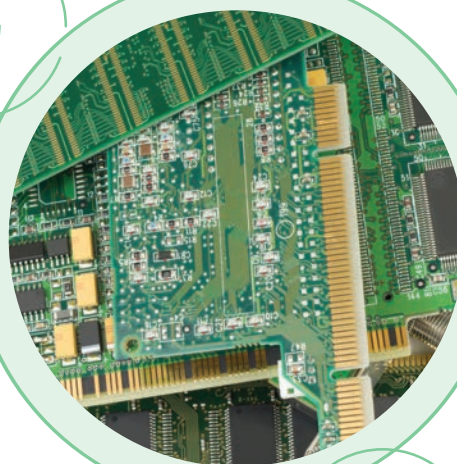




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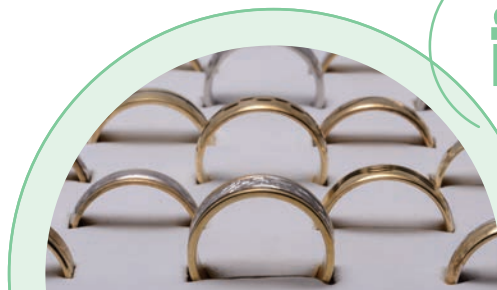
**Responsible Jewellery Council**

# CHAIN-OF-CUSTODY (COC) STANDARD

**DECEMBER 2017**



**Version 2**



# THE RESPONSIBLE JEWELLERY COUNCIL

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The Responsible Jewellery Council (RJC) is a not-for-profit standard-setting and certification organisation founded in 2005.

*Our vision is a responsible world-wide supply chain that promotes trust in the global fine jewellery and watch industry.*

## ABOUT THIS STANDARD

This standard defines an approach for companies to handle and trade gold, silver and platinum group metals in a way that is fully traceable and responsibly sourced. Chain-of-custody (CoC) certification is voluntary and complements certification against the RJC's Code of Practices, which is mandatory for all RJC members. This is a 'living document' and the RJC reserves the right to revise this standard based on implementation experience and emerging good practice. The version posted on the RJC website supersedes all other versions. Please see: [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

## DISCLAIMER

No guarantee, warranty or representation is made as to the accuracy or completeness of the standard and other documents or information sources referenced in the standard. Compliance with the standard is not intended to, nor does it replace, contravene or otherwise to alter the requirements of any applicable national, state or local governmental statutes, laws, regulations, ordinances or other requirements.

Compliance with the RJC CoC Standard is entirely voluntary and is neither intended to, nor does it, create, establish or recognise any legally enforceable obligations or rights against the RJC and/or its members or signatories. Non-members shall have no legal cause of action against the RJC and/or its members or signatories for failure to comply with the CoC Standard.

## ENQUIRIES OR FEEDBACK

We welcome feedback on this guidance. Please contact:

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## VERSION 2 – updated November 2019

Version 2 of the standard includes the following changes:

- Material scope expanded to include silver
- CoC provision 1 and provision 2 updated to align with 2019 COP requirements

The Responsible Jewellery Council is the trading name of the Council for Responsible Jewellery Practices Ltd, 9 Whitehall, London, SW1A 2DD, UK. The Council for Responsible Jewellery Practices Ltd is registered in England and Wales with company number 05449042.

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# INTRODUCTION

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## A *About the RJC Chain-of-Custody Standard*

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A chain of custody (CoC) is a documented sequence of custody of material as it moves along the supply chain. The RJC's CoC Standard, developed in 2012, defines the requirements for creating a CoC of precious metals that are responsibly produced, processed and traded through jewellery supply chains, and that are third-party assured at every stage.

The standard complements the RJC's Code of Practices (COP) for responsible business, against which all commercial members of the RJC must be certified (see [www.responsiblejewellery.com](http://www.responsiblejewellery.com) for more information). The CoC Standard sets out the requirements needed for certification and is voluntary for RJC members.

RJC CoC certification provides a strong system for companies in the precious metal supply chain seeking a point of differentiation for their customers, consumers and other stakeholders. This can add value to jewellery products and help protect and enhance jewellery brands.

Recognising that jewellery supply chain companies have varied needs in third-party assured approaches to responsible sourcing and provenance, there is also the option to have provenance claims included in the scope of COP certification. Certified provenance claims can be adapted to suit particular supply chain needs. This option is available to entities dealing in materials outside the scope of the CoC standard including diamonds and coloured stones.

### BOX 1. AT A GLANCE

CoC certification:

- Allows for traceable material which is segregated along the supply chain.
- Starts with responsible sources which meet eligibility criteria.
- Requires third-party auditing at every stage of the supply chain.
- Is voluntary, and applies to gold, silver and platinum group metals (PGM)—platinum, palladium, rhodium).
- Is designed to promote responsible sourcing.

## B *Certification against this standard*

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The RJC CoC Standard is designed for RJC-accredited auditors to verify an entity's conformance for CoC certification. The entity's certification scope is defined by the entity seeking certification and includes all facilities and outsourcing contractors that the entity intends to use to process, store, handle, ship and receive CoC material.

RJC CoC certification comprises five steps:

1. The entity prepares and asks for a certification audit from an RJC-accredited auditor.
2. During the audit, the auditor verifies the entity has systems in place that conform to the RJC CoC Standard to source CoC materials and/or supply them to others in the jewellery supply chain. Minor non-conformances will be noted and the entity will be asked to address them.
3. Based on the auditor's report, the RJC certifies the entity, authorising it to begin issuing CoC transfer documents for CoC materials.
4. Within 12–18 months, the auditor does a surveillance audit of the CoC certified entity to verify that systems, including the issuing of CoC transfer documents, are working effectively. Any minor non-conformances found during the certification audit must have corrective action plans in place approved by the auditor. These will be verified during the surveillance audit.
5. After the certification period of three years, the entity renews CoC certification through another certification audit, followed by another surveillance audit within 12–18 months.

## C Status and effective date

This is the 2017 version of the RJC CoC Standard, which was approved by the RJC Board on 19 December 2017. The first CoC Standard was formally adopted by the RJC Board in 2012. This version is the outcome of a formal revision, and takes account of certification experience, evolving standards and stakeholder feedback.

The 2017 version supersedes the first standard, but a transition period has been established to enable RJC members seeking certification to follow through with existing planning and certification deadlines (see Table 1). All existing CoC certifications will remain in place, and entities will not need to re-certify themselves until the end of their current certification period.

Table 1. Key dates in the transition to the 2017 RJC CoC Standard

Date	Action
1 April – 31 December 2018	<ul style="list-style-type: none"> <li>RJC will accept new certifications and re-certifications against either the 2012 or the 2017 version of the CoC Standard.</li> <li>Members that join the RJC from 1 April 2018 must use the 2017 version of the CoC Standard.</li> <li>The CoC version which was used for certification will be noted on the member's certificate which is posted on the RJC website.</li> </ul>
1 January 2019 onwards	<ul style="list-style-type: none"> <li>RJC will only accept new certifications and re-certifications against the 2017 version of the CoC Standard.</li> </ul>

## D Supporting documents

The following documents offer supporting information to help entities implement the CoC Standard:

- RJC CoC Standard Guidance: business-level guidance on implementing the requirements of the standard.
- Assessment Manual: overview of the RJC audit and certification framework.
- CoC Assessment Toolkit: instructions on completing assessments for businesses and auditors.

## E Standard's development

This standard has been developed through a formal process, following the ISEAL Code of Good Practice for Setting Social and Environmental Standards. The process was overseen by the multi-stakeholder RJC Standards Committee, and the RJC is sincerely grateful for the time, expertise and valuable input of the committee members, as well as the many individuals and organisations who contributed to the standard through consultation.

We strive to ensure that our standards are relevant and achievable and to this end we undertake to formally review this standard by 2022 (five years after publication of this revised version), or earlier as required. Proposals for revisions or clarifications can be submitted at any time, and we will document these for consideration in the next review process.

Standards harmonisation is a key objective of the RJC. Our Assessment Manual provides information on the initiatives and existing certifications that are recognised for RJC certification. For the 2017 CoC Standard this includes:

- Fairtrade Standard for Gold from Artisanal and Small-Scale Mining, including Associated Precious Metals
- Fairmined Gold Standard
- The Mining Association of Canada Towards Sustainable Mining (TSM) programme
- The International Council on Mining and Metals' (ICMM) sustainable development framework
- London Bullion Market Association (LBMA): Responsible Gold Guidance
- Responsible Minerals Initiative (RMI): Responsible Minerals Assurance Process (RMAP) – Gold Refiner Standard<sup>1</sup>
- Dubai Multi Commodities Centre (DMCC) Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain (DMCC Rules for RBD-GPM)

We will continue to monitor relevant supply chain initiatives and look for opportunities to harmonise our efforts.

<sup>1</sup> See RMI-LBMA-RJC Gold Refiner Cross-recognition Policy

## RJC CHAIN-OF-CUSTODY (COC) STANDARD

# DUE DILIGENCE AND KNOW YOUR COUNTERPARTY FOR RESPONSIBLE SOURCING

These provisions apply to all the material handled by the entity<sup>2</sup>. If you are already certified against the 2019 Code of Practices (COP) standard, then you are automatically compliant with provision 1 and provision 2 of the Chain of Custody (CoC) standard.

## 1 *Due diligence*

- 1.1 Entities in the gold, silver and PGM supply chain shall exercise due diligence over their supply chains in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the 'OECD Guidance') or other auditable due diligence frameworks recognised by the RJC to be aligned with the OECD Guidance ('RJC-recognised due diligence frameworks'), in ways appropriate to their size and circumstances. In addition:
  - a. Entities in the gold value chain shall implement the OECD Guidance Supplement on Gold as applicable to their operations and supply chains.
- 1.2 Entities shall adopt and communicate publicly and to their suppliers a supply chain policy with respect to sourcing from conflict-affected and high-risk areas. The policy shall be consistent at a minimum with Annex II of the OECD Guidance or with other RJC-recognised due diligence frameworks.
- 1.3 Refiner members shall:
  - a. Maintain internal material control systems that can reconcile movement of inventory in and out over a given time.
  - b. Gold refiners shall additionally collect and, with due regard to business confidentiality, share annually information with the RJC on the mine of origin of mined gold received.

## 2 *Know Your Counterparty (KYC)*

- 2.1 Entities shall document and apply a Know Your Counterparty (KYC) policy and procedures for business partners that are suppliers and customers of gold, silver, PGM, or jewellery products containing these materials. The policy and procedures shall:
  - a. Establish the identity of the counterparty by checking government-issued identification. Where triggered by a risk assessment or applicable law, establish the beneficial ownership and principals of the counterparty.
  - b. Verify that the counterparty and, if applicable, their beneficial owners are not named on relevant government lists for individuals or organisations implicated in money laundering, fraud or involvement with prohibited organisations and/or those financing conflict.
  - c. Maintain an understanding of the nature and legitimacy of their business.
  - d. Monitor transactions for unusual or suspicious activity and report suspicions of money laundering or finance of terrorism to the relevant authority as applicable.
  - e. Maintain adequate records for either five years minimum or as long as required by national legislation, whichever is longer.
- 2.2 Entities shall nominate an individual to be responsible for implementing the KYC policy and procedures.
- 2.3 Entities' KYC policy and procedures shall be up to date and appropriate, and shall include training, documentation procedures and regular reviews.
- 2.4 Entities shall maintain records of all single or apparently linked cash or cash-like transactions equal to or above 10,000 euros/US dollars or the threshold defined by applicable law (whichever is lower). Where required by law, entities shall report such transactions to the relevant designated authority.

<sup>2</sup> The due diligence provision (CoC 1) only applies to members that take legal ownership of gold, silver and/or PGM.

# CHAIN-OF-CUSTODY MANAGEMENT

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## 3 *Management systems and responsibilities*

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- 3.1 The entity shall have documented management systems that address all applicable requirements of the standard in all facilities under its control that have custody of CoC material.
- 3.2 The entity shall assign authority and responsibility to a senior staff member for the entity's compliance with all applicable requirements of the standard.
- 3.3 The entity shall establish and implement communications and training measures that make relevant personnel aware of, and competent in, their responsibilities under the standard.
- 3.4 The entity shall maintain records covering all applicable requirements of the standard and shall retain them for a minimum of five years or for as long as defined by national legislation, whichever is longer.
- 3.5 The entity shall have systems in place that enable it to respond to reasonable requests for verification of the CoC transfer documents it issues.
- 3.6 The entity shall carry out regular reviews at least every two years to ensure that its management systems are appropriate and up to date.
- 3.7 The entity seeking CoC certification shall be an RJC member, or under the control of an RJC member, in good standing, thereby committing to uphold responsible business practices as defined in the RJC's COP.

## 4 *Internal material controls*

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- 4.1 The entity shall identify each point at which there is an opportunity for eligible and/or CoC material in its custody to become mixed with non-eligible and/or non-CoC material, and shall put controls in place to ensure segregation.
- 4.2 The entity's internal systems shall be able to reconcile the total weight of eligible and/or CoC material in its custody with movements in and out of the inventory over a given time. If the entity has custody of jewellery products containing CoC material, reconciliation may be by item count rather than weight.
- 4.3 If the entity issues a CoC transfer document for CoC material identified as having a certain provenance or other characteristic, the entity's internal systems shall ensure that the requirements for segregation and reconciliation as set out in provisions 4.1 and 4.2 apply to help segregate that CoC material.
- 4.4 The entity's internal systems shall verify and document that the contents of each shipment of CoC material received from, or dispatched to, other certified entities, outsourcing contractors or service companies are accurately described by the applicable CoC transfer document for that shipment. If an error is discovered after CoC material has been shipped, the entity and the other party shall document the error and take the agreed steps to correct it.

## 5 *Outsourcing contractors and service companies*

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- 5.1 The entity shall not transfer CoC material to an outsourcing contractor or service company unless the following conditions have been met:
  - a. The entity shall have, and shall not relinquish, legal ownership of any CoC material transferred to the outsourcing contractor or service company.
  - b. The entity shall assess the risk of potential non-conformance with this standard resulting from engaging each outsourcing contractor or service company that takes custody of the entity's CoC material, and determine, based on that risk assessment, that the risk is acceptable.
  - c. Any outsourcing contractor that takes custody of an entity's CoC material shall be included in the entity's certification scope and shall have a management system in place that conforms with provision 4 of this standard (on internal material control).
  - d. Any outsourcing contractor included in the entity's certification scope shall not outsource any processing of CoC material to any other contractor.
- 5.2 For the return of CoC material from an outsourcing contractor or service company:
  - a. The entity shall verify and record that each transfer it receives for the return of CoC material is consistent with the CoC transfer document that it issued when the CoC material was shipped to the outsourcing contractor or service company, subject to any changes to the CoC material expected as a result of the outsourcing contractor's processing or manufacturing activities.
  - b. If there are inconsistencies, the entity shall not issue any subsequent CoC transfer documents for that material.

# SYSTEMS TO CONFIRM ELIGIBILITY OF MATERIAL

## 6 *Eligible mined material*

- 6.1 An entity shall have systems in place to ensure that eligible mined material declarations are only issued for material sourced from the following:
- Mines that are within its CoC certification scope or in which it holds a legal interest and where the mines are within the CoC certification scope of another CoC certified entity.
  - Artisanal and small-scale mining (ASM) producers operating on the entity's mining concessions that have participated in initiatives to professionalise and formalise ASM, and with documented due diligence confirming that the material comes from such ASM producers and not from illegitimate sources.
  - Mines or producers certified under an RJC-recognised responsible ASM standard, with documented due diligence that confirms that the material comes from such mines or producers.
  - Mines that are subject to an RJC-accepted responsible mining assurance scheme and validated to conform with the RJC COP requirements as defined in provision 6.2.
  - Processing residues that contain trace precious metals from which mining by-product can be extracted, for which an eligible material declaration may only be issued by the refiner.
- 6.2 An entity sourcing eligible material from mines subject to an RJC-accepted responsible mining assurance scheme under provision 6.1d shall have documentation of having carried out the following validation process:
- Enhanced KYC for each mine using the RJC enhanced KYC checklist.
  - A desktop review of the mine's conformance with the COP using the RJC Self-Assessment workbook and taking into account RJC-accepted mining assurance schemes.
  - Additional research on assurance reports and legal compliance, covering labour rights, working conditions, legal requirements in the country of operations and an assessment of the mine's compliance.
  - An in-person verification of all applicable COP provisions, or third-party audit.
  - Confirmation of CoC eligibility.
- 6.3 An entity issuing an eligible material declaration for mined material shall have documented due diligence in conformance with provision 1 that can confirm one of the following:
- The mine(s) from which the mined material is produced, and its transportation routes, is not located in conflict-affected and high-risk areas; or
  - The mine(s) from which the mined material is produced, and its transportation routes, is located in conflict-affected and high-risk areas, but the production, processing and transportation of the material is confirmed as not having adverse impacts related to those areas; or
  - The material is mining by-product with suppliers screened according to the KYC systems and procedures described in provision 2.

## 7 *Eligible recycled material*

- 7.1 An entity shall have systems in place to ensure that eligible recycled material declarations are only issued for material sourced from the following:
- High-value gold, silver or PGM: scrap and waste precious metals from the jewellery and manufacturing process, or post-consumer precious metal products, such as jewellery and ornaments. This does not include investment products.
  - Industrial gold, silver or PGM: waste electrical and electronic equipment, or industrial components such as spent catalysts and fuel cells.
- 7.2 The entity shall provide documented criteria for acceptable sources and types of recycled precious metals to counterparties, including:
- Companies seeking approval to become commercial suppliers to the entity.
  - Private individuals and estates who wish to sell private materials to the entity.
  - CoC certified customers purchasing CoC material from the entity.



- 7.3 The entity shall have documented procedures and records to approve new commercial suppliers, which shall include:
- Conducting KYC as described in provision 2 to establish the beneficial ownership and principals for all suppliers, not just high-risk suppliers.
  - Reasonable determination of the origin of the recyclable material.
  - Conducting human rights and environmental due diligence of the supply chain to the point of origin of recyclable materials, as described in provision 1.
  - Denying the supplier if information acquired through the approval process provides reasonable evidence to suspect any adverse human rights impacts in the supply chain, or the legitimacy of the supplier and/or its sources.
- 7.4 The entity shall have documented procedures and records for monitoring commercial suppliers. In addition to due diligence and KYC as described in provisions 1 and 2, this shall include:
- Maintaining an understanding of the origin of the recyclable material.
  - Reviewing the due diligence and KYC policy and procedures of the commercial supplier if they are identified as representing a high risk of introducing illegitimate sources into the supply chain. Site visits to verify the supplier's systems and records should be undertaken proportionate to the risk level.
  - Excluding the supplier from producing any CoC material if there is reasonable evidence to suspect the legitimacy of the supplier and/or its sources (such as unusual or suspicious transactions, activities or associations) and if, upon investigation, these cannot be cleared of suspicion. Suspicious transactions, activities or associations identified should be reported to the relevant authorities, in accordance with the local law.
- 7.5 For recyclable materials sourced directly from private individuals or estates:
- The entity shall have documented procedures and records for obtaining proof of:
    - the identity of the seller; and
    - the identification of the jewellery product or other product containing recyclable materials.
  - The entity shall make reasonable enquiry and efforts to determine the seller's ownership of the recyclable material to ensure it is not from an illegitimate source.

## 8 *Eligible grandfathered material*

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- 8.1 The entity shall have systems in place to ensure that eligible grandfathered material declarations are only issued for material refined before 1 January 2012 for gold/PGM and 1 January 2018 for silver.
- 8.2 If the refining date does not appear as a permanent part of the item of eligible grandfathered material, the entity shall ensure it obtains and maintains documented evidence of the year the item was produced or minted based on records matched to a serial number or refiner's mark stamped on the item or to some other permanent mark or physical characteristic.

# ISSUING CHAIN-OF-CUSTODY DOCUMENTATION

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## 9 *Eligible material declarations*

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- 9.1 The entity issuing an eligible material declaration in a CoC transfer document shall document the eligible material as one of the following:
- Mined, in conformance with provision 6 of this standard.
  - Recycled, in conformance with provision 7 of this standard.
  - Grandfathered, in conformance with provision 8 of this standard.
  - Mix of mined, recycled and/or grandfathered, each in conformance with the applicable provisions of this standard.
- 9.2 For eligible mined material, the entity shall include in the CoC transfer document:
- A conflict-free declaration that identifies if provision 6.3a, b or c applies.
  - If provision 6.3b applies (the material is located in conflict-affected or high-risk areas but is confirmed as not having adverse impacts), an appendix summarising the entity's due diligence for that material.
  - If the material is mined, the country or countries where it was extracted.
  - If the material is mining by-product, the country or countries where it was refined.
- 9.3 When initiating a CoC for material that will be mixed with existing CoC material before transfer to another entity, the entity shall record an eligible material declaration in an internal CoC transfer document.

## 10 *CoC transfer documents*

- 10.1 The entity shall ensure that a CoC transfer document accompanies and, wherever possible, is physically attached to each shipment or transfer of CoC material dispatched to other certified entities, outsourcing contractors or service companies.
- 10.2 The entity shall ensure that CoC transfer documents include all the required information outlined in the template in Annex 1 of this standard.
- 10.3 If the CoC transfer document includes supplementary information about the entity, the eligible material or its provenance, the entity shall ensure the supplementary information can be supported by objective evidence.

## 11 *Product claims and intellectual property*

- 11.1 If the entity makes claims or representations about CoC material in a jewellery product, these shall be described in written form and shall not include information that is inconsistent with the CoC transfer document(s) supplying the CoC material. The entity shall provide an unambiguous indication of how to access the description, which may be on a website, at the point of sale or through any other publicly available communication medium. Claims shall comply with all applicable law.
- 11.2 Claims can be made on jewellery products that include non-CoC components identified for exclusion by the RJC. A description of the CoC components within the product must be made available to the customer or consumer.
- 11.3 The entity shall have systems in place to ensure all relevant employees, including sales associates, do not make verbal claims or representations to consumers about CoC material that are inconsistent with the claims or representations described in written form.
- 11.4 If the entity uses the RJC logo, it shall ensure that it abides by the rules for use of the logo, trademarks and intellectual property. If the entity uses the RJC logo and/or CoC certification stamps in association with jewellery products containing CoC material, it shall ensure that such use clearly applies only to the CoC material.

# GLOSSARY

**Accredited auditor:** An independent, third-party person or organisation meeting the RJC's objective selection criteria and accredited to carry out RJC-related audits.

**Adjoining country:** As defined by Section 1502 of the United States' Dodd-Frank Wall Street Reform and Consumer Protection Act, this is a country that shares an internationally recognised border with the Democratic Republic of Congo (DRC). Adjoining countries include Angola, Burundi, Central African Republic, Kenya, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia.

**Artisanal and small-scale mining (ASM):** Formal or informal operations by individuals, groups, families or co-operatives that can involve up to hundreds of thousands of miners. ASM usually uses little capital and a lot of labour and is carried out with minimal or no mechanisation (although it can involve small and fully mechanised operations). The exact definition of 'artisanal' and 'small' mining may be stated by national legislation and categorised according to, for instance, a mining organisation's volume of production of ore or mineral, the size of its concession or the level of mechanisation

**Beneficial owner:** The person(s) who owns or controls a counterparty and/or the person on whose behalf a transaction is being done. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

**Bullion:** Gold, silver or PGM in the form of coins, ingots or bars.

**Bullion bank:** An investment bank that works as a wholesale supplier dealing in large quantities of refined gold and/or silver..

**Certification audit:** The independent, third-party verification that CoC management systems have been implemented to meet applicable provisions in the CoC Standard.

**Chain of custody (CoC):** The documented sequence of custody of material as it moves along the supply chain. CoC material is created by an eligible material declaration, and then transferred from one business to another along the supply chain by issuing a CoC transfer document.

**CoC certification scope:** This is defined by the entity seeking CoC certification. It must include:

1. All facilities under the entity's control that it intends to use to extract, process, manufacture, store, handle, ship and receive, and market CoC material.
2. All outsourcing contractors that the entity intends to use to process and manufacture CoC material.
3. The types of CoC material (gold, silver and/or PGM) to be covered by CoC.
4. The types of eligible material, if any, for which the entity intends to issue eligible material declarations.

**CoC certification stamp:** Words or symbols put on a product to show it is made of CoC material.

**CoC certified entity:** An entity that is the whole or part of an RJC member that conforms with the applicable parts of the RJC CoC Standard, as verified by an RJC-accredited auditor.

**CoC material (CoC gold, CoC silver or CoC PGM):** Material with an eligible material declaration from a CoC certified entity that is transferred in accordance with the RJC CoC Standard. CoC material may be mined, recycled or grandfathered (see eligible material definitions).

**CoC transfer document:** A document that shows the information required to transfer CoC material to another entity, and that is issued by a CoC certified entity in accordance with the RJC CoC Standard.

**Collector:** An entity who collects gold, silver or PGM for subsequent refining or converting to a commercial market quality.

**Coloured gemstone:** A mineral that has formed completely by nature without human interference during its formation. Each variety has unique chemical, optical and physical properties. All mentions of 'coloured gemstones' throughout the COP refer to the defined scope; the 2019 COP includes rubies, sapphires and emeralds.

**Component:** Physically integral parts with defined characteristics that can be separated from a larger jewellery product. Components can be assembled into both finished and semi-finished jewellery products.

**Conflict:** Armed aggression, widespread violence and/or widespread human rights abuses.

**Conflict-affected and high-risk areas (CAHRAs):** These are identified by the presence of armed conflict, widespread violence (including violence generated by criminal networks) or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law. A CAHRA can be a region, a country, an area within a country or an area that crosses one or more national boundaries. Operations are not necessarily complicit in conflict if they are located in a CAHRA.

**Conflict-free:** The term used to describe material that is confirmed through due diligence investigation not to have caused any of the adverse impacts associated with CAHRAs. Such impacts include serious labour or human rights abuses, direct or indirect support to non-state armed groups or public and private security forces illegally controlling mines, and bribery or other fraudulent misrepresentation of the origin of precious metals.

**Conflict mineral:** As defined by Section 1502 of the United States' Dodd-Frank Wall Street Reform and Consumer Protection Act, conflict minerals include columbite-tantalite (coltan), cassiterite, gold and wolframite; their derivatives (tantalum, tin, tungsten and gold); and any other mineral or its derivatives that is determined by the US Secretary of State to be financing conflict in the DRC and adjoining countries.

**Conformance:** When a member's policies, systems, procedures and processes match the provisions in the relevant standard.

**Control:** Control by an entity includes one or more of the following:

1. Direct or indirect ownership, or control (alone or following agreement with other entities) of 50% or more of the voting equities, rights or equivalent of a business or facility.
2. Direct or indirect power (including following agreement with other entities) to remove, nominate or appoint at least half of the members of the board of directors, manage mentor equivalent of a business or facility.
3. Day-to-day or executive management of a business or facility.
4. Any legally recognised concept of 'control' analogous to those described in 1 and 2 above in a relevant jurisdiction.

Although the above defines control in a corporate context, the same principles apply by analogy to other organisational arrangements, including franchisees, licensees and control by an individual or a family, where applicable.

**Counterparty:** Any supplier or customer of gold, silver or PGM or jewellery products containing these materials with whom you do business.

**Custody:** The physical possession of CoC material for the purposes of producing, processing, trading, manufacturing, packaging, labelling or retailing.

**Diamond:** a mineral that has been formed completely by nature without human interference during its formation.

**Dodd-Frank Act:** Section 1502 of the United States' Dodd-Frank Wall Street Reform and Consumer Protection Act. The Act requires issuers under the US Securities Exchange Act to disclose whether any conflict minerals used in their products originated in the DRC and adjoining countries.

**Due diligence:** Reasonable steps undertaken by a business to investigate a company, and its related supply chain, in preparation for a business transaction. See also **Risk based due diligence**.

**Eligible material:** The gold, silver or PGM that is eligible to become CoC material under the RJC CoC Standard.

**Eligible material declaration:** The declaration of eligible material that an entity makes in a CoC transfer document to initiate a CoC.

**Entity:** The business or similar unit responsible for implementing the CoC Standard.

**Facility:** Premises or operations with custody of eligible or CoC material.

**Financing of terrorism:** Any kind of financial support to those who attempt to encourage, plan or engage in terrorism. The meaning of terrorism is not universally accepted due to significant political, religious and national implications that differ from country to country.

**Gold:** A rare yellow metallic element with the chemical symbol Au. It is a mineral with specific hardness of 2.5–3 on the Mohs scale of hardness and the atomic number 79.

**Grandfathered material:** Refined gold/PGM with a verifiable date of production prior to 1 January 2012. Refined silver with a verifiable date of production prior to 1 January 2018.

**High-risk supply chains:** Are those, as defined in the Annex II risks' list of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, with the potential for serious human rights abuses, direct or indirect support to non-state armed groups or public or private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering and non-payment of taxes and royalties due to governments.

**Illegal activity:** Activity that violates international law or national sovereignty, laws or regulations. 'Direct or indirect support' for illegal armed groups does not include legal taxes, fees or any royalties that companies pay to the government of a country in which they operate.

**Illegal armed group:** An armed group, including a public or private security force, that:

- illegally controls mine sites, transportation routes or points where minerals are traded;
- illegally taxes or extorts money or minerals at mine sites, points of access to mine sites, along transportation routes or at points where minerals are traded;
- illegally taxes or extorts intermediaries, export companies or international traders; or
- is engaged or complicit in conflict.

**Illegitimate sources:** Sources of material that go against applicable law. They include all sources involved in illegal mining<sup>3</sup> and gold or money laundering, as well as all sources used to fund conflict, terrorism or crime.

**Internal CoC transfer document:** A CoC transfer document where the issuer and recipient lie within the same certification scope. When making an eligible material declaration for material that will be mixed with existing CoC material, an internal CoC transfer document must be issued and recorded before the mixed material is transferred.

**Jewellery:** An adornment containing gold, silver or PGM and/or set with diamonds, coloured gemstones or synthetic stones. Jewellery includes, but is not limited to, bracelets, rings, necklaces, earrings and watches.

**Jewellery product:** Semi-finished or finished jewellery or components.

**Know Your Counterparty (KYC):** KYC principles, established to combat money laundering and finance of terrorism, require businesses to identify every organisation that they deal with, to understand the legitimacy of their business relationships and, within reason, to identify and react to unusual or suspicious transaction patterns.

**LBMA Good Delivery:** Gold bars that meet the specifications for Good Delivery, as described in the LBMA Good Delivery Rules. These specifications include the acceptable fine ounce weight, purity and physical appearance (including markings and surface quality). Good delivery bars have been subject to the Responsible Gold Guidance.

**Legitimate:** Not from illegitimate sources.

**London Bullion Market Association (LBMA):** The association that represents the London market for gold and silver bullion and maintains the de facto standard of quality assured and assayed bullion.

**Management system:** The processes and documentation that collectively provide a systematic framework for ensuring that tasks are performed correctly, consistently and effectively to achieve the desired outcomes, and to drive continual improvement in performance.

**Mark:** The trademarked symbol of an entity. The mark of a refiner or mint is often stamped into the surface of a gold, silver or PGM bar, ingot, coin or similar; or it is permanently affixed to a sealed container. A mark is often accompanied by a serial number or date, which can verify the year the precious metal was produced or minted.

**Material:** Gold, silver and/or PGM.

**Member:** Any business that:

- is actively involved for commercial reasons in the gold, silver, PGM, diamonds, coloured gemstones and jewellery supply chain;
- is exempt from the role of consultant, advisor or any other similar entity;
- commits to the COP;
- commits to a certification audit against the COP; and
- pays an annual RJC commercial membership fee.

A member may consist of one or more entities or facilities.

**Mined material:** Is produced by a mining facility (or 'mine') usually in the form of mineral concentrate, impure alloy or refined metal.

<sup>3</sup> This does not include legitimate but informal artisanal and small-scale miners.

**Mining assurance scheme:** A voluntary initiative on responsible mining that defines requirements and includes certification, verification or some other form of assurance. Mining assurance schemes recognised by the RJC for this standard are defined in the CoC Standard Guidance document.

**Mining by-product:** Gold, silver or PGM from processing residues (such as slimes) arising from metallurgical processing of other metals such as copper, lead, zinc or nickel.

**Mining facility:** A facility that extracts gold, silver or PGM, or minerals containing saleable quantities of gold or PGM, from the earth.

**Money laundering:** The process of disguising the financial proceeds of crime to conceal their illegal origin.

**Non-conformance:** This happens when a member's policies, systems, procedures and processes do not fully match the standard. A minor non-conformance is an isolated lapse of performance, discipline or control. A major non-conformance is when a provision has not been met at all: because the necessary controls are missing, or have failed; or because there are a group of related, repetitive and persistent minor non-conformances (showing that the standard is not being adequately implemented).

**Outsourcing contractor:** An individual, company or other business that takes custody of material to process or manufacture it for another entity. Outsourcing contractors that are not themselves CoC certified must be included in the CoC certification scope.

**Origin:** The origin of mined material is the mine, company, region or geographical location where the mine is located, whether an artisanal and small-scale mine or a medium or large-scale one. The origin of recycled material is the point at which it re-enters the jewellery supply chain. For recycled gold, silver or PGM, this is the point at which it is returned to the refiner or other downstream intermediate processor or recycler.

**Platinum group metals (PGM):** Precious metallic elements with similar physical and chemical properties that tend to occur together in the same mineral deposits. Under the COP, PGM includes rhodium, palladium and platinum.

**Politically exposed person:** Someone who is or has been entrusted with a prominent public function. Their status and influence puts many of these people in positions that can be potentially abused to commit money laundering and related predicate offences, including corruption and bribery, as well as activities related to terrorist financing.

**Precious metals:** The collective term for gold, silver and PGM.

**Provenance:** The point where the CoC for eligible or CoC material started.

**Recyclable materials:** Precious metals that have been previously refined (including end-user, post-consumer materials, precious metal-bearing products, and scrap and waste metals and materials arising during product manufacturing) and then returned to a refiner or other downstream intermediate processor to begin a new life cycle as 'recycled material'.

**Red flag:** A warning or indicator of a potential risk. In the context of due diligence, a red flag can be a location, supplier or circumstance that triggers a need for enhanced due diligence (that is, further investigation).

**Refiner:** An entity engaged in separating and purifying gold, silver or PGM to a commercial market quality.

**Responsible ASM standard:** A voluntary initiative on responsible mining practices designed for ASM, which includes certification, verification or some other form of assurance. ASM standards recognised by the RJC for this standard are defined in the CoC Standard Guidance document.

**Responsible Minerals Initiative:** An initiative founded by members of the Responsible Business Alliance and the Global e-Sustainability Initiative for companies to address responsible mineral sourcing issues in their supply chains (formerly Conflict-Free Sourcing Initiative).

**Risk:** In the context of due diligence, risk (or supply chain risk) is the potential for adverse impacts which result from a company's own activities or its relationships with suppliers and other entities in the supply chain.

**Risk-based due diligence:** The reasonable investigation undertaken by a business to identify, assess, prevent and mitigate risks in its supply chain where the level of scrutiny is commensurate with the identification of risks.

**Service company:** A company that takes custody of, and provides services on, eligible and CoC material, maintaining segregation on behalf of a client, and not physically changing material in their custody. Service companies include grading labs, assayers, appraisers, security and transportation companies. Service companies are not included in the certification scope of an entity.

**Silver:** is a white metallic element with the symbol Ag and atomic number 47.

**Source:** The geographical place, person or company from which the material is obtained. The source of mined material is:

- For gold, silver or PGM: the mine or country of mining origin.
- The source of recycled material is the same as its origin.

**Supplier:** As business that provides an RJC member with goods or services.

**Surveillance audit:** A CoC surveillance audit verifies that CoC management systems continue to conform with the CoC Standard. This audit must be done within 12–18 months of CoC certification. The scope of the surveillance audit must include a check of samples of CoC transfer documents, any claims being made to consumers (and associated records) and a verification of the corrective actions taken to address non-conformances found during the certification audit.

**Validation:** The process of checking and declaring the acceptability of eligible mined material from mining assurance programmes recognised by the RJC.

# GLOSSARY REFERENCES

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 2010.

UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo, Letter 12 April 2001.

International Alert, Conflict-Sensitive Business Practice: Guidance for Extractive Industries, March 2005, p3.

## ANNEX 1. COC MATERIAL TRANSFER DOCUMENT: TEMPLATE

### RJC chain-of-custody transfer document

<b>Date:</b>		<b>Document number:</b>		
<b>Issuer</b>		<b>Receiver</b>		
Name of company		Name of company		
Address		Address		
Certification number		Certification number		
Certification start and end dates		Certification start and end dates		
Responsible person				
<i>The information provided in this CoC transfer document is in conformance with the RJC CoC Standard.</i>				
<b>CoC material</b>				
Total weight				
Number of items (if applicable)				
<b>Type of transfer (check one)</b>				
<input type="checkbox"/>	Eligible material declaration initiating the CoC			
<input type="checkbox"/>	Eligible material declaration initiating the CoC for mined material conflict-free declaration provided			
<input type="checkbox"/>	Subsequent CoC transfer, single type of CoC material			
<input type="checkbox"/>	Subsequent CoC transfer, jewellery products containing more than one type of CoC material			
<b>Type of material contained in transfer (check all that apply)</b>				
<b>Silver</b>	<b>Gold</b>	<b>Platinum</b>	<b>Palladium</b>	<b>Rhodium</b>
				<b>Mined</b>
				CoC certified mine
				Fairtrade
				Fairmined
				ICMM mine
				TSM mine
				Mining by-product
				<b>Recycled</b>
				<b>Grandfathered</b>
				<b>Mix of above</b>

Supplementary information ( <i>include at issuer's discretion</i> )	Material's previous CoC transfer document number(s) ( <i>optional</i> )
Description of any non-CoC material that is part of jewellery products containing CoC material ( <i>if applicable</i> )	

<b>A Conflict-free declaration for mined material</b> <b>Check one</b>	
	<p>The mine or mines from which the mined material was produced <b>are not located</b> in a conflict-affected or high-risk area; and the mined material was not processed in, or transported through, conflict-affected and high-risk areas.</p> <p>Country(ies) where mined material was extracted:</p>
	<p>The mine from which the mined material was produced, the processing facility and/or the transportation routes for the mined material <b>are located</b> in a conflict-affected or high-risk area.</p> <p>The CoC certified entity has conducted due diligence, a summary of which is attached, to confirm the production and transportation of the mined material did not have adverse impacts related to conflict-affected and high-risk areas.</p> <p>Country(ies) where mined material was extracted:</p>
	<p>The mined material is mining by-product and has been determined to be conflict-free by the refiner's due diligence.</p> <p>Country(ies) where mining by-product was refined:</p>
<b>B DRC and adjoining countries' information for Dodd-Frank reporting</b> <b>(to be completed by all CoC certified entities with custody of mined or mixed gold)</b>	
	Transfer does not include gold from the DRC and adjoining countries.
	<p>Transfer includes gold from the DRC and adjoining countries, and a summary of the required due diligence has been retained by the refiner(s) of the gold.</p> <p>Country(ies) where mined material was extracted:</p> <p>Refiner(s):</p>

