

RJC Chain-of-Custody (CoC) Certification for the diamond, gold and platinum jewellery supply chain

CoC Certification Handbook – Draft 4 – December 2011

Incorporates comments from Comment Period 3 – see report at <http://www.responsiblejewellery.com/standards-development/chain-of-custody/>

1. Responsible Jewellery Council (RJC) Certifications

With the development of RJC Chain-of-Custody (CoC) Certification, the RJC will offer two complementary forms of assurance for the jewellery supply chain.

Table 1 summarises key aspects of the two RJC programs: RJC Member Certification and RJC Chain-of-Custody Certification.

Table 1 – Comparison of RJC's existing and proposed assurance programs

Features	RJC Member Certification (Available)	RJC Chain-of-Custody (CoC) Certification (Proposed)
Voluntary?	RJC Membership is voluntary. RJC Commercial Members must achieve Member Certification within 2 years, as a condition of membership.	Participation by RJC Members is voluntary and is not a requirement of RJC Membership. 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.
Applicable Standard	RJC Code of Practices. <i>Published 2009, see www.responsiblejewellery.com</i>	RJC Chain-of-Custody Standard. <i>Published 2012, see www.responsiblejewellery.com</i>
Guidance for Implementation	RJC Certification Handbook, Standards Guidance, Assessment Workbook and Manual. <i>Published 2009, see www.responsiblejewellery.com</i>	RJC Chain-of-Custody Certification Handbook, Assessment Toolkit. <i>Published 2012, see www.responsiblejewellery.com</i>
Requirement for third-party	Every 3 years if no Major Non-Conformances, or after 1 year if any	Certification Audit followed by Surveillance Audit within 12-18 months if no Major Non-

auditing	Major Non-Conformances found.	Conformances. Re-certification every 3 years.
Resulting Claim	<u>RJC Certified Member</u> : Member conforms with the RJC Code of Practices, the RJC’s standard for responsible business practices.	<u>RJC Chain-of-Custody Certified Member/Entity</u> : CoC Certified Entity has verified systems in place for custody and/or supply of responsibly sourced Jewellery Materials. <u>Chain-of-Custody Material</u> : Material comes from responsible sources in accordance with the RJC CoC Standard.
RJC Role – common to both programs	<ul style="list-style-type: none"> Standards development, guidance and training. Auditor accreditation and training. Administration of Accredited Auditor recommendations for Certification. Maintenance of public website on Certification status and related information. Administration of policies and rules for use of RJC logo. Complaints mechanism. Governance of Members, including disciplinary proceedings if required. 	

2. CoC Certification – Key documents and tools

The RJC uses the following document hierarchy for its Certification programs.



Figure 1 – RJC Document Hierarchy

To support the RJC CoC Certification program, the following documents will be publicly available:

- CoC Certification Handbook: Overview of CoC Certification and how to achieve it (G003_2012, this document);
- CoC Standard: The verifiable requirements which businesses need to meet to achieve CoC certification (S002_2012);
- CoC Standards Guidance: Further guidance for businesses on how to implement the CoC standard (G004_2012);
- CoC Assessment Toolkit: CoC Assessment questions and instructions for businesses and auditors (T008_2012);

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CoC Certification also builds on the RJC's existing systems for auditor accreditation and training, the current verification model outlined in the RJC Assessment Manual (2009), and the RJC Complaints Process (2010).

3. Roles of the RJC, Members and Auditors

The RJC, its Members and Accredited Auditors all play distinct roles in the certification process. In summary:

- The RJC is responsible for operating and updating RJC Certification programs.
- Entities seeking CoC Certification are responsible for operating their businesses in conformance with the CoC Standard.
- Accredited Auditors are responsible for verifying whether an Entity's systems are in conformance with the CoC Standard and making a recommendation on certification.

4. Certification Steps

a. CoC Certification Scope

CoC Certification is open to RJC Members and/or Entities under their Control. The CoC Certification Scope is defined by the Member/Entity seeking CoC Certification and must include:

- All Facilities under the Control of the Member that the Member/Entity intends to use for the extraction, processing, manufacturing, storage, handling, shipping and receiving, and marketing of CoC Material; and
- All Outsourcing Contractors that the Member/Entity intends to use for the processing and manufacturing of CoC Material; and
- The types of CoC Material (Diamonds, Gold, and/or Platinum Group Metals) to be included in the Certification Scope; and
- The types of Eligible Material (Material in the form of Mined, Recycled and/or Grandfathered), if any, for which the Member/Entity intends to issue Eligible Material Declarations.

Unlike RJC Member Certification, the CoC Certification Scope **does not** need to cover all those parts of a Member's business that actively contribute to the Diamond, Gold and/or Platinum Group Metals Jewellery supply chain. As shown in Figure 2, the Certification Scope for Members against the Code of Practices, and the Certification Scope for the Entities under the Chain of Custody Standard, may be different from each other.

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For example, an RJC Member may choose to only seek CoC Certification for some mines or manufacturing facilities under their Control and within their RJC Member Certification Scope.

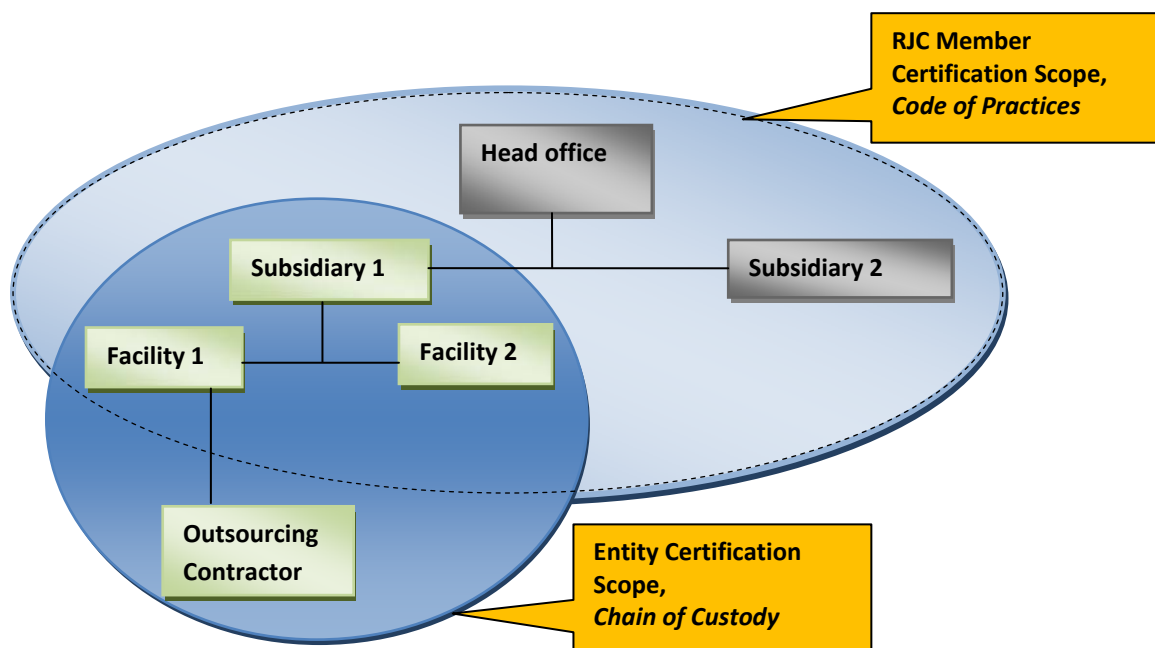


Figure 2 – Example of how an Entity’s Certification Scope for Chain of Custody can differ from a Member’s Certification Scope for the Code of Practices.

The CoC Certification Scope also needs to identify which types of Material the Entity wishes to handle under the CoC Standard. The types of Eligible and/or CoC Materials are Diamonds, Gold and Platinum Group Metals (Platinum, Palladium and Rhodium) that are one of the following:

- Mined: produced under responsible mining practices, as defined by the RJC Code of Practices or a comparable standard recognised by the RJC, or by ASM on an Entity’s concession under an initiative supporting professionalisation and formalisation of ASM, and Conflict-Free as demonstrated by Due Diligence.
- Recycled: from Recyclable Materials sourced from suppliers screened according to Know Your Customer requirements to avoid Illegitimate Sources.
- Grandfathered: historical stocks with records that demonstrate they were produced before 1 January 2012.
- Mix of Mined, Recycled and/or Grandfathered: to accommodate bulk-commodity chain-of-custody models.

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- Laboratory-Grown diamonds: Synthetic diamonds produced by a research or manufacturing facility.

Note:

Materials currently outside the RJC's scope, such as other metals in alloys, plating or coatings, leather, or other precious stones, are not covered under the CoC Standard.

b. Harmonisation with other audits and initiatives

The RJC's CoC Standard is designed to harmonise with other standards and initiatives wherever possible. The following table summarises current relevant initiatives which share common issues and subjects with RJC's CoC Standard. The version below is current at the time of publication – check for updates on standards harmonisation at <http://www.responsiblejewellery.com/standards-development/chain-of-custody/>.

Related initiative	How it relates to RJC Chain-of-Custody Certification
EICC Smelter/Refiner Validation http://www.eicc.info/extractives.htm	Refiners that are listed on the current EICC Validated Refiners list will have this taken into account for RJC CoC Certification. Specifically, current EICC Validation is considered substantially equivalent to RJC CoC Standard 10 'Conflict-Sensitive Sourcing' and so CoC 10.1, 10.2 and 10.4 will not require re-auditing for the RJC Certification and/or Surveillance Audit.
London Bullion Market Association (LBMA) Responsible Gold Guidance http://www.lbma.org.uk	RJC CoC Certification can be used to support implementation of the LBMA Responsible Gold Guidance by providing a mechanism for an independent third-party audit of a Refiner's supply chain due diligence. To meet the LBMA's requirement for an annual audit review, Refiners can request 2 Surveillance Audits instead of 1 under the RJC CoC Standard, with a full audit every 3 years as per the CoC Certification period. For LBMA Good Delivery listed Refiners who have already been audited for compliance with the LBMA Responsible Gold Guidance, this will be taken into account for RJC CoC Certification. Specifically, a non-RJC audit that meets the requirements of the LBMA Responsible Gold Guidance and was carried out within the previous 12 months is considered substantially equivalent to RJC CoC Standard 10 'Conflict-Sensitive Sourcing'. In this case, CoC 10.1, 10.2, and 10.4 will not require re-auditing for the RJC Certification and/or Surveillance Audit.
World Gold Council Conflict-Free and Chain-of-Custody standards http://www.gold.org/	Due diligence carried out by mining companies in accordance with the World Gold Council Conflict-Free Standard can be used as objective evidence for the Due Diligence requirements of the RJC CoC Standard 4.2 under 'Eligible Mined Materials'.

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	Refiners sourcing from mining companies who have implemented the World Gold Council Conflict-Free and Chain-of-Custody standards can use this as objective evidence for compliance of that supplier/material with RJC CoC Standard 10.4 under 'Conflict-Sensitive Sourcing'.
<p>OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</p> <p>http://www.oecd.org/document/36/0,3746,en_2649_34889_44307940_1_1_1_1,0.html</p>	<p>The RJC CoC Standard can be used to support implementation of the OECD Due Diligence Guidance, including, for example:</p> <ul style="list-style-type: none"> • CoC Certification can provide upstream companies with assurance of appropriate due diligence in accordance with the OECD Guidance. • Refiners in particular can use CoC Certification as an independent third-party audit of their due diligence practices in alignment with Step 4 of the Guidance. The RJC's Accredited Auditors meet the competence requirements of Step 4. • Downstream companies may elect to use CoC Certification as an audit of their due diligence practices, and to identify conflict-free sources of CoC gold with chain-of-custody information. <p>The RJC also supports implementation of Appendix 1 of the OECD Gold Supplement via its support for formalisation and professionalisation initiatives for ASM in the RJC Code of Practices and the CoC Standard. The RJC will publish CoC Certification Information to assist the due diligence practices of all participants in the gold supply chain.</p> <p>Businesses which are implementing the OECD Guidance can document their policies, systems and processes as objective evidence for the RJC COC Certification and/or Surveillance Audit.</p>
Section 1502 of the Dodd-Frank Act	<p>The RJC CoC Standard requires CoC Transfer Documents for mined material to include a Conflict-Free warranty and identify the country of origin. 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 or Grandfathered Gold is identified in the CoC Transfer Documents. This requirement has been included in the RJC CoC Standard to support downstream companies who need to issue a "Conflict Minerals Disclosure" or "Conflict Minerals Report" under the Dodd-Frank Act.</p> <p>The Dodd-Frank Act also requires an independent audit of the "Conflict Minerals Report". The audit would constitute a critical</p>

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	<p>component of the issuer's due diligence in establishing the source and chain of custody of the gold, or provide assurance that it came from recycled or scrap sources. The CoC Standard would facilitate the fulfilment of this requirement through the evidence provided by CoC Transfer Documents, issued by Entities that have themselves been independently audited through RJC CoC Certification.</p>
<p>Kimberley Process Certification Scheme (KPCS) and the World Diamond Council (WDC) System of Warranties (SoW)</p>	<p>The KPCS and the SoW provide elements that would assist in the implementation of the RJC CoC Standard.</p> <p>The KPCS supports Provision 4 when certificates are first issued by export authorities with the country of origin for parcels of unmixed origin. However, once parcels of rough are re-exported, mining origin information is lost. The KPCS also contains recommendations for the licensing of diamond mines and for security standards to prevent contamination of legitimate diamonds with conflict diamonds. The SoW supports Provision 2.2 by requiring entities that buy and sell diamonds to keep records of the warranty invoices received and issued, which must be auditable and reconciled on an annual basis.</p> <p>The RJC Code of Practices requires, and independently audits, compliance with the KPCS and SoW. A Major Non-Conformance in this area under the RJC Code of Practices is a Critical Breach, resulting in disciplinary proceedings for the Member.</p>
<p>Sourcing from artisanal producers who operate under another formal standard</p>	<p>The RJC CoC Standard aims to support RJC Members wishing to source Materials that are the product of responsible mining. While the RJC Code of Practices is open to application by artisanal and small-scale mining (ASM) producers, there are several development-focused standards that have been designed to support the particular challenges of the ASM sector. The RJC CoC Standard thus provides scope for the RJC to formally recognise comparable mining standards (see 4.1c). The RJC would undertake a formal, technical review, in cooperation with the other standard setting organisations to the extent possible, to identify the comparability of the other standard with the RJC Code of Practices. Material from a 'Recognised Responsible Mining Standard' could be tracked under RJC's CoC Standard in combination with other CoC Materials.</p>
<p>Sourcing from artisanal producers operating on my concession</p>	<p>CoC Provision 4.1d regarding on-concession sourcing provides another avenue for ASM-produced Materials to enter the legitimate supply chain, while ensuring a certain threshold of practices. RJC Members with Mining Facilities may source from ASM operating on their concessions can do so under the RJC CoC</p>

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	<p>Standard, if they:</p> <ul style="list-style-type: none"> • Ensure the sourcing takes place within the context of provision 2.14 of the RJC Code of Practices on professionalisation and formalisation of ASM; • Put in place controls designed to ensure that the Mined Material is a product of ASM operating on site and not elsewhere as part of the conflict-related Due Diligence process.
Using a proprietary brand of product which has a chain-of-custody	RJC CoC Certification can be used as a tool to support branding programs and provide independent, third-party assurance of chain-of-custody claims.
Other?	If you have a question about an initiative not listed here, please contact the RJC at standards@responsiblejewellery.com

c. Preparing for RJC CoC Certification

Members are encouraged, but are not required, to conduct a self assessment of their systems against the Standard, prior to the Certification Audit. A CoC Assessment Toolkit will be published for businesses and Auditors to use for self assessments and verification. The RJC will also provide training and support to assist businesses with implementation of the Standard.

d. Certification Audit

The Certification Audit provides the independent, third party verification that the necessary systems for managing chain-of-custody are in place, even though no CoC Material may have yet been declared. The Audit needs to cover all applicable provisions in the Standard at all Facilities in the Certification Scope, taking into account any applicable equivalencies. However a sampling of Facilities is allowed at the Auditor's discretion, where there are common management systems applied in similar contexts. CoC Certification can be granted by the RJC on the basis of the results of the Certification Audit. The Certification Period is three (3) years, after which another Certification Audit is required to maintain CoC Certification. If Major Non-Conformances are found, the Entity is not eligible for CoC Certification.

If during the Certification Period the Member/Entity wishes to add Facilities, Outsourcing Contractors or types of Materials to the Certification Scope, a Certification Audit will be required for the added elements. The dates of the original Certification Period will however continue to apply. Depending on the structure of its business, the Member could also seek CoC Certification for a separate Entity under its Control for which a separate Certification Period would apply.

e. Surveillance Audit

A Surveillance Audit must be conducted within 12-18 months following the granting of CoC Certification. The Surveillance Audit verifies that internal systems are operating in conformance

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with the Standard, and includes a check of samples of CoC Transfer Documents, any claims being made to consumers, and associated records. It also verifies progress or completion of any corrective actions for minor non-conformances found during the Certification Audit.

Entities that wish to undergo annual audits to meet other compliance obligations can seek two Surveillance Audits during the Certification Period – one at 12 months and one at 24 months. In all cases, Re-Certification will be due after 36 months (3 years).

5. Certification

Certification is granted by the RJC, based on the recommendation of the RJC Accredited Auditor and a check that the RJC Member is in good standing with regard to its general commitments of RJC Membership. The RJC will assign a unique CoC certification number to each CoC certified Entity. Public documentation on CoC certification status will include the name and CoC certification number of the Entity, the list of Facilities covered by the certification (the Certification Scope), the certification period and the CoC Materials that it covers (Diamonds and/or Gold and/or Platinum Group Metals). CoC Certified businesses will be entitled to promote their certification status to other parties including final consumers.

Table 2 – Summary of Steps to CoC Certification

Steps to Certification	Key Activities and Results
Certification Scope	Determined by the Member / Entity: <ul style="list-style-type: none"> All Facilities handling CoC Materials; Any Outsourcing Contractors; What types of Materials are included; What types of Eligible Material, if any, for which the Entity/Member intends to issue Eligible Material Declarations; Whether Eligible Materials are sourced from on-concession ASM.
Self Assessment	Recommended but not required. Certification Scope determines which Provisions of the Standard apply. Assessment Toolkit will support assessment process.
Certification Audit	Entity selects an Accredited Auditor. Auditor verifies that the Entity's systems are in accordance with the Standard. All applicable Provisions are audited at all Facilities in the CoC Certification Scope, using the verification model outlined in the RJC Assessment Manual. Corrective Action Plans in place for any Non-Conformances.
Certification Report from Auditor	Report to Entity. Recommendation and Summary Report to RJC.
Certification	Granted by RJC based on the Auditor's recommendation. Auditor Recommendation and Certification details posted on RJC website.
CoC Transfer Documents	Once certified, the Entity may issue CoC Transfer Documents and issue Eligible Material Declarations if covered in Certification Scope.
Surveillance Audit	Required 12-18 months after CoC Certification granted.

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	Monitoring of a sample of CoC Provisions by the Auditor to provide assurance that the Entity continues to conform with the RJC CoC Standard. Report to Entity and Summary Report to RJC.
Re-Certification Audit	Due 3 years after CoC Certification granted.

6. Estimate of Audit Time

The RJC Assessment Manual (T001_2009) provides estimates of audit time required in terms of Assessment person Days for different sizes and types of businesses under the RJC Code of Practices (see Table 4 in that document).

While the scope of subjects in the CoC Standard is narrower than for the Code of Practices, internal CoC systems will require more detailed verification to assure their integrity. It is thus suggested that the guidance for audit time in Table 4 is also relevant for a CoC Certification Audit and one Surveillance Audit, combined.

Outsourcing Contractors included in the CoC Certification Scope can be considered an ‘Additive Factor’ under Table 4 and will result in additional time for the audit. Auditors may take a sampling approach to Outsourcing Contractors depending on the number of contractors, the type of business and processes, the risk of non-conformances and the geographical locations.

To achieve efficiencies, RJC Members have the option of combining Member Certification (against the Code of Practices) and one of the CoC audits, where this is relevant.

7. Non-Conformances and Corrective Actions

a. Conformance Ratings

The following conformance ratings are used in the audit for each provision of the Standard:

- **Conformance.** The Member’s policies, systems, procedures and processes perform in a manner that is conformant with the provision.
- **Minor Non-Conformance.** The Member’s policies, systems, procedures and processes perform in a manner that is not wholly in conformance with the provision, due to an isolated lapse of either performance, discipline and control which does not lead to a Major Non-Conformance.
- **Major Non-Conformance.** The Member’s policies, systems, procedures and processes perform in a manner that is not conformant with the provision due to:
 - The total absence of implementation of the provision; or
 - A systemic failure or total lack of required controls; or

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- A group of related, repetitive and persistent Minor Non-Conformances indicating inadequate implementation.
- **Critical Breach.** A finding or observation, supported by objective evidence, of deliberate falsification of information required to support a conformance rating.
- **Not Applicable.** The provision cannot be implemented by a Member due to the nature of its business covered by the Certification Scope.

b. Results of Conformance Ratings

i. Minor Non-Conformance

Companies with Minor Non-Conformances are eligible for CoC certification provided Corrective Action Plans are in place, approved by the Auditor. These will be subject to verification at the time of the next Audit.

ii. Major Non-Conformance

If a Major Non-Conformance is found during a Certification Audit, the Member shall not be recommended by the auditor for CoC Certification. If a Major Non-Conformance is found during a Surveillance Audit, CoC Certification will be suspended. Outsourcing Contractors with any Major Non-Conformances will be excluded from the scope of an Entity's Certification. A company may request another audit at any time, once it has addressed any Major Non-Conformances.

iii. Critical Breach

Deliberate falsification of CoC Material, falsification of records for CoC Material, or falsification of information provided to auditors will result in a Critical Breach. Auditors shall cease any audit activity if a Critical Breach is found during an audit, and shall immediately notify the Critical Breach to the RJC Management Team. Disciplinary proceedings will commence (see section 10 below).

8. Training and Support

To assist Members and Accredited Auditors in the implementation of the CoC Standard, the RJC will provide web-based delivery of information resources and training. Where needed, the RJC may also organise additional information sessions and workshops.

The RJC will also investigate opportunities for Members to share best practice case studies and other forms of peer support. These may be supported by the RJC and/or individual trade associations, and may include workshops, seminars, emailed briefs, inter-Member support and additional online resources.

If there are any questions regarding CoC Certification and support available, contact the RJC Management Team for guidance: info@responsiblejewellery.com

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9. Data Confidentiality

The confidentiality of Members' commercially sensitive information is a core commitment for the RJC (see RJC policies at <http://www.responsiblejewellery.com/about.html#policies>).

- The RJC will receive limited information about a Member in the CoC Certification Recommendation from the Accredited Auditor.
- Any commercially sensitive information will be kept strictly confidential within the RJC Management Team.
- CoC Certification Information published on the RJC website for CoC Certified Entities will include the Entity's Certification Scope, the Certification Period, and the Auditor's Recommendation for CoC Certification.
- The identity of Outsourcing Contractors which are audited as part of an Entity's Certification Scope can be withheld from the Entity's CoC Certification Information published on the RJC website, at the Entity's or the Contractor's request.
- Members should consider requiring Auditors to enter into confidentiality agreements.

10. Complaints and discipline

The [RJC Complaints Mechanism](#) (T007_2010) aims to ensure the fair, timely and objective resolution of complaints relating to potential non-compliance with the RJC Member Certification system. The scope of the RJC Complaints Mechanism document will be updated so that it applies to complaints raised under RJC's proposed CoC Certification initiative.

Disciplinary proceedings may result in loss of CoC Certification for situations where Major Non-Conformances are identified through investigation. Loss of RJC Membership may result in the case of a Critical Breach (see section 7 of this document) or actions which bring the RJC into disrepute.

11. Labelling and Marketing

Members of the RJC are entitled and encouraged to use the RJC logo. RJC Members are listed on the RJC website and details on CoC Certification (if applicable) will be listed alongside RJC Member Certification status.

CoC Certified businesses receive a Chain-of-Custody (CoC) Certification Stamp where the RJC logo is accompanied by the words "Chain-of-Custody Certification", the [responsiblejewellery.com](http://www.responsiblejewellery.com) website address and the unique certification number for the CoC Certified Member/Entity.

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The RJC logo and/or CoC Certification Stamp may be used in any valid representations about the CoC Certified Entity. The RJC Rules for Use of Responsible Jewellery Council Logo, Trademarks and Intellectual Property is the relevant reference for appropriate use of the RJC logo.

In summary:

- RJC **CoC** Certification **enables the RJC logo and/or CoC Certification Stamp/s to be used on or in conjunction with** CoC Material, according to the rules of the CoC standard.
- Non-CoC Certified businesses may purchase CoC Material with the RJC logo and/or CoC Stamp/s on or used in conjunction with the CoC Material, such as on packaging, but may not change the use of the RJC logo.
- RJC **Member** Certification alone **does not** entitle Members to use the RJC logo **on products**.

Add Glossary contained in CoC Standard during document layout.

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