



# **RJC Standards Update**

## **Annual General Meeting**

**May 23, 2013**

**Dr. Fiona Solomon, RJC Director – Standards Development**

## Agenda

1. Welcome
2. Highlights of last 12 months
3. Code of Practices Review
4. Responsible sourcing
5. Enhancing value to Members







## Highlights of past 12 months

- **Full Member of the ISEAL Alliance** - RJC joined the Forest Stewardship Council, Marine Stewardship Council and others in demonstrating good practice in standards setting and certification.
- **Multi-stakeholder Standards Committee** – Representatives from each part of the supply chain, civil society, other standards organisations and independent experts working towards consensus.
- **Collaboration** – Alliance for Responsible Mining, Diamond Development Initiative re artisanal mining issues; Solidaridad and Swiss Better Gold Initiative on responsible gold sourcing from mine to jewellers; London Bullion Market Association (LBMA) and Conflict-Free Smelter program – audit harmonisation for gold refiners.
- **International initiatives** – RJC strongly involved in development of the OECD Due Diligence Guidance for conflict-affected areas, and now appointed to the OECD's Multi-Stakeholder Steering Group for the Guidance.



## RJC Code of Practices Review

- Code of Practices is requirement for all RJC Commercial Members
- Planned review starting 3 years after 2009 launch
- 18 months for full review and consultation processes
- Standards, guidance, toolkits, training will all be updated
- Transition period of 1 year where both COP versions will be accepted for certification
- **Target release of revision: November 2013**



## Key Changes Proposed - Restructure

### 2009 Code of Practices

1. Business Ethics
2. Human Rights and Social Performance
3. Environmental Performance
4. Management Systems

### 2013 Code of Practices

1. General Requirements
2. Responsible Supply Chains and Human Rights
3. Labour Rights and Working Conditions
4. Health, Safety and Environment
5. Diamonds, Gold and Platinum Group Metals Products
6. Responsible Mining Sector



## Key Changes Proposed – New provisions

- **Provenance claims** – material provenance claims of Members must be backed by objective evidence.
- **Grading and Appraisal** – manage potential conflicts of interest with valuations.
- **Human Rights** – implementation of UN Guiding Principles on Business and Human Rights, including due diligence toolkit.
- **Human Trafficking** – monitoring for risks under Forced Labour.
- **Sourcing from Artisanal and Small-Scale Mining** – address supply chain risks and support CoC Standard.
- **Sourcing from Conflict-Affected Areas** – align with OECD Due Diligence Guidance on Responsible Supply Chains.
- **Free Prior and Informed Consent** – for Indigenous Peoples, applicable to new / major changes to mining projects.
- **Mercury** – minimise and where feasible eliminate emissions, seek alternatives (eg ASM amalgamation).
- **Reporting** – periodic communication to stakeholders on responsible business practices.



## Key Changes Proposed – other improvements

### Addressing implementation questions in COP language and Guidance, including:

- Clarify Working Hours
- Clarify Remuneration
- Clarify Legal Compliance
- Clarify Know Your Customer / cash thresholds
- Simplify Product Disclosure section
- Explain environmental management requirements for SMEs
- Alignment with International Finance Corporation (IFC) standards
- Alignment with SA8000 in some areas
- Respond to requests for additional guidance for India context





## Code of Practices Review – next steps

- Standards Committee meeting prior to AGM
- Third and final public comment period
  - ✓ Final draft of revised Code of Practices
  - ✓ All Standards Guidance chapters
- Revise input received and build consensus with Committee
- Formal decision-making through Standards Committee, Executive Committee, RJC Board.
- Release of revised Code of Practices
  - ✓ English version of all documents and toolkits
  - ✓ Translations – Italian, French, Spanish, Portuguese, Gujarati, Chinese
  - ✓ Updated training – including modules for major new provisions



## Responsible sourcing

- Businesses and stakeholders are increasingly focussing on responsible sourcing issues – how to leverage for change
- For businesses, gives better control over supply chains
  - identify and manage corporate risk
  - proactive CSR strategy, enhance business reputation
  - new markets, consumer expectations
  - compliance eg Dodd Frank Act, consultation for possible EU initiative



## RJC Framework for Responsible Sourcing

- Code of Practices is foundation of RJC approach
  - Applies to Members across the whole supply chain
  - Comprehensive approach to supply chain risks
  - Certification against COP is mandatory for RJC Members
- Changes to Code of Practices aim to improve visibility
  - Responsible Supply Chains section groups existing provisions that relate to business partners
  - New provisions on Provenance Claims, Sourcing from ASM, Sourcing from Conflict-Affected Areas
- RJC approach is much more than ‘conflict minerals’ or ‘conflict diamonds’



## RJC Chain-of-Custody Standard



- RJC Chain-of-Custody Standard is voluntary – a **Member Benefit** for those who can / want to use it.
- Provides platform to **track material flow** through businesses committed to a comprehensive responsible sourcing approach
- Will **take time** to build critical mass – long-term program for jewellery supply chains

### **Precious metals – launched March 2012**

- 3 CoC Certified Refiners, 1 CoC Certified Alloyer
- Work towards certification underway with other Members

### **Diamonds – under review**

- Standards Committee will revisit next steps after conclusion of COP review process



## Enhancing value of RJC to Members

### New Standards initiatives 2013-2014

- Roll out revised Code of Practices to new and existing Members
- Develop simple communications on what COP Certification means, key messages on RJC standards
- Develop new topic-based training modules to support certification journey – deeper into key issues
- RJC and guest webinars on good practice, implementation experience, emerging issues – going beyond the Certification process
- Scale up RJC's Monitoring and Evaluation program to measure impacts of RJC Standards

*Comments and Questions  
are welcome*



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# RJC IN CONTEXT

Update to AGM May 2013

WHEN YOU NEED TO BE SURE

**SGS**

## A FEW WORDS ABOUT SGS AND RJC.....

- World's leading independent verification and certification company
- Started operations in France in 1878
- Head office in Geneva, Switzerland
- >76,000 full time employees with auditors in major production and sourcing locations
- Accredited as RJC certification Body in 2011
- >110 RJC certifications to date
- Website [www.sgs.com](http://www.sgs.com)





## THE NEED FOR INITIATIVES

Customers, consumers and stakeholders want companies to demonstrate a commitment to responsible practices.

- Larger organisations with significant influence over their trading partners can develop their own programmes

BUT

- Not an option for smaller players
- Can lead to conflicting requirements and expectations
- Has resulted in negative publicity and criticism of impacts, audit fatigue and inconsistent messages



## WHOSE RESPONSIBILITY IS IT?

- Increased globalisation opens organisations to increasing risks from business partners and the company's own employees as management oversight is stretched
- Reliance on local laws and enforcement can lead to significant risks to business as approaches and robustness vary
- Reality is that regardless of who may be at fault it is the brand or the sector that will come under scrutiny!



## THE ROLE FOR VOLUNTARY INITIATIVES

- Collaborative approaches obtain better results by focussing on a single set of agreed requirements and bringing more pressure to bear through increased influence
- External benchmarking can assist to ensure general acceptance and incorporation of Best Practices
- Facilitates collaboration without risks of breaching Anti-Trust regulations
- Voluntary nature ensures participants have bought into approach



- Accredited third party audits bring an additional dimension to programmes
- Provide assurance and credibility for initiative by ensuring scheme owners are not judge and jury
- Independent, consistent approach to checking participants' systems
- Value-add to auditee providing view of current performance, highlighting good practices and indicating improvement areas to help promote continuous improvement

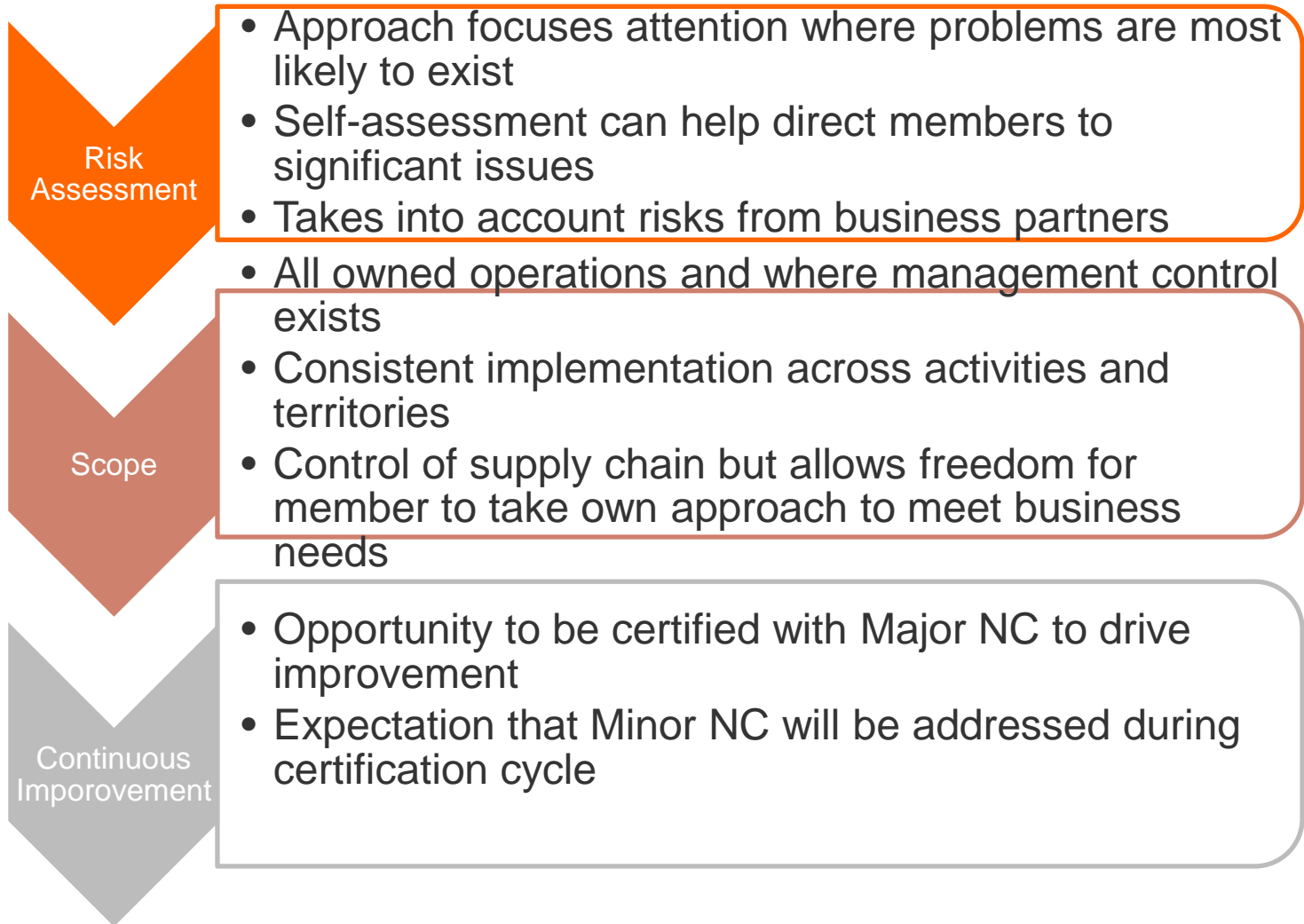


## AUDITOR'S VIEW OF RJC APPROACH

- Industry specific challenges addressed through guidance on ongoing basis
- Memoranda of Understanding and collaboration bring in stakeholder views and add to credibility
- Requirement for Certification Bodies to be accredited ensures consistent credibility of certification recommendations
- Support from RJC secretariat to help members understand requirements and complete self-assessments



## FEATURES OF RJC PROGRAMME



## Questions



**SGS**  
KNOWS  
HOW