



## NEWS RELEASE

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### RESPONSIBLE JEWELLERY COUNCIL RECOGNISES RELEASE OF FINAL RULE FOR DODD-FRANK SECTION 1502 ON CONFLICT MINERALS AND ENCOURAGES USE OF RJC CHAIN-OF-CUSTODY CERTIFICATION FOR GOLD SOURCING

LONDON – The release by the US Security and Exchange Commission (SEC) of the final rule implementing Section 1502 on Conflict Minerals in the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>1</sup> turns attention to the role of industry programmes in supporting compliance. The Responsible Jewellery Council (RJC) has worked with a wide range of stakeholders since 2010 to develop a certification standard aimed at responsible sourcing of precious metals and at assisting affected companies' efforts to comply with Section 1502 of the Act. The RJC Chain-of-Custody (CoC) standard was released in March 2012<sup>2</sup> and three gold refineries in the USA, Switzerland and Hong Kong have already been independently audited and certified under this program.<sup>3</sup> More companies are expected to be certified in coming months.

The RJC has reviewed the Section 1502 final rule and does not anticipate any changes to the Chain-of-Custody Standard are necessary at this time. The CoC Standard has been designed to support the reasonable inquiry and due diligence processes in the gold supply chain required under the rule. RJC participated actively in the multi-stakeholder development of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, particularly the *Supplement on Gold*<sup>4</sup>. The Section 1502 rule explicitly recognises the OECD Supplement on Gold as an internationally recognized due diligence framework for fulfilling Dodd-Frank conflict mineral requirements. RJC's Chain-of-Custody Standard is aligned with the OECD Guidance and the RJC has recorded webinars available on its website to assist supply chain participants with information and awareness-raising about the OECD Guidance.

Analysis of the Section 1502 rule shows that the types of gold (mined, recycled and scrap, and existing stocks) sourced by companies have specific disclosure and due diligence implications, each of which can be met through use of RJC's Chain-of-Custody Standard. All gold transferred by RJC Chain-of-Custody Certified Entities is "DRC conflict-free" as defined by the Dodd Frank Act. To support 'reasonable country of origin inquiries', information on whether gold-bearing shipments contain mined, recycled and/or grandfathered (existing stocks) is provided to customers of RJC CoC Certified businesses via CoC Transfer Documents. If any gold originated in or was transported through the DRC and adjoining countries, all CoC Transfer Documents for that gold must continue to identify the country/ies of origin, along with the refiner/s. A conflict-free declaration is provided which assures customers that due diligence in accordance with the OECD Guidance has already been carried out to confirm that the gold did not finance or benefit illegal armed groups.

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<sup>1</sup> <http://sec.gov/rules/final/2012/34-67716.pdf>

<sup>2</sup> [www.responsiblejewellery.com/chain-of-custody-certification/](http://www.responsiblejewellery.com/chain-of-custody-certification/)

<sup>3</sup> <http://www.responsiblejewellery.com/chain-of-custody-certification/chain-of-custody-certified-members/>

<sup>4</sup> [www.oecd.org/daf/investment/mining](http://www.oecd.org/daf/investment/mining)

[www.responsiblejewellery.com](http://www.responsiblejewellery.com)

Under the Section 1502 rule, existing stocks and inventories of gold are considered 'outside the supply chain' before January 31 2013 and are exempted from application of the rule. The RJC Chain-of-Custody Standard adopts the same cut-off date for existing stocks of gold (which RJC has termed 'grandfathered') as the OECD Supplement on Gold (1 January 2012). The SEC has allowed a later cut-off date as a transition period to permit market participants additional time to move or refine any existing stocks of gold in accordance with the rule. In practice, the 13 month difference in cut-off dates between the OECD and SEC should not be too difficult for companies to manage. For companies sourcing gold between January 1 2012 and January 31 2013 under the RJC CoC Standard, the date of receipt of CoC Gold will be reliably represented in CoC Transfer Documents. This period before application of the SEC rule formally commences can thus be used by companies to establish relevant sourcing and records systems before any conflict minerals disclosure requirements become effective for them.

In addition to conflict-free assurance, the RJC's approach to responsible sourcing encompasses a wide range of environmental, social, human rights and business ethics standards in the precious metals supply chain. Chain-of-Custody certified businesses must meet the RJC's requirements for responsible business practices, as laid out in the RJC Code of Practices<sup>5</sup>. Both RJC Member Certification and Chain-of-Custody Certification are achieved through independent, third-party audits by auditors formally accredited by RJC.

Companies can use RJC Chain-of-Custody Certification to support compliance with Section 1502 by:

- **Sourcing from RJC CoC Certified Refiners:** gold refiners are a key point of due diligence in gold supply chains. Any business using gold can source from RJC CoC Certified Refiners - companies don't have to be part of the jewellery industry or an RJC member to do so. CoC Certified Refiners can supply conflict-free gold and provide reliable representations regarding mined, recycled and/or grandfathered material to support 'reasonable country of origin inquiries' and any determined disclosure requirements.
- **Achieving CoC Certification:** companies in the gold jewellery supply chain, such as miners, refiners, jewellery manufacturers, and retailers, can seek CoC Certification as an additional level of assurance about their due diligence practices for their own reporting requirements or to provide verifiable information to customers. CoC Certification can be used to assure continuing custody of conflict-free gold sourced from refiners or to generate audited records for grandfathered gold (existing stocks) that manufacturers source directly, for example from banks.
- **Encouraging responsibly mined gold:** the aims of Section 1502 and the OECD Due Diligence Guidance are to achieve improved human rights conditions on the ground in the Democratic Republic of the Congo. Responsible mining practices in both industrial and artisanal and small-scale mining (ASM) are an essential platform to these efforts. RJC Certification can help drive uptake of improved practices and voluntary standards in the mining sector more broadly. RJC is working with artisanal mining organisations to support work in the ASM sector.<sup>6</sup>

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## About RJC

The Responsible Jewellery Council is an international not-for-profit organisation bringing together more than 380 member companies. RJC and its Members are committed to promoting responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the jewellery industry from mine to retail. This commitment aims to reinforce consumer and stakeholder confidence in diamond, gold and platinum metals jewellery products. The RJC has developed the RJC Member Certification system which applies to all Members' businesses that contribute to the diamond, gold and platinum metals jewellery supply chain. All Certified Members of the RJC are audited by accredited, third party auditors to verify their conformance with the RJC's Code of Practices. A voluntary Chain-of-Custody Standard has also been developed for gold and platinum group metals. The RJC is a [Full Member of the ISEAL Alliance](#) – the global association for sustainability standards. For more information on RJC Members, Certification, and Standards please visit [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

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<sup>5</sup> [www.responsiblejewellery.com/certification/](http://www.responsiblejewellery.com/certification/)

<sup>6</sup> <http://www.responsiblejewellery.com/about-us/collaboration-and-engagement/>

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