



Auditor guidance for assessing member conformance against 2019 CoP 7.3b and 2017 CoC 1.3b

COP 7.3 & COC 1.3: For refiners

Refiner members shall:

- a. Maintain internal material control systems that can reconcile movement of inventory in and out over a given time.
- b. Gold refiners shall additionally collect and, with due regard to business confidentiality, share annually information with the RJC on the mine of origin of mined gold received.

Scope and requirements of the provision

Gold refiners seeking certification against the 2019 CoP and 2017 CoC¹ must share mine of origin information with the RJC for all mined gold received (in scope of CoC or not) on an annual basis. This data will be used to inform the RJC's training and to maintain the integrity of harmonisation with the RMI Gold Refiner Standard and the LBMA's Responsible Sourcing programme. To conform with this provision, gold refiners will need to record and share the following information with the RJC on an annual basis of all materials, not just CoC:

- The types of gold sourced: mined and/or recycled and/or grandfathered
- The countries and mines of origin for all **mined** gold received
- The level of risk (high-risk or low-risk)² for each mine of origin based on the gold refiners' risk assessment
- A summary of the criteria and methodology used by the gold refiner to determine if any of the identified mines of origin are located in a Conflict-Affected and High-Risk (CAHRA)
- A link to the gold refiner's supply chain policy and due diligence report³

Other documentation relevant to this provision

Auditors should ensure that they are familiar with the following materials before undertaking a conformance assessment against this provision:

- **2019 CoP and 2017 CoC guidance documents:** detailed guidance is available to members on the implementation of CoP 7.3b and CoC 1.3b.

¹ Note that the requirements under 2019 CoP 7 and 2017 CoC 1 are identical.

² High Risk = sources of mined gold originating from a CAHRA as defined by the OECD Due Diligence Guidance.

Low Risk = sources of mined gold not originating from a CAHRA as defined by the OECD Due Diligence Guidance.

³ The supply chain policy and due diligence report is an existing requirement under COP 7.

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- **Gold Refiner Agreement for Exchange of Information:** The document outlines the obligations of gold refiners and the process for data sharing under these provisions.
- **Gold Refiner Annual Data Submission Form:** This is the template that gold refiners must use for the submission of mine of origin information to the RJC.

Suggested conformance assessment approach

The assessment of conformance against this provision is separated into three parts, with specific responsibilities for the RJC Management Team and the RJC auditor:

- a) **Responsibility of RJC Management Team: Verification that the member has submitted the requested information to the RJC annually and in line with the specified timelines.**

The RJC Management Team will track and record the receipt of this data directly from applicable RJC members. Submission deadlines will be communicated to members and, where appropriate, non-conformances will be managed via the RJC member disciplinary process as outlined in the 2019 Assessment Manual.

- b) **Responsibility of RJC Auditor: Verification that the member has appropriate record keeping systems in place to accurately identify the mine and country of origin for mined gold received.**

Auditors will need to undertake a review of the auditees' transaction records for the period covered by the audit for all materials, not just CoC. This must be conducted in accordance with the specific sampling requirements for CoP 7 and CoC 1 as specified in Annex 4 of the RJC 2019 Assessment Manual. A sampling approach can be used for reviewing any gold inputs that the auditee has classified as low risk, but for high risk transactions auditors will need to review 100% of transactions for the applicable audit period. There should be sufficient documentary evidence available to validate the mine of origin information recorded by the member. This could include:

- Official (e.g. government issued) import / export license or other customs export document
- Official (e.g., government-issued) country of origin certificate
- Official (e.g., government-issued) mine license
- Purchase order or contract showing mine name
- Assessment of mining practice
- Data on mining capacity (if available)
- Mine assay results and weights

For ASM sources only:

- Documentation indicating the region of origin within the country, such as a declaration of ASM region of origin from the exporter, trader, supplier, etc. or;
- Immediate gold supplying counterparty for domestic sourcing, is acceptable to demonstrate origin for ASM.

For mined high-risk sourcing LSM & ASM:

In addition for LSM and ASM (above)

- On-site visits or investigation reports

For ASM sources only:

- Identity of the gold supplying counterparty of ASM gold to the local gold exporter
- Report or mapping of geographic sourcing area of suppliers of ASM gold
- Records of checks of suppliers of ASM gold for government, political or military affiliations and any reported instances of affiliations with non-state armed groups and / or public or private security forces

Assessment of whether suppliers of ASM gold can be considered to be involved in Legitimate ASM

For sourcing from LSM & ASM:

- Production records from mine and (if applicable) processing unit(s)
- Geological surveys,
- Production records of traceability / chain of custody program

From all of the above sources ensure that you verify as many as possible, with a minimum of three.

Look out for any inconsistencies between the documentary evidence available and the auditees' transaction records:

- Does the documentary evidence available support the information recorded by the member on the origin of mined gold?
- Is the documentary evidence sufficiently reliable? e.g. is the member only using an invoice from a supplier to identify the mine or origin, or is this information supported by other forms of evidence?
- Consider the member's OECD red flag identification to verify if the reported gold could have plausibly originated in a specific region (volumes and material type could be an indicator) or if there are other flags of potential misrepresentation of material origin.

In cases where the audit is taking place after the member has already made a data submission to the RJC, auditors should also verify that the data submitted to the RJC aligns with available evidence. See table X1 (verification timetable) for further details.

c) Responsibility of RJC Auditor: Verification that the member has used an appropriate approach and methodology to determine whether any mined gold received originates from a Conflict-Affected and High-Risk Area (CAHRA).

Under CoP 7 and CoC 1, members are already required to undertake a risk assessment for all gold received to determine whether the origin of that material is high-risk or low-risk. Auditors should ensure they are familiar with the RJC implementation and conformance assessment guidance available to members and auditors in relation to Step 2 of the OECD Due Diligence Guidance. In summary however, the auditor must verify that the member has reviewed relevant and credible sources of information to understand the risk profile for all sources of gold received. Auditors should additionally

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verify that the information that the member has communicated to the RJC (where applicable) aligns with the results of the members' OECD Guidance Step 2 risk assessment.

Verification timetable

Given that the RJC certification process follows a 3-year cycle, and CoP 7.3b and CoC 1.3b require members to share information with the RJC annually, there is a misalignment between the frequency with which RJC receive data from members and the frequency with which that information is validated by RJC auditors. Table X1 outlines a verification timetable to ensure that all mine of origin information recorded by gold refiners can be validated by an RJC auditor either before it is shared with the RJC, or retrospectively.

Table X1. Data submission and verification timetable for CoP 7.3b and CoC 1.3b

Audit type	Steps
Initial certification	<ol style="list-style-type: none"> 1. Auditor verifies transaction records and methodology used by member to assess risk level of gold origin for the period covered by the audit. Auditors can review previous 12-36 months of transaction records. 2. Member completes and submits Annual Gold Refiner Data Submission Form to the RJC within 30 days of certification. 3. Member submits updated form annually thereafter on a date specified by the RJC. Each annual submission must include information applicable to the period since the previous submission was made.
Mid-term review (if applicable) / Surveillance audit	<ol style="list-style-type: none"> 1. Auditor reviews transaction records for any new mined gold received since last certification audit (this will occur even when the member was assessed to be conformant with 7.3b and/or 1.3b during the previous certification audit). 2. Auditor verifies that the information submitted to the RJC aligns with the members' transaction records and risk assessment.
Recertification	<ol style="list-style-type: none"> 1. Auditor repeats verification steps outlined above applicable to the period since the last audit.

Conformance rating

Gold refiners that do not share mine of origin information with the RJC annually and within the specified timeline may be subject to the RJC disciplinary procedure as outlined in the 2019 Assessment Manual. This process will be overseen by the RJC Management Team. However, the due diligence requirements of the CoP and CoC are based on a continuous improvement approach as per the recommendations of the OECD Due Diligence Guidance. As such, refiners may require time to fully map out their gold supply chains and, where this is the case, there may be instances where a member has not yet identified the exact origin for 100% of mined gold or completed a risk analysis for all of those gold sources.

Auditors should therefore use professional judgement when assessing whether or not the member has used reasonable best efforts to identify the origin of all mined gold received. RJC expects its members to have completely mapped its supply chain by the time of their subsequent COP re-certification audit (mid-term reviews are excluded). Table X2 provides examples of suggested conformance ratings applicable to this provision.

Table X2. Rating conformance against CoP 7.3b and CoC 1.3b⁴

Verification point	Conformance statement	Minor non-conformance statement	Major non-conformance statement
1. Verification of members' systems for identifying mine of origin for mined gold received.	<p>a. The member has been able to accurately identify the mine(s) of origin for all mined gold received based on the use of reliable evidence.</p> <p>b. The member is still in the process of identifying the mine(s) of origin for some gold received but has robust systems and processes in place to do so and a clear plan in place for how this information will be collected going forward.</p>	<p>a. There are some inconsistencies in the types of evidence that the member has used to identify the mine(s) of origin for gold received, however the member is making reasonable and good faith efforts to do so.</p>	<p>a. The member has not made sufficient efforts to identify the origin of the mined gold received.</p> <p>b. The types of evidence that the member has used to identify the origin of mined gold are unreliable and weak.</p>
2. Verification of risk profile assigned to each origin of mined gold.	<p>a. The member has used a robust and reliable methodology to assess the risks associated with each origin of mined gold.</p>	<p>b. The member is making good faith efforts to identify risks associated with the origin of mined gold received, however there are some weaknesses in the approach used and/or inconsistencies</p>	<p>a. The member has not made sufficient efforts to identify risks associated with the origin of mined gold or the methodology applied has significant weaknesses.</p>

⁴ This is not an exhaustive list of examples.

		<p>in how it has been applied in practice. <i>Example: The credibility / number of information sources used to identify CAHRAs is not appropriate to the complexity of the supply chain, number of suppliers or whether the supplier is third party certified for its due-diligence procedures.</i></p>	
<p>3. Verification that the information the member has shared with the RJC aligns with evidence available to the auditor (if applicable)</p>	<p>a. The information that the member has submitted to the RJC aligns with the records and evidence available for review during the audit.</p>	<p>N/A</p>	<p>a. There are inconsistencies and/or inaccuracies with the information that the member has submitted to the RJC and the records and evidence available for review during the audit.</p>

Correction actions

Any non-conformances identified during the audit should be recorded and addressed via a Corrective Action Plan in accordance with section 9 of the [RJC 2019 Assessment Manual](#).