



*Continuing  
to measure our  
Impact*



Responsible  
Jewellery  
Council

*2015 Impacts Report*

## VISION

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

## MISSION

*We strive to be the recognised standards and certification organisation for supply chain integrity and sustainability in the global fine jewellery and watch industry.*

## VALUES

*These values guide our decisions and actions:*

- *We are respectful and fair*
- *We practice honesty, integrity and accountability*
- *We engage in open collaboration*



# ABOUT THIS REPORT

*“Our team has spent the past year analysing membership and audit data, commissioning research, and collaborating with others to understand RJC’s impact on our members, their employees, customers, and communities, and the jewellery industry at large.”*

In June 2014 we published our first ever Impacts Report: “Building Responsible Jewellery Supply Chains”. In that report we presented our strategy for measuring and reporting on our impacts and our findings and lessons learned from 2010 through to April 2014. This latest report, which presents information for the 2014 calendar year (1 December - 31 January 2014), builds on that foundation of measurement, reporting and learning.

Our team has spent the past year analysing membership and audit data, commissioning research, and collaborating with others to understand Responsible Jewellery Council’s (RJC) impact on our members, their employees, customers, and communities, and the jewellery industry at large. The data and analysis presented in this report will help us continue to improve our standards and certification processes, expand and deepen our training, identify new opportunities and collaborations, and design innovative tools and programs to better serve our members. All of this effort will be with the goal of improving the impact our members have on their employees, customers and communities, and the trust the industry has with consumers and stakeholders around the world.

We are pleased to continue learning about compliance against our standards—where members are excelling and where they are struggling to conform to the code provisions. Our deep-dive research presented in this report on specific topics provides us valuable insight. We continue to learn about how our work affects mining companies with artisanal and small-scale mining on their sites, the needs of the diamond cutting and polishing industry in India, and the opportunities to better serve small and medium-size enterprises.

We know we have work to do. We need to continue to deliver impact whilst our membership grows at a rapid rate. We know we can do better in terms of helping our members address health and safety issues. Lastly, we need to consider how we can encourage greater uptake of our Chain-of-Custody standard. This report helps us to understand where we are on these themes and gives us pause to consider how to tackle these issues and other ways we can grow our impact.

We hope you find this report engaging and informative. We encourage you, our valued stakeholders, to share your feedback with us, to enable us to further strengthen our approach and reporting.

**Andrew Bone**  
Executive Director



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# RJC THEORY OF CHANGE

*RJC's Theory of Change ties together what RJC, Members and stakeholders bring to achieving the organisation's vision. It highlights what RJC enables and contributes to via its certification programs. It also defines RJC's strategies, intended outputs, and desired outcomes and impacts.*

Four key assumptions underpin RJC's approach and RJC's Theory of Change has been framed in the context of these points:

- **Responsible practices include a broad set of issues and risks:** The RJC Code of Practices (COP) has always covered a very wide range of sustainability and Corporate Social Responsibility (CSR) issues in the jewellery supply chain. The 2013 revision has placed these in a new structure to highlight the six key areas of the Code of Practices. Most of the standard applies to all Members, though there are some tailored provisions that apply to specific activities, such as mining.
- **RJC's standards are supply chain wide:** While many voluntary standards focus mainly on production, RJC's Certification is aimed at every sector in the diamonds, gold and platinum group metals jewellery supply chain from mine to retail. This recognises the important role that every supply chain actor can play in improving practices and also creates Business to Business (B2B) incentives for uptake of better practices.
- **RJC helps individual Members catalyse broader supply chain change:** With each Member that takes on the RJC standard, new connections to their own supply chains are formed. This is firstly driven from within the Code of Practices, especially in the 'Responsible Supply Chains and Human Rights' requirements. Members can also proactively reach through their individual supply chains to create greater awareness of the importance of good practice.
- **Collaboration, harmonisation and partnerships are essential:** There are many organisations and initiatives working towards change in the jewellery supply chain. RJC is collaborating with a range of partners to harmonise between standards programs, support implementation of international and supply chain initiatives, and build capacity for better practices.

Effecting change is never solely attributable to the interventions of RJC: it depends on the internal commitment of companies, and the many efforts of supporting organisations and initiatives. We appreciate the opportunity to work with the growing numbers that are on this journey.

# RJC THEORY OF CHANGE



Capacity Building	➔	Training and peer learning for effective management systems, assessments and continuous improvement
Standards & Certification Tools	➔	Relevant and practical standards with credible and consistent audits
Supply Chain Initiatives	➔	Collaboration and harmonisation across sourcing initiatives, supporting uptake and demand for responsible practices

### WHOLE OF SUPPLY CHAIN

### MEMBERS AND STAKEHOLDERS BRING:

- Commitment to improve and demonstrate responsible practices
- Desire to build internal capacity to manage sustainability issues
- Diversity of market power, supply chain risks and pre-certification conditions
- Connections to their own supply chains, wider stakeholder initiatives and consumers

### RJC REQUIRES RESPONSIBLE PRACTICES OF MEMBERS:



**Building critical mass through increased uptake in key regions & sectors**



**Effective implementation of standards and continuous improvement**



**Increased demand for RJC Certified Members, B2B and by consumers**

**The global fine jewellery & watch industry respects human rights, the environment and stakeholder expectations**

**Supply chains build commitment to and reward responsible practices**

**Business customers and consumers have confidence and trust in diamond, gold and platinum group metals products**

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## RJC ENABLES RESPONSIBLE SUPPLY CHAINS:

Opportunity for RJC Chain-of-Custody Certification

Harmonisation with related standards and framework

Partnerships with related supply chain initiatives and field implementers



## RJC CONTRIBUTES TO:

Supply chain due diligence

Legal compliance

Anti-corruption

Better environmental management and reduction of impacts

Safe & healthy workplace

Rights and benefits for workers and impacted stakeholders

Community engagement & development

Improved market access

Consumer confidence

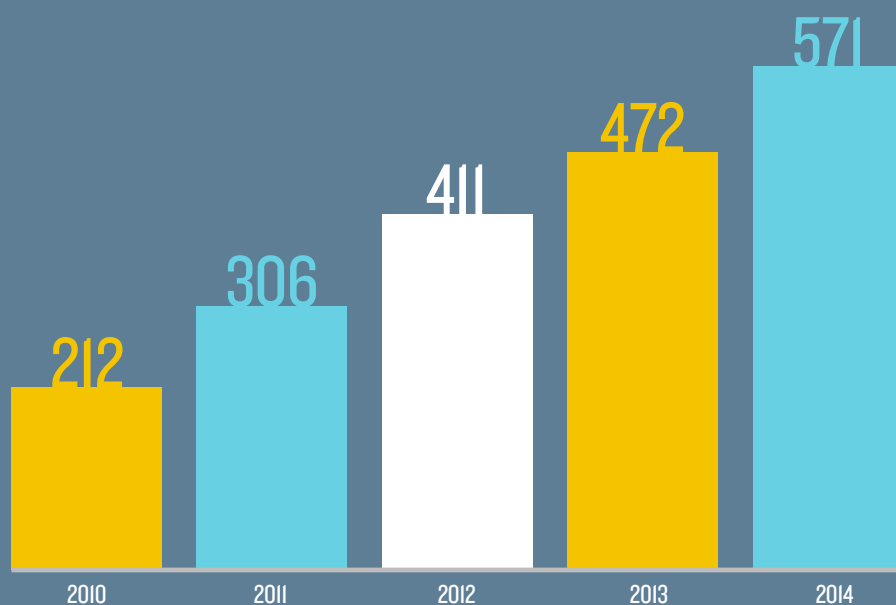
# PROGRESS TOWARDS DESIRED OUTCOMES

*Desired Outcome 1 – Building critical mass through increased uptake in key regions and sectors*

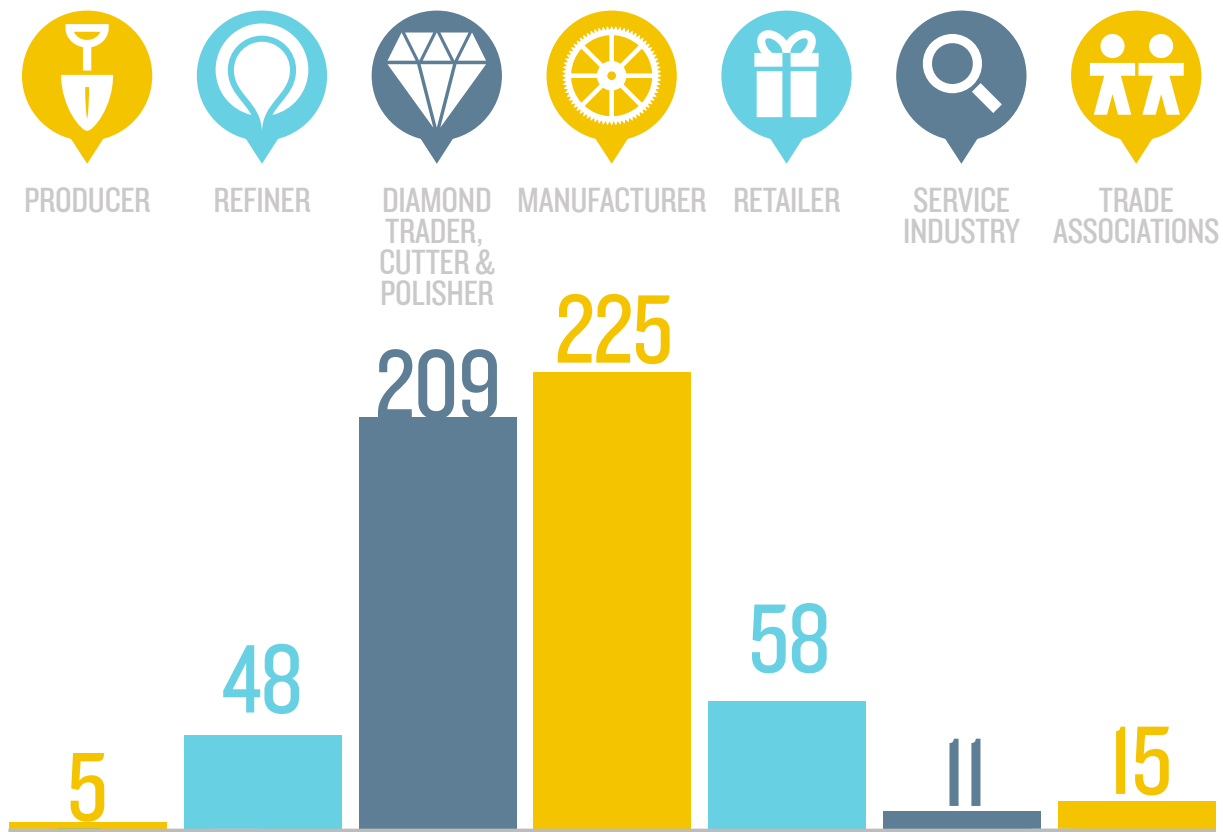
*RJC continues to experience rapid growth as evidenced by the increase in membership and certifications, resulting in affecting more individuals, more facilities and more countries.*

## ANNUAL GROWTH

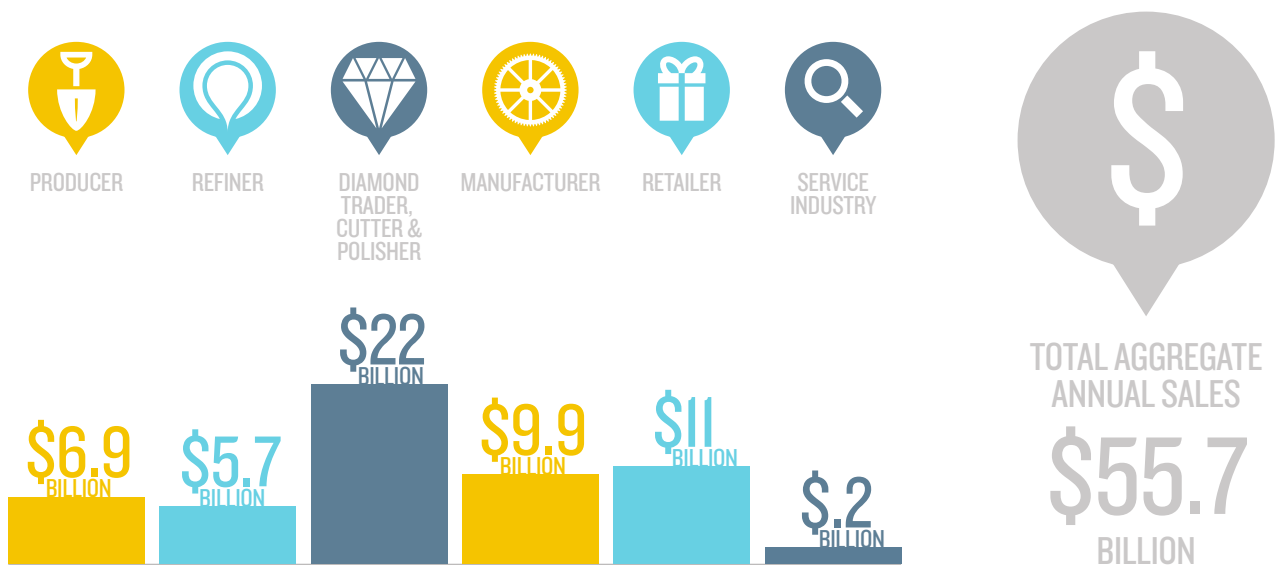
*Growth in RJC Members (cumulative)*





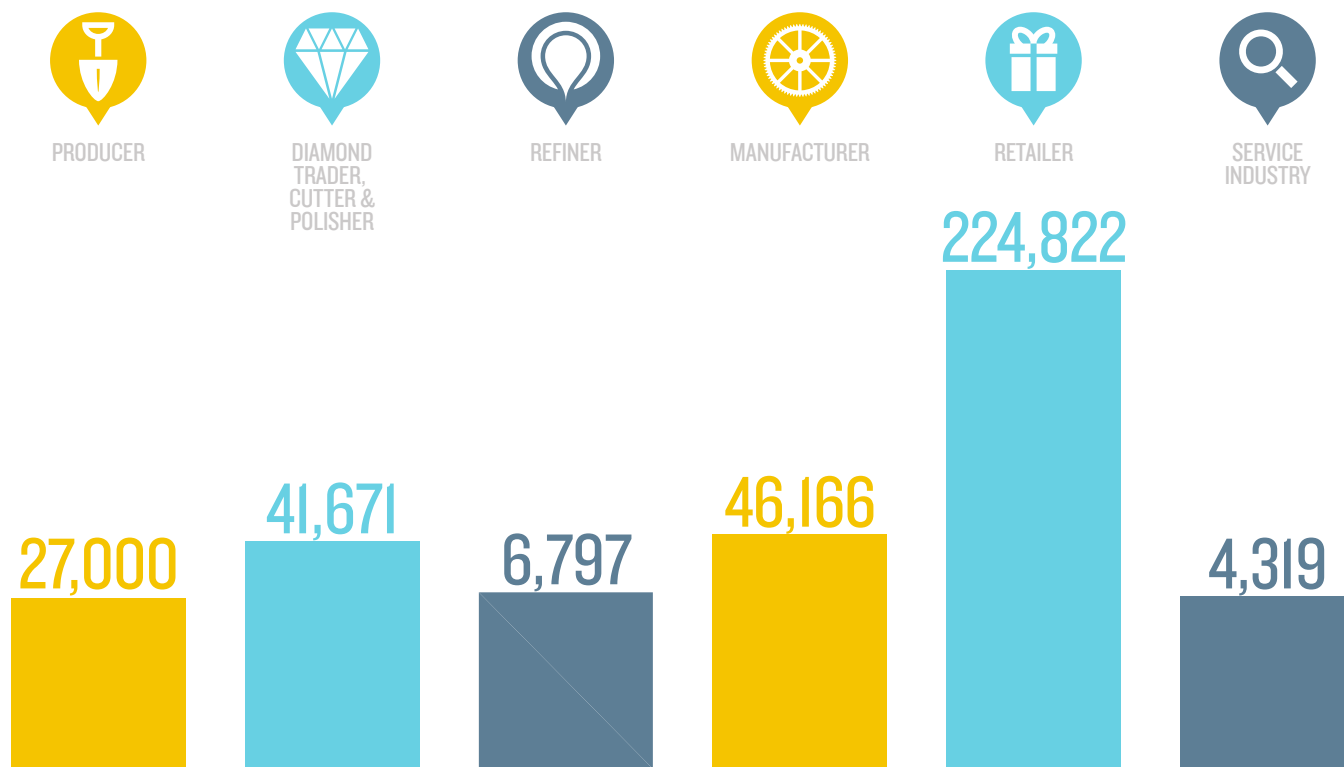
*Number of Members per RJC Forum in 2014*

*The largest growth is in number of Manufacturers that have joined as Members. That category alone grew by 50% from 2013 to 2014.*

*Aggregate Annual Sales of RJC Commercial Members by Forum (April 2015):*

*Annual global jewellery sales to retail consumers are estimated at US\$200 billion (Source: McKinsey & Co, 2014). Our retail members alone account for \$11 billion in annual sales, which we estimate to account for 5% of the annual global jewellery sales.*

*Number of employees covered by COP certification in 2014, by forum:*



*Coverage of COP certification*



For a list of all certified members, per forum, please visit [www.responsiblejewellery.com/members/certified-members/](http://www.responsiblejewellery.com/members/certified-members/)

## *Desired Outcome 2 – Effective implementation of standards and continuous improvement*

From June 2012 to November 2013, the RJC undertook a major review of the Code of Practices, the standard against which all RJC Members must demonstrate independently verified conformance to achieve Certification. The 2013 Revision was released in Q4 2013, with supporting guidance and tools for implementation. Members were encouraged to adopt the new RJC Code of Practices. For a 12-month period, Members could select to certify against the 2009 or 2013 Code of Practices.

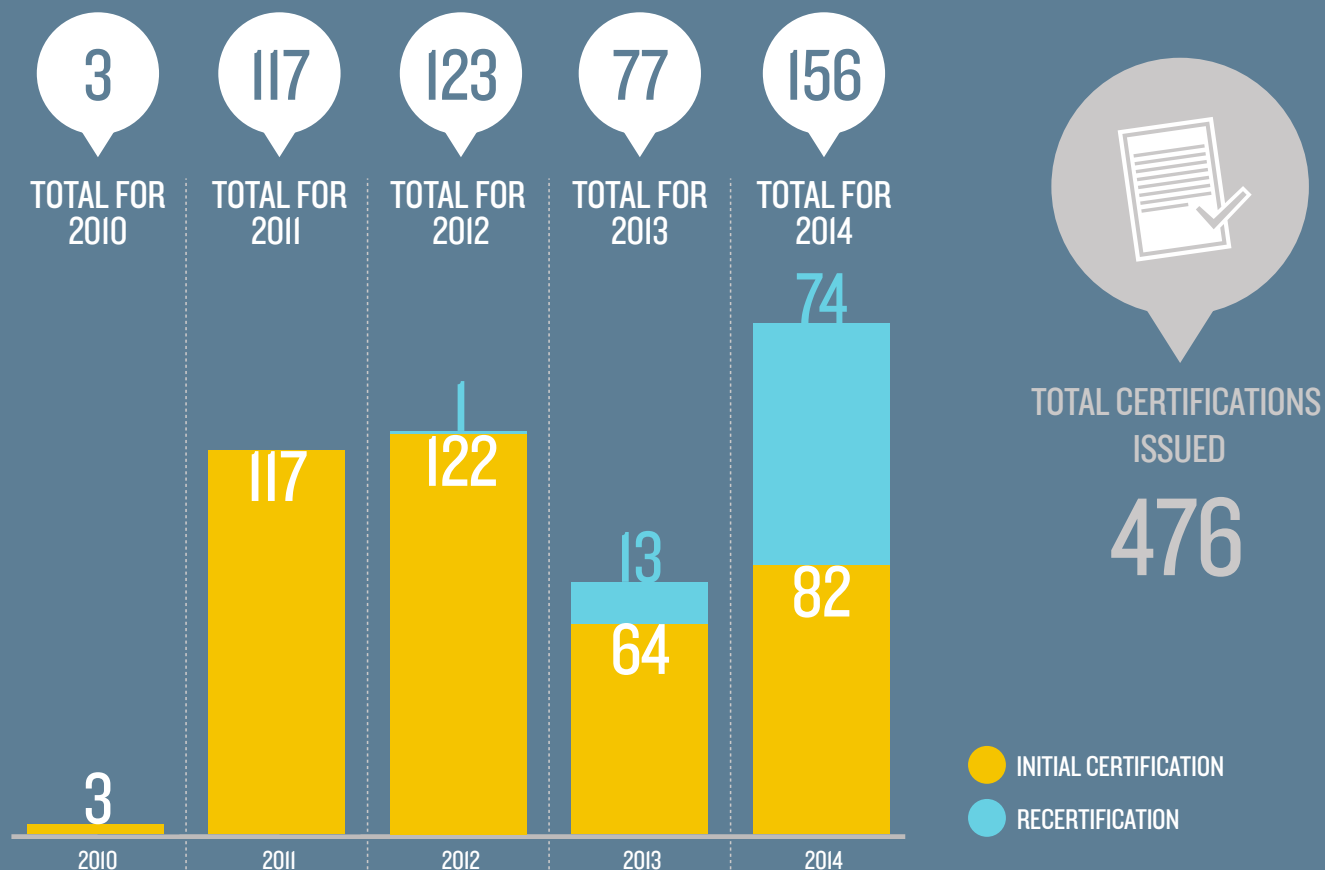
Of the 476 certifications issued up until the end of 2014, 437 were against the 2009 Code of Practice, and 39 against the 2013 Code of Practice.



For more information on the 2013 Code of Practices, please visit [www.responsiblejewellery.com/rjc-certification/code-of-practices-certification13/](http://www.responsiblejewellery.com/rjc-certification/code-of-practices-certification13/)

## CODE OF PRACTICE (COP) CERTIFICATION

*Number of Code of Practices (COP) certifications issued annually*



## About RJC COP Certification

An "Initial Certification" Audit is mandatory for all organisations within 2 years of becoming an RJC Member. If there is a Major Non-Conformance noted by the Auditor, the Member is granted a one-year transitional period in which to address it through corrective actions. For Minor Non-Conformances (or zero non-conformances) a Certificate is issued for 3 years, although an Auditor may require for special circumstances a Mid-Term Review 12-24 months after the Certification (or Recertification Audit). Recertification Audits are mandatory for continuing membership.

As more Members become experienced with the COP and work to improve their implementation over the course of their Certification cycle, there are fewer instances of non-conformances in their future audits. There is a trend in increased Certificates with zero non-conformances.

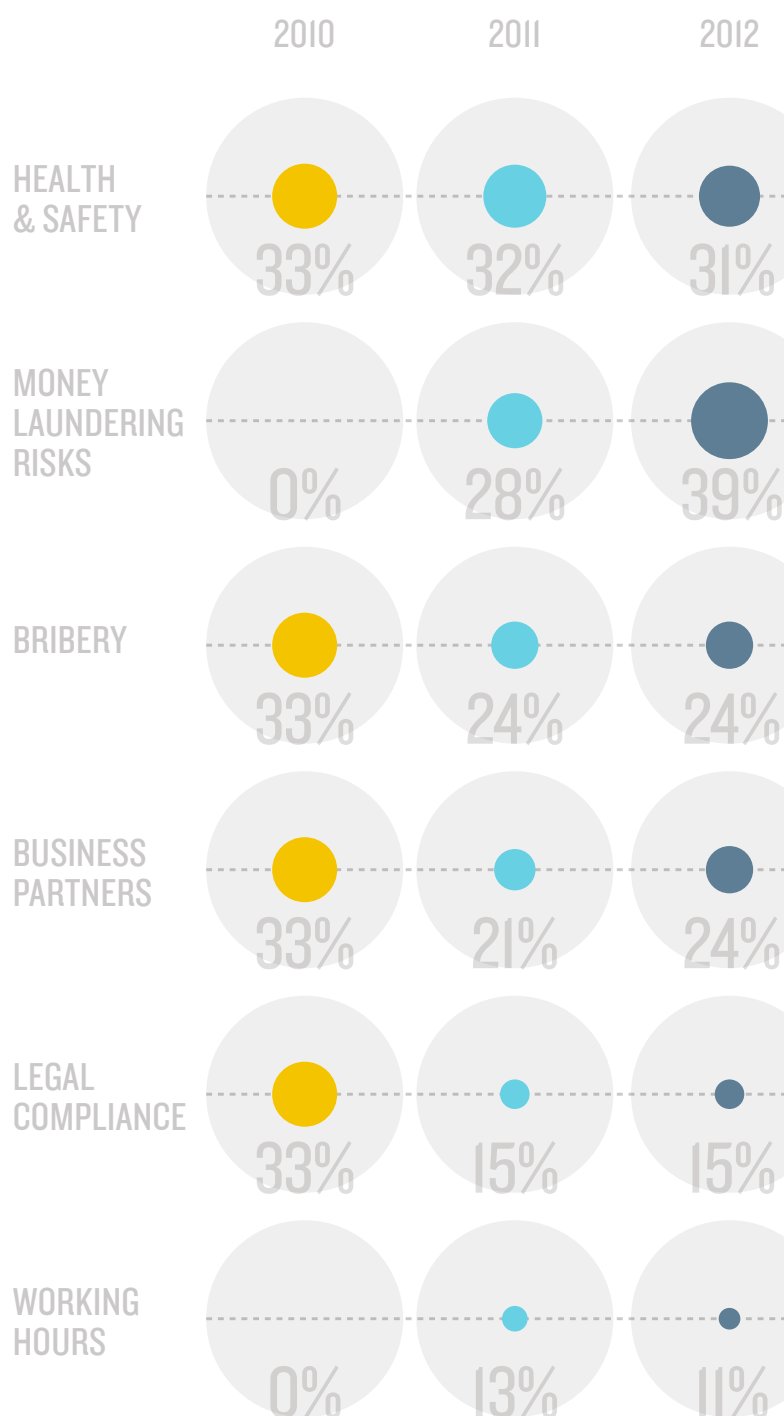
### COP certifications issued with zero non-conformances

	2010	2011	2012	2013	2014
Total number of COP Certifications issued	3	117	123	77	156
Proportion of COP certificates issued with zero non-conformances	0%	37%	29%	34%	44%

The top six non-conformance areas in the COP over the duration of RJC has been consistent: health and safety, money laundering, bribery, business partners, legal compliance and working hours.

As a result of these trends, as well as the importance of these areas, these six provision areas of the Code have been chosen for RJC's level 1 indicators for this outcome, and will be monitored for improvements over time.

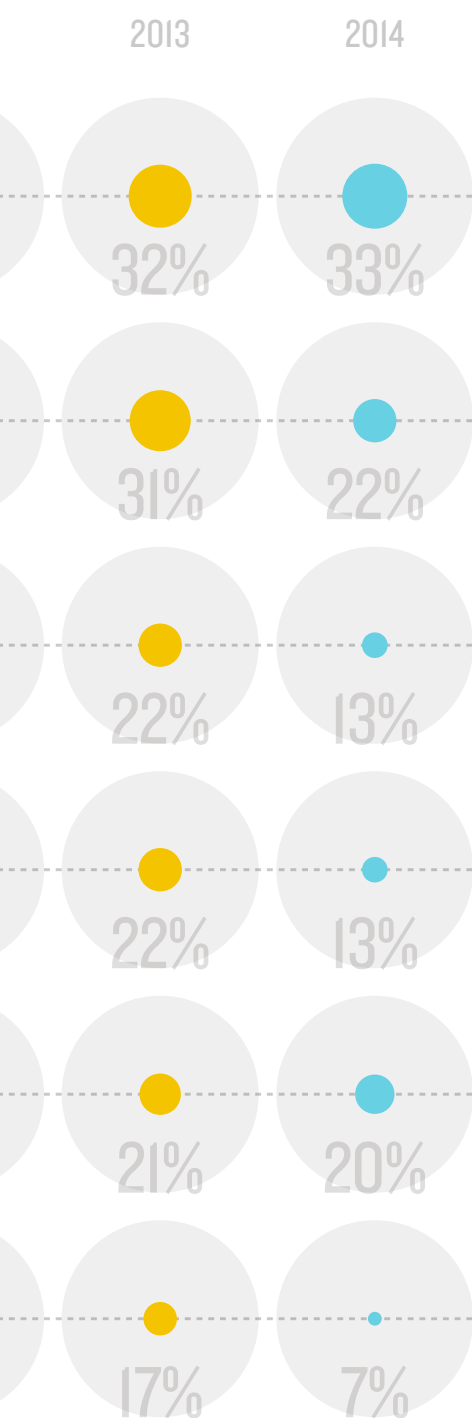
### Percentage of certifications 2011-2014 with non-conformances in Level 1 Indicator Provisions, by



While the re-certification process is expected to improve conformance levels for already Certified Members, new Members are likely to show similar gaps on their first Certification exercise. Therefore additional interventions are needed. RJC developed significantly expanded guidance on these areas as part of the 2013 review of the Code of Practices, as well as tailored training modules recorded as webinars and available on the RJC website. There are now more dedicated resources to addressing issues through Member training.



year



## INCREASING OUR FOCUS ON TRAINING

In May 2014, the RJC hired a dedicated RJC Training and Assurance Manager to facilitate the rollout of a new training program and support system for Members. The remit of this role includes developing and offering special support specifically for Members on a 1 year COP Certificate, as well as the development of video training modules of which several have been developed and are available publicly on the RJC website: titled 'Defining the RJC Certification Scope'; 'Provenance Claim Provision Update'; 'Kimberley Process and System of Warranties' and an 'Introduction to the RJC'. Online training sessions were introduced for New Members to welcome them to the RJC and familiarise them with the journey towards Certification and implementing responsible business practices, as well as the support and explanatory Certification documents that are offered by the RJC. Training sessions have been developed specific to the Signet Responsible Sourcing Protocol requirements which affect many RJC Members, and which are aligned with the RJC COP (specifically the Provenance Claim Provision).

The Training and Assurance Manager also became responsible for managing a public webinar program, the idea of which is to explore CSR issue areas both already covered in, and not explicitly touched on, by the RJC Certification Standards. Galvanised by the new requirements for all Members to carry out due diligence on Human Rights issues (in the 2013 COP), the RJC developed the Human Rights Exchange, a new program designed to proffer information on Human Rights issues in the jewellery industry

for Members and the wider public. As such, the Webinar program in late 2014 and early 2015 focussed on Human Rights issue areas: Webinars were hosted covering issues such as Security and Human Rights, Practical Steps for Human Rights Implementation in the jewellery Supply Chain, Gender issues and Carrying out Human Rights Due Diligence for Members.

The Topic Expert Accreditation program has been another addition to the support offered by the RJC to our Members. This program aims to identify individuals with general and specialist knowledge of key aspects of the RJC Code of Practices and Chain-of-Custody standards that can be engaged independently by Members (and also Accredited Audit firms) to support improved compliance and continuous improvement. We currently have 27 Topic Experts, covering a variety of languages, areas of experience and knowledge. The RJC has developed training to familiarise Accredited Topic Experts with the RJC, before completing their accreditation, and to date numerous Topic Experts have consulted with Members during their journey towards RJC Certification, as well as contributed to the RJC Webinar series.



[www.responsiblejewellery.com/topic-experts/](http://www.responsiblejewellery.com/topic-experts/)

## *Provenance Claims*

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A new feature of the 2013 Code of Practices includes the opportunity for Members to have Provenance Claims certified as a part of their audit process.

Increasingly, businesses in the jewellery supply chain are being asked questions about the source of the diamonds, gold and platinum group metals in the products they sell. A range of stakeholders, including legislators, international institutions and civil society are focusing on issues such as conflict, child labour, human rights abuses, poor mining practices and other risks in the 'upstream' part of the jewellery supply chain. Provenance claims are increasingly being used by companies to provide assurance that these types of conditions are not found in the supply chain of the materials in their products.

Initiatives such as the OECD Due Diligence Guidance for the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and Section 1502 on Conflict Minerals of the US Dodd Frank Act have created specific business drivers for supply chain due diligence on these issues. This creates a more compliance-driven culture for provenance claims, where successive businesses in the supply chain rely on the representations of their suppliers. A number of industry programs have therefore been established to support supply chain due diligence in this context. There are also many emerging responsible sourcing initiatives more generally, that address labour standards, environmental management, mining practices and other issues in the supply chain.

For these and other reasons, RJC introduced a Provenance Claims provision as a part of its 2013 Code of Practices. This provision enables Members that make Provenance Claims to have these audited as part of their RJC Code of Practices Certification.

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Members may choose to make claims or statements about the origin, history, provenance or other characteristic of the supply chain for gold, platinum group metals and diamond jewellery products to business customers and/or end consumers. If such claims or statements are made, they must be truthful, and supported by verifiable evidence to support the claim. Misleading or deceptive claims or statements about provenance and other product attributes pose a significant risk to the reputation of individual companies and the industry as a whole, and may raise, as a minimum, legal compliance issues under laws that prohibit false and deceptive advertising or reporting.

The Provenance Claim provision is therefore designed to reduce risks involving RJC Members' representations about their supply chains, particularly in the context of regulatory requirements such as the Dodd Frank Act, and US/EU sanctions on certain entities that may be part of jewellery supply chains. The provision enables and requires those Members making various Provenance Claims about their supply chains to have the supporting systems audited under the Code of Practices. The Member's Certification Information on the RJC website identifies whether the Provenance Claims provision was applicable to the Member, and if so, which type/s of Claims had been audited at the time of the Certification Audit.

Ten Members as of 2014 have had Provenance Claims certified as a part of their audit. Some Members have had multiple claims certified (either relating to multiple materials that they source and/or making multiple claims relating to both origin and practice).

### Number of Members with certified provenance claims



### Number of certified claims, by material



### Number of certified claims, by type



A Provenance Claim is a documented claim, made through the use of descriptions or symbols, relating to Diamonds, Synthetics, Gold and/or Platinum Group Metals that are offered for sale, whether as stand-alone materials or set in jewellery, and specifically relate to their:

- Origin - Geographical origin of material, for example country, region, mine or corporate ownership of the Mining Facility/ies; and/or
- Source - Type of source, for example recycled, mined, artisanally mined, or date of production; and/or
- Practices - Specific practices applied in the supply chain relevant to the Code of Practices, including but not limited to, standards applicable to extraction, processing or manufacturing, conflict-free status, or due diligence towards sources.

Provenance Claims may also relate to origin, sources or practices that are specifically excluded from the supply chain, such as through a 'negative warranty'.

Provenance Claims under the COP do not include claims that relate only to product quality, or that relate only to the place of manufacture, such as 'Made in (country)' as they do not pertain to the constituent material.



**For more information on Provenance Claims, please visit [www.responsiblejewellery.com/provenance-claims-cop-2013/](http://www.responsiblejewellery.com/provenance-claims-cop-2013/)**

## Chain-of-Custody (CoC) Certification

The Responsible Jewellery Council (RJC) was established understanding that consumer confidence in jewellery depends on responsible business practices being applied throughout the jewellery supply chain. Therefore, the initial work of the RJC focused on the development of its Code of Practices, which set robust and auditable standards of ethical, social and environmental practices applicable to member companies throughout the jewellery supply chain, from mine to retail. All Commercial Members of the RJC are required to be audited by accredited, third-party auditors to verify their conformance with the RJC's Code of Practices, and become certified under the RJC System.

In 2010, the RJC began work on a Chain-of-Custody standard to assist Members seeking to utilise chain-of-custody as a voluntary, complementary element to the RJC Member Certification process. The RJC launched Chain-of-Custody (CoC) Certification applicable to gold and platinum group metals in March 2012.

The CoC Standard aims to support claims for responsibly-sourced jewellery materials (known as CoC Material) produced, processed and traded through the jewellery supply chain.

RJC defines responsibly sourced as:

- conflict-free, and
- responsibly produced at each step of the supply chain.

This means that appropriate standards apply for human rights, labour standards, environmental impact, and business ethics: as articulated in the RJC Code of Practices, applicable to the jewellery supply chain from mine to retail. RJC can also recognise comparable standards from other initiatives under the CoC Standard, and has already done so for gold refiner due diligence audits and the artisanal mining sector.

## Number of CoC Certifications issued annually



The CoC Standard sets out requirements for the identification and tracking of 'Eligible Material', which once declared by a CoC Certified Entity, becomes 'CoC Material'. The following types of gold and platinum group metals are eligible to become "CoC Material", and may be declared as such by CoC Certified companies:

- Conflict-free Mined Material produced by a CoC Certified Entity, by ASM on its concessions, or under a Recognised Responsible Mining Standard, or Mining By-product declared by a Refiner;
- Recycled Material sourced from Eligible Recyclable sources, screened according to KYC principles to avoid illegitimate sources;
- Grandfathered Materials in existence in their current form prior to 1 January 2012.

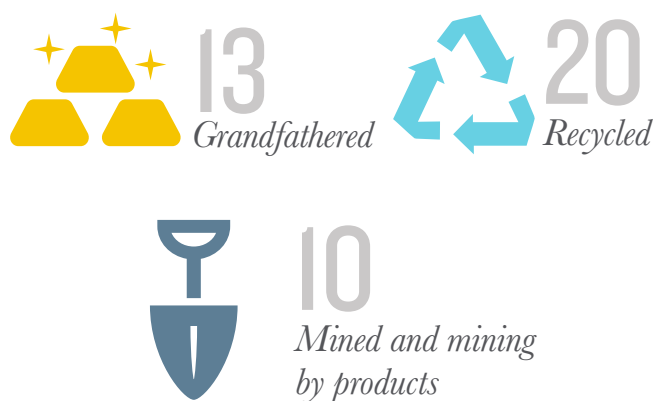
These different types of Eligible/CoC Material can be mixed. Certified companies must have systems in place to segregate CoC Material from non-CoC Material (either temporal and/or physical segregation), and to reconcile movements of CoC Material in their custody over a given time period.

CoC Material may be transferred by CoC Certified companies to other companies as CoC Material by issuing CoC Transfer Document containing information required by the Standard.



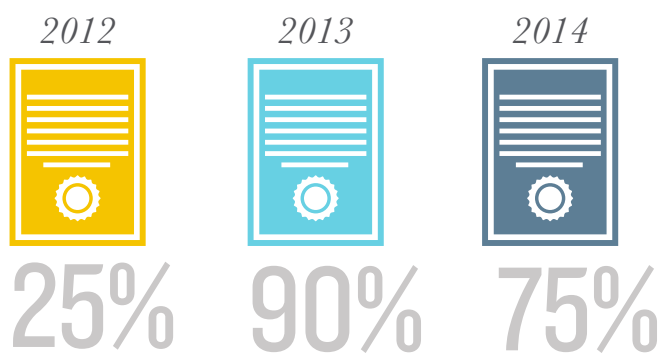


*Number of CoC certifications issued,  
by material*



(A CoC Certificate per Member may cover multiple materials.)

*CoC certifications issued with  
zero non-conformances*

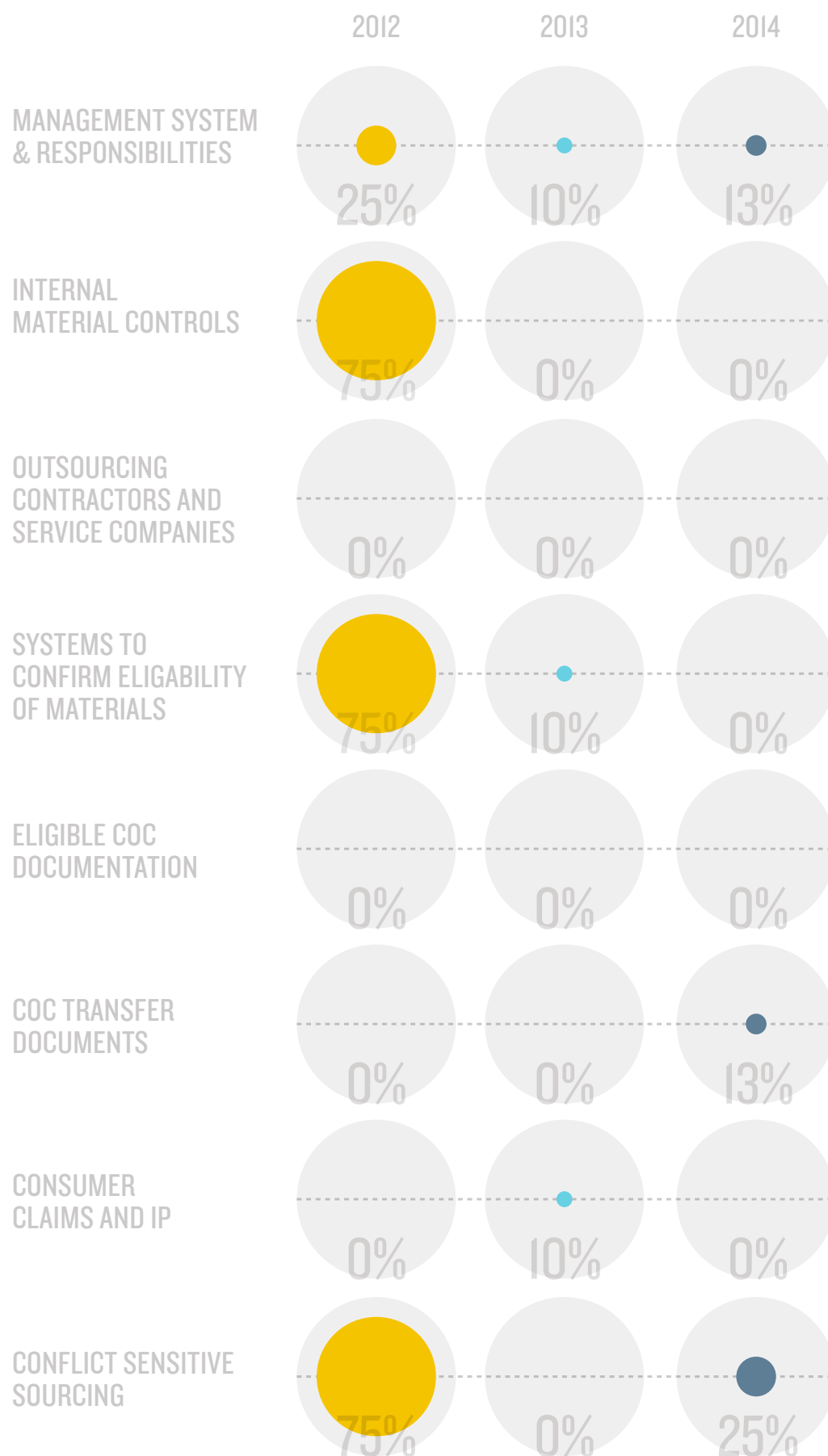


The provisions with the most instances of non-conformances are Management System & Responsibilities and Conflict-Sensitive Sourcing. RJC will continue to monitor non-conformances across all of the CoC provisions, and provide training and support to Members as needed.



**For more information on CoC Certification, please visit [www.responsiblejewellery.com/chain-of-custody-certification/](http://www.responsiblejewellery.com/chain-of-custody-certification/).**

*Percentage of CoC certifications issued with non-conformances (per provision):*



## *Desired Outcome 3 – Increased demand for RJC Certified Members, B2B and by consumers*

Ultimately to succeed in scaling up uptake and impact, there needs to be a demand for improved practices by supply chain partners, wider stakeholders and consumers. Such demand is essential to create a business imperative for supply chain participants to demonstrate that their practices meet required standards.

While many companies that have joined RJC have done so out of an intrinsic commitment to corporate social responsibility and sustainable development principles, many more need to be convinced of the value and benefit in more commercial terms. Supply chain actors and consumers therefore play a critical role in signalling the value they place on evidence of responsible practices.

### **Current demand drivers include:**

- Legislation on conflict minerals in the US and emerging in the European Union, alongside the new due diligence framework developed by the OECD, is driving supply chain due diligence on gold sourcing.
- The efforts of large producers and retailers help to drive responsible practices in their own supply chains. For example, the mining companies De Beers and Rio Tinto require their diamond customers to meet standards harmonised with RJC, while retailers such as Signet and Argos encourage and expect their suppliers to apply RJC's standards.
- The work of supply chain initiatives that are piloting model supply chains that can build commitment and outreach from participants and reward responsible practices: for some examples, see Section 4 on Responsible Supply Chains.

### **In 2015-2016, RJC's strategies for increasing demand for RJC Certified Members will include:**

- Continued harmonisation support for supply chain initiatives – for both multi-stakeholder efforts and individual company programs with their own supply chains
- Improved tailored marketing of RJC Certification as a B2B supply chain tool, that identifies the tangible benefits of demonstrating and improving business practices for different sectors, regions and issues
- Support for independent research into consumer perspectives towards responsible jewellery.
- Strategic planning process within RJC on its long term objectives related to recognition amongst consumers of fine jewellery and watches.

## UNDERSTANDING DEMAND FOR CERTIFICATION

In 2015, RJC surveyed its Members to better understand demand for RJC Certification; the level of interest and demand for assurance in the jewellery sector; and what Members are doing to catalyse demand. The survey had over 150 responses. Below are some of the highlights.

### *Communicating About RJC*

Respondents reported that they are communicating about RJC in business-to-business communications (67%) and in consumer marketing efforts (22%).

These efforts include using the RJC on websites, brochures, advertising and other forms of marketing collateral. Others mention having their certificate on the wall of their business, while other members specifically send out letters to customers upon certification/re-certification. Those that have consumer marketing efforts mention training retail associates about RJC.

*“We use the RJC council logo on business to business communications, on our website, on the footer of our headed paper. We intend to publish a statement about our latest accreditation on social media platforms, on our website, Facebook, Twitter, Google & LinkedIn. We think it’s important to show we are an ethically trustworthy company that is aware of the impact that the different aspects of the jewellery trade has on the circumstances and well-being of individuals and communities.”*

*“We inform our suppliers and clients about our certification through insertion of the logo on our invoices and our delivery notes, on our website, in our marketing material (for example our company presentation), and in our official letters. We explain what RJC is when we meet for the first time our new suppliers or clients.”*

*“The certificate is on the wall for our suppliers to view.”*

### *Enquiries from Suppliers and Customers*

The survey probed whether RJC Members are receiving enquiries or demands from suppliers and customers for RJC Certification.

Twelve per cent of RJC members report having frequent demands or enquiries about RJC Certification; while 54% sometimes report having had demands or enquiries. Thirty-three per cent still report no enquiries or demands from suppliers. However, these enquiries are on the rise: 31% report that enquiries about RJC have increased in the past year.

The survey also asked about enquiries or demands from suppliers or customers for particular types of assurance, such as for conflict minerals, labour standards, provenance of gold/ diamonds, health and safety, and environmental management. Respondents reported these types of enquiries frequently occurring (12%) and sometimes occurring (34%), with 42% of respondents reporting that these types of demands have been increasing over the past year.

The enquiries reported by members covered Dodd-Frank compliance and conflict minerals assurance; synthetic diamonds; provenance of diamonds; Kimberly Process warranties; and to a lesser extent Fairtrade and green gold. Furthermore, 25% percent of respondents had to provide information relating to conflict minerals due diligence for response to a U.S. Dodd Frank Act disclosure.

### *Promoting RJC to Peers*

Eighty per cent of respondents stated that they inform or encourage suppliers and customers to get involved with RJC. Sixty-eight per cent offer assistance to all and/or select suppliers with whom they work. These methods include:

*“We inform them [suppliers/customers] about RJC Certification, encourage them to achieve an RJC certification or to comply with the RJC principles.”*

*“We offer assistance and tell our experience, this encourages suppliers to be certified RJC.”*

*“We are not in a position to tell our clients/suppliers how to run their businesses; [however] we do mention we believe RJC is the most effective organization currently in our industry.”*



# UNDERSTANDING OF IMPACT

*RJC standards and capacity building efforts cover the whole supply chain from mine to retail, all over the world. In this section, we have chosen to focus on RJC engagement with three parts of the global jewellery supply chain to highlight some of the wide diversity of issues, drivers and impacts of RJC's programs. Our deep-dive research to better understand our impact and opportunities for improvement looks at mining in Peru, diamond cutting and polishing in India, and Small and Medium-Scale Enterprises (SMEs).*







## ARTISANAL AND FORMAL GOLD MINING IN PERU: A DEEP-DIVE ASSESSMENT INTO MINERA YANAQUIHUA S.A.C.

Solidaridad and RJC joined forces to commission an independent impact evaluation at Minera Yanaquihua S.A.C. (MYSAC). This evaluation measures the impacts from RJC Certification at the company, as well as from the broader partnership between Minera Yanaquihua and Solidaridad that will foster greater cooperation with the Artisanal and Small-scale (ASM) miners on the concession.

Minera Yanaquihua is one of the first partners in Solidaridad's industrial mining pilot project which aims to support better practices at mid-scale industrial gold mines, including improved environmental and social

conditions for workers and communities around the mines. Solidaridad selected RJC's Code of Practices as the standard in the project, based on the outcome of a 2010 comparison study of standards used by the mining industry in which RJC ranked the highest. RJC membership also offers the possibility for jewellery companies to buy certified gold from Minera Yanaquihua through a certified chain-of-custody. RJC and Solidaridad have been collaborating on activities that support their shared goal of ensuring better, more transparent and accountable practices throughout the gold supply chain.

- **RJC Member since:**  
May 2012
- **Certification:** Code of Practices – Achieved in 2014
- **Number of employees:**  
522 full time employees and contract workers
- **Annual gold production:**  
24,500 ounces in 2014
- **Area of land:** 1,840 hectares
- **Type of mining:**  
Underground
- **Processing:** Cyanidation
- **Environmental context:**  
Desert
- **Nearby community:** Ispacas and Charco
- **ASM on concession:**  
664 ASM miners operating in 3 ASM mining associations on the concessions

Solidaridad commissioned Deloitte to conduct a gap analysis to review the social and environmental practices of Minera Yanaquihua against the RJC Code of Practices in 2011. In November 2013, Solidaridad and RJC visited the mine to discuss progress towards certification. In 2015, Solidaridad and RJC contracted Avance, a Dutch-based consultancy specialised in evaluations, to perform a retroactive baseline and midterm evaluation of progress.

MYSAC received RJC Certification in 2014. The motivation for RJC Certification was grounded in the company philosophy of being a company that understands the needs of those in the community, and cooperates with them to seek win-win situations, as well as to promote added value in the mining sector.

Some of the highlights from the journey of MYSAC with RJC certification include:

- Investment in training plus equipment and management system upgrades at its operations in order to achieve RJC certification. Between 2013 and 2015, the health and safety training rate among Minera Yanaquihua's employees rose from 63 per cent to 100 per cent. Training at one of the artisanal mining associations that now works in close collaboration with the company rose from 54 to 92 per cent.
- MYSAC has extended assistance to nearby ASM mining communities to help them operate legally and with proper safety and environmental practices and is working with three of these communities. All members of the three organisations have signed the declaration of commitment. The AMACCI organisation (consisting of 105 miners) has achieved five of the six main steps to formalisation for ASM mining associations. The other two organisations are early on in the process.
- In 2013, mercury use among artisanal miners at AMACCI, an artisanal mining association from Ispacas community close to Minera Yanaquihua's operation, was very high. It was reported that thirty-eight per cent of AMACCI miners used mercury. Now, after entering into an agreement with Minera Yanaquihua to formalise their operations and phase out mercury use, artisanal miners reported that mercury use has been completely phased out.
- Minera Yanaquihua reported that the certification process was useful, in particular because the two-year deadline for meeting the RJC criteria provided extra incentive for the management to prioritise the development of health, safety and environmental management systems and safeguards.

The midterm evaluation will be completed in late 2015 and a final evaluation will follow in 2016 or early 2017. The main findings of the report will be shared publicly.

*‘Being part of RJC certification process has allowed us to expand our understanding, that all stakeholders should be included in MYSAC strategic positioning, whose projects must identify their expectations and create value along the supply chain.’*

*MYSAC has joined participation projects that meet the needs of our area of influence, especially in the improvement of water supply for agricultural activities. In socio-environmental aspects, we have been able to contribute in improving the income and health of our ASM suppliers through the purchase ore activities, avoiding the increase of environmental liabilities and other collaterals.*

*Another important contribution of the RJC Certification is that has created a challenging and creative environment to improve our practices, standards and infrastructures despite the limited resources that we have.”*

***Pavell Galvez, General Manager, MYSAC***

Minera Yanaquihua funded its own certification process and co-contributed to an improvement project with ASM miners. The Cartier Charitable Foundation has been the primary supporter of Solidaridad's role in the project, through a 3-year grant to guide the process and improve ASM miners' livelihoods on and around the concession. The Responsible Jewellery Council contributed to the external evaluation component.





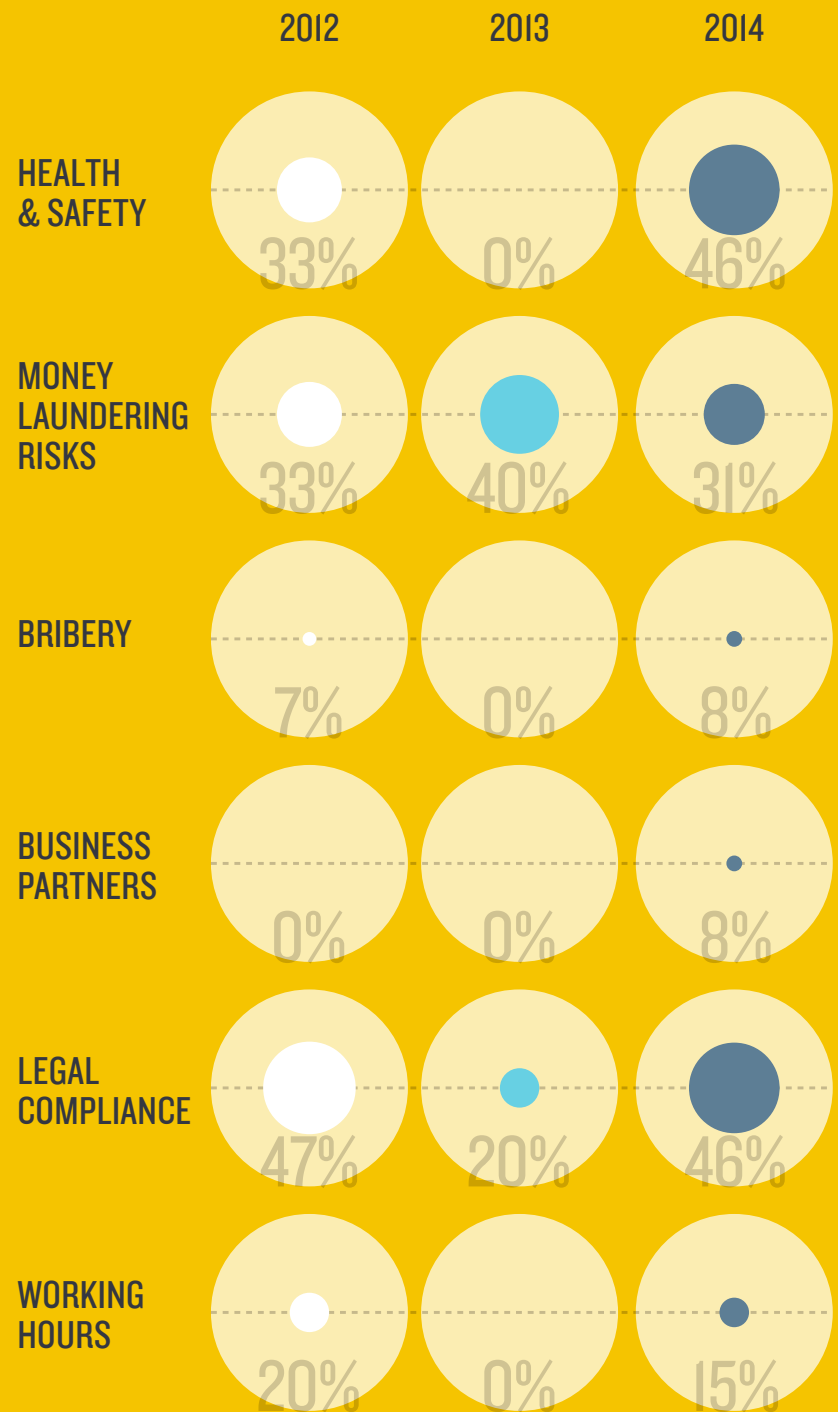
## DIAMOND TRADING, CUTTING AND POLISHING IN INDIA

- India is a significant region for the diamond pipeline and thus for RJC, with 11 out of 12 diamonds said to be cut and polished there. The local industry has traditionally been driven by exports, however the domestic retail market is also growing rapidly.
- Around 8% of Certified RJC Members have facilities in India; and more than 23,638 people work in facilities in India covered by RJC Certification. This puts India in the top 5 countries for RJC uptake, along with USA, UK, Belgium and France.
- India's diamond industry is extremely complex with many small, unregistered units operating in cutting and polishing. Indian Labour Ministry estimated in 2009 that there are around 125,000 registered diamond workers. However research by UNDP and the Reserve Bank of India put total numbers at more than 700,000.
- There is an enormously wide variety of conditions and practices in factories. In the formalized sector of larger companies, many already use best practices, catalysed by the early programs of producers, such as De Beers Best Practice Principles (BPP), and Rio Tinto's Business Excellence Model (BEM), and later by RJC Certification.
- An independent study conducted by Dalberg Global Development Advisors on behalf of the RJC in 2014, has identified the five major social risks in the sector in India as: occupational health and safety; decent work; money laundering; corruption; and environmental issues.
- While the labour force in large and formal factories remains fairly constant through the year, seasonal variations are usually accommodated by smaller and informal operations which rely on casual labour in the peak production season.
- Uptake of certification in India is more attractive to those companies who are already implementing or are aspiring to best practice. While the worst practices exist in the informal sector, certification is unlikely to be the best or first avenue for these issues to be addressed.
- There are relationships between the formal and informal sector, often through tiers of sub-contracting. This provides opportunities for Certified companies to reach out to their 'at-risk' business partners in India, and work with them to improve practices in key areas, such as decent work standards and health and safety. This can be supported by RJC working alongside other stakeholders.
- RJC has convened a new RJC-India Forum to enhance dialogue and strategic planning for increasing RJC impact in the sector.



*Proportion of COP certifications issued to Indian companies issued with non-conformances (per provision)*

- RJC has carried out detailed in-country training programs on the 2013 revision of the Code of Practices for Members and Auditors in April 2014. Development of further training programs on working with business partners, along with strategic collaborations, could help address issues with smaller factories.
- Stakeholders noted the challenge of the legal and regulatory context in India and the common practice of long working hours during peak production seasons. These are borne out in the non-conformance findings illustrated below. Compared to non-conformances across all Members, the need to improve systems for legal and regulatory compliance and for managing working hours was nearly twice as common in India. However non-conformances for managing bribery and corruption risks, and for engaging with significant business partners to promote good practice, were much lower in India than average, indicating good practices on these issues among Indian Members.



*Proportion of COP certifications issued to Indian members with zero non-conformances*

	2012	2013	2014
Total number of COP certificates issued	15	5	13
Proportion of COP certificates issued with zero non-conformances	33%	20%	15%

*2015 Study*

Building on the body of information from the 2014 Assessment Report mentioned above, RJC is commissioning a 2015 study on the attention of two topics—impact and influence.

The Impact that RJC would like to better understand is the “how” around compliance. In other words, RJC would like to capture cases of good practice and best practice and the journey of companies to implement compliance with the five major social risks identified in the study:

- Improving occupational health and safety standards
- Improving decent work standards
- Curbing money laundering
- Reducing corruption
- Making production more environmentally sustainable

This would also include understanding why non-compliances occur. It would also capture any correlation about how other compliance programs help to improve compliance and any correlation between the Companies Act and compliance.

The Influence that RJC would like to better understand is how certified Members are influencing their suppliers, contractors and customers, both formal and informal. In particular this influence should focus on the informal sector and what opportunities exist for further influence and incorporation of this sector into RJC certification.

Lastly, the study will consider how the introduction of synthetic diamonds, which may contaminate supply, affects the industry and how RJC using its existing tools might address this issue.

Results from the follow up study will be published in the 2015 Impacts report.



**For more information on the 2014 study, please visit: [www.responsiblejewellery.com/monitoring-and-evaluation/](http://www.responsiblejewellery.com/monitoring-and-evaluation/)**



## SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

Small and Medium Sized Enterprises (SMEs), with reported turnover of US\$50 million per year or less, comprise around 70% of RJC's Members. SMEs are represented in every RJC Member Forum, from mining through to retail, and thus represent a significant proportion of RJC's certification profile.

### *Number of SMEs and their Aggregate Annual Sales*

SMEs (\$50m or less)		
Diamond Trading, Cutting & Polishing	122	\$2.3 billion
Diamond, Gold and/or Platinum group metals producer	2	\$20.2 million
Gold and/or Platinum Group Metals, trader, refiner, hedger	31	\$278 million
Jewellery manufacturer or wholesaler	197	\$2.4 billion
Jewellery Retailer	47	\$285 million
Service Industries	10	\$67 million
Totals	426	\$5.3 billion

In December 2014, a team of 3 postgraduate students from the Graduate Institute of Geneva have completed a study on Small to Medium-Sized Enterprises (SMEs) on the uptake, access and impact of Certification in the jewellery supply chain with a focus on Europe. The study was sponsored by Compagnie Financière Richemont SA, and co-supervised by RJC. The project aimed to investigate whether SMEs face unique challenges in the implementation of voluntary standards. The aim was to identify the drivers and outcomes of SMEs' efforts to undertake RJC Certification.

The research was divided into two main questions. The first question concerned the general implementation of voluntary CSR and CSR-related certification programs among European SMEs. This question was relevant as voluntary CSR and certification programmes are becoming an increasingly widespread phenomenon throughout Europe. The literature review on SMEs' uptake of voluntary CSR provided the framework for the second research question. The latter considered the unique aspects of the adoption of certification according to the standards of the RJC by SMEs in France, Germany, Italy and Switzerland. More precisely it sought to answer what the motivations for the uptake of certification, the principal challenges, costs and benefits that SMEs encountered during the process were. These aspects were then analysed against the background of whether they were specific to SMEs or generic throughout the sector.

The team interviewed companies primarily focused on those who had already undertaken certification, and those seeking to undertake certification but had not yet done so. This meant that companies that were not yet RJC members were excluded from the study. Interviews with SMEs were conducted in Switzerland, France, Germany and Italy. Others were conducted with multinational companies in order to form a comparison in experiences with certification. Another layer of comparison was provided by auditors. Further interviews were conducted with representatives from ministries, federations and trade associations in order to obtain a non-commercial perspective.

The team found that the responses from SMEs were very diverse. Among their main motivations for undertaking certification, SMEs underlined the importance of living up to customer expectations, and felt pressure to varying extents – some assumed that it was mandatory, whilst others did not. All indicated that it was necessary to remain competitive in the sector. Improved image leading to new business opportunities was occasionally highlighted.

#### **Regarding the challenges faced by SMEs to adopt certification:**

- Perception that the RJC standard is better suited to larger companies and the formality of certification was felt not to be adapted to smaller structures.
- Costs, whether in terms of human resources or time, constituted an additional constraint. Costs included paying for the audit and sometimes employing an external consultant.
- The complexity and applicability of the RJC self-assessment questions was indicated as an impeding factor.
- Lack of translation of the RJC documents into other languages was flagged as a limiting factor.

Perceived benefits of certification included both 'internal' and 'external' benefits. External benefits comprised things such as the maintenance of business ties with larger customers, attracting new clients, and using the certification to advertise. Internal benefits encompassed positive changes in internal company structures and employment terms, mentality of employees and the perception among them of a more ethically sound working environment, which attracted more qualified employees.

We have, in our review and revision of the standard in 2013, simplified the language used in the code itself, and worked on clearer and more simple guidance for our Members. Work is continuing on translations of the standards and supporting guidance documentation, into relevant language - for the Chain-of-Custody standard in particular. The RJC will continue to work with trade associations around the world to ensure Members have access to tailored support in their own language also.



**For more information on the study, please visit: [www.responsiblejewellery.com/monitoring-and-evaluation/](http://www.responsiblejewellery.com/monitoring-and-evaluation/)**



# RESPONSIBLE SUPPLY CHAINS

*Sustainability and social responsibility in supply chains is becoming an increasingly vital issue for businesses in many sectors. While the average consumer may not appear to be factoring supply chain questions into their jewellery purchasing, stakeholders, regulators and mainstream media continue to focus on gold, diamonds and platinum group metals. The risks and issues associated with poor practice are increasingly shared by all companies along the supply chain, from miners to retailers, taking entity-level Certification into a new level of intra-supply chain engagement.*



*The RJC takes a three-fold approach to achieving its vision of a responsible world-wide supply chain for fine jewellery and watches. RJC analyses and engages with emerging regulatory and normative frameworks, and makes sure that its standards and tools help support Members to effectively meet their compliance needs. Given that these frameworks usually spur the development of a range of tailored programs, RJC is also strongly focused on standards harmonisation and collaborates with a range of standards-setting and capacity-building organisations to achieve this. Finally, RJC works to support implementation initiatives, which take RJC standards and apply them within specific supply chains to promote improved practice, helping to scale up uptake.*

### ***Normative frameworks***

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The RJC continues to recognise existing key frameworks for conflict minerals such as the United States Dodd Frank Act, and the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas by the Organisation for Economic Cooperation and Development (OECD). Both these frameworks cover tin, tantalum, tungsten and gold (often referred to as 3TG).

RJC's voluntary Chain-of-Custody (CoC) draws on these frameworks in provision 10 of the standard – Conflict Sensitive Sourcing, requiring gold refiners to apply due diligence practices for all gold inputs. As at year end 2014, there are 9 Chain- of-Custody Certified Refiners. Furthermore, RJC's updated Code of Practices (COP) now includes provisions on sourcing from conflict-affected areas and artisanal and small scale mines, and has a requirement for human rights due diligence as per the UN Guiding Principles and Human Rights. These changes extend the focus on these issues to all Members, as the COP is RJC's mandatory standard. The RJC continues to recognise existing key frameworks for conflict minerals such as the United States Dodd Frank Act, and the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas by the Organisation for Economic Cooperation and Development (OECD). Both these frameworks cover tin, tantalum, tungsten and gold (often referred to as 3TG).

On March 5, 2014, the European Commission proposed a draft regulation to stop the sale and import of minerals used to fund armed conflicts. The draft regulation requires that European Union importers of gold voluntarily self-certify that they have exercised due diligence in line with the guidelines of the OECD. The RJC will continue to monitor the developments of the EU law and its potential impact on RJC's standards.



## *Standards harmonisation and cross-recognition*

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Refiners are considered as a 'choke point' within the gold supply chain and are the key focus of the OECD Guidance. As such, the RJC continues to cross recognise the following gold industry standards:

- London Bullion Market Association (LBMA) Responsible Gold Guidance
- Conflict-Free Sourcing Initiative (CFSI) Refiner programme
- DMCC's Responsible Gold program

RJC members who are certified against the above standards are recognised as fulfilling the requirements of provision 10 of the Chain-of-Custody standard on conflict sensitive sourcing, and visa versa, thus reducing audit burden across the industry.

Whilst refiners drive much of RJC's standards cross-recognition work, we are also looking for opportunities to harmonise with standards covering other parts of the supply chain:

- The World Gold Council's Conflict-Free Gold Standard is recognised in the RJC Chain-of-Custody standard as a relevant due diligence framework for mining companies.
- In recognition of the role played by artisanal and small scale miners in the jewellery supply chains, the RJC has signed a Memorandum of Understanding (MoU) with two standard setting and capacity building groups - Diamond Development Initiative (DDI) and the Alliance of Responsible Mining (ARM). In September 2014, the RJC announced that ARM's Fairmined Standard (version 2.0) was formally recognised as a recognised mining standard under RJC's CoC standard for precious metals. DDI and ARM are both represented on the RJC Standards Committee and continue to play a role in development of RJC's standards.

## *Implementation and supply chain collaboration*

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The RJC has also extended its harmonisation efforts to the supply chain initiatives of its Members. The De Beers Best Practices Principles (BPP) program and the Signet Responsible Sourcing Protocol (SRSP) are prime examples of where alignment with RJC certification is resulting in broader uptake of a consistent set standards.

The RJC is recognised as certification partner by the Better Gold Initiative, (BGI), an integrated supply chain project created by a public-private partnership of the Swiss Better Gold Association (SBGA) and the Swiss Government (State Secretariat for Economic Affairs - SECO), as one of its three certification partners. The project is aimed at improving the social and environmental condition of Artisanal, Small and Medium Scale Gold Mining (ASM) throughout the world, and the first country to launch the initiative was Peru in 2013. The collaboration promotes responsible mining practices and certifications in ASM gold producing countries through specific project opportunities as well as financial, technical and other kinds of support.

## *Next steps*

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RJC will continue to actively collaborate with existing partners to make implementation of responsible supply chain measures easier for all the players in the industry. RJC will also continue to engage with stakeholders in the jewellery supply chain to identify further opportunities for harmonisation.

# APPENDICES

*Percentage of COP certifications issued between 2010 and 2014  
with non-conformances (per provision)*

2013 Code of Practices –New Structure	Reference in 2009 Code of Practices	
<b>1. General Requirements</b>		
1. Legal Compliance	4.1 Legal Compliance	17%
2. Policy and Implementation	4.2 Policy, and added <b>New Provision</b> on implementation	8%
3. Reporting	4.6 Sustainability Reporting, and added <b>New Provision</b>	0%
4. Financial Accounts	Formerly part of 1.2 Money Laundering and Finance of Terrorism	29%
<b>2. Responsible Supply Chains and Human Rights</b>		
5. Business Partners	4.3 Business Partners	20%
6. Human Rights	2.1 Human Rights + <b>New Provision</b> on Conflict-Affected Areas	1%
7. Sourcing from Artisanal and Small-Scale Mining	<b>New Provision</b>	0%
8. Community Development	2.11 Community Engagement and Development	1%
9. Bribery and Facilitation Payments	1.1 Bribery and Facilitation Payments	20%
10. Money Laundering and Finance of Terrorism	1.2 Money Laundering and Finance of Terrorism	29%
11. Security	2.12 Use of Security Personnel, new Provision	1%
12. Provenance Claims	<b>New Provision</b>	0%
<b>3. Labour Rights and Working Conditions</b>		
13. General Employment Terms	2.10 General Employment Terms	7%
14. Working Hours	2.8 Working Hours	11%
15. Remuneration	2.9 Remuneration	8%
16. Discipline and Grievance Procedures	2.7 Discipline and Grievance Procedures	8%
17. Child Labour	2.2 Child Labour and Young Persons	3%

2013 Code of Practices –New Structure	Reference in 2009 Code of Practices	
18. Forced Labour	2.3 Forced Labour	1%
19. Freedom of Association and Collective Bargaining	2.4 Freedom of Association and Collective Bargaining	1%
20. Non-Discrimination	2.5 Discrimination	2%
<b>4. Health, Safety and Environment</b>		
21. Health & Safety	2.6 Health & Safety	32%
22. Environmental Management	3.1 Environmental Protection	6%
23. Hazardous Substances	3.2 Hazardous Substances	2%
24. Wastes and Emissions	3.3 Waste and Emissions	6%
25. Use of Natural Resources	3.4 Use of Energy and Natural Resources	6%
<b>5. Diamonds, Gold and Platinum Group Metals Products</b>		
26. Product Disclosure	1.5 Product Integrity	6%
27. Kimberly Process Certification Scheme and World Diamond Council System of Warranties	1.3 Kimberley Process	8%
28. Grading and Appraisal	<b>New Provision</b>	0%
<b>6. Responsible Mining Sector</b>		
29. Extractive Industries Transparency Initiative	1.6 Extractive Industries Transparency Initiative	0%
30. Community Engagement	2.11 Community Engagement and Development	1%
31. Indigenous Peoples and Free Prior Informed Consent	2.13 Indigenous Peoples. <b>New Provision</b> on FPIC added, applicable to new / major changes to mining projects.	0%
32. Impact Assessment	4.4 Impact Assessment	0%
33. Artisanal and Small-Scale Mining	2.14 Artisanal and Small-scale Mining	0%
34. Resettlement	Formerly part of 2.11 Community Engagement and Development	1%
35. Emergency Response	<b>New Provision</b>	0%
36. Biodiversity	3.5 Biodiversity	0%
37. Tailings and Waste Rock	3.3.4 Tailings and waste rock management	6%
38. Cyanide	Formerly in 3.2.3 Hazardous Substances	2%
39. Mercury	<b>New Provision</b>	0%
40. Mine Rehabilitation and Closure	4.5 Mine Closure Planning	1%

# ABOUT RJC'S MONITORING AND EVALUATION PROGRAM

RJC's Monitoring and Evaluation (M&E) program is designed to evaluate whether our intended changes are happening, and where our strategies need adjusting or additional focus. The objectives of the RJC M&E program are to collect data, analysis and research that can be used to:

- Analyse trends, successes and challenges;
- Reflect on and adjust RJC's broad strategies and priorities;
- Improve the RJC's programs and their effectiveness in achieving the desired impacts;
- Understand and support the roles played by all stakeholders in improving practices;
- Enhance capacity in RJC, Members, Auditors and stakeholders by learning from experience.

Our M&E program has been developed in line with the ISEAL Alliance Impacts Code (2010), and we continue to take steps to expand and mature the program in line with the new version of the Impacts Code launched in December 2014.

## *Levels of Analysis*

The M&E program looks to collect data and information that enables us to evaluate our progress towards RJC's goals. The ISEAL Impacts Code differentiates between 3 levels of data collection. Level 1 is characterised by data that is collected regularly through existing systems (such as audit reports) and from all certified entities. Level 2 is characterised by more of a sampling approach of selected certified entities: this enables a focus on particular issues, for example those which may emerge from trends identified through Level 1 data, or to address key topics from the Theory of Change. Level 3 relates to broader impact evaluations, conducted by external researchers, and with various methodologies, which can include comparisons between certified and non-certified entities.

- **Level 1:** RJC collects and monitors level 1 data through audit reports for all certified entities. Development of a new cloud database has enabled us to log and more easily drill down into audit data by sectors and issues, as well as identify data gaps where we would like to know more.

- **Level 2:** RJC also collects additional data and evaluations through surveys, information requests from selected Members, and through studies that are commissioned or we are collaborating with.

- **Level 3:** Finally, RJC commissions and participates in external research to evaluate effectiveness of RJC standards and better understand outcomes and impacts on the ground. These initial studies are the first step in on-going work and research in these and other areas.



**For further information on RJC's M&E program, please visit [www.responsiblejewellery.com/monitoring-and-evaluation/](http://www.responsiblejewellery.com/monitoring-and-evaluation/)**

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