



RJC Chain-of-Custody Certification

OECD Gold Supply Chain – Implementation meeting – May 2-3, 2012

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Responsible Jewellery Council (RJC)



Mission

“To advance responsible ethical, social and environmental practices, which respect human rights, throughout the diamond, gold and platinum group metals jewellery supply chain, from mine to retail.”

- **Member based** organisation: businesses can join the Council to support its mission; RJC will support Members in meeting its standards through training, guidance and toolkits.
- **Standard-setting and certification** organisation: RJC sets responsible ethical, social and environmental standards for the jewellery supply chain.
- **Accreditation body**: RJC accredits auditors than can independently verify a Member’s practices against RJC standards.

About us

7 staff

370+ Member companies = \$US45+ billion in sales

170+ Certifications against Code of Practices

30+ countries where RJC Members are active

230+ Accredited Auditors trained on RJC standards

➤ *RJC is managing a significant audit program for the jewellery supply chain since 2010.*

RJC Standards

RJC Code of Practices

- ✓ Launched in 2009
- ✓ Assurance for Member's business practices
- ✓ Compulsory for RJC Members



Chain-of-Custody Standard

- ✓ Launched for precious metals in March 2012
- ✓ Assurance that metals from responsible sources
- ✓ Voluntary for RJC Members





RJC Chain-of-Custody Certification

- Applicable to gold and platinum group metals (platinum, palladium, rhodium). Diamonds under further review.
- Requires independent, third party auditing to achieve Certification against CoC Standard.
- Supports responsible, conflict-sensitive sourcing in supply chains.
 - CoC gold must be conflict-free.
 - Gold refiners can source CoC and non-CoC gold, but must apply due diligence in all cases.
 - RJC Code of Practices (or similar) advances responsible business practices more generally.

First CoC Certification announced May 1

Metalor USA Refining Corporation

- First RJC CoC Certified business
- Gold refiner in northern USA
- Verifies refiner's due diligence practices for all sources
- Verifies appropriate systems for CoC Recycled Gold
- Audit carried out by UL, an RJC Accredited Auditor

Larry Drummond, President, Metalor Technologies USA:

“We see the RJC Certification system and its new Chain of Custody Standard as both guiding and verifying our commitment to meet increasing demands for social responsibility throughout supply chains, from raw materials to retail sales.”

Alignment with OECD DDG – Refiners

For Step 4 audits, RJC:

- Accredits Auditors that meet competence requirements according to ISO 19011, in alignment with the OECD Guidance.
- Oversees and verifies audits, checking that the published and prescribed assessment processes were properly followed.
- Publishes audit recommendations and certification outcomes on the RJC website.
- Delivers training modules to support implementation of the CoC Standard. Also developing training for the jewellery supply chain on OECD Guidance more generally.
- Will continue operation of the RJC complaints mechanism, developed to support Ruggie’s business and human rights framework.

Alignment with OECD DDG – Rest of supply chain

CoC standard uses the OECD Due Diligence Guidance as a key reference. A CoC Certified company will need to:

- Have a complaints mechanism for concerns about CoC Material.
- Have a supply chain policy for materials from conflict-affected areas. It should be communicated to suppliers and made publicly available.
- Consider the risks of non-compliance by its suppliers with its supply chain policy, and take action to prevent or mitigate the risks.
- Use the OECD Due Diligence Guidance as the key reference for due diligence screening for mined gold, particularly from conflict-affected areas.

Building bridges with Artisanal and Small Scale Mining (ASM)

The RJC CoC Standard aims to build bridges with legitimate ASM production. Included in the CoC Standard are:

- Scope for the RJC to formally recognise comparable mining standards. Currently working with ARM and Fairtrade re the Fairtrade-Fairmined Gold Standard.
- Scope to source from ASM operating on the mining concessions of CoC Certified Entities, as part of an initiative to support professionalisation and formalisation of ASM.

In 2011, RJC signed MOU's with the Alliance for Responsible Mining (Fairtrade/Fairmined Gold) and Diamond Development Initiative to collaborate on standards and policy work.

CoC and Mining Companies

Main requirements:

- Meeting RJC Code of Practices re responsible mining;
- Carrying out detailed due diligence in conflict-affected areas.

RJC Code of Practices auditable requirements include:

- Voluntary Principles on Security and Human Rights
- Extractive Industries Transparency Initiative
- Prohibition of bribery, combating corruption, money laundering etc
- Respect for human rights; engagement with ASM, affected communities, Indigenous Peoples, including opportunities for development



Photo courtesy: Rio Tinto

www.responsiblejewellery.com



CoC and Precious Metals Refiners

Main CoC requirements:

- conflict-sensitive practices for all sources.
- does not prevent sourcing from non-RJC mining entities, but any non-CoC gold must be kept segregated.

Supports :

- claims for responsibly mined gold, recycled gold or grandfathered gold, or mix.
- OECD Due Diligence Guidance and Dodd Frank compliance via auditable standard for refinery audits.

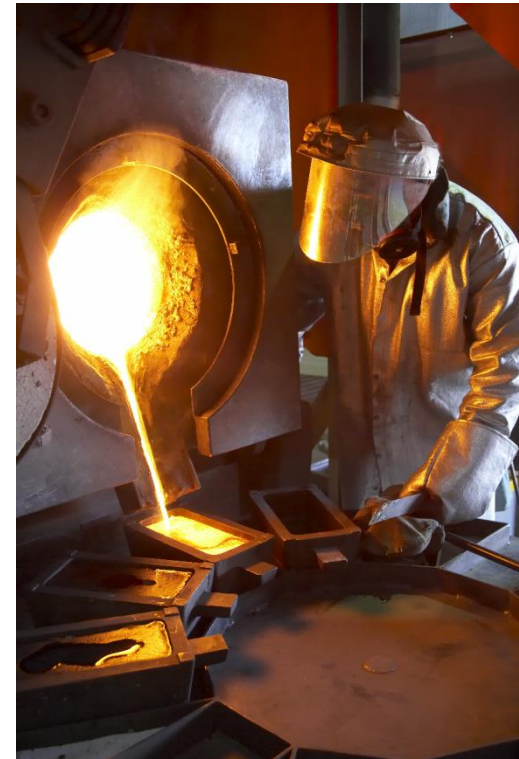


Photo courtesy: Rio Tinto

CoC and Jewellery Manufacturers and Retailers

Downstream in the jewellery supply chain is characterised by large numbers of smaller businesses. The RJC provides a mechanism for such businesses to become aware of CSR expectations and move towards compliance.



Photo courtesy: Cambour

CoC Certification will support:

- Identification of CoC sources as part of a responsible sourcing program.
- Identification of CoC Certified refiners – which have independently audited and verified due diligence practices (OECD).
- CoC gold that is conflict-free (Dodd Frank).
- Claims to consumers (if desired).

Harmonisation between initiatives

RJC, LBMA, WGC, EICC have all been working to support implementation with their respective constituencies, with a high degree of collaboration and mutual respect.

RJC CoC Standard:

- recognises LBMA Responsible Gold Guidance and EICC Conflict-Free Smelter as equivalent to CoC section 10
- WGC is recognised as providing critical support for the required due diligence for mined gold.

Summary

In summary, symbiotic relationship between the RJC Standards and the OECD Guidance.

- The OECD Guidance is a key reference point for how to put in place Chain-of-Custody assurance. RJC's CoC Standard:
 - provides for independent, third-party audits of refiners as per Step 4
 - prescribes strong management systems as per Step 1 and 2.
- Conversely companies in the supply chain that are implementing the OECD Guidance can use the RJC Chain-of-Custody standard to do so.
 - CoC is a specific tool for due diligence, among others, and will support implementation of the OECD recommendations.

