



JAMES O POAG JEWELLERS
POAG'S CHINA & GIFTS
Established 1959

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Conflict Diamond Presentation

Queen's Students for Corporate Social Responsibility (SCSR)

Feb 7, 2008

I would like to thank you for this opportunity to speak with you regarding the changes we as an independent retail jewellery store have seen from the diamond buying public.

I would like to first congratulate the industry, governments, and non-governmental agencies that have worked on the Kimberly Process as I feel the jewellery industry should be applauded for the action they have taken to try and eliminate conflict diamonds from being traded. There are many issues in today's world that concern a responsible shopper including conflict diamonds, pesticide use, and child labor just to name a few. I think the jewellery industry stands out for their quick response to the issue and the development of a workable process that has shown very positive results.

The concern over conflict diamonds was first presented by clients in 2002-2004 with some of the press coverage of the Kimberly Process. Articles circulated in the jewellery industry provided coverage of the issues and the Kimberly Process but the public's knowledge was limited. We at Poag's began to see changes within the industry as suppliers began to comply with the Statement of Warranty. The Statement of Warranty has been endorsed by all the Kimberly Process participants and is a statement that appears on any compliant invoice of diamonds or product set with diamonds. This statement lets us know the supplier keeps records that must be able to prove they are in compliance with the Kimberley Process.

At that point in time when a client had concerns we would explain the efforts being made by the industry and suggest a Canadian diamond as an option.

The industry in October 2004 made another very significant step forward when the Diamond Manufacturers Association (DMA) and the World Federation of Diamond Bourses (WFDB) made it mandatory for all members to be in full compliance with Kimberly Process. These two associations have a combined membership in excess of 10,000.

The next change we noticed was a marked increase in consumer requests for conflict free diamonds with the initial press coverage of the Blood Diamond movie. By this time we had already seen the positive impact of the Kimberly Process and invoices from our suppliers had the System of Warranties statements on them. In discussions with clients and friends the general impression is that this movie caused the jewellery industry to react but in reality the Kimberly Process was already in place and showing positive results. The only change we as a retailer saw, was an increased consumer awareness of the issue of conflict diamonds. Many retailers used this as an opportunity to market Canadian diamonds as opposed to educating consumers on all the options available to them.

When clients expressed concern about conflict diamonds at Poag's we would explain the

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Kimberly Process and System of Warranties statements and discuss other more consumer visible options. These other options include Canadian diamonds and our Ultimate Ideal cut diamonds that are tracked from mine to consumer and come with a written warranty for the consumer stating that the diamond has come from “Legitimate, Ethical sources in compliance with United Nations resolutions”. The company that cuts our Ultimate Ideal cut diamonds is also a member of the “Council for Responsible Jewellery Practices”. Members of this group must abide by the “Code of Practices” which addresses child labor, discrimination, work hours and pay, environmental issues and the Kimberly Process.

As a consumer, there are some areas you should know about when purchasing a diamond.

To begin I would like to talk about Laboratory Reports and Country of Origin Reports. As a consumer you need to ask about the reports you are presented when looking at a diamond. Just because a diamond has a Diamond Grading Report or Appraisal does not mean it complies with the Kimberly Process. A Diamond Grading Report will only give you information about the clarity, colour, and cut of the diamond.

The Canadian diamonds and our Ultimate Ideal diamonds come with a NWT Origin certificate, a Canada Mark certificate, or a Birth Certificate. The certificate will have a number that is usually associated with a laser or ionization number which is located directly on the diamond. This number helps the consumer ensure that the diamond belongs to the certificate. This certificate is very important for tracking and documenting the Country of Origin. With some coloured stones it is possible to tell the country of origin and even the mine based on the microscopic characteristics and chemical makeup of the stone. Unlike some coloured stones diamonds can't be traced to the mine based on these characteristics. The only way to assure the origin of the diamond is to have a trail following the diamond from mine to consumer based on a certificate number or diamond number.

There are a number of certificates that state Canadian Country of Origin. The two most readily seen at Poag's are the Northwest Territories Government Certificate or the Canada Mark certificate. The Northwest Territories Government Certificate certifies Canadian mined, cut, and polished. The Canada Mark Certificate certifies Canadian mined however the diamonds are typically cut overseas. The cutting expertise has historically been located in Europe. Where the diamond is cut is usually not a concern to the consumer but the quality of cutting should be as that is what influences the light return.

Conflict free diamonds can be purchased from many different sources. There seems to be a trend to focus on the sale of Canadian diamonds rather than introducing consumers to the many options they have. Canadian origin is certainly an option but some retailers rely too much on it since it is the easiest answer when selling a diamond. There are other sources in the world that are conflict free and if the mine or cutters are members of the “Council for Responsible Jewellery Practices”, then they have to act within their “Code of Practices” which addresses not only conflict diamonds but also human rights issues, and environmental issues. I believe that we could be stunting the growth of some developing countries by focusing so heavily on only Canadian gem sources.

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The sale of diamonds produces revenues and benefits that can really help developing countries build their social and physical infrastructure. The President of Botswana stated in June 2006 “For our people, every diamond purchase represents food on the table, better living conditions, better health care, safe drinking water, more roads to connect our remote communities and much more”. In Botswana diamonds account for 76% of the export revenue, 45% of the government revenue, and 33% of the Gross Domestic Product. Due in large part to diamonds, Botswana has one of the fastest growing economies in the world. Since 1966 it has gone from having 3 miles of roads in to nearly 4000, from having only 3 secondary schools in the country to providing free education for children up to the age of 13.

Benefits of the diamond trade are also seen within the diamond industry. For example, DeBeers was the first company to offer free anti-retroviral treatment to HIV positive employees, employee life partners, and former employees. In 2005 they invested more than half a million dollars to 22 HIV/AIDS related initiatives and have received a Global Business Coalition Award for its HIV/AIDS program.

These benefits should not be overlooked. I would encourage consumers to investigate their options when purchasing a conflict free diamond

I have some images to show you. I am going to use a portion of our online live video shopping experience to show these images. The following images will give you some idea of what to look for as a consumer:

INVOICE

PTC Corporation Ltd. daily Fax: 1 Date: 01/28/2008 Invoice #: 3687

Bill To: Poag Jewellers 1008 94 Frank St. Strathroy, Ontario N7G3J1 Canada 519-245-1040

Ship To: Poag Jewellers 94 Frank St. Strathroy, Ontario N7G3J1 Canada 519-245-1040

CONTACT	SALESPERSON	CUST ORDER#	SHIP VIA	TRACKING#

STOCK #	QTY	WT.	DESCRIPTION	UNIT \$	TOTAL
64-04-09	1	1.90	88 ct. GSI, GSI, 4280/1817 128 Measured		
64-04-08	1	0.71	102 ct. GSI, GSI, 4160/1811 Measured		
	2	2.71			

Sub Total 30.00
 Charges 00.00
 Discount TOTAL 30.00

Terms Due Amount
 30 02/27/2008

Signature _____

*These diamonds have been purchased from approved sources and certified as being conflict and/or compliance with United Nations resolutions. The seller hereby warrants that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds. Thank you for your business!

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1. This is an invoice showing the “System of Warranties Statement” for USA supplier

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2. This is an invoice showing the “System of Warranties Statement” for Canadian supplier.



3. This is a Canadian designed and manufactured ring set with a Canadian diamond.



4. This is a close up of the center diamond.

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5. This is the laser number for the diamond, which links it to the Canada Mark Country of Origin certificate.



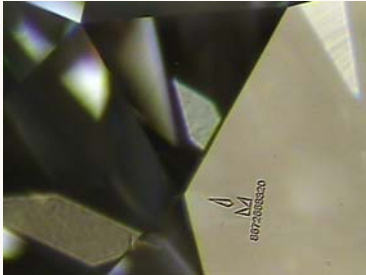
6. This is an image of the Canada Mark certificate, the Maple Leaf Diamond certificate, and the Gem Scan Diamond Grading Report.

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- 7. This is an image of a table ionization number which is similar to a laser number but is only visible at 200 power magnification and can also be used to track a diamond

Right now I am going to exit this section of the sharing and share an application that will show you how we can track a diamond based on the ionization number.

Your beautiful *isee2* diamond is a symbol of love and affection that you can wear with pride and immense honor, knowing that the spirit of trust and integrity to which it was given and received is reflected in the diamond itself. Your individual *isee2* diamond Birth Certificate, being your diamond's history from mine to digger to your gemstone store.

Your diamond's official *isee2* Birth Certificate

ISEE2 Number	144622208
Country	CANADA
Manufacturer	CGJ Jewelry
Photo taken on	27/06/2007
Minimum weight (carat)	1.02
Maximum weight (carat)	1.03
Production date (YY)	06/07/2007
Production date (YY MM)	07/06
Color grade	AGH Ideal 4
Clarity grade	I1P
Cut grade	K
GI (GIA) value	80
GI (GIA) value	ACCOMMODATING

The diagram shows the placement of the *isee2* number on the girdle of the diamond. The *isee2* number is engraved in the girdle of the diamond and is visible to the naked eye. The diagram shows the placement of the *isee2* number on the girdle of the diamond. The *isee2* number is engraved in the girdle of the diamond and is visible to the naked eye.

- 8. Now we will go back to the document sharing as I have a few more images to show you, this next image is an image of the birth certificate that accompanies our Ultimate Ideal cut diamonds.



- 9. This is an image of an unset diamond that has a NWT certificate.

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10. This is the laser number that associates the diamond to the certificate.



11. This is an image of the NWT Certificate that certifies Canadian Mined, Cut, and Polished.

As a consumer when you are interested in purchasing a diamond please express your concerns to a gemologist and give them a chance to address them. The following are some of the questions you may wish to ask:

1. Does your supplier invoices comply with the Kimberly Process System of Warranties and have the System of Warranty Statement? Are they a member of the “Council for Responsible Jewellery Practices”
2. What options do you have for clients purchasing a diamond that provides a visible and trackable trail from mine to consumer to assure the diamond is conflict free?
3. How can I be assured the diamond I am purchasing can be associated with the certificate you are showing me? Laser number? Ionization number? Plot?

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One conflict diamond is too many but as an educated and responsible consumer there are many options available and the income from legitimate diamond mining and processing improves many lives in many countries.

Thank you

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