



RJC Code of Practices 2013

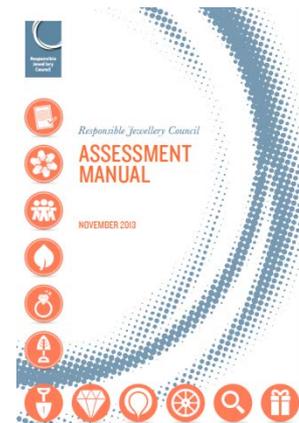
Overview of the RJC Assessment Process

Training Module – January 2014



Outline

1. A recap of what's new in the COP 2013 and the supporting Toolkits
2. Changes to the Certification Process
3. Expectations for Audits
4. Where to find further information





COP 2013: New structure



RJC CODE OF PRACTICES



GENERAL
REQUIREMENTS



RESPONSIBLE
SUPPLY CHAINS
& HUMAN RIGHTS



LABOUR RIGHTS
& WORKING CONDITIONS



HEALTH, SAFETY
& ENVIRONMENT



DIAMONDS, GOLD
& PLATINUM GROUP
METAL PRODUCTS



RESPONSIBLE
MINING SECTOR





COP 2013: Major new requirements

All Members

- Human Rights
- Reporting

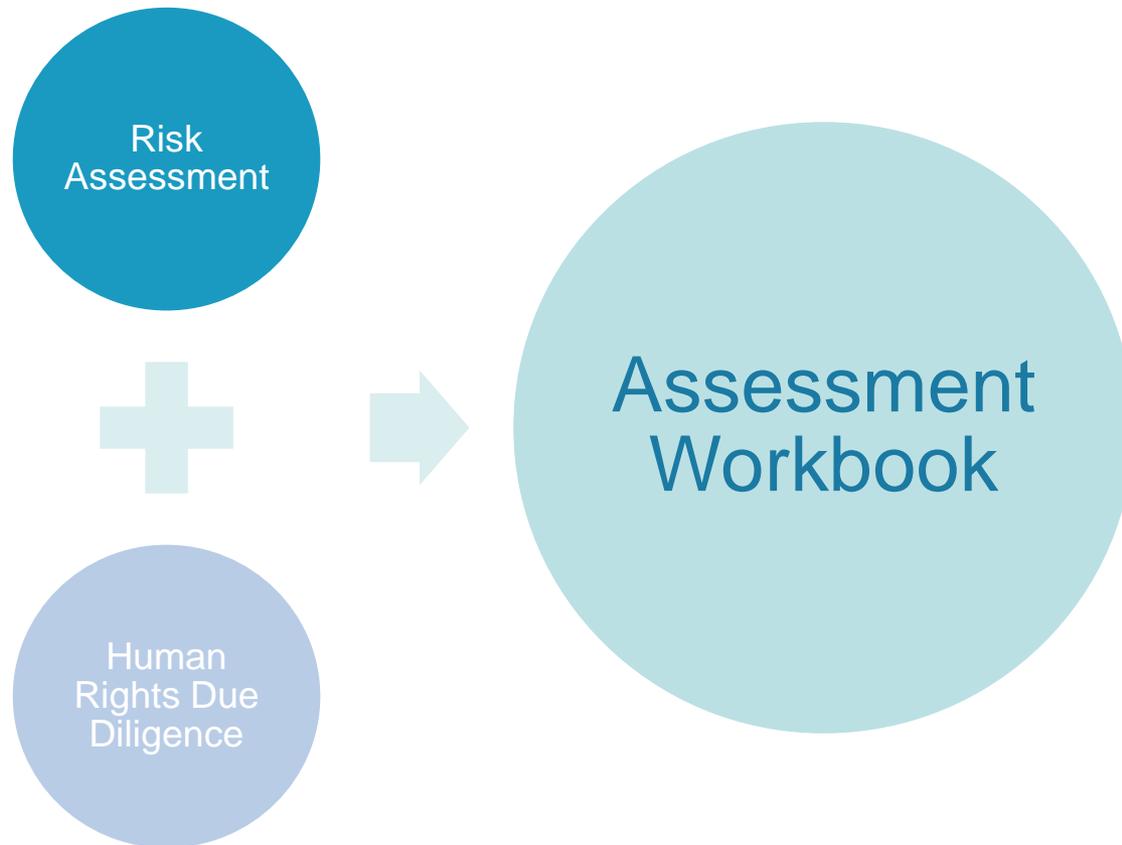
If Applicable

- Sourcing from Conflict-Affected Areas
- Sourcing from Artisanal Mining
- Provenance Claims
- Grading and Appraisal

Mining Sector

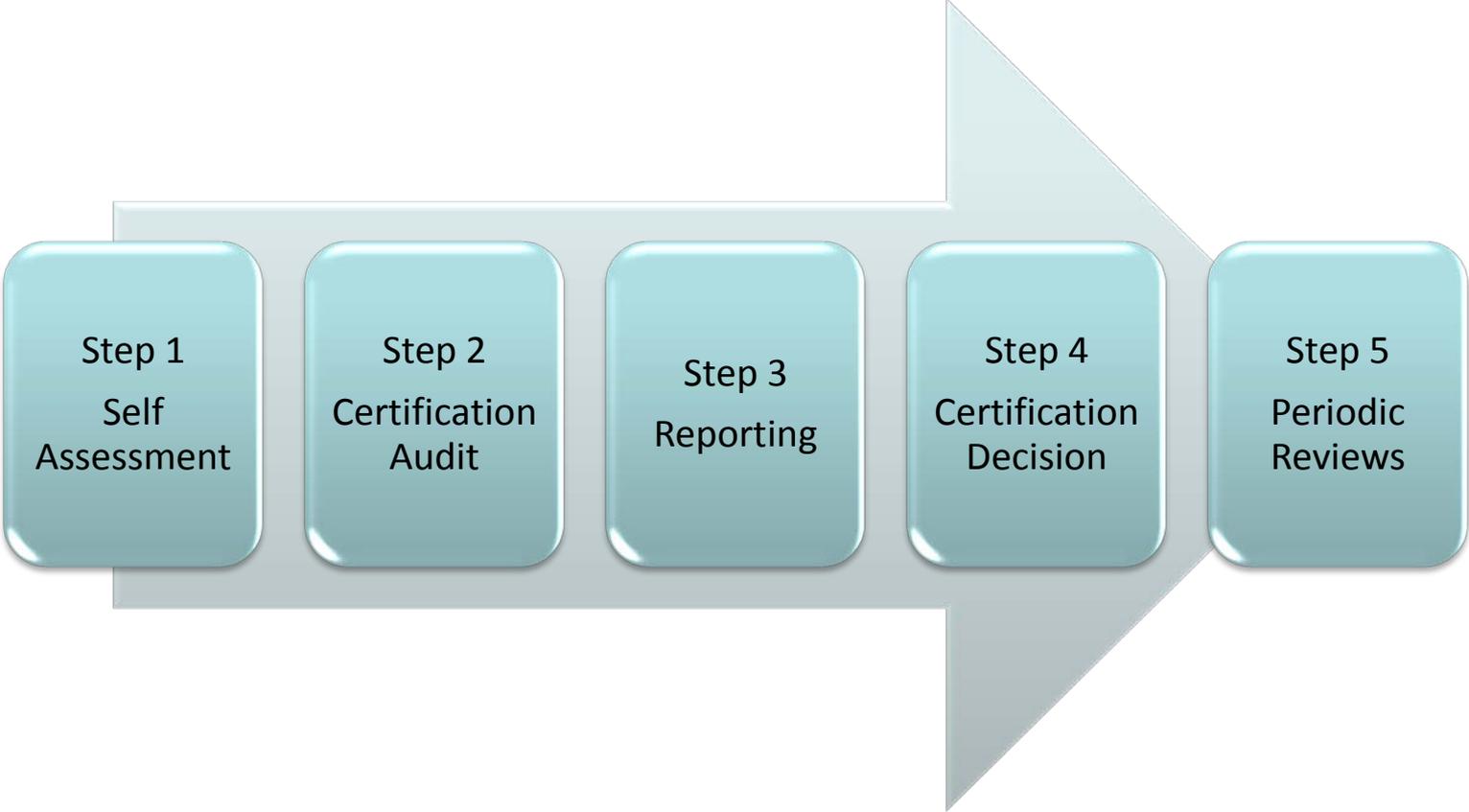
- Free Prior and Informed Consent
- Mercury

New and Updated Excel Toolkits





Certification Process Overview



Mid term Review – Risk Based

Mid-Term Review not usually required if	Remote <u>Desktop</u> Mid-Term Review is required if	<u>On site</u> Mid-Term Review is required if
<ul style="list-style-type: none"> • No anticipated changes to the Certification Scope • Member has < 25 full time equivalent personnel. • Low risks of changes to current conformance levels and strong management controls. • During the Certification Period, there are: <ul style="list-style-type: none"> • parallel audit programs for equivalent recognised schemes; and • rigorous internal audit programs and • Management, closure and effective review of corrective actions for non-conformances 	<ul style="list-style-type: none"> • Change to the Certification Scope does not affect current conformance levels. • 2 or less Minor NCs for Critical Provisions; or 4 or less Minor NCs in total for: <ul style="list-style-type: none"> • any non-Mining Sector Member, or • an individual Mining Facility, if the Member is in the Mining Sector. • And the Auditor can review progress on corrective action against non-conformances within 12-24 months. 	<ul style="list-style-type: none"> • Known and anticipated changes to Certification Scope. • Member no longer supports the recognised external standards and initiatives. • 3 or more Minor NCs for Critical Provisions; or 5 or more Minor NCs for: <ul style="list-style-type: none"> • any non-Mining Sector Member, or • an individual Mining Facility, if the Member is in the Mining Sector. • New systems and controls for Critical Provisions that could not be tested. • Facilities with risk of non-conformances against Critical Provisions. • Other compelling reason presented by the Lead Auditor.

Members Self Assessment

- Documented the Certification Scope including contact details and addresses (city and country) of Facilities
- Provided number of Employees and Contractors per Facility Information about any Related Companies
- Provided details about other equivalent audit programs
- Provided information about any anticipated changes to the Certification Scope such as expansions, acquisitions, divestments, etc.
- Provide information about Provenance Claims (Provision 12)
- Addressed all or most of the Non-Conformances you identified during the Self Assessment.

Certification Scope

The Certification Scope must include

- Entities and Facilities and Business Activities under the Member's Control that actively contribute to the Diamond, Gold and/or Platinum Group Metals Jewellery supply chain.
- Controlled Business Activities - tasks, roles, functions or services relating to performance of work in the supply chain that is Controlled by a Member. Business Activities may or may not be performed at a Member's Facility.

The Certification Scope must be clear and accurate to ensure Certification Audit is appropriately completed.

Audit Frequency and Certification Periods

Audit Type	Frequency	Certification Period Based on Findings		
		Conformance / Minor Non-Conformances	Major Non-Conformances	Critical Breaches
Certification Audit	Mandatory within 2 years of becoming a Member	3 Year Certification	1 Year Certification	No Certification
Mid-Term Review (only for 3 year Certifications)	May be required 12 – 24 months after Certification Audit (or Recertification Audit). Need determined by Auditor	Continue the 3 year term	Reduce to 1 year Certification	Certification Suspended
Re-certification Audit	Mandatory for continuing Membership	3 Year Certification	1 Year Certification (Note: limited to 3 consecutive)	No Certification

Transitioning from a 1 Year Certification

- Members are expected to transition to a full 3 Year Certification status as quickly as practicable.
- ***A Member cannot have more than 3 consecutive 1 year Certification Periods***
- If transitions are initiated within 6 months of the previous audit, Auditors can use the findings from the previous audit and not revisit areas found to be in conformance.
- However the Audit Scope must:
 - verify closure of the corrective actions for the Major Non-Conformances
 - assess any changes to the Certification Scope and
 - revisit Facilities or COP Provisions if the Risk profile of the Member has increased.

Conformance Ratings

Conformance Rating	Description
Conformance	The Member's business practices, including the policies, systems, procedures and processes, perform in a manner that conforms to the Provision in the RJC Code of Practices.
Minor Non-Conformance	<p>The Member's business practices including the policies, systems, procedures and processes perform in a manner that is not wholly conformant with the Code of Practices. Minor Non-Conformances are defined as the occurrence of one or more of the following situations:</p> <ul style="list-style-type: none"> ▪ An isolated lapse of either performance, discipline or control of the Member's business practices, which does not lead to a Major Non-Conformance of the RJC Code of Practices ▪ A situation where the Member has a known non-compliance of legislative or regulatory requirements relevant to the Code of Practices and there is adequate attempt to rectify the non-complying condition and the non-compliance does not result in an imminent significant Risk to Workers, the Community or the Environment ▪ A situation where the Member has not identified legislative or regulatory requirements relevant to the Code of Practices and the non-compliance does not result in an imminent significant Risk to Workers, the Community or the Environment ▪ A finding which may not be an actual breach of the RJC Code of Practices at this point in time, but is judged to be a potential inadequacy in the Member's business practices during the Certification Period.
Major-Non Conformance	<p>The Member's business practices including the policies, systems, procedures and processes perform in a manner that is not conformant with the Code of Practices. Major Non-Conformances are defined as the occurrence of one or more of the following situations:</p> <ul style="list-style-type: none"> ▪ The total absence of implementation of a required provision ▪ A Member-wide systemic failure or total lack of controls required to manage business risks related to the RJC Code of Practices ▪ A situation where the Member has not identified legislative or regulatory requirements relevant to the Code of Practices, or there is a known non-compliance of such legislative or regulatory requirements and: <ul style="list-style-type: none"> ○ there is inadequate attempt to rectify the non-complying condition and/or ○ this situation has the potential to result in an imminent significant Risk to Workers, the Community or the Environment; ▪ A group of related, repetitive or persistent Minor Non-Conformances indicating inadequate implementation ▪ Any finding or observation supported with Objective Evidence to prove a Critical Breach, or which raises serious doubts as to whether the Member has the business practices to avoid any Critical Breach. www.responsiblejewellery.com
Not Applicable	The Provision cannot be implemented by a Member due to the nature of its business covered by the Certification Scope.

Related Minor Non-Conformances

A group of Minor Non-conformances justifies a Major Non-conformance rating if there is evidence the Minor Non-conformances are:

- **Related** – to CoP Provision, activity of the non-conformances;
- **Repetitive** – same issue throughout the business; or
- **Persistent** – due to ineffective corrective actions to address root cause.

For example, numerous instances of missing required records, such as material safety data sheets, or employee time sheets, indicating performance is not in conformance with the Provision.

The key is whether a Minor Non-Conformance is isolated, or whether it is related to other Minor Non-Conformances in a manner that indicates common root causes through weaknesses in management systems.

Remember to review all findings before finalising ratings for non-conformances

Not Applicable Ratings

A Provision may be rated by the Member as “Not Applicable”.

This should only be used if it would be illogical or impossible for the Member to implement the Provision. E.g.. a Gold Refiner could not implement Provision 1.3 - Kimberley Process. “Not Applicable” ratings should therefore be relatively rare.

Low risk or relevance does not mean Not Applicable.

If used (by either the Member or the Auditor), there must be a credible and verifiable explanation.

Auditors must verify any Not Applicable ratings in a Member’s Self Assessment.

Critical Breaches

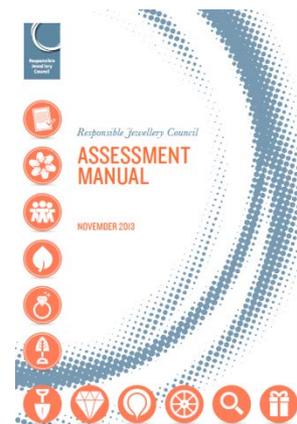
COP Provision	#
16 Discipline and Grievance Procedures	16.1
17 Child Labour	17.1, 17.2
18 Forced Labour	18.1
23 Hazardous Substances	23.2
24 Waste and Emissions	24.2c
26 Product Disclosure	26.1
27 Kimberley Process Certification Scheme and World Diamond Council System of Warranties	27.1

If any of findings attributed to these Critical Provisions are rated as a Major Non-Conformance, then the Member is deemed to be in a situation of Critical Breach of the RJC Code of Practices



Outline

1. A recap of what's new in the COP 2013
2. Changes to the Certification Process
- 3. Expectations for Audits**
 - **Audit Scope**
 - **Harmonisation and Recognition of other certifications**
 - **Documenting Non-Conformances**
 - **Monitoring & Evaluation Data**
 - **Statement of Conformance**
 - **Audit Reporting**
4. Where to find further information



Audit Scope

Defines the extent and boundaries of the Audit and includes a selection of:

- Facilities and Business Activities from within the Certification Scope
- Provisions of the RJC Code of Practices.

Established by considering the:

- nature, scale and impact of the Member's business
- Risk based on available information including the Member's Self Assessment and any existing Certifications.
- Fit within the recommended time limits (See Assessment Manual)
- Be documented in an Audit Plan detailing which Provisions are to be assessed at which Facilities.

Audit Scope Mining Exploration to Pre-Commissioning Activities

Generally excluded from the Audit Scope if:	Generally included in the Audit Scope for desktop review if:	Generally included in the Audit Scope for site visit if:
<p>Activities leading up to the ore body delineation stage, including:</p> <ul style="list-style-type: none"> • Prospecting • Area selection • Target identification • Initial drilling. 	<p>Delineation or evaluation activities, taking into consideration:</p> <ul style="list-style-type: none"> • Scale, expenditures (e.g. \$100M cut-off) • Presence of significant social or environmental issues • Works such as new airstrips, permanent or high-impact roads, multi-year camps • Bulk sampling, on-site processing facilities • Initiation of feasibility studies. 	<p>Projects where:</p> <ul style="list-style-type: none"> • The mine is now under construction • A Free Prior Informed Consent (FPIC) process is underway.

Audit Scope for Mid Term Reviews and Recertification Audits

The Audit Scope for subsequent assessments must consider:

- Facilities and provisions that may not have had less attention in the previous Audit
- Nature of non-conformances in the previous Audit
- Corrective Action Plans for major and minor non-conformances
- Changes to the Members' Certification Scope
- Changes to the Members' business including organisational structure and resources.

Where the Certification Scope remains unchanged, the time required for:

- Mid-Term Reviews should be less than $\frac{1}{3}$ of the time spent on the initial certification audit.
- Re-certification Audits, should be less than $\frac{1}{2}$ of the time spent on the initial certification audit.

Harmonisation and Recognition of Existing Certifications



- SA8000:2008 Social Accountability
- ISO14001:2004 Environmental Management Systems
- OHSAS18001:2008 Occupational Health & Safety Management Systems
- Recognised Responsible Mining Standards such as the De Beers Best Practice Principles (BPP) Program
- *Where the certification applies to less than all Facilities of a Member, these provisions will still need to be audited at other Facilities within the RJC Certification Scope.*

Documenting Non-Conformances

All Non-conformances must be documented and:

- State the nature of the Non-Conformance clearly and exactly in terms of the likely underlying cause of the deficient practice
- Cross-reference the requirement of the Provision being audited
- Be supported by relevant and verified Objective Evidence which must be:
 - relevant to the time period for the scope of the assessment
 - relevant to what is being assessed or verified
 - traceable
 - clear and unambiguous.

Does a Lack of Objective Evidence Result in a Non-Conformance?

Not necessarily....

- For example, a procedure that has not yet been used, has not yet generated records or evidence of its effectiveness. This does not automatically constitute a non-conformance.
- An Auditor will note this in the report and flag this procedure for review during a future Audit.
- An Auditor can of course establish whether the procedure as written meets the requirements of a Provision. What the Auditor cannot do is determine its implementation effectiveness.
- However, where Objective Evidence is known or meant to exist but it cannot be located, a non-conformance can be raised.

Underlying Cause of Non-Conformances

The Audit Report must include the underlying cause for each Non-conformances as selected from the following categories:
underlying causes using the following categories:

- Missed or unknown legal requirements
- Non-compliance with Applicable Law
- Departure from procedure or defined process
- Incomplete or missing documentation
- Ineffective risk identification and assessment
- Ineffective, incorrect or missing controls
- Poor control of documents or records
- Ineffective organisational structure
- Inadequate training
- Lack of resources, time or capacity

Monitoring and Evaluation Data

Audit Reports must contain Monitoring & Evaluation Data:

- Details about the Facilities and the Business Activities as defined in the Certification Scope
- List of applicable Provisions
- Statistics about non-conformances including reference to the Provision and underlying causes
- Details of non-conformance raised during the previous audit indicating which are closed, and the progress for those still open
- Percentage of closed corrective actions implemented and completed on time
- Details of conformance with Other Relevant Certifications or Initiatives

Statement of Conformance

It must be included in the Audit Report and contain:

- Member Name
- Date of the Audit
- Audit Type
- Statement of conformance relating to the nature of the findings
- Need for a Mid Term Review
- Confirmation about the conditions under which the audit was conducted that is signed by the Lead Auditor

Audit Report

Mandatory Table of Contents is provided in Appendix 8 of the RJC Assessment Manual and is included in the Assessment Workbook:

- Statement of Conformance
- Certification Scope defined by Member and verified by Auditor including:
 - Known changes to Certification Scope
 - Related Companies
- Audit Scope including:
 - Facilities visited and Business Activities reviewed
 - Provisions from the RJC Standard
- Key Audit Findings:
 - Status of Corrective Actions
 - Critical Breaches, Major and Minor Non-Conformances (include reference to Provision, the underlying causes and supporting objective evidence)
 - List of Not Applicable Provisions with Reasons
 - Verified log of Provenance Claims
 - Monitoring and Evaluation data

Recap for Auditors

- Verify the Certification Scope
- Review related companies, if applicable
- Record all Objective Evidence so this it is clear and unambiguous.
- Ensure all findings and Non-Conformances are documented clearly and unambiguously with reference to the objective evidence and the COP Provision.
- Approve Corrective Action Plans for Major Non – Conformances
- Determine the need for a Mid-Term Review
- Complete the RJC Audit Report, including the Monitoring & Evaluation Data and the Statement of Conformance
- Complete the Member Audit Report.