILO) have increasingly become the standard global objectives to eliminate poverty and support a worker's rights to a fair wage and decent working conditions. Decent work, as described by the ILO: *“Involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men...”*

At a minimum, whether considered large or small, factories where fair made jewelry is produced must embody decent work standards.

Principle:

Employers will respect basic human rights and labor standards, including but not limited to: freedom to organize, no forced labor, no child labor and no discrimination, in adherence with the eight core International Labor Organization (ILO)¹³ Principles. Employers will also respect the rights of women and disadvantaged groups.

Standards for Human and Worker Rights:

Minimum requirements for small and medium fair made manufacturers:

2.1: Workers can organize and form a collective for their betterment.

¹³ The International Labour Organization (ILO) is the tripartite UN agency that brings together governments, employers and workers of its member states in common action to promote decent work throughout the world, To learn more, visit: <http://www.ilo.org>

2.2: In such cases where workers have chosen to organize, the Director of the Fair Made factory, recognizing that the spirit of fair trade is transparency and fair and equitable distribution of resources, agrees to freely contact the fair made governing body.

2.3: The factory shall not use forced labor, or employ workers under any threat or duress.

2.4: The factory shall not use child labor. In the case of families employing children, such employment shall not interfere with schooling.

2.5: In the hiring and day to day practices, the factory shall not discriminate against race, religion, sexual orientation, or gender. Women and men shall be equally compensated for the work they do.

2.6: The company shall pay at least, but preferably more, than the minimum wage, as set by the local government.

2.7: Workers will be properly compensated for overtime, according to local laws and regulations. (Does every country address this in their regulations?)

Additional minimum requirements for medium fair made manufacturers:

2.8: An employee handbook shall be created and distributed to all employees, which outlines these basic rights and the policies of the company. A further copy of this handbook shall be readily available for all employees at the work site.

The handbook should be available in the languages of the employees. If employees cannot read, the handbook shall be read to them. As much as possible, key points shall be based on visual communication, including pictures and stories.

2.9: A formal procedure to evaluate grievances and conflicts shall be established.

Progressive Requirements:

2.10p A profit sharing mechanism shall be established.

2.11p A company shall provide a medical fund to support the treatment of illnesses in its employees requiring hospitalization.

2.12p The company shall provide a vacation and or holiday allowance for employees.

2.13p The company shall pay a living wage, over the minimum wage for all employees, depending upon experience and length of service.

2.14p Paid bereavement compensation and time for losses of immediate family.

2.15p: The company transparently pays more than the minimum wage to its workers.

Skill Transfer Program

Introductory Comments:

Jewelry craft traditions are often passed down over generations, through families or villages. In developed and developing countries alike, parents often teach their children such skills at a very young age. Outside of a direct family unit, however, jewelers employing young people must have some kind of formal program in place with established criteria, which offers the apprentice clear goals and fair compensation during the learning process. Formal education will not be interrupted in order to perform workplace functions.

Principle:

In the case of young people serving in a skill transfer program, whether conducted in a factory or as part of the cultural heritage of a family or community, the work of a young person would be accepted, with the proviso that health is not compromised, and that labor is fairly compensated.

Standard:

Minimum requirements for all fair made companies:

2.16: A formal evaluation, at least twice a year, is put in place to determine what skills have been mastered and what skills still need to be transferred.

2.17: Once the skills have been mastered, the worker shall be paid a fair wage in context to his or her abilities in the market.

2.18: Any manufacturing company employing young people must have a formal document which outlines the set of skills that are being taught.

Progressive requirements

2.19p: Fair made factories pay for additional basic schooling outside of the plant for the apprentice during the skill transfer program.

2.20p: The company shall provide opportunities for skill improvement and up-skilling for existing employees.

3. Safety

Introductory Comments: The amount of investment required to have a completely safe shop is considerable. In all countries around the world, regardless of economic status, jewelry continues to be made in such a way as to be harmful to workers.

In the developing world, non-toxic alternatives are often not available, they are too expensive, or they are not as efficient to use by piece workers. Resistance to change can be fierce, because a producer develops a strong relationship with his materials that increases his efficiency over time.

Recognizing the many variables, some of these requirements need to be viewed as goals with timetables, allowing a plant to work toward these improvements over time.

Principle:

Employers will provide safe working conditions, ensuring training and monitoring are ongoing to uphold continual improvement in this regard.

Standard:

Minimum Requirements for all fair made products:

3.1: Within two months, the dangers of all chemicals used in production are known by those who purchase them.

3.2: Within three months, the dangers of working with all materials are fully explained to, and understood by, the workers.

3.3: Within six months, minimum safeguards are put in place, such as at least some passive ventilation in soldering areas.

3.4: When less toxic compounds and chemicals are affordably available, they will gradually replace more harmful ones.

Intermediate requirements:

3.5i: Management develops awareness tools and visual guides on all safety issues.

3.6i: Active ventilation systems are put in place, including fans or other systems that remove toxins that result from soldering and finishing.

3.7i: Masks are provided and required for those who work in buffing areas.

3.8i: A handbook is created which outlines dangerous issues.

3.9i: All new employees are trained and given a handbook outlining the dangers of compounds and chemicals.

Progressive requirements:

3.10p: All compounds, fluxes and chemicals are evaluated. Those which are more harmful or dangerous are changed out for those that are less harmful or dangerous.

4. Indigenous People

Introductory Comments: We recognize that craft takes place in traditional settings which have their own yearly cultural traditions and rhythms. At the same time, the running of a jewelry production factory that exports to western countries must run on deadlines.

Principle:

Employers will respect and work to preserve the culture and heritage of local communities, including indigenous peoples.

Standard:

Employers will respect and work to preserve the culture and heritage of local communities, including indigenous peoples.

Minimum Requirements:

4.1: Within reasonable limits, fair made manufacturing companies must give allowance for family traditions and cultural events.

4.2 Manufacturers create an annual time line of cultural events in order to plan production schedules so as not to disrupt operations.

Progressive Requirements:

4.3p: The company takes an active role in supporting the rights and culture of indigenous people.

4.4p: The company takes an active approach in incorporating traditional culture and elements into the manufacturing process.

5. Sustainable Social Development

Introductory Comments: Fair made jewelry must make a difference in the quality of life for all producers as well as the community in which they live. Production activities must be formalized. Taxes must be paid so that local governments can use revenues for the common good.

Principle:

Manufacturing activities will contribute to the sustainable human development of the communities in which they take place, improving the quality of men and women workers and their families,

Standards:**Minimum Requirements**

5.1: The fair made manufacturing company must pay all taxes, fees, royalties as applicable by law.

5.2: The manufacturing company should improve the quality of life of its workers, including but not limited to health, housing and education for children.

6. Environment**Principle:**

Manufacturing companies will operate with a commitment to ecological sustainability, minimizing waste, and seek continuous improvement in their environmental performance.

Standards:**Minimum Requirements**

6.1: The company will audit the waste from its facility.

6.2: Within a year, the company will implement a plan to reduce waste.

6.3: No materials shall be used in producing jewelry from endangered species.

6.4: The company will operate in full compliance with national environmental regulatory requirements. Any contaminants will be dealt with immediately and responsibly with the goal of minimizing impact to the environment.

6.5: The company will document their environmental performance and make it available to their auditors.

Progressive Requirements

6.6p: The company will seek opportunities to continuously improve in their environmental performance and document such improvement.

6.7p: In addition to operating within full compliance with national environmental regulatory requirements, companies will strive to adhere to international best practices in their sector in running a facility, no matter where it may be in the world

6.8p: Companies will minimize waste production, and identify, manage, and mitigate the negative impacts of dumping wastes.

6.9p: Water and energy will be managed responsibly and efficiently. There will be responsible use, re-use, recycling and disposal of substances and materials at all stages of operation.

6.10p Manufacturing will operate with a commitment to ecological sustainability, minimizing waste, and seek continuous improvement in their environmental performance.

6.11p: Companies will make every effort to utilize recycled products and energy efficient lighting in their production whenever possible.

6.12p: Companies will recycle waste products at every available opportunity.

7. Legality

Principle:

Companies and individuals will adhere to existing applicable laws and support the establishment of legal frameworks in sectors where they do not currently exist. They will comply with international conventions and national laws with regard to anti-money laundering, bribery and corruption.

Standards:

Minimum Requirements:

7.1: Companies agree to work within legal frameworks and comply with international conventions and national laws.

.

8. Transparency

Principle:

High standards of financial, social, manufacturing, delivery transparency and accountability principles will be observed.

Standards:

Minimum Requirements:

8.1: Companies will be transparent in regard to finances and delivery to their workers and trading partners.

9. Closure

Principle:

Companies will design and plan operations so that adequate resources are allocated to meet legal, social, ethical and environmental closure requirements. These closure requirements will then be carried out on closure of the facility.

Standards:

Minimum Requirements

9.1: In the event of plant closure, the company will adequately safeguard the local environment. Employees shall be given at least three months notice.

10. Verification

Principle:

Independent, third party verification will be actively and persistently sought and utilized to ensure that activities operate in accordance with stated principles and standards.

Standard:

Minimum Requirements:

10.1: The company supports third party certification efforts to support its compliance.

11. Material Used In Manufacturing

Principle:

Companies shall be transparent in regard to the sourcing of all material that is used in the manufacturing of fair made products.

Standards:

Minimum Requirements:

11.1: Companies shall to the best of their ability, trace where the material for their manufactured goods comes from.

11.2 Companies will attempt to source ethically as opportunities become more available over time.

Progressive Requirements:

11.3p: Companies shall use fair trade or recycled precious metal, and gemstones that can be traced from mine to market, ethically sourced and polished.