



Responsible Jewellery Council

# Governance Handbook

# The Responsible Jewellery Council

The Responsible Jewellery Council (RJC) is a not-for-profit organisation founded in 2005 with the following mission:

**To advance responsible ethical, social and environmental practices, which respect human rights, throughout the diamond and gold jewellery supply chain, from mine to retail.**

## About this Handbook

This Handbook provides guidance as to how the RJC Memorandum of Association and the Articles of Association will be implemented, and how the Board and Committees of the Council will be run.

This is a 'living document' and the RJC reserves the right to revise this Handbook based on implementation experience and emerging good practice. The version posted on the RJC website supersedes all other versions.

To verify this document is current, please visit: [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

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## Inquiries or feedback

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*The Responsible Jewellery Council is a trading name of the Council for Responsible Jewellery Practices Ltd, which is registered in England and Wales with company number 05449042.*

## **1. Purpose and Scope**

The Governance Handbook has been approved by the Board of Directors of the Council on 5 December 2011. It provides direction to the Council on the responsibilities of the Board and the establishment, composition and terms of reference for Committees of the Council, and is subject to the Memorandum of Association and the Articles of Association of the Council.

The purpose of the Handbook is to provide guidance as to how the Memorandum of Association and the Articles of Association will be implemented, and how the Board and Committees of the Council will be run.

The RJC aims to ensure transparent, representative and appropriate governance for its large and growing membership.

This Handbook maintains the RJC's philosophy of seeking the consensus of all participants in the decisions of the various RJC Committees and provides for mechanisms that can, nonetheless, make decisions when consensus cannot be achieved.

## **2. Board of Directors**

The Memorandum of Association and the Articles of Association are the founding documents of the Council.

- The Memorandum of Association records the incorporation of the Council, as a private company registered in England and Wales under the UK Companies Act, and establishes the Council's objectives and powers.
- The Articles of Association ("the Articles") provide details about the Council's internal management, including the powers and responsibilities of the Board of Directors (the "Board").

In the Articles, the Board is entrusted with the ultimate responsibility for the management of the Council.

Directors are appointed by the Founder Members of the Council, or elected by Member Fora, or appointed by the Board as additional Directors. Directors need not be Members of the Council. Persons appointed as additional Directors shall be knowledgeable of the Council's stakeholder sectors and shall be appointed in their personal capacity.

The Board appoints the Chief Executive Officer (the "CEO"), and determines the CEO's powers, duties and responsibilities.

The Board makes the final decision on approving new or revised RJC standards and certification models.

The Board is also responsible for the appointment of external financial auditors and receipt of the audit report.

In addition, the Articles establish the criteria for membership in the Council, Member subscriptions, disciplinary action against Members, election or appointment of Directors of the Council, and requirements for proceedings of the Board.

## **3. Committees of the Council**

The Board may establish Committees of the Council to assist in conducting the business of the Council, and may delegate such powers to Committees as it may from time to time decide. Accordingly, the Board approves the Terms of Reference for all Committees of the Council.

There are eight Committees of the Council: Executive, Finance, People, Accreditation and Certification, Communications, Legal, Membership, and Standards. The current Committee structure is shown in Figure 1.

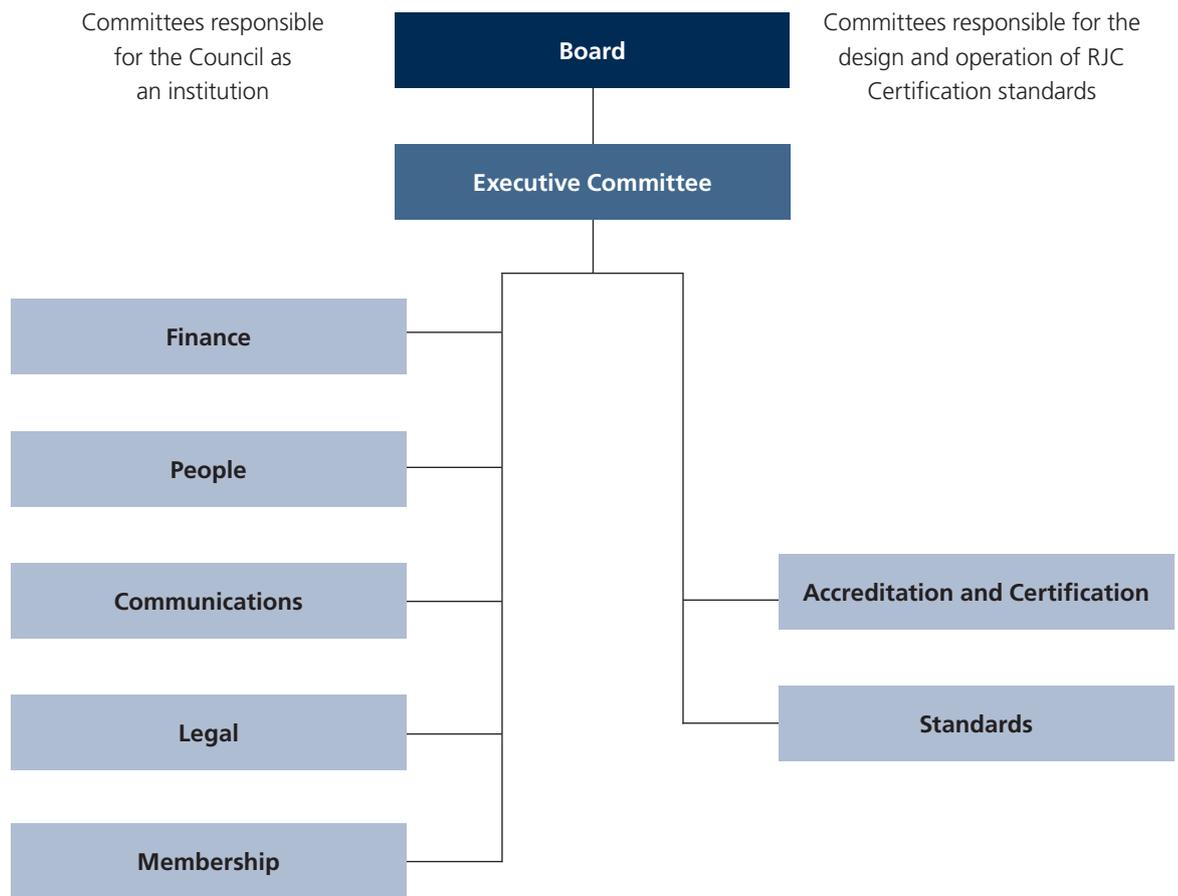
## **4. Executive Committee and the CEO**

The Executive Committee, Finance Committee and People Committee report to the Board. All other Committees report to the Board through the Executive Committee.

The CEO reports to the Board through the Executive Committee.

Other Committees do not have authority to direct the CEO or other employees of the Council.

Figure 1. Committee Structure



## 5. Rules for Committees

The following Rules apply to Committees.

### 5.1 Election and Appointment of Committee Members

All members of Committees shall be appointed by the Board. With the exception of the Standards Committee, Membership terms are for one-year with the possibility of re-election or re-appointment. Membership terms for the Standards Committee are two years, with the possibility of re-election or re-appointment, to enable continuity on standards development programs.

#### 5.1.1 Executive Committee

The Chairmen of the Committees of the Council and the Officers of the Council shall, ex officio, be the members of the Executive Committee.

The Chairman and Deputy Chairman of the Board are the Chairman and Deputy Chairman of the Executive Committee.

#### 5.1.2 Finance Committee

Up to one (1) Board member from each Member Forum may be a member of the Committee.

In addition, the Honorary Treasurer shall, ex officio, be a member of the Committee.

The Chairman of the Board will hold a call for nominations to the Committee, followed by a vote, if required, of the Board. Any Director may nominate himself.

The call for nominations and election will be held annually, and may be conducted electronically.

Members of the Committee shall, to the extent possible, have accounting or related financial management expertise. Accordingly, the call for nominations shall encourage nominations from individual Board members with appropriate qualifications.

### **5.1.3 People Committee**

The Committee shall have a maximum of five (5) Board members, each representing a different Member Forum.

The Chairman of the Board will hold a call for nominations to the Committee, followed by a vote, if required, of the Board. Any Director of the Council may nominate himself.

The call for nominations and election will be held annually, and may be conducted electronically.

Members of the Committee shall, to the extent possible, have relevant experience and expertise in human resources. Accordingly, the call for nominations shall encourage nominations from Board members with appropriate qualifications and/or experience.

### **5.1.4 Communications, Legal, Membership, and Accreditation and Certification Committees**

Members of the Communications, Legal, Membership, and Accreditation and Certification, Committees are elected to represent their respective Member Fora. Committee members-elect shall then be appointed by the Board for a one-year term. A maximum of two (2) individuals may represent a Member Forum on each Committee.

Elections will be conducted according to the following procedure, which shall be conducted by the CEO acting in his role as the Council's Returning Officer:

- During January of each year, a call for nominations for Committee members shall be issued to all Members of the RJC, grouped according to their respective Member Fora. Each Member of the RJC may nominate a single individual from their company or organisation. Nominees must be senior employees or directors of the Member.
- If more than two individuals are nominated for a Member Forum, an election shall be held amongst the Members of the relevant Member Forum. Each Member of the Forum shall have one vote. The two individuals with the greatest number of votes shall become elected.
- If two or less individuals are nominated by a Member Forum, then the individuals nominated shall be elected to the relevant Committee unopposed.
- The call for nominations and election will be held annually and may be conducted electronically.

Appointments of Committee members will be made by the Board at its next meeting, which will normally be held in March.

In the event of resignations or vacancies due to a lack of nominees, additional calls for nominations and elections, following the same election procedure as above, may be conducted during August of each year. The term for Committee members appointed under this method will be six (6) months.

If for any reason the number of members of a Committee falls below quorum, a call for nominations and elections shall be held as soon as practicable with committee members appointed by the Board for the balance of the 12 month period.

### **5.1.5 Legal Committee**

All members of the Legal Committee shall have appropriate professional legal qualifications. Nomination eligibility will be restricted accordingly.

### **5.1.6 Legal Committee and Accreditation and Certification Committee - Appointment of External Members**

In the case of the Legal Committee and the Accreditation and Certification Committee, individuals with appropriate professional qualifications who are not senior employees or directors of RJC Members may also be appointed by the Board.

### **5.1.7 Standards Committee**

Members of the Standards Committee are either elected to represent their respective Member Fora, or appointed by the RJC Board from the RJC's major stakeholder sectors, to provide a balance of interested parties.

Committee members-elect from Member Fora shall be appointed by the Board for a two-year term. A maximum of two (2) individuals may represent a Member Forum. Calls for nominations and elections for Member Forum representatives will be conducted according to the same procedures as described above for the Communications, Legal, Membership, and Accreditation and Certification Committees.

At the beginning of each calendar year one Member Forum Committee Member from each Member Forum shall retire from office and the resulting vacancies shall be filled by one Member Forum Committee Member elected by each Member Forum in accordance with the procedures described in 5.1.4. The Committee Members to retire by rotation shall be those who have been in office longest since their last appointment or re-appointment but, as between persons who became or were reappointed Committee Members on the same day, those to retire shall (unless they shall otherwise agree among themselves) be determined by lot. No Committee Member shall unless otherwise agreed by the Board, be eligible to remain a Committee Member for more than six consecutive years.

Committee members-elect will provide the perspectives of materially-affected parties and will have relevant expertise in at least some aspects of RJC standards.

In addition to RJC Members representing their respective Member Fora, the Board will also appoint to the Standards Committee up to a maximum of twelve (12) interested parties with expertise in the issues being addressed by RJC Standards and/or who could influence implementation of RJC standards. Relevant interested parties will include:

- Non-government organisations (NGOs)
- Standards-setting organisations with harmonisation interests
- Academic and research institutions
- Auditors
- Other stakeholders that may be relevant to the Standards Committee work program such as international institutions, national governments, technical experts etc.

External members shall be appointed in their personal capacity and not as representatives of any organisation. The exceptions shall be those individuals appointed by the Board to represent the Alliance for Responsible Mining and the Diamond Development Initiative, pursuant to the two separate Memoranda of Understanding that exist between RJC and these two organisations.

*Table 1. Summary of Committee Requirements*

	<b>Eligible Committee members</b>	<b>Member Forum</b>	<b>Min/Max number of members</b>
<b>Executive</b>	Company Officers ex officio Committee Chairs	Not applicable	12
<b>Finance</b>	Board Members Hon. Treasurer ex officio	One from each	8
<b>People</b>	Board Members	Each member from a different Forum	5
<b>Accreditation &amp; Certification</b>	RJC Members External experts	Two from each	14
<b>Communications</b>	RJC Members	Two from each	14
<b>Legal</b>	RJC Members External experts	Two from each	14
<b>Membership</b>	RJC Members	Two from each	14
<b>Standards</b>	RJC Members External interested parties	Two from each Twelve	26

## **5.2 Duties of Committee Members**

Committee members have the duty to exercise loyalty to the Council, and represent the interests of their Member Forum, or provide the perspectives of materially-affected parties, free of any conflicting interests of a personal nature or to any other party.

Committee members shall abide by all policies approved by the Board. Policies are available on the RJC website at: <http://www.responsiblejewellery.com/about-us/#policies> .

Committee members shall make reasonable effort to regularly attend committee meetings.

### **5.3 Quorum**

Quorum for all Committees, save for the Standards Committee, shall be three members, including the Chairman or Deputy Chairman. Due to the larger size of the Standards Committee, the quorum for this Committee shall be six, including the Chairman or Deputy Chairman.

### **5.4 Committee Chairman and Secretary**

Unless otherwise determined by the Terms of Reference, each Committee shall elect its own Chairman and may also elect a Deputy Chairman and a Secretary.

An external member of a Committee is not eligible to be the Chairman, Deputy Chairman or Secretary of a Committee. The Chairman, Deputy Chairman and Secretary may only be Committee members who are representatives of a Member Forum.

Any member of a Committee may nominate a Chairman, Deputy Chairman or Secretary. Election shall be by ballot.

Save in exceptional circumstances as determined by the Board, the Chairman of a Committee may not stand for election or be elected as Chairman if he has been Chairman for the preceding three years.

Committee Chairmen shall monitor attendance and advise the Executive Committee if Committee members are absent on a persistent basis.

### **5.5 Committee Meetings**

Committee meetings will be conducted using electronic means such as teleconferences to the extent possible to support broad participation.

Committee meetings, other than meetings of the Executive Committee, People Committee, Finance Committee and Legal Committee, shall be open to all RJC Members and their participation in discussion and debate will be encouraged, subject to appropriate confidentiality constraints and practical considerations.

Directors of the Council are entitled to attend all Committee meetings.

### **5.6 Decision-Making**

Committee Meetings will be conducted so as to endeavour to reach decisions through the consensus of all participants. Consensus is defined here as general agreement characterised by the absence of sustained opposition to substantial issues by any important stakeholder group: it is not necessarily unanimity. Consensus should be the result of a process seeking to take into account the views of interested parties and reconcile any conflicting arguments (ISO/IEC Guide 2: 2004).

To work towards consensus on significant decisions, Committee Chairs will ensure that all participants in meetings are invited to express their views. Sufficient time to discuss and debate decisions of significance should be allocated. Additional time and/or information may be requested by Committee Members to help facilitate a consensus outcome.

In the event that a consensus cannot be reached on a decision of significance, a vote will be taken amongst the Committee Members. This may be taken during the meeting, if a balance of interests are present, otherwise it will be conducted by electronic poll following the meeting. The CEO or a delegate will act as the returning officer. The electronic poll will require a Quorum of ballots cast, and will be deemed to have passed by a simple majority.

Individuals attending meetings who are not Board-appointed members of a Committee are not eligible to vote.

Committee members are appointed by the Board in their personal capacity. A Committee member may assign his proxy to another Committee member but may not delegate their voting authority to a non-Committee member.

# Executive Committee

## Terms of Reference

### **Committee Responsibilities and Duties**

- Monitor the functioning of Committees and make recommendations to the Board on the Terms of Reference of Committees.
- Receive and consider recommendations from Committees on matters requiring approval by the Board, and make recommendations to the Board on those matters.
- Provide guidance and where appropriate assist in the implementation of policies, processes and procedures relating to the investigation of complaints.
- Administer Member disciplinary matters in accordance with the Articles of Association.
- Provide strategic, operational guidance and support to the Chief Executive Officer in relation to the day to day management of the Council.

### **Membership**

#### **Composition**

The Chairmen of the Committees of the Council and the Officers of the Council shall, ex officio, be the members of the Executive Committee.

#### **Chairman and Deputy-Chairman**

The Chairman and Deputy Chairman of the Council shall be the Chair and Deputy Chairman of the Committee.

#### **Secretary**

The Honorary Secretary to the Council shall be the Secretary to the Executive Committee.

#### **Support**

Support will be provided by the CEO.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Finance Committee

## Terms of Reference

### **Committee Responsibilities and Duties**

- Monitor the Council's financial position.
- Provide guidance and where appropriate assist in the preparation of projections on future financial positions.
- Review the annual budget, and submit to the Executive Committee for recommendation to the Board for approval.
- Review and make recommendations regarding the membership fee structure and other sources of revenue.
- Provide policy guidance to the CEO for effective financial management including delegations of authority for expenditures, investment policy, and cash management.
- Review the Council's internal accounting procedures and accounting controls.
- Review the Council's compliance with all relevant laws and regulations regarding financial matters.
- Recommend to the Board external auditors, and, where directed by the Board, review the audit plans and reports of external auditors.
- Develop macro finance and accounting strategies and bring related issues to the attention of the Executive Committee and recommend courses of action as deemed appropriate.

### **Membership**

#### **Composition**

The Honorary Treasurer shall, ex officio, be a member of the Committee.

In addition to the Honorary Treasurer up to one (1) Board member from each Member Forum.

Members of the Committee shall, to the extent possible, have accounting or related financial management expertise. Accordingly, the call for nominations shall encourage nominations from individual Board members with appropriate qualifications.

#### **Chairman and Secretary**

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

#### **Support**

Support will be provided by the CEO or delegate.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# People Committee

## Terms of Reference

### **Committee Responsibilities and Duties**

- Provide general guidance in the development of key human resources policies and functions.
- Provide general guidance on the staffing structure of the organisation.
- Assist the Board with CEO succession planning.
- Review and make recommendations to the Board on the annual performance criteria for the CEO.
- Annually evaluate the performance of the CEO and report on the CEO's performance to the Board.
- Review and submit recommendations to the Board on the level and form of compensation for the CEO.
- Recommend to the Board the general guidance given to the CEO on compensation levels and bonuses for employees.

### **Membership**

#### **Composition**

A maximum of five (5) Board members representing different Member Fora, following a call for nominations.

Members of the Committee shall, to the extent possible, have relevant experience and expertise in human resources. Accordingly, the call for nominations shall encourage nominations from Board members with appropriate qualifications and/or experience.

#### **Chairman and Secretary**

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

#### **Support**

Support will be provided by the CEO or delegate.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Accreditation and Certification Committee

## Terms of Reference

### Committee Responsibilities and Duties

- Provide guidance and where appropriate assist in the development of:
  - policies and procedures relating to the impartiality of activities that involve the operation of the RJC System;
  - criteria for accrediting auditors;
  - terms and conditions to apply to accredited auditors; and
  - quality control methods and procedures for auditors.
- Provide guidance in the management of relationships between the RJC and accredited auditors to ensure independence and impartiality.
- Provide technical advice to the CEO and the Management Team on matters relating to auditing and accreditation.
- Provide guidance and where appropriate assist in the development of policies, processes and procedures relating to certification of Members, to ensure consistency, impartiality and protection of confidential information.
- Monitor representations of RJC certification by third parties and recommend courses of action to prevent misrepresentations.
- Conduct, with the support of the Management Team, and/or by a person engaged by the Management Team, an annual review of the impartiality of the decision-making processes relating to the operation of the RJC System. Results will be reported to the Executive Committee and, through the Executive Committee, to the Board.

### Membership

#### Composition

A maximum of two (2) members from each Member Forum.

Members of the Committee shall, to the extent possible, have expertise in management systems auditing. Accordingly, the call for nominations and any election of members shall encourage the selection of individuals with appropriate qualifications.

The Board may appoint external members with appropriate qualifications to the Committee.

#### Chairman and Secretary

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

External members are not eligible to be the Chairman, Deputy Chairman or Secretary. The Chairman, Deputy Chairman and Secretary may only be filled by Committee members who are representatives of a Member Forum.

#### Support

Support will be provided by the CEO or delegate.

### Meetings

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Communications Committee

## Terms of Reference

### **Committee Duties and Responsibilities**

- Provide advice and guidance on communications strategies and engagement with stakeholders.
- Monitor current public affairs issues and media coverage of interest to the Council.
- Review and recommend to the Executive Committee external communications plans and communications materials brought to the Committee's attention by the CEO or delegate.
- Review and recommend to the Executive Committee public reports of the Council on the aggregate progress of Members in implementing the RJC system.
- Provide guidance on the development and protection of the Council's brand.
- Review and recommend to the Executive Committee the Rules for use of the logo and associated intellectual property.

### **Membership**

#### **Composition**

A maximum of two (2) members from each Member Forum.

#### **Chairman and Secretary**

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

#### **Support**

Support will be provided by the CEO or delegate.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Legal Committee

## Terms of Reference

### **Committee Responsibilities and Duties**

- Monitor legal issues arising from the Council's activities.
- Review matters brought to its attention by the Board, the CEO and other Committees to ensure legal compliance, minimise legal exposure and maximise legal opportunity.
- Advise the Council as to when external legal advice is appropriate, and recommend on the appointment of external legal counsel.
- Ensure that the Council acts in accordance with the RJC Anti-Trust Policy. Members of the Legal Committee attending other Committee meetings will periodically confirm, for the record, that the meetings attended comply with the Anti-Trust Policy.
- Bring issues to the attention of the Executive Committee and recommend courses of action as deemed appropriate.

### **Membership**

#### **Composition**

A maximum of two (2) members from each Member Forum.

A minimum of three (3) Members.

All Committee members shall have appropriate professional legal qualifications. Nomination eligibility will be restricted accordingly.

The Board may appoint external members with appropriate qualifications to the Committee.

#### **Chairman and Secretary**

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

External members are not eligible to be the Chairman, Deputy Chairman or Secretary. The Chairman, Deputy Chairman and Secretary may only be filled by Committee members who are representatives of a Member Forum.

#### **Support**

Support will be provided by the CEO or delegate.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Membership Committee

## Terms of Reference

### **Committee Responsibilities and Duties**

- Provide guidance and where appropriate assist in Member recruitment activities in accordance with the Council's strategic priorities.
- Provide policy guidance on admissions processes.
- Review and recommend classifications for Member Fora, and other forms of support for the Council.

### **Membership**

#### **Composition**

A maximum of two (2) members from each Member Forum.

#### **Chairman and Secretary**

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary.

#### **Support**

Support will be provided by the CEO or delegate.

### **Meetings**

At least one meeting shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of three members, including the Chairman or the Deputy Chairman.

# Standards Committee

## Terms of Reference

### Committee Responsibilities and Duties

- Review and make recommendations on:
  - the design, implementation and continuous improvement of RJC Certification;
  - proposed changes to RJC Certification;
  - proposed changes to the formal documentation for RJC Certification, including assessment tools and treatment of non-conformances;
  - the expansion of RJC Certification to other jewellery products and forms of assurance.
- Provide policy advice on the consultation and engagement of stakeholders during standards development activities.

### Membership

#### Composition

A maximum of two (2) members from each Member Forum (equalling a maximum total of 14).

A maximum of twelve (12) interested parties with expertise in the issues being addressed by RJC Standards and/or who could influence implementation of RJC standards.

#### Chairman and Secretary

Committee shall elect its Chairman and may also elect a Deputy Chairman and a Secretary from amongst the representatives of RJC Member Fora.

#### Support

Support will be provided by the CEO or delegate.

### Meetings

At least two meetings shall be held annually. Minutes of meetings will be recorded by the Secretary or as appointed by the Chairman.

Quorum shall be a minimum of six members, including the Chairman or the Deputy Chairman.

### Decision-Making on Standards

The RJC aims to operate in conformance with the ISEAL Code of Good Practice for Setting Social and Environmental Standards. The decision for the RJC to adopt a new or revised RJC standard will pass through the following steps:

- Consensus-based decision-making, as outlined in section 5.6 of this Handbook, within the RJC Standards Committee during the drafting of new or revised standards content;
- Public consultation processes as defined in each standards development program in accordance with the ISEAL Code of Good Practice;
- Recommendation by the RJC Standards Committee whether to approve the new standards / revisions, based on the results of the consultations;
- Recommendation by the RJC Executive Committee based on the above recommendations;
- Decision whether to approve the new standards/revisions taken by the RJC Board, based on the quality of the process followed.



Dated 6 / 2 / 2012

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By order of the Board

Matthew Runci  
Chairman