



## Frequently Asked Questions (FAQ)

### **Why is the scope of the RJC restricted only to diamond and gold jewellery?**

Diamonds and gold are the cornerstones of the retail jewellery industry and the continued focus of consumers worldwide. The RJC was established with the view that it was important to get these two product categories right before addressing issues that face other jewellery products. The RJC has also been able to take advantage of extensive learning, commitment and multi-stakeholder engagement in the diamond and gold industries.

Once the certification system is operating smoothly, the RJC plans to begin work on expanding the scope of products captured by the system to other gems and precious metals used in jewellery. The RJC keeps key stakeholders in the coloured stones, platinum, pearl and other jewellery products updated via our Interested Parties information feed, and participates in the Madison Dialogue forum.

### **Is RJC certification a chain of custody / product labelling initiative?**

Not currently. RJC Member Certification is focused on responsible business practices at an organisational level, and not jewellery product certification through an industry chain of custody system. The RJC Code of Practices does contain provisions around supply chain management, whereby Members are required to use best endeavours to encourage their customers, suppliers and business partners to adopt similar standards.

Other chain of custody models, for example the Forest Stewardship Council, has two components to product label certification. The first is the certification of management systems and practices of the relevant business eg the forest. This first component is the parallel of the RJC system, though in the case of the RJC the standards apply right through the supply chain from mine to retail, not just at the production end. The second (and optional) component is then certification of product tracking systems to certify the chain of custody through to the consumer.

As a Membership organisation, RJC would breach anti-competition laws if it were to require chain of custody relationships between its Members, for example by stipulating that Members could only buy from other Members. However Members themselves are free to make their own business decisions as to their suppliers and customers and can choose to create their own chain of custody initiatives and/or require business partners to comply with the RJC system.

So, while the RJC system is not currently product certification, it does enable businesses to create their own chain of custody systems by providing independent verification of the business practices of companies in the chain. From 2010, RJC will evaluate the feasibility of developing an auditable, voluntary, chain of custody standard to capture this potential value for Members.

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### What commitments must businesses make in order to join the RJC?

For Commercial Members, see <http://www.responsiblejewellery.com/commercial.html>

For trade Association Members, see <http://www.responsiblejewellery.com/associate.html>

### How much does it cost to be an RJC Member?

Fees are set annually by the RJC Board. For 2009, the annual fees are:

Membership Category	Annual Membership fee
Diamond and/or Gold Producer; or Retail	0.045% of Annual Relevant Sales*, minimum of £100 (GBP)
Wholesale; or Gold trading, refining or hedging; or Diamond trading, cutting and polishing; or Jewellery manufacturing	0.003% of Annual Relevant Sales*, minimum of £100 (GBP)
Trade association	Flat rate of £1,500 (GBP)

\* **Annual Relevant Sales** are defined as the total sales derived from those parts of the Applicant's business that are directly involved in the diamond and/or gold jewellery supply chain for the financial year immediately preceding the date of the application or renewal date.

Jewellery includes, but is not limited to, bracelets, rings, necklaces and watches that contain diamonds and/or gold. Gold that is a by-product of mining activity must be included. Sales derived from non-diamond and/or gold jewellery products may be excluded.

In the case of start-up companies that have been in business for less than one year, the minimum fee shall apply.

### What is the difference between RJC membership and RJC Certification?

Any organisation, large and small, in the gold and diamond jewellery supply chain can become a Member of the RJC, by completing the membership application form, agreeing to adhere to the Code of Practices, and paying the appropriate fee. To become RJC Certified it is necessary to be audited by an approved third party auditor and, provided the auditor finds the member substantively in conformance with the RJC Code of Practices, the RJC will issue that Member with RJC Certification

#### RJC Membership groups Commercial & Trade Association Members:

Commercial Members commit to achieve RJC Certification within 2 years of joining, and are responsible for the cost of auditing against the Code of Practices.

Trade Association Members are not Commercial Members in the jewellery supply chain and so are not required to undergo RJC Certification. Trade Association Members play an important role of outreach and disseminating information about the Council and its activities to their respective memberships.

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### How much does it cost to become certified?

The cost will depend on the type, size and location of the business, and will be set by agreement between the Auditor and the Member.

The RJC has issued guidance in the RJC Assessment Manual on the likely number of auditor person-days for different types of businesses. While not prescriptive, it gives Members and Auditors alike an indication of the scale of the audit and hence the likely cost.

For example, guidance provided by RJC for businesses with less than 25 employees is as follows:

Base Cost = 2 days

Local Operation = Simple Process: -1 day Complex Process: +1 day

Regional/Global Operation = Simple Process: +2 days Complex Process: +3 days

### What are the objectives of the Code of Practices?

The Code of Practices aims to provide a common standard of responsible business practices for RJC Members that builds on international and industry standards and applicable law. The Code of Practices applies to all Commercial Members, from mine to retail.

The Code of Practices sets out the mandatory expectations for the establishment, implementation and maintenance of policies, procedures and practices in order to manage issues within a Member's control. Its provisions will be independently audited to provide objective evidence for the granting of RJC Certification and thus drive improvement of business practices.

### What is the scope of the Code of Practices?

The Code of Practices is grouped into four sections:

- Business Ethics: – upholding ethical business practices;
- Human Rights and Social Performance: – upholding fundamental human rights, treating workers fairly and with respect, encouraging a diverse workforce, and provision of a safe working environment;
- Environmental Performance: – promoting efficient use of resources and energy, and reducing and preventing Pollution;
- Management Systems: – compliance with Applicable Law, establishing policy, and managing business Risks including Contractors, Suppliers and Partners.

### Does certification involve any financial auditing?

RJC certification is based on a management systems audit, not a financial audit. However some provisions of the Code of Practices - such as Bribery and Facilitation Payments, Money Laundering and the Finance of Terrorism, and Remuneration – do relate to businesses' financial systems. For these areas, objective evidence of conformance with the Code of Practices will be sought. Examples of objective evidence that auditors may look for include:

- Prior financial audit reports
- Relevant policies and procedures
- Recording and monitoring systems for payments and transactions
- Customer identification procedures
- Interviews with employees
- Awareness of applicable legal requirements
- Records of training

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### **Will the audit look at how much I pay to my suppliers and how much do my customers pay to me?**

No, the audit will not review pricing between customers and suppliers.

The Code of Practices (COP) does include provisions on 1.1 Bribery and Facilitation Payments and 1.2 Money Laundering and Finance of Terrorism and the Auditor may want to look at evidence of practices and transactions to show that the business has good systems in place (such as 'know-your-customer' and audited financial accounts). COP 1.5 on the Kimberley Process will also involve Auditors checking invoices for diamonds to ensure that they include the WDC warranty statement.

Thus, Auditors may have access to confidential or commercially sensitive information during the course of their desktop and on-site verification. It is entirely at Members' discretion whether to require that their chosen Auditors enter into confidentiality agreements to prevent disclosure of such information to third parties. Confidentiality agreements are common practice for third party verification and auditing. In any case, the RJC does not receive any detailed information about Members in the auditor's summary report on conformance.

### **How does the Mining Supplement apply?**

The RJC is currently developing additional standards to address mining-specific issues not yet covered by the Code of Practices. The publication of the Mining Supplement will be integrated into the Code of Practices and associated Standards Guidance and available on the website in December 2009.

The majority of the Code of Practices will continue to apply to all Commercial Members, from mine to retail, and will also include these additional provisions that are applicable only to Members with mining Facilities.

### **How are the standards decided?**

The RJC Board is responsible for introducing new standards and approving any amendments, and must formally vote to bring them into effect. The RJC Standards Committee has oversight of standards development, with support provided by the RJC Standards Development Director.

The Standards Committee is currently co-chaired by Mick Roche (BHP Billiton) and Rob Headley (Jewelers of America). Committee participation is open to all RJC Members and attracts the involvement of a diversity of interested Members from across the supply chain, including trade associations, retailers, mining companies, cutting and polishing companies, diamond traders, and gold refiners. The aim of the Standards Committee is to reach consensus on new or updated standards.

Standards development is an iterative process and opportunities are provided for stakeholder input and participation through meetings, public comment periods and dialogue. In 2009, a formal Consultative Panel was established for the Mining Supplement standards process and a range of key stakeholders were invited to participate. The Consultative Panel is using a consensus process to make recommendations to the Standards Committee. The Standards Committee Co-Chairs and one mining company Member also participate in the Consultative Panel to create an ongoing dialogue between the Panel and the Standards Committee. The RJC has strongly championed the need for open and transparent consultation in standards development.

### **Will the RJC system be harmonised with other voluntary initiatives and best practice systems?**

The Code of Practices has sought to harmonise with widely accepted international standards wherever possible to reduce duplication. A range of international standards and voluntary initiatives are directly or indirectly referred to. These include:

- The United Nations Universal Declaration of Human Rights
- International Labour Organisation (ILO) Fundamental Rights at Work

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- Kimberley Process Certification Scheme and World Diamond Council System of Warranties for diamond shipments
- Voluntary Principles on Security and Human Rights
- SA8000 on Child Labour, remuneration, working hours, workplace discipline and grievance procedures;
- International Cyanide Management Code.

The Standards Guidance provides more information on relevant international standards and links to online resources.

### Why does the RJC participate in the Global Compact – Civil Society?

The Global Compact has ten principles in the areas of human rights, labour, the environment and anti-corruption. The RJC Code of Practices (COP) sets standards of responsible business practices for its Members which serve to support the Global Compact agenda. Collaboration with the Global Compact brings added value to the RJC and its membership by developing synergies relating to responsible business practices of the diamond and gold sectors.

The following table highlights the RJC’s support of the Global Compact through its standards, with which its Members must comply.

Global Compact Principle	RJC Code of Practices – Related Provisions
<b>Human Rights</b>	
1. Businesses should support and respect the protection of internationally proclaimed human rights; and	COP 2.1 Human Rights COP 2.4 Freedom of association and collective bargaining COP 2.5 Discrimination COP 2.8 Working Hours COP 2.9 Remuneration COP 2.11 Community Development
2. make sure that they are not complicit in human rights abuses.	COP 1.3 Kimberley Process COP 2.2 Child labour COP 2.3 Forced labour COP 2.7 Discipline and Grievance Procedures COP 2.12 Use of Security Personnel COP 4.3 Business Partners
<b>Labour</b>	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	COP 2.4 Freedom of Association and Collective Bargaining
4. the elimination of all forms of forced and compulsory labour;	COP 2.3 Forced Labour
5. the effective abolition of child labour; and	COP 2.2 Child Labour and Young Persons
6. the elimination of discrimination in respect of employment and occupation.	COP 2.5 Discrimination
<b>Environment</b>	
7. Businesses should support a precautionary approach to environmental challenges;	COP 3.1 Environmental Protection COP 3.2 Hazardous Substances
8. undertake initiatives to promote greater environmental responsibility; and	COP 3.3 Wastes and Emissions
9. encourage the development and diffusion of	COP 3.4 Use of Energy and Natural Resources

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environmentally friendly technologies.	
Anti-Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	COP 1.1 Bribery and Facilitation Payments COP 1.2 Money Laundering and Finance of Terrorism

Furthermore, the RJC Code of Practices addresses additional consumer confidence issues such as accurate product disclosure; employee health and safety, working hours and remuneration; and community development.

### What is a Self Assessment?

A Self Assessment is like an internal audit or a pre-assessment that allows Members to:

- Define what parts of their business actively contribute to the diamond and/or gold jewellery supply chain and thus fall within the scope of RJC Certification;
- Internally review their business practices against the requirements of the Code of Practices. This provides the opportunity to identify any gaps or areas of non-conformance and address them in advance of independent auditing.
- Assemble the relevant information to enable an independent accredited auditor/s to work efficiently and effectively (and thus reduce auditing costs).

A Self Assessment is followed by an independent Verification Assessment by an accredited RJC auditor, who will provide a recommendation to the RJC for or against certification.

### Is there a deadline to complete self assessments and audits after membership?

Membership Type	Certification Timeline
RJC Members as of 31 <sup>st</sup> December 2008	31 <sup>st</sup> December 2011
New Members	Two years from the date of application
RJC Members with Mining Facilities	Two years from the release of the Mining Supplement (Dec 2009)

### Who is eligible to be an auditor?

Conformity Assessment Bodies (CABs) accredited under the requirements of ISO/IEC 17021, ISO/IEC Guide 65 (or equivalent) can apply to become an RJC approved firm to conduct independent verification assessments. Accreditation shall be granted based on the CABs ability to meet organisational and auditor competency criteria.

See <http://www.responsiblejewellery.com/involved.html> for more information.

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## What are the steps for the RJC Certification?

Self Assessment	<ul style="list-style-type: none"><li>• Conducted by the Member</li><li>• Define the Certification Scope</li><li>• Corrective actions as needed</li></ul>
Verification Assessment	<ul style="list-style-type: none"><li>• Member engages an Accredited Auditor</li><li>• Auditor defines the Verification Scope</li><li>• Audits Facilities</li></ul>
Corrective Action Plans	<ul style="list-style-type: none"><li>• Required for non-conformances</li></ul>
Reports	<ul style="list-style-type: none"><li>• Detailed report to Member</li><li>• Recommendation to RJC</li></ul>
Certification	<ul style="list-style-type: none"><li>• Valid three years if no Major non-conformances</li><li>• Valid one year with agreed corrective action plans for any Major non-conformances</li></ul>

## What happens if a Member doesn't meet the requirements of the Code of Practices?

There are several different types of outcomes depending on whether the non-conformance is classified as minor, major, or a critical breach. These are set out in the RJC Certification Handbook.

If an independent auditor finds a critical breach, or a company has failed to address major non-conformances in a timely manner, then they will not be eligible for certification, and disciplinary measures, including loss of Membership, could apply.

## Would the RJC act on a complaint received about one of its Members?

The RJC aims to deal fairly and objectively with complaints, including but not limited to those relating to potential non-conformance with the RJC system. Complaints can be submitted by Members, Auditors or third parties. Complaints must be in writing and accompanied by sufficient information to enable investigation. A summary of the complaints process is contained in the Certification Handbook.

More detailed guidelines for admissibility of complaints and investigation procedures are currently being developed. These will be made available on the website.

## How does the RJC handle the potential for conflicts of interest?

Conflict of interest situations can arise under any financial relationship, for example membership fees, auditing fees between companies and auditors, or donor relationships between corporate and civil society. The key is to identify and manage the potential for conflicts of interest.

The RJC has a strong commitment to its Anti-Trust Policy and Rules and Confidentiality Policy. These have led to the establishment of governance procedures that keep membership fee amounts confidential, minimising the potential for conflicts to arise, and requiring individuals or representatives with a direct commercial interest in a decision to be excluded from the decision-making process. The RJC Legal Committee maintains oversight of the RJC's adherence to competition law and the privacy of Members information.

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Auditors will need to follow ISO17021 (Conformity Assessment – Requirement for bodies providing audit and certification of management systems) to be eligible for RJC accreditation. Under ISO17021, auditing firms are required to put systems in place to identify and manage conflicts of interest.

### **Is it the demand for unstained (by blood) diamond that has given birth to the Council or is it the other way around?**

In 2005, 14 concerned members of the jewellery industry formed the Responsible Jewellery Council (RJC) to meet the growing consumer awareness of and demand for responsibly produced goods and services. While the conflict diamond issue formed a part of the background to the Council's founding, the Council wished to create a standard-setting body that would certify business practices throughout the diamond and gold supply chain, from mine to retail.

### **What is the percentage of customers that buy or demand to buy jewellery made without harming the environment and exploiting workers? Is the percentage higher in developed countries than developed countries?**

The RJC does not gather that kind of statistical information of consumers' buying patterns. However, it is important to stress that national trade associations anecdotally report that their retail members are seeing a growing demand for ethical, responsibly-made diamond and gold jewellery product. This buying pattern is reported to be noticeably higher among the younger (18-34) demographic.

### **How does the Council build consumer confidence in the diamond industry in context to a developing country like India being the biggest diamond cutting and polishing country, where child labour and poor wages are a reality?**

The RJC has maintained a strong commitment and dialogue with leaders in the Indian market. Large and small Indian companies have demonstrated a strong commitment to the RJC system. The RJC's Code Practices has an extensive reference to members' obligations in the area of child labour and wages that must be adhered to in all markets. Furthermore, the RJC has met senior representatives of the Gem Jewellery Export Promotion Council (GJEPC) through the four year development phase of the RJC's standards.

### **Has the tag of Responsible Jewellery Council in members' products helped them do better business?**

It is important to note that the RJC does not certify products, but rather certifies a company has ethical, transparent business practices evidenced through an independent, third party audit of the business' operations. Membership of the RJC allows a business to credibly demonstrate, by way of independent audit, its responsible performance to its customers and suppliers. As the RJC System has just been launched, it is too early to measure direct business benefits of membership, however, some RJC Members have reported winning new customers because of their RJC membership.

Please note that the RJC logo cannot be attached to jewellery products with a swing tag or label. RJC certification is of the business, not the product.

Having established the Code of Practices, the RJC is now turning its attention to issues surrounding the chain-of-custody, or traceability, of product. We believe that traceability can strengthen the integrity of the jewellery supply chain and we note that some RJC members have already implemented product tracking systems. The RJC will assist its members seeking to utilise chain-of-custody as a complementary element to the RJC certification process.

A wide range of different industries (product types) effectively use a number of credible proprietary systems to trace goods from the point of origin, through supply chains and production processes and

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finally to retail. These tracking systems are prevalent in the food industry, e.g. organics, coffee and fish, but are also utilised in non-perishable goods sectors, such as clothing, timber and pharmaceuticals. In 2010, the RJC will investigate the applicability of such tracking systems to jewellery products. It is not the intention of the RJC to develop its own system of product tracking but to investigate the possibility of certifying the effectiveness, validity and claims made by proprietary tracking systems.

**How many Indian traders have become members of the Responsible Jewellery Council and what have they done to make their business a responsible one?**

A full list of members, including those with operations in India, is available on the RJC's website.

<http://www.responsiblejewellery.com/members.html>

Current RJC Members as of 31st December 2009 are required to undergo independent verification by December 2011, or December 2012 if they have Mining Facilities. Companies that join the RJC from 2010 will need to undergo independent verification within two years of becoming Members.

**Do you think there will be an end to the trading of 'Blood Diamond'?**

One conflict diamond in the supply chain is one too many. The RJC is committed to the eradication of this scourge. Through the RJC Certification System, the RJC requires that its Members must not knowingly buy or sell conflict diamonds, or assist others to do so. The RJC Code of Practices includes four provisions requiring conformance with the Kimberley Process Certification Scheme for rough diamonds and the World Diamond Council System of Warranties. Non-compliance with any of these provisions is considered a 'Critical Breach' under the RJC Certification System, which will trigger disciplinary proceedings leading to sanctions against that RJC Member, which may ultimately lead to expulsion.

The RJC Code of Practices also includes specific provisions on human rights, which refer to the Universal Declaration of Human Rights, the Voluntary Principles on Security and Human Rights, and ILO Conventions on child labour, forced labour, freedom of association and discrimination.

RJC Members must evidence compliance through an independent verification assessment, which involves desktop reviews and site visits. Independent, third party auditors will look for objective evidence of conformance in the form of management systems, observed practices and record-keeping.

Please send your questions to [info@responsiblejewellery.com](mailto:info@responsiblejewellery.com)

Thank you.

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