

# 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



Building critical mass through increased uptake in key regions & sectors



Effective implementation of standards and continuous improvement



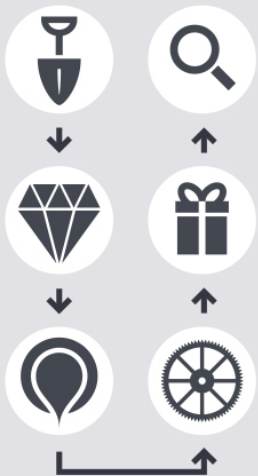
Increased demand for RJC Certified Members, B2B and by consumers

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 PGM products

## 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:



## 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

## About RJC's Theory of Change

### ***Who are we?***

The Responsible Jewellery Council (RJC) is a sustainability standards and certification initiative for the jewellery and watch supply chain, unique in that organisations at every step in the value chain (from mine to retail) participate.

RJC Membership is open to any business, large or small, operating anywhere in the world, which is active in diamonds, gold or platinum group metals (PGM) jewellery and watch supply chain. All members commit to achieving certification against the RJC Code of Practices, our standard for responsible business practices, within 2 years of joining. The standard requires management systems to be implemented by members to address the most important sustainability issues across the jewellery supply chain such as business ethics, human rights, labour rights and working conditions, responsible sourcing, environment, health and safety and product responsibility.

RJC's voluntary Chain-of-Custody standard, complements the Code of Practice, and is designed to build a platform for growth in responsible sourcing, enabling certification of supply chains of responsibly mined and sourced precious metals. It serves also to connect responsible businesses along the supply chain and enables members to make claims about the provenance of the materials.

We encourage and support as many businesses as possible in the jewellery supply chain, to achieve certification against our standards, regardless of what practices may have been present in those businesses prior to certification. This recognises the vital role that every supply chain actor can play in improving practices across the industry. This approach is also based on the premise that the greatest opportunities for aggregate positive change to social, human rights, ethical and environmental conditions in the jewellery supply chain can be realised through widespread uptake of an internationally accepted standard.

### ***What is our mission and vision?***

Our mission is to be the recognised standards and certification organisation for supply chain integrity and sustainability in the global fine jewellery and watch industry. Our vision is a responsible world-wide supply chain that promotes trust in the global fine jewellery and watch industry.

### ***What does it take to make our vision a reality?***

Our illustrative Theory of Change sets out our role in achieving our organisational vision, by mapping out how the outcomes of RJC's strategies and activities contribute to the realisation of our longer term desired impacts of:

- A global fine jewellery and watch industry that respects human rights, the environment and meets evolving stakeholder expectations

- A global fine jewellery and watch industry that is commitment to, and rewards responsible business practices
- Business customers and consumers have confidence and trust in the diamond, gold and PGM jewellery and watch products they purchase

The Theory of Change illustrates, through pathways, how RJC and its members and partners bring about change in the jewellery and watch industry, by linking RJC's strategies to expected outputs, which in turn lead to intermediate outcomes, and ultimately long-term impacts. It is not always a linear relationship, as change can come about because of multiple factors and influences, including those outside of the control of the RJC.

### ***What are RJC's standards and their output?***

RJC has 3 key strategies for achieving its desired long-term impacts:

#### *Standards and supporting certification tools*

The standards are the cornerstone of RJC, and the basis for positive sustainability change in the jewellery and watch industry. They are developed through transparent and collaborative multi-stakeholder processes, to cover a wide range of sustainability issues which are relevant to the global jewellery and watch supply chain. These standards are reviewed and updated regularly, in compliance with ISEAL's Code of Good Practice for Standard Setting. RJC leverages the knowledge and expertise of its multi-stakeholder Standards Committee and undertakes comprehensive consultation with stakeholders as part of the revision process, to ensure the standards are best practice, and harmonised with industry and international normative frameworks. Member input ensures that the standards remain relevant, practical and implementable by all actors across such a diverse supply chain. Our standards codify the common responsible business practices and management system requirements for members and is supported by a range of guidance documents and tools, designed to support members understand and implement them.

RJC also develops supporting certification tools, such as the assessment manual and self-assessment toolkit to guide members and auditors on the audit and certification procedures, to ensure audits of members' compliance with our standards, are credible and consistent. In turn, maintaining the integrity and credibility of RJC certification amongst stakeholders.

#### *Capacity Building*

To ensure the effective implementation of the RJC standards by members, and delivery of audits by auditors, RJC must build the capacity of these two key stakeholders. Members have access to one-to-one support through the RJC member helpdesk, to help them understand how to implement appropriate management systems to achieve conformance with the RJC standards. Throughout the year, RJC also delivers a programme of member training and webinars on issues which are pertinent to the standards, as well as emerging issues in the industry to further facilitate capacity building. RJC is also focused on nurturing its relationship with its national trade association members,

providing them with the necessary information and tools to enable them to facilitate local peer to peer learning and member support on responsible business practices. RJC members are encouraged to share their experiences on responsible business practices amongst their peers through participation in, and networking at events hosted by the RJC such as the AGM, webinars and sessions at industry events.

A well-functioning assurance system builds stakeholder confidence and trust that the responsible business practices according to RJC's standards are being adhered to by its members. RJC's assurance system, ensures that independent third-party auditors conducting RJC audits have the necessary skills, competencies and experience to audit the RJC standards impartially and effectively, to determine compliance with our standards but also to highlight areas gaps or weaknesses in member's management systems. Thus, ensuring it is functioning effectively to manage risks and drive continual improvement. Regular training provided by the RJC ensures auditors maintain a thorough understanding and correct interpretation of RJC's standards, as well as emerging issues and risks in the jewellery supply chain which could compromise compliance with the standards. Ongoing oversight mechanisms, as well as the RJC complaints process are continually being improved to monitor and enhance audit performance.

#### *Supply chain initiatives*

RJC collaborates with several relevant supply chain standards and certification schemes to advance shared objectives of improving social, environmental, labour practices and good governance in the jewellery and watch supply chain, and support harmonisation and recognition with related standards initiatives. Under various Memoranda of Understanding set up with key industry partners we work together to ensure our activities are mutually supportive.

As part of the standards revision process, RJC benchmarks and harmonises its own standards against other relevant industry standards to facilitate interoperability and create synergies and efficiencies to support the uptake of responsible business practices across the jewellery and watch industry. Where possible, we recognise other standards as providing assurance of members' compliance with equivalent provisions within the RJC standards, thereby reducing audit duplication and burden for its members. Through our industry outreach and communication campaigns, RJC aims to raise awareness on sustainability issues specific to the jewellery industry, including the role that RJC can play in addressing these, and the resulting business benefits to stimulate uptake and demand for responsible business practices across the industry.

#### ***How will RJC achieve its medium-term outcomes?***

RJC standards set the bar for the industry in terms of the minimum behaviours and business practices expected of companies operating in the jewellery and watch supply chain. Our standards are dynamic and revised through public consultation on a periodic basis to keep pace not only with developments in the industry, but also the evolving social norms and stakeholder expectations. The ongoing evolution of our standard requirements, coupled with member retention and capacity building will facilitate ongoing re-certification, and subsequently drive a continual improvement in industry practices over time.

Retailers and other downstream actors play an influential role in promoting sustainable and responsible production and consumption, occupying a unique position in the value chain as the 'gatekeeper' between producers and consumers. Retailers have the potential to catalyse sector transformation due to their large supply chains and influence on consumer purchasing choices, through their communication and marketing. Through collaboration with relevant sourcing initiatives, including company specific programmes as well as other private standards initiatives, RJC ensures that its standards and certification meets the needs of the industry and is harmonised with relevant industry standards. We believe that rapid expansion and demand for RJC certification will be achieved, when key retailers that have a significant market share, either adopts RJC's standards across their supply chains or accepts RJC certification as a means of assurance, as part of their responsible sourcing programmes.

As the demand for and uptake of RJC certification increases across the industry, responsible business practices will become mainstream and institutionalised, to a point where these practices become a de-facto norm for companies wanting to participate in the jewellery supply chain. RJC aims to achieve critical mass through its business development activities to stimulate uptake of certification in the following key sectors and regions: diamond cutting and polishing in India, jewellery manufacturing in China, jewellery retailers in the USA and Europe, precious metals refining in Switzerland, diamond trading centres in London, New York, Antwerp and mining in Africa and Latin America.

#### ***How will RJC achieve its long-term impacts?***

In the longer term, increased demand for responsible business practices and RJC certification from downstream actors, will have a ripple effect up the supply chain and build jewellery and watch supply chains that are committed to, and reward such practices being upheld from mine to retail. Relationships between buyers and suppliers will evolve and mature beyond auditing and monitoring to one of collaboration and shared commitments on sustainability, with buyers recognising the significant role their suppliers, vendors and sub-contractors play in achieving the sustainability requirements of their customers and consumers. Buyers along the supply chain will reward responsible practices through their procurement practices and decisions, choosing to work with suppliers who support them to manage their risks and achieve their sustainability ambitions.

The attainment of critical mass in the industry of uptake of RJC standards, coupled with the evolution of the standards based on public stakeholder consultation, will lead to industry transformation in terms of responsible business practices. RJC certification provides assurance that the whole supply chain, from mine to retail is upholding its standards, and respects business ethics, human rights, labour practices, H&S and is meeting the evolving expectations of stakeholders. This will lead to trust in the jewellery and watch supply chain, giving customer and consumers confidence in the jewellery and watch products they purchase.

#### ***What are the potential unintended consequences of RJC's activities?***

Unintended consequences are outcomes that are not the ones foreseen and intended by a purposeful action. The unintended effects can be both positive and negative. The potential negative unintended effects of an RJC's activities could include:

- *Poor practices being displaced to sub-contractors and other non-certified entities in the supply chain*

RJC sets clear rules for its members on how to define the scope of their membership and certification. Members can join at any level within an organisation, however the scope must include every entity and facility that it owns or has management control over. The unintended effect of this rule is that members can opt to obtain certification for parts of their business that are low risk and omit those that are higher risk (eg obtain certification for the diamond trading office in the USA only, and not the full group of companies which includes a diamond cutting and polishing facility in India). Similarly, whilst the COP requires RJC members to use best endeavours, commensurate with their ability to influence, to promote responsible business practices among their significant business partners, there is a risk that poor practices could be displaced to sub-contractors, who fall outside the scope of RJC member's certification and audit.

- *Uneconomic compliance costs in some markets or sectors are barriers to companies achieving certification*

The RJC COP is a common set of responsible business standards, designed to represent best practice for the entire jewellery and watch supply chain. The potential unintended effect of this standard design is that requirements are so high, that RJC certification may only recognise the top performers in the industry, therefore movement of the whole industry towards more sustainable practices may be hindered. Similarly, RJC certification has the potential to favour companies in developed countries over developing countries, as their existing practices and systems may already comply with the standard requirements due to the presence of stronger national legal frameworks and their enforcement. Conversely, companies in developing countries may need to make significant investments in their practices and systems at the outset, to bring them into alignment with the RJC standards. This could lead to a disproportionate level of certification uptake in developed countries, where the sustainability risks are considered to be lower. Standards and certification, in isolation, may not be enough to drive full industry transformation, if they do not have the capacity to affect the bottom of the market, ie those companies operating in a manner farthest away from the standard requirements. This inability to achieve certification, could in the longer term, hinder many companies in developing countries from trading in the global supply chain, with a negative economic and developmental impact locally.

- *Small to medium enterprises disincentivised from participating in RJC, due to perception or reality of challenges of achieving certification*

The design of RJC standards may also disincentivise small companies, as well as those in developing countries, to opt for certification. Small to medium enterprises may be reluctant to participate in the RJC process and implement the COP as they often lack the financial, human and information resources needed to adopt voluntary standards. Typically, it is larger companies who are the early adopters of voluntary standards, as certification often favours companies with more mature management systems, and the internal resources to manage compliance and the certification process. For smaller companies with more informal management systems, it can take years for the company to implement the systems required by the COP and transition to compliance with the standard, a time-frame which could put this valuable certification out of their reach, and impact on their ability to supply to customers who expect their suppliers to be certified.