



RJC Statement on DMCC Responsible Sourcing Guidance and Kaloti Refinery 27 February 2014

Summary

Recent coverage by the BBC, Guardian and other media on audits of gold refiners under the DMCC Responsible Gold Guidance has raised questions about audit practices and guidelines. While RJC is not a party to the Kaloti Refinery case because it is not an RJC Member, the RJC's cross-recognition agreement of DMCC's refiner audit program has been noted in some coverage. RJC makes the following points:

- For the cross-recognition of the DMCC standard to take effect under RJC, any refinery would need to also be:
 - An RJC Member; and
 - Also audited against the comprehensive RJC Code of Practices, which is a mandatory requirement for all RJC Members; and
 - Further audited against the RJC Chain-of-Custody standard, where the cross-recognition takes effect under Section 10 on Conflict-Sensitive Sourcing: if a successful audit under another refiner audit program had been conducted and was still current, this would not need to be duplicated under the RJC audit.

- The cross-recognition does not equate to 'permitting RJC jewelers to market gold bought from the emirate as conflict-free'.
 - RJC's cross-recognition relates to refinery audits only for RJC Refiner Members operating under multiple initiatives, including RJC's;
 - The cross-recognition does not relate to other RJC members' marketing or source claims of gold;
 - Under the RJC Code of Practices, all RJC Members must address a wide range of due diligence issues including human rights, provenance claims, conflict-affected areas, sourcing from artisanal mining, and cash transactions.

- The RJC carries out accreditation of independent third party auditors based on published criteria, aligned with ISO standards on auditor quality and competence (ISO 17021). An expert in auditor accreditation independent to the RJC carries out the review process for each audit firm, to ensure impartiality and correct procedures are followed. The accreditation process is supported by training on the RJC's standards and certification process and ongoing monitoring of auditing quality.

www.responsiblejewellery.com

Background on RJC

The RJC is an international, not-for-profit, standards setting and certification organisation. RJC has grown to 460 Members that span the jewellery supply chain from mine to retail. More than 330 of these have achieved certification against the RJC Code of Practices, and the remainder must do so within two years of joining the initiative.

RJC Members are independently audited against the RJC Code of Practices – an international standard on responsible business practices for diamonds, gold and platinum group metals. The Code of Practices addresses human rights, labour rights, environmental impact, mining practices, product disclosure and many more important topics in the jewellery supply chain.

RJC is a full member of the ISEAL Alliance, a global association for sustainability standards, as a result of demonstrating its conformance with the ISEAL Codes of Good Practice.

<http://www.responsiblejewellery.com>

Background on the OECD Due Diligence Guidance

RJC is a member of the OECD Multi-Stakeholder Steering Group for the Guidance and continues to work with a range of stakeholders on implementation in the gold supply chain. Stakeholders involved in these issues acknowledge that implementation can be complex, and care must be taken that due diligence efforts do not automatically result in withdrawal from conflict-affected areas, adversely impacting local development goals. The OECD's due diligence approach, reflected in the RJC's Chain-of-Custody standard and the recently revised RJC Code of Practices, aims to support a risk mitigation/community development approach in high-risk contexts.

<http://www.responsiblejewellery.com/governance/collaboration-and-engagement/>

Auditor Accreditation and Auditing

The RJC carries out accreditation of independent third party auditors based on published criteria, aligned with ISO standards on auditor quality and competence (ISO 17021). An expert in auditor accreditation independent to the RJC carries out the review process for each audit firm, to ensure impartiality and correct procedures are followed. The accreditation process is supported by training on the RJC's standards and certification process and ongoing monitoring of auditing quality. Concerns about auditor quality from any stakeholder can be raised with RJC via the Complaints Mechanism (below). More information on the audit process can be found in the RJC Assessment Manual.

http://www.responsiblejewellery.com/files/RJC_Assessment_Manual_2013_eng.pdf

RJC Complaints Mechanism

The RJC developed a formal complaints mechanism in 2010, updated in 2012, to accommodate the release of the Chain-of-Custody Standard for precious metals. RJC's complaints mechanism was developed in collaboration with the Centre for Social Responsibility in Mining at the University of Queensland. To date, no formal complaints have been lodged through the mechanism, however informal concerns raised have been addressed by requiring additional information and follow-up by accredited auditors and/or follow-up by Members to the stakeholder concerned.

<http://www.responsiblejewellery.com/contact-us/rjc-complaints-mechanism/>

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