



**Responsible Jewellery Council (RJC)**  
**Chain-of-Custody (CoC) Standard – Discussion Paper 3**

**Report on public comment period and stakeholder consultation – June 2010 to August 2011**  
***Final - 10 October 2011***

Inquiries please contact: Dr Fiona Solomon, RJC Standards Development Director, [fiona.solomon@responsiblejewellery.com](mailto:fiona.solomon@responsiblejewellery.com)

**1. Background**

From June to August 2011, the RJC sought feedback on a third and final discussion paper on Chain-of-Custody (CoC) from individuals and organisations interested in the jewellery supply chain. The discussion paper included the first draft of a CoC standard for diamonds, gold and platinum metals. The proposed RJC CoC standard is to be complementary to RJC Member Certification, and voluntary for RJC Members. The RJC aims to publish a final CoC standard, and associated documentation, in early 2012.

The CoC standard is being developed via a multi-stakeholder consultation process during 2010-2012 – see <http://www.responsiblejewellery.com/chain-of-custody.html> for background on the process so far. As an ISEAL Associate Member, RJC's standards development process aims to conform to the ISEAL Code of Good Practice for Setting Social and Environmental Standards and is documented at <http://www.responsiblejewellery.com/standards.html> .

In summary, the RJC commits to:

- be open and transparent in its standards development process
- encourage input from a wide range of interested and affected parties

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The Responsible Jewellery Council is the trading name of the Council for Responsible Jewellery Practices Ltd.  
The Council for Responsible Jewellery Practices Ltd, First Floor, Dudley House, 34-38 Southampton Street, London, UK, WC2E 7HF.  
The Council for Responsible Jewellery Practices Ltd is registered in England and Wales with company number 05449042.

- treat input from interested and affected parties with integrity and respect, and
- report publicly on feedback provided, including how comments have been addressed in subsequent drafting.

## 2. **This Report**

This Report summarises the discussions, comments and submissions received during the comment period for RJC’s Discussion Paper 3 (available at: <http://www.responsiblejewellery.com/chain-of-custody.html>), and how these are proposed to be addressed in the final stage of standards development.

## 3. **Summary of Input Method**

A broad range of stakeholders were notified by email and through discussions lists of the opportunity to comment on the RJC discussion paper. Interested parties could respond by fax, post or in an email or by phone with the RJC Standards Development Director. An RJC Consultative Panel teleconference was convened; and RJC participated in several multi-stakeholder meetings on conflict gold and responsible supply chains. In addition, RJC interviewed representatives of various stages of the jewellery supply chain around key implementation questions and convened a meeting on chain-of-custody and diamonds in Antwerp. Input received by 9 September 2011 is detailed in section 5, covering 27 sets of comments.

## 4. **Analysis of Input – Summary of Themes and Key Points**

The Table below summarises the analysis of issues raised in terms of major themes and key points.

Theme	Key Points
Standards harmonisation	<p>Continue engagement and/or harmonise standards with these initiatives:</p> <ul style="list-style-type: none"> <li>• Conflict minerals: <ul style="list-style-type: none"> <li>○ Dodd-Frank Act and SEC rules (to be finalised in April 2011)</li> <li>○ OECD due diligence guidance (gold supplement to be developed in 2011)</li> <li>○ EICC smelter validation program</li> <li>○ WGC standards</li> <li>○ LBMA responsible gold guidance</li> </ul> </li> <li>• Artisanal mining initiatives: <ul style="list-style-type: none"> <li>○ ARM-FLO standard (Fairtrade gold launched February 2011)</li> <li>○ DDI Development Diamond standard (under development)</li> <li>○ ASM operating on concessions of RJC Members, in accordance with RJC Code of Practices which supports formalisation and professionalisation of ASM</li> </ul> </li> </ul>
Technical feedback	<ul style="list-style-type: none"> <li>• Frequency of auditing to accommodate annual or mid-certification surveillance audits</li> </ul>

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and questions	<ul style="list-style-type: none"> <li>• Gold in copper slimes – clarify treatment as eligible material</li> <li>• Gold-bearing electrolyte in refineries – clarify treatment under segregation</li> <li>• Remove 1 year restriction on grandfathered diamonds</li> <li>• Require refiners to apply due diligence re conflict to all sources of gold, not only CoC</li> </ul>
Additional guidance and examples for implementation	<ul style="list-style-type: none"> <li>• How CoC Transfer Documents will work</li> <li>• How to conduct Due Diligence</li> <li>• How small business could apply the Standard</li> <li>• Risk-based evaluation of sourcing</li> <li>• OECD Model Policy - template</li> <li>• Complaints mechanism - template</li> </ul>

### **Next steps:**

The RJC will progress the key points identified in this Table with the Standards Committee and Consultative Panel, during discussion, drafting and consensus-building for the finalisation of the CoC Standard.

The remainder of this Comments Report documents the issues raised during the consultation period in significant detail. RJC acknowledges the diversity of interests and warmly thanks all who have provided input for their perspectives, suggestions and feedback.

## **5. Submissions**

RJC published CoC Discussion Paper 3 inviting feedback and comments. The Table below documents the input received by September 9, 2011.

<b>Name</b>	<b>Date</b>	<b>Key issues</b>	<b>Summaries / Extracts from meetings, interviews and submissions</b>
Antwerp meeting	9/9/11	Diamond supply chain	<ul style="list-style-type: none"> <li>• Would like all the definitions to be as clear as possible, the conflict definition is a key factor</li> <li>• Should be working with the bourses</li> <li>• Concern around use of logo and level of understanding from retailers</li> <li>• Concern around how quickly supporting documents could be provided if a concern was raised about the CoC claim.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Support and on-going training fundamental</li> <li>• Clear guidance needs to be provided to retailers about what they can say.</li> <li>• Need to ensure we have included opportunities for legitimate operations to operate that are in conflict areas</li> <li>• Conflict is a marketing issue with no substance, the miners have to be certified against the code first, difficult to get away with anything else after that</li> </ul>
Diamond trading, cutting and polishing	6/9/11	Diamond sector	<ul style="list-style-type: none"> <li>• Suggests consider a stone by stone only requirement, and build from there, but understands the approach we're taking to work with parcels and total weight.</li> <li>• Indian manufacturers are starting to track very small diamonds stone by stone (eg 3pt rough).</li> <li>• Note standard will need to accept tolerances in reconciliations, won't always be exact matches.</li> </ul>
Diamond trading	6/9/11	Impact on small companies	<ul style="list-style-type: none"> <li>• Provided perspectives from the standpoint of smaller diamond traders.</li> <li>• No issues about the technical aspect of the Standard, although mass balance is an issue. Appreciates the problems with including it in CoC.</li> <li>• Acknowledges that perceptions are challenge, what's in the standard won't necessarily be understood.</li> <li>• For non Members, the RJC Certification is also important to understand, not just CoC. Perception continues of RJC as for the big players, with a complex system that is not tailored for small companies. This in turn affects how CoC is perceived.</li> <li>• Supports proposed approaches to outsourcing, ASM, grandfathered and recycled.</li> <li>• Major concern with CoC is the potential impact on "competitive access to diamonds" particularly as CoC transitions to critical mass. If big retailers only want CoC, some companies will be left out. They need to maintain a large, diverse and opportunity based network of suppliers to trade with.</li> <li>• However acknowledge that retailers may not want to make specific claims but rather try to build CoC supply over time and that market forces will determine the level of CoC penetration over time.</li> </ul>
Gold refiner	5/9/11	Refiners/ electrolysis	<ul style="list-style-type: none"> <li>• Refiners don't produce bars for jewellery, usually for banks. Jewellers buy from banks or buy unallocated gold from banks which is then supplied by refiner in desired form.</li> <li>• Refiner has 2 lines – bank line: refining and cast bars; industrial line – semi-finished products for the jewellery supply chain. Includes raw watch cases, tailor made profiles (manufactured from submitted</li> </ul>

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			<p>technical drawing), alloys ordered according to needs.</p> <ul style="list-style-type: none"> <li>• Gold refined for jewellery needs to be 9999, especially if it is high end jewellery. Prescribing the impurities helps with rolling etc, otherwise it can break or crack in later manufacturing.</li> <li>• The worst impurities are silicon and aluminium, as they significantly change the properties if present (eg in 995 gold). Electrolytic refining removes silicon and aluminium, leaving mainly silver, copper and platinum. Some jewellers specify 9999 electrolytic gold – have to pay premium for electrolytic process.</li> <li>• Good delivery bars are defined by shape, size, weight and min 995. The impurities are not specified and this can cause problems depending on any subsequent manufacturing. To make alloys, they buy 9999 copper from the market with analysis certificates to guarantee the impurity content.</li> <li>• While the aqua regia process can produce 9999, customers may not want the potential disadvantages of the impurities in future processing.</li> <li>• In some jewellery alloys, oxygen content is controlled. For semi-finished products, there are more steps and handling which often includes annealing (eg 600-800 degC). If there is a higher oxygen content, it can cause micro-porosity – which may be unacceptable.</li> <li>• 3 potential refining process: electrolytic (most common); Miller (chlorine gas through gold melt); aqua regia.</li> </ul>
Jewellery retailer	25/8/11	Small business	<ul style="list-style-type: none"> <li>• Easier for larger businesses than smaller businesses. Would be logistics nightmare, particularly in difficult retail environment. Segregation is very difficult. Best to start at supply end, miners, refiners to build available supply.</li> </ul>
Jewellery retailer	19/8/11	Outsourcing	<ul style="list-style-type: none"> <li>• No specific suggestions or improvements for CoC standard insofar as Dodd-Frank is concerned.</li> <li>• They are currently conducting a questionnaire of their vendors to understand their gold sourcing practices. Finding wide variations in their knowledge and responsiveness. RJC approach to outsourcing seems reasonable but a question they are also trying to get a handle on.</li> <li>• Very sceptical about manufacturers being able to reliably maintain segregation, would not use this model themselves, would not trust them. Can understand why the standard would allow for it in order to capture more businesses, but they will require 100% compliant material in a facility, not a mix.</li> <li>• Agree with the approach on grandfathering, would use it.</li> </ul>

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Gold refiner	18/8/11	Recycling	<ul style="list-style-type: none"> <li>• How do copper (cell, anode) slimes fit in the Eligible Materials? Need to clarify treatment of low-grade Industrial By-Products.</li> </ul>
Gold refiner	18/8/11	KYC Segregation	<ul style="list-style-type: none"> <li>• Could consider adding to guidance for (5.2.a.i) assessing the KYC policy of commercial suppliers. Take risk-based approach to KYC, trigger enhanced due diligence if high risk supplier. Should make sure flexible, as not necessary for all suppliers.</li> <li>• Questioned 5.2.b.ii – does this mean on-site visit? They would only do if high-risk customer, because of cost as a low-risk supplier just doesn't require it. This is how LBMA are approaching the issue.</li> <li>• Section 2 – reconciliations. Refiners have a 'technical loss' which they charge to the customer, a loss premium, which is a theoretical charge they define in advance. Once the actual loss is known, they would adjust the reconciliation. Worth discussing in guidance.</li> <li>• Grandfathered – not everything has a date, but it is difficult topic, everyone is working on this. Want to have all standards aligned, refiners can't afford to comply with lots of different standards.</li> <li>• Audit frequency – Annual audits very pricey, they suggest a full audit 1 year, followed by review.</li> <li>• Integration of audits – help reduce costs. Would like to add extra bits to check comply with other standards. Looking for flexibility in audits so can integrate, especially when looking at the same KYC files. Auditor accreditation they are discussing too (in LBMA I think) – want this to be flexible, but also credible.</li> </ul>
Diamond trader	17/8/11	Grandfathered	<ul style="list-style-type: none"> <li>• Would prefer to see the term "transaction" be used rather than "transfer", such as in section 8.</li> <li>• Not sure about the business case for CoC - who is asking for it? Previous experiences with vertical branding didn't go anywhere. Until retailers demand it, not much will happen.</li> <li>• Costs for them would be minimal, most of their goods would qualify with very little effort.</li> <li>• Sceptical about how many in the middle would become CoC certified.</li> <li>• One year for Grandfathered diamonds is too tight. Should be indefinite, if the records are there.</li> </ul>
Diamond trader	17/8/11	Segregation	<ul style="list-style-type: none"> <li>• Yes, cutters and polishers can segregation and reconcile, they have to. At least for 30pt+. No weaknesses or vulnerabilities.</li> <li>• Melee could be a problem, traders need to mix, need enough volume. But segregation of melee can</li> </ul>

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			<p>be done.</p> <ul style="list-style-type: none"> <li>• Should be able to use DiamondTrack (off the shelf inventory database) to identify CoC diamonds and parcels and to generate the information for the Transfer Docs.</li> <li>• Still, the Transfer Docs would be a headache for the smaller retailers. Any extra paperwork is an issue and they won't like it. But they can add the CoC information to their own materials, and would want to.</li> <li>• Doesn't like grandfathering in principle. Should just work in the CoC and start properly to begin with.</li> </ul>
Jewellery manufacturer	16/8/11	Outsourcing	<ul style="list-style-type: none"> <li>• Not sure about the reliability of outsourcing contractors. They will give a mass balance, but getting the same gold back means a lot of changes to the way things are done; a "whole new process". Will be hard to get the discipline needed to comply.</li> <li>• They are finding that for traceable SKU's there is an increase of costs in the order of 3%, mainly people-related. Doesn't include auditing costs.</li> </ul>
Jewellery manufacturer	16/8/11	Diamond grandfathering	<ul style="list-style-type: none"> <li>• System is do-able, they are doing it already.</li> <li>• Parcels (melee) will be the main issue. Need to accumulate to establish a critical mass. Have to maintain a positive weight balance.</li> <li>• For larger goods 20pt+, factories already track, segregate, have separate sections etc. Have to do this for security reasons regardless, e.g., protect against switching. Stones signed in and out, tight procedures. Exceptions would be "artisanal" type polishers in India.</li> <li>• Even easier for traders to segregate.</li> <li>• Transfer document should not be a problem, just another form. It could be integrated into database systems so that it is automatically generated.</li> <li>• For some, anything extra will be seen as a problem. But in general, the extra cost is marginal. Main issue is the reluctance to have the added scrutiny – the fear of revealing "secrets".</li> <li>• Grandfathering allowance for 1 year would be a problem, too tight. Some stones can be held for several years. Why not at least allow for a longer period of time for stones that are individually tracked with id numbers and laser inscribed? If so, no reason not to allow them indefinitely. They could be specifically declared on a certain date.</li> </ul>

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			<ul style="list-style-type: none"> <li>Also consider the status of diamonds in inventory on the start date. What about goods in process? (ie, can a diamond start in rough form then polished, and be grandfathered based on the rough diamond being in inventory prior to date xx).</li> </ul>
Andrea Casadei, BilanciaRSI, Research Centre and Consulting Firm on CSR and Sustainability.	17/8/11		<ul style="list-style-type: none"> <li>Submission PDF – text as per below.</li> </ul> <p>After reading the second draft of the CoC standard and its relevant discussion paper, we view positively the prescriptive approach related to the need of the companies wishing to obtain such a certification to provide not only a simple declaration, but a full dossier on the custody transfer of materials.</p> <p>This decision implies, indeed, a more precise control of the supply chain which reduces margin of error and guarantees that materials come exactly from a determined place.</p> <p>We think that the idea of making the CoC certification a more prescriptive standard is really positive also because it improves the checks carried out by goldsmith companies on their outsourced activities and on the materials coming not only from refiners, but only from the bench level actions undertaken by small firms. Such checks are extremely important because they contribute to avoiding both problems within the traceability system and socially irresponsible behaviours in the jewellery supply chain.</p> <p>In order to spread know-how and develop corporate responsible practices, we believe that it would be important and useful to allow any organisation related to the jewellery supply chain to use the CoC standard, even if they do not hold a RJC certification. Consequently, a larger number of organisations will have the opportunity to follow precise and responsible guidelines and adopt, therefore, a sustainable approach to business, even if, in this case, it will not be possible for them to certificate their virtuous processes.</p> <p>The CoC standard allows companies to use appropriate materials produced by organisations holding not necessarily a RJC certification, but also other standards for responsible practices that the RJC formally recognises as comparable with its Code of Practices. This fact is particularly significant because it fosters the development of big companies and that of craft enterprises operating in the mining sector.</p>

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		<p>Moreover, it would be useful to also include in this framework the companies processing raw materials and operating in the upper part of the jewellery supply chain. In Italy, for instance, many craft enterprises process precious metals. The possibility to insert such enterprises within international supply chains requiring responsible managing approaches represents, undoubtedly, a strategy supporting the development and the competitiveness of smaller and less structured companies which, in Italy as well as in other countries, are the backbone of national economy. Besides, the decision of allowing the CoC certification also to companies holding a certification different from the RJC one but formally comparable with it is important because it supports the sustainable development of small and medium organisations which, because of limited resources, took part in projects different from the RJC ones (for example those financed with national or European funds) but equally valid. Against this background, we restate the importance of simplifying the path leading to the RJC certification for the Chain of Custody. Generally, indeed, Italian goldsmith SMEs are still lacking in practices and organisational structures able to manage such a complex process. If, indeed, the economic and organisational costs of this kind of certification are high, companies will not adopt it.</p> <p>The removal of the section related to minor components can be considered a positive factor only if it paves the way to the identification of a clearer structure describing both the components with and those without the CoC certification. The second draft concerns exactly this point. In this way, there does not exist anymore that potentially harmful margin of discretion for the ethical traceability guarantee of materials which obliges companies to indicate all minor components.</p> <p>We believe that it is also important that the RJC shares its positive practices and knowledge with similar initiatives aimed at implementing sustainable behaviours within the goldsmith sector such as, for example, those promoted by OECD (Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – 2010) or by the SEC - US Securities and Exchange Commission (Rules for implementing section No. 1502 of the Dodd-Frank Act, December 2010).</p> <p>We have noticed that, in this second draft of the CoC standard, there is a better description of a number of concepts which leave companies a more reduced margin of discretion and interpretation. On the one hand, such an approach guarantees all along the supply chain more efficient ethical checks but, on the other, it shows a lack of trust in companies' behaviour. In a certain way, it is as if when companies are</p>
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			<p>free to decide and interpret the indications included in the standard, they limit their sustainability, following only the rule of profit and not that of responsibility. We think, therefore, that there should be more trust in companies' interpretative approach. Corporate Responsibility, indeed, is based on the voluntary and competitive impulse of companies which consciously decide to operate and improve their business according to ethical criteria that take into account the interests of any stakeholder. Therefore, if this second draft's more prescriptive approach contributes, on the one hand, to eliminating margins of discretion, on the other it limits companies' behaviour, because they are no longer free to interpret such definitions according to responsible, creative and voluntary criteria.</p> <p>Follow-up correspondence:</p> <p>Fiona Solomon: One of the points you raised was 'We have noticed that, in this second draft of the CoC standard, there is a better description of a number of concepts which leave companies a more reduced margin of discretion and interpretation.' Do you refer to the 'Standards Guidance' section? This is not meant to be prescriptive, but to offer advice and guidance for implementing the standard, particularly for enterprises which may not know where to start. Companies are still free to implement the standard in whatever way is best for them. In fact we would like to expand the guidance a little more with different kinds of examples of implementation for different types of business, especially small business. This should hopefully show that different approaches can be taken. Please let me know if the above makes sense - I just want to make sure I understand your comment properly.</p> <p>Federica Cembali: we'd be delighted to see our submission included in the comment report,</p>
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			<p>having the chance of expressing our opinion and contributing to the debate is of extreme importance for our research centre. So thank you very much for including us. As for the comment, your point makes perfect sense, I apologize for this misunderstanding, we have chosen the wrong formula for expressing our appreciation of a system meant to be as much including and involving as possible.</p>
Michèle Brühlhart, STR Responsible Sourcing	11/8/11	Sequencing of audits	<ul style="list-style-type: none"> <li>RJC CoC standard should be clear about sequencing of potentially cross-referenced audits, eg OECD Guidance, WGC, EICC etc.</li> </ul>
Jewellery manufacturer	10/8/11	Sub-contracting	<ul style="list-style-type: none"> <li>It will take serious commitment to work with multiple suppliers to move towards CoC. Issues – (1) will still take a few years to get there (2) look at cost – segregation, extra inventory, and (3) takes some flexibility out of the supply chain – reducing supplier choice and therefore negotiating power/competitiveness.</li> <li>Add guidance on efficiency of auditing for large numbers of sub-contractors eg a sampling approach, supported by documentary evidence/description of segregation model.</li> <li>Add guidance on transition to CoC eg consider everything in process to be grandfathered?</li> <li>For gold, the financial flow and physical flow are not merging. Need to focus on physical flow as financial flow less important.</li> <li>Most big companies don't buy bars, they buy semi finished product and components from refiners and specialist suppliers.</li> </ul>
Gold refiner	10/8/11		<ul style="list-style-type: none"> <li>Follow up with transporters and manufacturers re gold flows to manufacturers to understand further the relationships between financial and physical flows.</li> <li>Support for conflict-free refiner provision to be mandatory not optional.</li> <li>Check OECD requirements for 'on-the-ground assessment teams' as part of due diligence in conflict/high-risk areas. Review against RJC CoC guidance for due diligence processes.</li> <li>State in the CoC guidance that RJC CoC Certification of a supplier can be relied upon within KYC systems.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Review material definitions against LBMA and EICC latest, harmonise where possible.</li> </ul>
Mining company	4/8/11		<ul style="list-style-type: none"> <li>• Mining companies do extensive risks assessments before going into a country (mineral surveys etc), to assess political situation of the country and area. Specialist role in exploration team, also use consultants.</li> <li>• Support RJC approach to due diligence (establishing not financing illegal armed groups) rather than country-based designations. Need to avoid being Dodd Frank focused. Support a generic approach applicable everywhere.</li> <li>• In Africa, buying from ASM producers on concession might be hard to prove conflict-free. However could work elsewhere.</li> </ul>
Gold refiner	3/8/11		<ul style="list-style-type: none"> <li>• Refiners want to avoid segregation as it costs money. Requires investment in equipment and additional operations costs (people, chemicals). Issues with working inventory.</li> <li>• Refiner is a service provider, does not own the gold. It converts material into something useful for the customer.</li> <li>• An electrolytic unit produces 150kg/gold per day. It needs a gold-bearing electrolyte of 800L with 120g gold/L, so always 100kg gold in cycle. When you cast anodes, you cannot dissolve all the gold, so need double the gold produced in the inventory per day. If refiners don't segregate, they can combine various metals and sources to arrive at the ideal alloy for electrolysis. The chemistry can be very complex.</li> <li>• Swiss refiners do a rigorous KYC process, which is annually audited by the Swiss banking authority as refiners are considered a financial intermediary.</li> <li>• Propose that any LGD refiner which fulfils the LBMA's Responsible Gold standard should be accepted by RJC as demonstration of conflict-free aspect. Don't like the term 'Conflict-Free Gold Refiner'. Prefer 'Responsible Gold Refiner'. Also ties into LBMA initiative.</li> <li>• Reviewed KYC provisions in RJC CoC standard – they sound good.</li> <li>• Convinced that we do need chain-of-custody, but refiners do that eg mine visits, and need to know customers. Downstream entities need to trust the refiner.</li> </ul>

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		<ul style="list-style-type: none"> <li>• ‘Post-consumer’ – the term was unknown (revisit definitions).</li> <li>• All gold does not have year or serial number. If a former refiner, then can’t get the documentation from them – what will audit will be looking for? Guidance should explain what kind of objective evidence will be required.</li> </ul>
Consultative Panel – teleconference	1/8/11	<ul style="list-style-type: none"> <li>• Artisanal mining – how to address situations where mining companies buy material produced on their concessions where the artisanal mining does not come under a ‘recognised responsible mining standard’ approach? Should the CoC standard consider linking to the RJC Code of Practices 2.14 on artisanal mining, which supports initiatives that professionalise and formalise ASM in their areas of operation? The alternative may be that ASM gold/diamonds are sold into informal or more exploitative supply chains. The issues are complex and merit additional discussion.</li> <li>• Potential impacts of Section 1502 of Dodd Frank and the OECD Due Diligence guidance on ASM were discussed. There is the potential that via more stringent risk management by supply chain participants, ASM sourcing may be avoided driving them towards more informal or even illegal supply chains. RJC wants to consider how it can mitigate those impacts in its own standards and still advance responsible practices as per its mission. A new provision in the CoC standard could aim to bring ASM into the legitimate supply chain, while ensuring a certain threshold of practices.</li> <li>• Panel noted that sometimes references are included in standards without a clear indication of how it is to be audited. For example, the OECD Due Diligence guidance is often referenced but it is difficult to audit against and does not answer sequence/timeline questions – such as, if one audit has already been conducted, how an auditor should weight it under another standard.</li> </ul>
Jewellery manufacturer	1/8/11	<ul style="list-style-type: none"> <li>• Interest in ‘recycled gold’ product from customers.</li> <li>• Rigorous internal process of segregation and auditing being established. Does add costs to process. Processes, storage and inventory management need to be duplicated for the different categories of gold. Physical transfer to maintain chain-of-custody (instead of banking transfer) adds shipping and insurance costs.</li> <li>• Issues to manage include minimum melts for different manufacturing types of product – requires volume in and customer demand to justify production.</li> </ul>

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Jewellery Retailer	29/7/11		<ul style="list-style-type: none"> <li>• Consumer claims: prefer general representations on processes rather than representations on materials. It should be left to each Member to decide if claims are made on products or processes.</li> <li>• Compliance with Dodd Frank should not be the primary issue for the CoC standard.</li> <li>• There may be administrative constraints to providing all of the information required for CoC Transfer Documents. Challenges include making time for people during production to complete the information, and training them how to do it accurately (role can't be just one person).</li> <li>• Discuss alloys, and how material-based claims would be represented.</li> <li>• Specialist manufacturer/retailer, only buy semi-finished products from refiners (alloyed, wire/rod/grain) not in bullion. So places the challenge on refiners to supply CoC materials in this form.</li> <li>• Where volumes and/or numbers of products are large, it will be impractical to segregate CoC from non CoC material. Instead would go for a sourcing approach, with an aim to increase sourcing of CoC to 100%.</li> <li>• Challenge will also be to encourage production staff to incorporate management of CoC as an additional parameter to quality/timely delivery.</li> <li>• Internal inventory control and reconciliation systems are very good, so knowing where and what is in material is unlikely to present issues.</li> <li>• Suggest make a list of non-acceptable claims, eg that might be confusing or misleading, to add to the Guidance.</li> </ul>
Various meetings with gold supply chain	19-21/7/11		<ul style="list-style-type: none"> <li>• Refer to work of EICC, WGC and LBMA in RJC documentation, explore cross-recognition and/or harmonization opportunities to reduce duplication.</li> <li>• Companies that act responsibly shouldn't be discouraged from operating in conflict areas, as they can strengthen legal business and promote good practices.</li> <li>• Financing of conflict can have direct avenues (eg responding to extortion), and indirect avenues (eg company hiring/contracting).</li> <li>• US State Department has endorsed industry-wide initiatives that help implement the OECD due diligence guidance.</li> <li>• Consider OECD guidance on periods for mitigation, against draft CoC standard.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Systems and training to support due diligence by extractives operating in conflict areas could include: <ul style="list-style-type: none"> <li>○ avoiding excessive use of force (see for example, UN standard on Use of Force, ensuring proportional to threat; Voluntary Principles on Security and Human Rights);</li> <li>○ assessment framework – conflict, social impact, human rights;</li> <li>○ incident reporting and grievance mechanisms;</li> <li>○ human rights policy and training;</li> <li>○ oversight and/or control of contractors and business partners;</li> <li>○ Extractive Industries Transparency Initiative;</li> <li>○ Sustainability Reporting.</li> </ul> </li> <li>• The RJC CoC Guidance could note the role of the RJC Code of Practices in supporting the above systems.</li> <li>• The OECD Gold Supplement drafting process will consider these artisanal and small-scale mining; grandfathering production before a set date; commercial confidentiality; recycled/scrap and the role of bullion and central banks. RJC will also review these issues in the CoC documentation as further insights emerge.</li> <li>• RJC to consider partnering with other industry and civil society organisations to develop and deliver training on due diligence processes, as per the OECD Guidance.</li> </ul>
Jewellery manufacturer	15/7/11	<ul style="list-style-type: none"> <li>• Draft seems to be on the right track.</li> <li>• Uptake will depend on the payback and how CoC Certification can be marketed.</li> <li>• Does cost extra to track diamonds – lasering, printing etc, as per Canadamark experience</li> <li>• However most diamond factories do track internally, so they know where every stone is in the factory</li> <li>• Likely that companies will get on board and start with 2 supply channels, to test if they can get more for origin/certified gold.</li> <li>• Those with sufficient scale and shorter supply chains will find CoC easier to implement.</li> <li>• Some types of gold findings will be an issue for CoC if they are highly specialized and/or insufficient volume eg cufflink banks, or specific alloys, which come from a very small pool of suppliers.</li> <li>• Their company offers country of origin gold and diamond jewellery already and retailers/consumers</li> </ul>

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			look for it.
Jewellery retailer	15/7/11	What needs to be disclosed	<p>What remains unsaid [in IDEX editorial] is that most companies do not wish to tell their customers where ALL their diamonds or goods came from.</p> <p><i>Note: clarified what is in CoC Transfer doc. Response:</i></p> <p>That allays some of my fears. Clearly big (powerful) buying companies have more chance to make this work.</p>
Edahn Golan, IDEX Online	15/7/11		<p>Fear and Loathing on the Road to Ethics</p> <p><a href="http://www.idexonline.com/portal_FullEditorial.asp">http://www.idexonline.com/portal_FullEditorial.asp</a></p> <p>The Responsible Jewellery Council (RJC) is developing a new certification standard for Chain of Custody (CoC). The intentions are good, but seem to irk the diamond industry, which is why I want to bring the issue to the table. "Irk" is really a too tame a term. Some central figures in the industry are very unhappy about this, and oddly, even those involved in drafting it and outwardly supportive of it, say in private that CoC is not needed.</p> <p>The basic premise of CoC is segregation of diamonds, gold and platinum metals from mine-to-retail, assuring that the highest standards are maintained – from a legal and a human rights' standpoint.</p> <p>At its heart, the tracking system is voluntary and seeks to augment the Kimberley Process (KP), and System of Warranties – the proposed polished diamond assurance system. The initiative was prompted by "conflict in gold and diamond supply chains," namely in eastern DRC and Zimbabwe, where "human rights abuses, lack of rule of law, involvement of armed groups, illegal artisanal mining, smuggling and money laundering" issues are involved says RJC.</p>

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			<p>"Once you protect the rough [with KP], there is no need to protect polished," argues Shmuel Schnitzer, past president of the Israel Diamond Exchange and the World Federation of Diamond Bourses. "This is the most transparent industry around," he adds.</p> <p>While CoC calls for the documentation of goods as they change hands, this raises a host of issues - and goes beyond the fact that no one wants added costs and related administrative work. The issue seems political.</p> <p>For example, a desire for a wider interpretation of the term "Conflict." According to Dr Fiona Solomon, RJC's Director of Standards Development and one of the people leading the project, the suggestion is to follow OECD due diligence guidance, which frames conflict in terms of <i>armed aggression and serious human rights abuses, irrespective of the parties involved</i>. This is a far wider definition than <i>KP's rebel forces vs. legitimate governments</i>. As Dr. Solomon puts it, "It's a different context."</p> <p>Considering the recent mess with KP and its inability to resolve issues with Zimbabwe, the industry really doesn't want to hear about widening the definition of "conflict." The Russians, Chinese and Israelis are particularly sensitive to this proposed change in definition.</p> <p>James Suzman, De Beers' Director of Public Affairs and an RJC board member, told us that consumers are increasingly interested in the provenance of what they buy. "Industry will follow consumer demand," he said. Michael Rae, CEO of RJC says that retailers are demanding this.</p> <p>It seems that consumers, RJC and the diamond industry are at odds. The criticism is that this is a complicated and expensive system and "not necessarily the right way to go," as one put it. "The unintentional consequences need to be considered," another cautioned.</p> <p><b>Anonymous Criticism</b></p> <p>One of the surprising revelations is that practically none of the critics willingly spoke out in public.</p>
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Jennifer Horning, Solidaridad	4/7/11	ASM	Can RJC Members support ASM on their concessions by buying gold directly from them? This could help avoid this gold being directed into more informal supply chains, and could be part of a broader program of engagement and technical support. What are the implications for CoC if this gold is mixed with the LSM production?

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