



RJC Chain-of-custody initiative

Discussion paper 1 - Chain-of-custody in the diamond and gold jewellery supply chain – issues and options

Report on first round of stakeholder consultation – April to July 2010

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1. Background

In April 2010, the RJC published an initial discussion paper on chain-of-custody and sought comment from interested individuals and organisations. The purpose of the paper was to review issues and options relating to chain-of-custody certification in the diamond and gold jewellery supply chain. The paper is available from:

http://www.responsiblejewellery.com/downloads/RJC_Chain_of_custody_discn_paper_19_04_2010.pdf

A broad range of stakeholders and RJC Members were invited by email to review the paper and provide comment. Workshops were convened in London (May 2010) and Las Vegas (June 2010) to facilitate discussion. Workshop presentations are available at:

<http://www.responsiblejewellery.com/chain-of-custody.html>

2. RJC and Standards Development

The RJC commits to:

- be open and transparent in its standards development process
- encourage input from a wide range of interested and affected parties
- treat input from interested and affected parties with integrity and respect, and
- report publicly on submissions received, including how comments have been addressed in subsequent drafting.

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3. This report

This report summarises the comments and input received via email and through workshops, meetings and individual discussions. The various points raised are being carefully considered in the development of a second discussion paper for public comment.

(a) Formal stakeholder submissions were received from:

- CAFOD (Sonya Maldar) - indicating preference for a track-and-trace model for the gold supply chain.
 - See [http://www.responsiblejewellery.com/downloads/CAFOD comments on RJC chain of custody paper June 2010.pdf](http://www.responsiblejewellery.com/downloads/CAFOD%20comments%20on%20RJC%20chain%20of%20custody%20paper%20June%202010.pdf)
- Fair Jewellery Action (Marc Choyt and Greg Valerio) - indicating preference for track-and-trace or bulk-commodity models.
 - See [http://www.responsiblejewellery.com/downloads/FJA response to RJC PDF.pdf](http://www.responsiblejewellery.com/downloads/FJA%20response%20to%20RJC%20PDF.pdf)

(b) Summary of workshop and meeting discussions:

The workshop and meeting participants were mostly drawn from the gold and diamond jewellery supply chain. Input can be summarised and grouped as follows:

- **General feedback:**
 - paper will play an educative role with Members and stakeholders;
 - that the 'stories' charts show complexities and issues well;
 - a very valuable analysis; 'thoughtful and informed'; 'groundbreaking'; 'great piece of work'; 'congratulations'; 'great progress'.
- **Support expressed for:**
 - The idea that an RJC chain-of-custody certification should be able to verify a wide variety of different kinds of c-of-c models and claims.
 - The idea that a product label was not essential.
 - While RJC Member certification is compulsory for RJC Commercial Members, RJC chain-of-custody certification would be voluntary.
 - CAFOD's point regarding the need for incentives to create a critical mass of participation in chain-of-custody certification. RJC cannot mandate chain-of-custody certification. Individual businesses, particularly retailers, could choose to require chain-of-custody certification from suppliers.
- **Commercial interests:** Various expressions of interest in providing RJC with industry-wide product-tracking services from consultants etc, which is not the intent of the RJC initiative.
- **Key issues and challenges:**
 - That the current Kimberley Process/Zimbabwe situation may lead to increased pressure for "chain-of-custody tools" that will credibly point to the source of "non-conflict" diamonds and/or credibly exclude "conflict sources".

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- Diamonds, particularly smaller stones, have some of the same issues as gold with complex supply chain movements making traceability difficult. Trading and re-trading of rough and polished diamonds is often carried out by brokers, so buyers and sellers don't always know each other. There is also an emergence of a recycled diamond jewellery business, and increasing interest in diamonds as a portable investment asset like gold.
- The difficulty of switching a large company's business to chain of custody products quickly, and the potential to create different classes of product (certified and non-certified).
- Whether there is sufficient interest in chain-of-custody from NGOs, B2B and consumers in premium products to justify the likely complexity and costs of implementation. Also views that traceability can be a means to demonstrate other value added "services" which are given to a product and that value creation can easily carry the cost of the traceability system if implemented at scale;
- How to address components (diamonds, gold, platinum) **and** whole jewellery pieces.
- How consumers might understand different claims.
- The growing importance of scrap gold in the jewellery supply chain. Pre-recycling provenance is probably too complicated to go beyond a 'recycled' claim.
- The concern that "recycled gold" claims could be used to hide "inconvenient truths" about supply chains.
- The role of responsible artisanal gold for the jewellery industry as a development pathway for producers.

The RJC continues to welcome input and ideas from stakeholders and Members as the chain-of-custody initiative progresses. A second discussion paper will be published for public comment in Q4 2010.

END.