

CAFOD comments on the Responsible Jewellery Council
Chain-of-Custody discussion paper
22 June 2010

CAFOD welcomes the opportunity to comment on the Responsible Jewellery Council (RJC) chain-of-custody discussion paper. For a number of years, CAFOD has been advocating for greater transparency in the gold supply chain so we are pleased that the Council is considering the options around chain-of-custody certification.

We believe that if the RJC is able to develop a strong chain-of-custody standard it could help to improve the traceability of the gold supply chain. If this was linked to an improved RJC Code of Practices that comprehensively addressed issues such as submarine tailings disposal; free, prior and informed consent of communities; involuntary resettlement etc. it could help to drive up standards across the gold industry. This would be to the benefit of communities affected by mining projects. It would also increase consumer confidence in gold products.

The experience of CAFOD's Unearth Justice campaign has shown that there is strong interest amongst our supporters and the general public in issues of traceability and provenance. Our supporters have indicated that they would like to know about the origin of the gold they buy, particularly because gold jewellery is likely to be a one-off purchase.

The ability of a chain-of-custody system to improve traceability and industry standards and increase consumer confidence depends on how robust it is. CAFOD believes that consideration of the following key issues is essential if the RJC system is to have credibility in the eyes of all stakeholders, not just industry members.

The chain-of-custody model:

Of the four models outlined in the discussion paper, the "Track and Trace" model offers the most robust system, capable of delivering the highest levels of physical traceability for the consumer. If implemented it would enable jewellers to show that 100 percent of a component of a final product is traceable to a mine of origin. Discussions at the Council's London meeting on 18 May 2010 indicated this is what jewellery retail members want to see.

Clearly "Track and Trace" is a more demanding system, but we believe that the benefits of implementing a rigorous system would outweigh the disadvantages. If the Council is to invest time and money into developing a chain-of-custody standard, then it is important to get it right from the outset.

With members from all parts of the gold supply chain, the Council is in a unique position. Given that due to Anti-Trust considerations any chain-of-custody standard would have to be voluntary, a key issue for the RJC would be providing sufficient incentives to ensure a critical mass of members participate. It is important not to underestimate the influence individual

companies can have. For example, individual companies can look at their contractual relationships with direct suppliers to ensure adherence to the highest standards.

If there are insufficient volumes of gold for batch refining under “Track and Trace”, the “Bulk Commodity” model could provide a temporary alternative. However the claims made about products certified under this model would need to be adjusted accordingly.

The Council would need to develop clear criteria for determining how and when the different models could be applied. For example, when exemptions from “Track and Trace” would be applicable and timelines agreed for when full compliance should be achieved.

We believe that full traceability should not be sacrificed at the expense of keeping manufacturing costs to a minimum, even if this results in greater costs to the consumer. We know from CAFOD’s own research many consumers would be prepared to pay more. A strong chain-of-custody standard could provide real choice to consumers, compared to the current situation where there exists a lack of confidence in products of all price ranges.

We do not believe that “Mass-balance” or “Book and Claim” models offer sufficient levels of traceability to improve practices at mine sites or provide consumers with the level of information they want about gold jewellery products.

Claims of the product:

One of CAFOD’s key concerns relates to the claims that can be legitimately made by the Council about products certified under a chain-of-custody standard. In order to make credible claims about the social and environmental responsibility of a product, a chain of custody standard should be linked to adherence to the highest social and environmental standards.

As outlined in CAFOD’s comments on the RJC Mining Supplement (submission dated 17 October 2008) we are concerned that the RJC’s Code of Practices does not go far enough in setting standards to address the impacts of mining on the developing world.

If the aim of the RJC is to improve standards and increase consumer confidence in the gold supply chain, the Code of Practice must go beyond national legal compliance and take the lead on the tough issues. Currently the Code of Practices:

- Does not guarantee the right of communities to give or withhold their consent. It only requires members to “seek to obtain” the broad community support of indigenous people. For the wider community the standard is that members “should” obtain broad support throughout the project;
- Does not explicitly prohibit involuntary resettlement of communities;
- Does not address the need for standards on mercury emissions;
- Does not prohibit outright submarine tailings disposal.

CAFOD strongly believes that unless this fundamental point is addressed, RJC certified products will have difficulty securing the confidence of all stakeholders.

