



The RJC System: Credible performance standards backed by independent, third-party certification

The Responsible Jewellery Council is an international not-for-profit organisation representing over 130 member companies across the gold and diamond jewellery supply chain.

RJC Members are committed to promoting responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the industry from mine to retail. Their commitment aims to reinforce consumer and stakeholder confidence in diamond and gold jewellery products.

The Responsible Jewellery Council has developed the RJC System, a certification system which will apply to all Members' businesses that contribute to the diamond and gold jewellery supply chain. Under the RJC system, all Commercial Members of the RJC will be required to be audited by accredited, third party auditors to verify their conformance with the RJC's Code of Practices. The Council plans to begin operating its system in late 2009.

From its commencement in 2005 the RJC has strongly championed the need for open and transparent consultation. Literally every draft of the RJC documentation has been made available for public comment on the RJC's website; a number of direct consultative meetings have been held by the RJC with a wide range of stakeholders; all substantive comments have been recorded and taken seriously into account by the RJC. The Consultative Panel on the RJC's Mining Supplement was established to ensure detailed and informed multi-stakeholder input.

1. The RJC System's Standards:

In developing the RJC System, the Council has deliberately sought out credible and auditable standards relevant to evidencing responsible performance in the international diamond and gold jewellery supply chain. Wherever possible the RJC's standards have been established through reference to national and international law, established international and industry standards, and responsible business practice.

For example, to prevent diamonds from areas of conflict entering into the legitimate diamond supply chain, diamonds are monitored at every point of the diamond pipeline, from mining through to retail. These monitoring processes are called the Kimberley Process and the System of Warranties. The RJC System requires Members, where involved with the international trade of rough diamonds, to be in compliance with and audited against the Kimberley Process Certification Scheme. Members, where involved in buying and selling diamonds, whether rough, polished or set in jewellery, must be in compliance with and audited against the principles of the "World Diamond Council Resolution on Industry Self-Regulation" and its System of Warranties. Other examples of the RJC adopting existing internationally accepted standards include those against child labour and standards to prevent

money laundering and the finance of terrorism. The RJC System has incorporated standards against child labour contained in the relevant Conventions and Recommendations of the International Labour Organisation (ILO). With regard to standards against money laundering and the finance of terrorism, the RJC System states that where no applicable law exists, Members should comply with the provisions in the Financial Action Task Force (FATF)¹ 40 Recommendations and 9 Special Recommendations as applicable to dealers in Precious Metals and gemstones under the Designated Non-Financial Business Professions.

For the limited instances where applicable internationally acknowledged standards do not as yet exist, the RJC has developed a consultative process to develop standards and guidance that can be incorporated into the RJC System.

The development of the RJC's Mining Supplement, which will establish responsible mining standards and associated guidance documents for the RJC System, is one such case.

The development of the Mining Supplement is underpinned by a process of stakeholder consultation. The RJC commits to:

- *be open and transparent in its standards development process for the Mining Supplement;*
- *encourage input from a wide range of interested and affected parties;*
- *treat input from interested and affected parties with integrity and respect; and,*
- *report publicly on submissions received, including how comments have been addressed in subsequent drafting.*

The RJC welcomes input from all stakeholders into the development of the Mining Supplement. Please note with respect to the last dot point above, comments received can be made public with or without attribution of individuals and/or organisations, or kept confidential, if requested.

A multi-stakeholder Consultative Panel for the Mining Supplement was established in July 2009. External participants in the Consultative Panel were invited on the basis of input into the first round of public consultation for the Mining Supplement and/or their past engagement in dialogues about mining-related standards, verification and certification.

The Consultative Panel is working closely with the RJC Standards Committee to further develop the draft standards and guidance, as the RJC works towards finalisation of the Mining Supplement for December 2009. (Further details about the Mining Supplement, including a list of the members of the Consultative Panel can be found at: <http://responsiblejewellery.com/supplement.html>)

2. The RJC System of independent third-party certification:

The essence of a certification system is that:

- *There is a set of standards that must be met in order to achieve the certification.*
- *There is a process for verifying that a product, service, or a person has met those standards.*
- *There is a "certification mark", logo or seal that identifies the standards and the verification that have been fulfilled.*
- *There is a system for auditing to ensure that the certification mark is being used properly and that the product or service or individual continues to meet the standards over time.*

Source: "*Branded!*", Michael E. Conroy (2007) p 10. (Michael Conroy is a respected author on the history and development of certification systems for companies, products and services.)

¹ Financial Action Task Force (FATF) – an international policy making organisation established to counter criminal use of financial systems.

In the case of the RJC System:

- The RJC Principles and Code of Practices constitute the set of standards.
(http://responsiblejewellery.com/downloads/S001_PCP3_RJC_COP+Mining_Supplement_draft_160909.doc)
- The process for verifying that the RJC Member has met the standards is through an audit of the Member by an independent third-party auditor accredited to the RJC System.
- RJC Members who have been found to be in conformance as a result of the verification audit will be entitled to use the RJC logo together with a unique RJC System certification number.
- The RJC System requires Members to be audited by an accredited independent third-party auditor every three years.
 - Further details about the RJC System can be found in the Certification Handbook at http://responsiblejewellery.com/downloads/G001_2008_RJC_Cert_Handbook.pdf

Verification of the RJC Member's conformance with the RJC System's standards is done by an independent third party, namely the accredited professional auditors. These auditors are not employees of the RJC, nor are the auditors the employees of the Members.

The accredited auditors will be paid for their professional services by the RJC's individual Members. This is exactly the same model used in other independent third-party certification systems, such as ISO 14001. It is also the same professional payment mechanism that applies to the third-party auditors conducting the verifications for those companies seeking certification under the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC) systems that respectively certify forestry and wild caught marine fisheries.

Auditors will be accredited by the RJC on the basis of their professional competence and probity. (The Auditor Accreditation Process and Criteria is posted on the RJC's website here: http://responsiblejewellery.com/downloads/T004_2009_RJC_Accreditation_Process_and_Criteria_207090.pdf)

3. Responding to some NGO concerns about the RJC System's status as an independent third-party certification system.

Recently some non-government organisations (NGOs) have expressed concern that the RJC System does not warrant the description of being an independent third-party certification system. In a letter sent to the RJC by these NGOs, dated 6th August 2009, (available here: http://responsiblejewellery.com/downloads/civil_society_letter_to_RJC_AUG2009.pdf), the NGOs mistakenly interpret the description of "third-party certification" contained in Michael Conroy's book, "Branded!"

Michael Conroy defines the three types of certification on pages 14 and 15 of "Branded!"

"...The most important difference rests in who verifies (emphasis added) that a company has met the standards to which it has committed itself.

- **First-party certification** means that a company itself is the sole judge of how well it has fulfilled its own public commitments.
- **Second-party certification** exists when an industry has an association that creates some standards for its members and then verifies in its own way whether the members meet those standards.

- **Third-party certification** is the highest level of certification available to date. It usually involves standards created jointly by the full set of stakeholders. This generally means that the standards are negotiated by industry representatives and representatives of social, environmental, and community organisations, then audited annually by a totally independent organisation.”

With all respect to Michael Conroy, his definition of third-party certification has wrongly linked two very different concepts: “how standards are set” and “who verifies.” As the sentence prior to Michael Conroy’s definitions states, the key difference between the various classifications of certification is “**who verifies**”.

In the case of the RJC System, the verification is patently being done by an independent third party, namely the accredited auditors. As explained above, these professional auditors are not employees of the RJC, nor employees of the Members.

The argument presented by these NGOs against the RJC System being able to legitimately claim to be a third-party certification is based on Michael Conroy’s incorrect linking of the two distinctly separate concepts: the first being the description of “standards” negotiated and agreed by a multi-stakeholder process, and the second being the need for an audit by a totally independent organisation. Michael Conroy even qualifies this linking in his definition (see quote above), stating that multi-stakeholder negotiations over standards development “usually” and “generally” occur. In the letter sent to the RJC by these NGOs, both of these qualifiers in the above quote have been inexplicably omitted, fundamentally altering Michael Conroy’s meaning.

As argued by these NGOs, the RJC System would not be able to be classed as third-party certification, even if the RJC adopted every standard that these NGOs had ever desired but - crucially - the RJC did so without negotiation with these NGOs. In other words, regardless of the quality and international recognition of any of the standards adopted by the RJC, these NGOs assert that an absence of a multi-stakeholder process in the setting of all the RJC’s standards negates the claim for the system to be classed as independent third-party certification. This is clearly illogical.

These NGOs are entitled to say they prefer that all the RJC System’s standards should be developed in a multi-stakeholder process involving them. However, their preference for “how standards are set” has no relevance as to whether the RJC System is one of independent third-party certification, which is correctly identified according to “who verifies.”

The RJC has absolutely no argument with these NGOs stating their preference for “how standards are set.” In fact, the RJC invited these NGOs to participate in its Consultative Panel to help develop the RJC Mining Supplement. They declined the RJC’s invitation.

As stated above, the RJC has strongly championed the need for open and transparent consultation. The RJC has sought and received high quality inputs from a wide variety of stakeholders in the development of the RJC System. All substantive comments have been recorded and taken seriously into account by the RJC. The Consultative Panel on the Mining Supplement has been established to ensure detailed and informed multi-stakeholder input.

(A letter from RJC to these NGOs, dated 17th September, 2009, is available here: http://responsiblejewellery.com/downloads/RJC_CEO_response_NGOs_Sept_2009.pdf)

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