

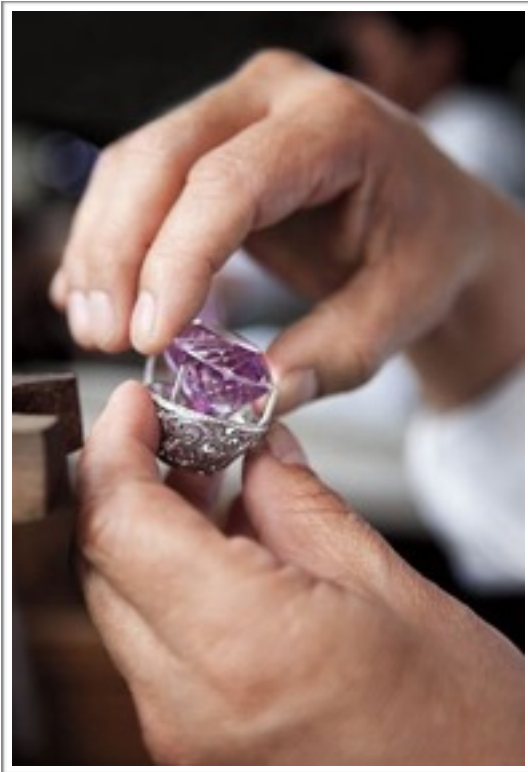
The provenance of our jewelry

Excerpts from speech by Tiffany & Co. CEO Michael Kowalski

Delivered October 26, 2012

... To jewelers, each piece of jewelry you own has a long history. It includes the materials used in making the jewelry, and how those materials were collected. It includes the people who gathered these materials, in addition to their families and communities—all of whom are affected, for good or bad, by the materials mining process. And it includes the jewelry designers and manufacturers, who mold these materials into the stunning pieces you see displayed here today.

All of this creates a provenance for the jewelry that's long, complex, and not always transparent. But to us, this lineage is a crucial part of the customer experience. When you wear our jewelry, you're putting your trust in us. Part of the Tiffany brand promise is that nothing bad happened or will happen in the making of your jewelry.



These beliefs are sometimes punctured by the realities of the global jewelry business. The diamond mining industry has been associated with horrific injustices in the past, in which rebel groups in Africa have used the income from diamond mining to commit unspeakable human rights violations. Gold and silver can be responsibly mined, but they can also be mined in ways that harm the environment, workers, and communities. Even the collection of seemingly “clean” materials that don't come from mines—such as coral—has severe environmental implications.

I say this not to sound alarmist or pessimistic about the future of the jewelry industry. There are many ways to source materials in a manner that protects sensitive ecosystems and considers the economic and social needs of mining communities. But I want to make clear that bad things *can* happen in this industry if we stand on the sidelines and don't ask more of ourselves and our colleagues. For the sake of our customers, our employees, and the industry as a whole, we can't simply keep our heads down and hope that everything will work out for the best when experience tells us it often doesn't.

... I've talked a lot this morning about all the things Tiffany is doing to make things better for the people and places that produce our materials, and also about some activities we stopped doing. However, one thing I haven't discussed much is perhaps the area where we can have the greatest positive influence over the long term: deciding when to say no.

As you know, we've been in the jewelry business a long time. We know the potential damage that gold and precious metals mining can do—more so now than ever before. And we've come to the conclusion that some places are simply too precious, too special, to be developed. There are some places in the world where mines should never be built.

It calls to mind an expression that's been said by many people in many ways: The people of a nation often define themselves by what they are willing to leave untouched, to protect, to pass along to future generations. That idea has always struck me as profoundly powerful. Perhaps the greatness of our brand isn't defined just by our jewelry, or our materials, or our craftsmanship, but on what we decide "to leave alone."

Of course, we weren't yet that ambitious in 1995, when we decided to publicly oppose the construction of a gold mine near Yellowstone Park. We were more confident by 2004, when we shocked the mining industry with a full-page ad in the *Washington Post* asking the U.S. Forest Service to protect a wilderness area in Montana threatened by the Rock Creek Mine.

Today, we're using every tool at our disposal to raise awareness of a very real issue—an especially timely and important issue—that we must confront as an industry. For us, it represents a critical test of Tiffany's commitment to sustainability. It's also an issue that matters a great deal to me personally.

There's a very special place in southwestern Alaska called Bristol Bay, not far from Katmai National Park. Many of you may know the park from its famed Brooks Falls, where each year grizzly bears are famously photographed "fishing" for

spawning salmon. In case you were wondering, the salmon are so plentiful that the grizzlies more or less wait for the fish to jump into their open paws. I've personally made several visits to Bristol Bay to learn more about the region. It's a breathtaking place.



At the headwaters of many of the wild, pristine rivers that drain into Bristol Bay, there sits an enormous deposit of gold, silver, and copper. Perhaps one of the greatest deposits remaining on Earth, worth as much as \$500 billion by some estimates. Unfortunately, Bristol Bay is also one of the world's greatest remaining wild salmon watersheds. And mining and salmon most certainly do not get along. The companies seeking to develop this mine, which they're calling Pebble Mine, are adamant that they can do so without threatening this pristine ecosystem.

We simply do not agree. We believe that locating a mine in this wilderness puts it at too great a risk.

There's a wonderful documentary called *Red Gold* that tells the Bristol Bay story through the voices of local commercial, subsistence, and sport fishermen. Some have lived in Bristol Bay their entire lives, others came to Bristol Bay because there's no place on Earth they'd rather be. Although few of them are wealthy in traditional terms, they consider themselves richer than you and I because they harvest nature's bounty every day.

Tiffany, along with several other jewelry retailers in the United States, has pledged never to source gold from the Pebble Mine should it eventually be developed. We have no doubt that the developers would make every effort to reduce the mine's impact on the land and community. But if the Bristol Bay fisheries and ecosystem should be damaged, and should the people who depend on them lose their way of life, we've lost an irreplaceable resource in the name of jewelry. We can't allow that as an industry.