

## Frequently Asked Questions (FAQ's)

Responsible Jewellery Council

Chain of Custody Certification

Please contact  
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if you have any questions. [Click here](#)  
for the RJC Team Contacts on our  
website



How would RJC CoC gold or platinum group metals have been responsibly mined?

Mining companies initiating a Chain-of-Custody with mined Gold and Platinum Group Metals would need to be RJC Members and abide by the RJC Code of Practices. The Code includes a range of general requirements for business ethics, human rights, social and environmental performance, and has mining-specific standards for environmental management, tailings management, community engagement and development, relationships with artisanal miners, cyanide use in gold mining, impact assessment, mine closure, resource rents transparency and biodiversity. See [www.responsiblejewellery.com/certification](http://www.responsiblejewellery.com/certification) for a copy of the RJC Code of Practices.

Can RJC CoC Certification be completed before achieving the compulsory RJC Member Certification?

Yes. Entities seeking RJC CoC Certification must be RJC Members, or under the Control of an RJC Member, to support the Council's mission of responsible business practices. However in recognition of supply chain requests, Members may seek to achieve CoC Certification first. Members must still meet their deadline for Member Certification (usually two years from joining the RJC) to retain CoC Certification status.

CoC Certification requires a Certification Audit followed by a Surveillance Audit within 12-18 months if no Major Non-Conformances. To achieve efficiencies, RJC Members may consider combining the Member Certification audit against the Code of Practices, with one of the CoC audits, where this is relevant.

What process would be followed by the RJC to determine that another standard for responsible practices is comparable to the RJC's Code of Practices?

The RJC will undertake a formal, technical review, in cooperation with the other standard setting organisations wherever possible, to identify the comparability of the other standard with the RJC Code of Practices. Where standards for responsible artisanal and small scale mining (ASM) are reviewed, it is recognised that different (but nonetheless responsible) practices may be appropriate for ASM as compared to industrial-scale mining. The results of the technical review would be addressed by the RJC Standards Committee, followed by a period of public review and comment. The outcomes of the review process would be considered by the Standards Committee and result in a recommendation to the RJC Board on whether the standard should be recognised under the RJC CoC Standard

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How would the CoC Standard accommodate Materials from responsible artisanal and small-scale mining sources (ASM)?

The CoC Standard provides two avenues for ASM-produced Materials to enter the legitimate supply chain, while ensuring a certain threshold of practices.

First, ASM producers could be certified under a Recognised Responsible Mining Standard, with documented Due Diligence confirming that the Material comes from such producer's mining operations.

Second, the Standard would enable, but not require, a CoC Certified mining company to issue Eligible Material Declarations for materials produced by ASM producers operating on the company's concessions, providing:

- the ASM producers have participated in initiatives that enable the professionalisation and formalisation of ASM, following the ASM provision (COP 2.14) in the RJC Code of Practices; and
- documented Due Diligence is available that confirms that the Material comes from such producer's mining operations on the Entity's Mining Facility concession and not from Illegitimate Sources.

How can Material that is defined by the Dodd-Frank Act as a "conflict mineral" from a Conflict-Affected Area be Conflict-Free? Isn't this a contradiction?

A "conflict mineral" is defined by the Dodd-Frank Act to include Gold, in addition to columbite-tantalite (coltan), cassiterite, and wolframite. Unlike the term "conflict diamonds", the term "conflict minerals" is not used to signify that a given unit of the mineral was necessarily complicit in any Conflict. Thus an item of Gold, as a "conflict mineral" as defined by the Dodd-Frank Act, may be Conflict-Free if its production did not finance Conflict.

Under the CoC Standard, a Conflict-Affected Area means a geographical area where Conflict is prevalent, but does not necessarily mean that all operations located in such an area are engaged with or complicit in Conflict, by providing direct or indirect benefit to illegal armed groups. Responsible operations can be located in Conflict-Affected Areas, and may provide very important economic and other benefits to local populations. The RJC CoC Standard aims to provide a mechanism for such operations to provide assurance that the Material they produce is Conflict-free.

How would RJC CoC Material be Conflict-Free?

For Material to be Eligible to enter a chain-of-custody under the RJC standard, the following criteria need to be met:

- For mined Materials, it needs to be mined by an RJC Member, or by ASM on the Member's mining concessions, who must conduct due diligence and declare that the production and transportation of the material is not complicit in conflict and does not finance illegal armed groups. Alternatively, it could be produced under a Recognised Responsible Mining Standard that can demonstrate that the material is Conflict-Free.
- For Recycled Materials, checks and monitoring of suppliers need to be carried out for possible links to Conflict sources or money laundering. While the original provenance of recyclable materials is usually unknown, responsible recycling would make no further contribution to conflict.
- For Grandfathered Materials, evidence is needed that they were produced before January 1, 2012. This may include refining dates on precious metals bars, or inventory records showing continuous ownership from before the cut-off date.

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## How would I know that CoC Recycled Gold doesn't contain newly mined Conflict Gold from the DRC?

RJC CoC Certified companies who collect and/or refine Gold for recycling would have to follow Know Your Customer requirements to ensure they are informed about the nature of their suppliers' business, finances and sources of Gold, which must be legitimate. Recycled Gold may only be processed from end-user, post-consumer and investment Gold and Gold-bearing products, and scrap and waste metals and materials arising during refining and product manufacturing. Responsible recycling of Gold provides no further financing of Conflict, for example within the DRC and Adjoining Countries.

Refiners and recyclable materials collectors can readily distinguish mined Gold from Eligible Recyclable Gold products and scrap. CoC Gold could not therefore contain newly mined Conflict Gold unless there was deliberate, organized falsification and fraud. Such deliberate falsification or fraud would involve costs and risks of exposure that would be relatively difficult under RJC CoC Certification, compared with the unfortunate relative ease of distribution through other informal channels.

## Why does the RJC CoC Standard allow 'grandfathering'?

To 'grandfather' means allowing something to be exempted from the requirements of new laws, rules or standards. It can be used to avoid the difficulty of retroactively applying a new rule to past actions. It is thus useful as a means to transition from an established operating situation to a new model.

Under RJC's CoC Standard, some types of Gold and Platinum Group Metals produced before a set date are eligible to start a Chain-of-Custody. This has the effect of 'grandfathering' these types of Eligible Material. The key to implementing a grandfathering provision is access to reliable evidence of dates of production.

For Gold, and to a lesser extent Platinum Group Metals, there are significant levels of above-ground stocks that have been historically produced and are stored in secure vaults. The standards for refining and minting of precious metals bullion result in bars, ingots and coins that have stamped refiner's marks and often the year of manufacture. Other products such as grain for jewellery-making are supplied in sealed containers. Those which have a date before January 1, 2012 permanently attached, or verifiable by refinery or bullion bank records, are eligible to be Grandfathered under the RJC CoC Standard. This allows the jewellery supply chain to access a validated reserve of Gold and Platinum Group Metals produced before the set date.

## I'm affected by the US Dodd-Frank Act. How could the RJC CoC Standard help?

RJC Chain-of-Custody Certification can provide a significant level of assistance. All Gold transferred by CoC Certified Entities under the RJC CoC Standard is "DRC conflict-free" as defined by the Dodd Frank Act. The CoC Standard uses definitions for Eligible Material that reflect the US Securities and Exchange Commission (SEC) final rule implementing section 1502 of the Act, and requires that Eligible Material be segregated as it is transferred through the supply chain. A copy of the SEC's final rule may be found at: <http://sec.gov/rules/final/2012/34-67716.pdf>.

The Chain-of-Custody for any CoC Gold transferred in accordance with the RJC CoC Standard would have started with:

- Mined Gold that is declared as Conflict-Free, supported by Due Diligence; and/or
- Recycled Gold, supported by Due Diligence; and/or

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- Grandfathered Gold (which under the CoC Standard is that refined before 1 January 2012).

The Due Diligence required under the RJC CoC Standard for both mined and recycled Gold follows the OECD Due Diligence Guidance for Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas. The advantage of RJC CoC Certification is that an independently verified chain-of-custody for Gold is established from the relevant starting points in the supply chain, and information to support 'reasonable country of origin inquiries' is provided to customers via CoC Transfer Documents.

Under the SEC rule, a "reasonable" country of origin inquiry can accept the representations of a supplier of gold if those representations are reliable and are believed to be true. A company would have reason to believe a processing facility's (e.g. gold refiner) representations if the facility received a "conflict-free" designation from a recognized industry group that requires an independent private sector audit. RJC CoC Certification fits the SEC description and can thus provide certified assurance to support a supplier's representations. Mining companies, gold refiners, gold traders, jewellery manufacturers and retailers and associated service industries are eligible to achieve RJC CoC Certification via independent third party audit.

The RJC CoC Standard requires CoC Transfer Documents for mined Material to include a Conflict-Free warranty and identify the country of origin of the mined Material. If any Gold originated in or was transported through the DRC and Adjoining Countries, any subsequent CoC Transfer Document for that Gold must identify the country/ies of origin, along with the Refiner/s. Similarly the inclusion of any Recycled and/or Grandfathered Gold is identified in the CoC Transfer Documents. Distinguishing the type of source may be very relevant for SEC disclosures.

The CoC Standard adopts the same cut-off date (1 January 2012) for Grandfathered Gold as the OECD Supplement on Gold. This date is before the January 31 2013 date expressed in the SEC rule. However for companies sourcing gold between January 1 2012 and January 31 2013, the date of receipt of CoC Gold will be documented in CoC Transfer Documents. This period before application of the SEC rule formally commences can thus be used by companies to establish relevant sourcing and records systems.

In summary, the final SEC rule of August 2012 require issuers that undertake a reasonable country of origin inquiry to determine:

Gold origin:	SEC Reporting requirements:	Status of Gold	Information provided in RJC CoC Transfer Documents by CoC Certified Entities
<u>Not from DRC and adjoining countries.</u> Either known or no reason to believe otherwise.	Form SD	'DRC conflict free'	Identifies Mined Gold that is not from the DRC and adjoining countries. Includes Conflict-Free Declaration from CoC Certified Entity/ies, based on audit of mining company's due diligence practices, or of refiner's due diligence practices in the case of Mining Byproduct (e.g. from copper smelting processes). Segregation through supply chain has been audited.

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<u>Recycled or scrap sources.</u> Either known or no reason to believe otherwise.	Form SD	'DRC conflict free'	Identifies Recycled Gold, recycled by a CoC Certified Entity/ies, based on audit of entity's (usually gold refiner) due diligence practices. Segregation through the supply chain has been audited.
<u>Existing stocks</u> refined prior to January 31, 2013. Considered by the SEC as 'outside the supply chain'.	No reporting requirements. Outside the supply chain.	'DRC conflict free'	Identifies Grandfathered Gold from CoC Certified Entity/ies, based on audit of systems for recording verifiable dates. Segregation through the supply chain has been audited.
Known to be, or reason to believe may be, from the DRC and adjoining countries <u>and</u> known to be, or reason to believe may not be, from recycled or scrap sources.	Form SD and, if due diligence determines gold to be from the Covered Countries or not from scrap and recycled sources, a Conflict Minerals Report filed as an exhibit to the Form SD.	Depends on outcomes of required due diligence. Some gold may be determined as 'not DRC conflict free'. Some gold may be determined as 'DRC conflict undeterminable' due to inadequate information of origin and/or financing or benefit of armed groups in the Covered Countries. A 'DRC conflict undeterminable' designation can only be applied for a temporary two-year period (or four-year period for smaller reporting companies). After this time, such gold would be considered 'not DRC conflict free'.	Identifies any Mined Gold from the DRC and adjoining countries. Includes Conflict-Free Declaration from CoC Certified Entity/ies, based on audit of mining company's due diligence practices. CoC Mined Gold from the DRC and adjoining countries comes supplied with due diligence already carried out confirming that it did not finance or benefit armed groups.

Key Terms in the SEC Rule:

- 'Covered Countries': the Democratic Republic of Congo (DRC) and adjoining countries. The term used in the SEC proposed rule of December 2010 was "DRC Countries". In the RJC CoC Standard this is referred to as "DRC and Adjoining Countries".
- 'DRC conflict free': gold that did not directly or indirectly finance or benefit armed groups in the Covered Countries. Includes gold from scrap or recycled sources.
- 'Form SD': a new SEC Form for issuers that must be used to disclose the determination from a reasonable country of origin inquiry, including a brief description of the inquiry and the results, and filed with the SEC. The description of the inquiry must also be made available on the company's website.
- 'Conflict Minerals Report': a report filed as an exhibit with the Form SD to describe the measures taken to

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exercise due diligence in establishing the source and chain of custody of the relevant gold. The due diligence measures must conform to a nationally or internationally recognized due diligence framework, such as the due diligence guidance approved by the Organisation for Economic Co-operation and Development (OECD). In most circumstances, the issuer must obtain an independent private sector audit of its Conflict Minerals Report. The issuer must also describe in its Conflict Minerals Report, among other information, its products manufactured or contracted to be manufactured that have not been found to be “DRC conflict free.”

#### Does the RJC CoC Standard certify Conflict-Free Gold Refiners?

Yes. The CoC Standard would require Gold Refiners to demonstrate screening according to Know Your Customer principles for all its sources of Gold, and documented Due Diligence to confirm that all sources of mined Gold are Conflict-Free, not just CoC Material.

CoC Certified Refiners are thus supported in efforts to source Gold from a wide range of legitimate sources, including artisanal and small-scale mining (ASM) production, where Due Diligence can show that it does not finance conflict. This, in addition to the proposed ‘Recognised Responsible Mining Standard’, could be used to help support the integration of legitimate ASM into the formal sector.

RJC’s CoC Standard also supports alignment and cross-recognition between it and other conflict-free standards and programs in development for the large-scale gold mining and formal refining sector, such as that of the Electronics Industry Community Coalition (EICC), World Gold Council (WGC) and the London Bullion Market Association (LBMA).

All of the Gold produced by CoC Certified Gold Refiners would be Conflict-Free as a base requirement. To respond to customers’ requests for CoC Gold, which promotes a wider range of responsible practices particularly for mining, Refiners will need to segregate Eligible CoC Material (any combination of responsibly Mined, Recycled and Grandfathered) from any other sources of conflict-free gold which are not Eligible under the CoC Standard.

#### Could I buy CoC Materials as part of a responsible sourcing strategy, without being CoC Certified myself?

Yes. The CoC Standard can facilitate responsible sourcing strategies for businesses such as retailers and luxury brands who are not necessarily CoC Certified themselves. This may be because they do not intend to maintain segregation after sourcing CoC Material. In such cases, the business could describe the role of CoC Material in its responsible sourcing strategy, including targets for the use of CoC Material in the products they sell.

Note however that such non CoC Certified businesses may not make use of the RJC logo or provide any representations about CoC Material on or in conjunction with products, other than representations provided on or in conjunction with the CoC Material when it was supplied by a CoC Certified Entity. (RJC Members may continue to use the RJC logo under its terms of use for Members).

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### How would I buy RJC CoC Gold / Platinum from a Bullion Bank?

A Bullion Bank may be willing to supply bullion that bears a suitable Mark which meets CoC requirements. As a purchaser, you could request bars produced by CoC Certified Refiners or produced before the set date of January 1 2012 for Grandfathered metals. In the case of CoC Certified Refiners, they can issue you with a CoC Transfer Document for the bullion after verification of the Mark and inventory information.

### Could I mix CoC Materials from different sources?

Yes. Materials from different sources (mined, recycled, grandfathered) can definitely be mixed. It should be noted however that Gold sourced from the DRC and Adjoining Countries, whether mixed or not mixed with Gold from other sources, must be identified in all CoC Transfer Documents including the name and location of the mine, the country of origin, and the Refiner. This aims to support implementation of the Dodd-Frank Act under the proposed SEC rules.

### If I sometimes use outsourcing, how would this affect my CoC certification?

The Standard does not prevent you from using contractors, but they cannot be used for processing CoC Material you wish to transfer on to others with CoC information, unless they are included in your Certification Scope and audited to ensure conformance with the Internal Material Controls requirements of the CoC Standard.

### What would I tell my customers and consumers about CoC Material?

Customers and consumers can be assured that CoC Material comes from responsible sources in accordance with the RJC CoC Standard and Code of Practices (public documents), that all participants in the CoC supply chain have been independently audited, and all CoC Materials have been segregated from any non-CoC Materials. Any representations about specific characteristics of CoC Material must not be inconsistent with information provided in the CoC Transfer Documents supplying the CoC Material. See the CoC Standards Guidance for more information.

### Could I use the RJC logo if I've bought RJC CoC Material?

CoC Certified businesses may use the logo for general promotional purposes, and on or in conjunction with CoC Material, but must ensure that any such use is not likely to cause confusion with non-CoC Material. Businesses that purchase CoC Material and who are not themselves CoC Certified may not reproduce the logo, but may use the logo on or in conjunction with CoC Material if the logo was already applied to CoC Material supplied by a CoC Certified business. For example, if the logo is included in the packaging or labelling of CoC Material supplied to a non-CoC Certified business, then the non-CoC Certified business is entitled to handle and sell the CoC Material along with the logo applied to the Material, but the business is not entitled to change or reproduce the logo.

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What would happen if a CoC Transfer Document is missing?

CoC Transfer Documents for Materials received from other CoC Certified Entities must be available to support the chain-of-custody. Missing documents could be retrieved from the Entity that issued the document, but the Entity would not be obligated to provide a copy, and would have to be satisfied with the reasons why a copy was needed. During an audit, evidence of missing documentation for CoC Material, or persistent losses and requests for copies of documents, could provide evidence of a major non-conformance and loss of certification.

For example, Bullion Banks play a key role in the jewellery supply chain by physically supplying gold, and to a lesser extent platinum, to manufacturers in various countries. However the inventory management and market systems of Bullion Banks may not support the CoC Transfer Document approach. Refiners may issue the CoC Transfer Document for CoC Gold or Platinum bullion or grain that bears their Mark after it has been received by a customer from the inventory of a Bullion Bank. The Refiner's Mark and any other identifying information will need to be linked to the refiner's original CoC Transfer Document records.

What should I do if I think someone is misusing the CoC Standard?

The RJC has a published Complaints Mechanism for the resolution of complaints raised by interested parties relating to potential non-conformances with its Standards, and/or the conduct of its Members and Accredited Auditors. Prior to submitting a complaint to the RJC, complainants should have taken all reasonable attempts to resolve their complaint with the person/organisation subject to the complaint, and to give the respondent an opportunity to respond and/or rectify the situation. In particular, the CoC Standard requires all CoC Certified Entities to have a complaints mechanism to allow interested parties voice concerns about circumstances in the supply chain involving materials from conflict affected areas.

How would I find out which other businesses are CoC Certified?

A list of CoC Certified businesses, and their certification details, are available on the RJC website at <http://www.responsiblejewellery.com/chain-of-custody-certification/chain-of-custody-certified-members/>

Does there need to be a CoC for diamonds, aren't the KP and SoW enough?

An RJC CoC Standard applicable to diamonds would be able to offer a Chain-of-Custody for Diamonds that have been responsibly mined, and for legitimate Recycled Diamonds. CoC certification thus offers a new choice for businesses interested in responsible sourcing. A CoC Standard would set additional requirements above the Kimberley Process Certification, including requirements for responsible mining, as outlined in the RJC Code of Practices, and a wider interpretation of Conflict. The CoC Standard for precious metals defined Conflict as: "Armed aggression, widespread violence, and/or widespread human rights abuses", which is consistent with the OECD Due Diligence Guidance for Responsible Supply Chains.

A CoC Standard applicable to diamonds could assist those who may be concerned about the governance of the Kimberley Process, and/or the narrower definition of conflict that it uses, which focuses on the funding of military forces opposed to internationally recognised governments. Concerns about such aspects of the Kimberley Process have been highlighted by disputes over the status of diamonds mined from the Marange diamond fields in Zimbabwe.

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Implementation of US and EU sanctions have led to increasing industry, government and civil society focus on diamond supply chain integrity and the potential for alternative and/or additional mechanisms.

During 2012, a sub-committee to the RJC Standards Committee is undertaking further consultation and consideration of the potential applicability of a voluntary RJC CoC Standard applicable to diamonds. Compliance with the Kimberley Process and the WDC System of Warranties continues to remain an auditable requirement under the RJC Code of Practices. RJC thus continues to require implementation of the Kimberley Process (and supporting national regulation) and WDC System of Warranties as a minimum expectation for RJC Members in the Diamond supply chain.

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