

RESPONSIBLE JEWELLERY COUNCIL

2013 Annual Progress Report



Responsible
Jewellery
Council

RJC Members are committed to responsible business practices in the diamond, gold and platinum group metals jewellery supply chain, from mine to retail.



THE RESPONSIBLE JEWELLERY COUNCIL

The Responsible Jewellery Council (RJC) is an international not-for-profit organisation bringing together over 450 member companies across the jewellery supply chain. It sets standards via multi-stakeholder processes, accredits independent third party auditors, and provides training on achieving certification. More than 250 RJC Members have already achieved certification against the RJC Code of Practices. RJC's 15 trade association Members and 12 Supporters provide a vital platform for RJC's outreach to the global jewellery supply chain.

The RJC is governed by a Board of Directors, supported by a number of Committees and administered by a Management Team located in Australia, Canada, Italy and the United Kingdom. The RJC welcomes new Members, small, medium and large, from all parts of the jewellery supply chain, including trade associations. RJC also thanks its valued Supporters and welcomes engagement from interested stakeholders.

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RJC STANDARDS:

The Council's focus is on the development and implementation of Certification Programs. These use independent third party auditing to verify that Members of the RJC conform to the RJC's standards.

THE RJC CODE OF PRACTICES:

RJC's first Standard was launched in 2009 and is a mandatory requirement for all Commercial Members of the RJC to be certified against within 2 years of joining. The Code of Practices sets the foundation for responsible business practices in the supply chain at an individual business level.

It is available in English, French, Italian, Gujarati, Chinese, Spanish and Portuguese.

THE RJC CHAIN-OF-CUSTODY STANDARD:

This voluntary Standard was launched in March 2012 for gold and platinum group metals supply chains. It aims to support responsible sourcing efforts by linking uptake of the Code of Practices by individual Members at each step of the supply chain with conflict-sensitive due diligence practices. RJC has worked closely with the OECD and related industry initiatives on harmonisation across the various programs.

- ▶ RJC Board of Directors
- ▶ RJC Members
- ▶ Standards and Certification
- ▶ Monitoring and Evaluation
- ▶ Applications to join

FOREWORDS

The RJC continues to build its strong reputation for transparency, ethics and synergy in its eighth year of operation.

Through its formative stages, it has simultaneously built and operated a viable certification system - while also growing a membership base spanning the mine to retail sectors. Through an enviable model of member-to-member engagement, a committed, transparent committee structure and continued outreach to key external stakeholders, RJC is a strong, respected voice in the global industry with a diverse range of members and supporters that all lend their voice to RJC's messaging.

2013 opened with RJC further entrenching its membership base in Europe and North America as well as honing its engagement in India and Asia. This work will continue through valued relationships with RJC's trade association members and trade fairs, its work within the OECD platform, being a Full Member of the ISEAL Alliance and a long-standing Participant in the UN Global Compact.

The jewellery industry is one of challenge and change. For those that have watched the RJC with interest over the past few years, I hope the content of this report motivates you to join a steadfast group of your peers to make a stronger, ethical jewellery industry.

The RJC is pleased to provide its second annual progress report to its membership and supporters, the jewellery industry, media and external stakeholders.

The 2012 report outlined seven years of the RJC's growth and accomplishments. The 2013 report reflects the past year's accomplishments and demonstrates the RJC's continuing work across membership growth, certification benchmarks, standards development and auditor engagement.

This report is an important vehicle for the RJC to communicate its progress and highlight achievements over the past year. I welcome your comments and feedback and thank you for your interest in the RJC.



JAMES COURAGE
Chairman



MICHAEL RAE
Chief Executive Officer

RJC MEMBERS IN FIGURES

RJC MEMBERS:



RJC CERTIFICATIONS:



2012

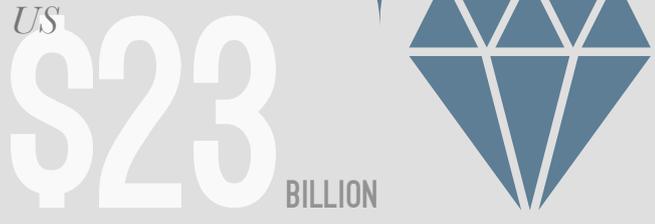
Combined sales of diamonds, gold and platinum group metals in the jewellery supply chain by all RJC Members (includes successive supply chain sales):



Value of global jewellery sector demand for gold:



Value of diamond content in retail jewellery sales:



Value of global jewellery sector demand for platinum:



RJC SURVEYED ITS CERTIFIED MEMBERS IN 2012 ON WHETHER THEY WOULD RECOMMEND RJC CERTIFICATION TO THE INDUSTRY:



2012 AT A GLANCE



QUARTER 1

January to March

TRADE FAIRS

Each year, RJC participates in key international trade fairs to engage with industry and stakeholders on its standards and certification programs.



QUARTER 3

July to September

CHAIN-OF-CUSTODY

The RJC Chain-of-Custody Standard for precious metals was launched in March 2012. The first gold refiner certifications followed shortly after.

STANDARDS COMMITTEE

RJC merged its Consultative Committee with its Standards Committee, to form one multi-stakeholder committee with oversight of standards development.

REGIONAL WORKSHOPS

RJC held several workshops for the diamond sector in Mumbai, in collaboration with Social Accountability International (SAI).

STANDARDS HARMONISATION

RJC agreed cross-recognition of gold refiner audits with the London Bullion Market Association (LBMA) and the EICC-GeSI Conflict Free Smelter (CFS) program.



PARTNERSHIPS

RJC announced a Memorandum of Understanding with the Italian government to promote uptake within the Italian jewellery sector. The 2013 RJC Annual General Meeting will be held in Milan.

ENGAGEMENT

RJC worked with other stakeholders to help finalise and implement the OECD's Supplement on Gold for its Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

TRANSLATIONS

RJC released translations of the Code of Practices documents in French, Italian, Gujurati, Chinese, Spanish and Portuguese.

SUPPORTERS

Supporters of the RJC extend the outreach of the RJC mission through their networks. The Fondation de Haute Horlogerie joined as a Supporter in November 2012.



QUARTER 2
April to June

ISEAL ALLIANCE

RJC became a Full Member of the ISEAL Alliance, demonstrating our commitment to a strong voluntary standards program for our Members.



QUARTER 4
October to December

IMPACTS



In 2013, RJC is evaluating patterns of non-conformance identified through audits, to highlight where further training and guidance is required and to feed into a multi-stakeholder review of the RJC Code of Practices.

ISEAL IMPACTS CODE

RJC is a full member of the ISEAL Alliance, the global association for sustainability standards. RJC is progressively implementing ISEAL's Impacts Code, which helps standards systems to better understand the sustainability results of their work, and the effectiveness of their programs.

In 2013, RJC is evaluating patterns of non-conformance identified through audits, to highlight where further training and guidance is required and to feed into a multi-stakeholder review of the RJC Code of Practices. In 2014, RJC is planning to carry out field work in key sectors and regions, such as the diamond cutting and polishing sector in India and others, to evaluate impacts data on the ground.

IMPACT OF RJC CERTIFICATION - A THEORY OF CHANGE

RJC Certification results in improvements to RJC Members' management systems and business practices, leading to improvements to their own social and environmental performance, and providing assurance to stakeholders that responsible business practices are being followed. These outcomes will have a beneficial effect on underlying social, human rights, ethical and environmental conditions found within the jewellery supply chain in general, providing positive impacts for workers, communities, business partners, the environment and broader stakeholders. These impacts will increase through continuing growth of Certified Members of the RJC, supported by the 'role model' effect of RJC Certification that demonstrates and promotes responsible practices to other industry participants.

CORRECTIVE ACTION AREAS

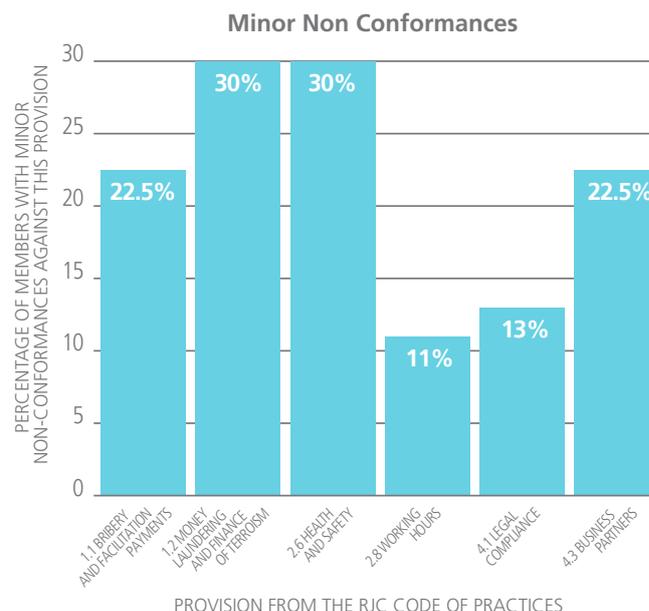
RJC Certification requires corrective action plans to be implemented for areas of non-conformance. The top 6 areas where changes are being implemented by Members are:

- Improving policies and procedures to combat bribery and corruption
- Improving systems to combat money laundering risks for high-value materials such as diamonds, gold and platinum group metals
- Enhancing internal assessment of risks and implementation of controls for worker health and safety
- Improving systems for managing working hours in accordance with RJC requirements
- Improving systems for legal and regulatory compliance
- Engaging with significant business partners to assess risks and promote good practice related to responsible business practices

These efforts are positive developments being taken by Members that collectively strengthen corporate responsibility in jewellery supply chains.

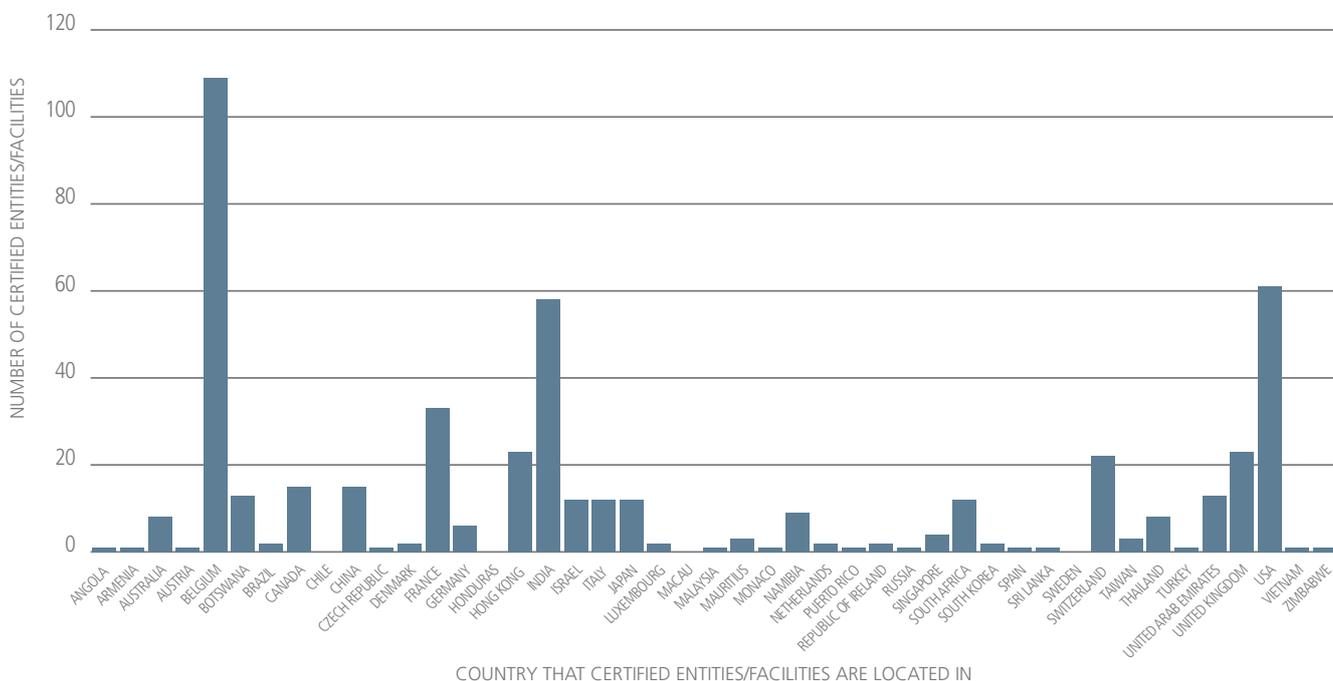
CERTIFIED MEMBERS BY COUNTRY

RJC Certified Members are spread throughout the world with operations in more than 45 countries. The RJC Code of Practices is being applied in Europe, India, North America and the Far East. Strong uptake of RJC Certification is prominent in Belgium, USA, India, France, Hong Kong, United Kingdom and Switzerland.



The number of individual retail stores of Certified Members are not fully counted in the graph below. Additional data on this would significantly expand the presence in the UK and USA particularly. The RJC Code of Practices review will result in new data collection strategies that will enable RJC to better analyse aggregate trends in future Progress Reports.

Geographical Scope of RJC Certified Members



BENEFITS OF RJC

DE BEERS

Producer



Certified: October 2012

"De Beers' commitment to meeting the highest standards is embedded in our commitment to 'live up to diamonds', and guides us in the delivery of our commercial goals. It is particularly pleasing to receive confirmation that we measure up to the exacting requirements of credible and external standards like the RJC's. De Beers remains committed to supporting industry-wide initiatives like the RJC Certification System that reinforce stakeholder and consumer confidence in the diamond industry."

GOLDLAKE

Refiner



Certified: June 2012

"Goldlake IP was founded on the principles that a disciplined execution of good operating practices married to a purpose to improve people's lives results in a 'win win' for business and society. The RJC certification is a welcome validation of our business model and we are pleased to join the growing family of certified members committed to assure jewellery lovers that their pieces are free from harm to people or planet."



PRODUCER



TRADE ASSOCIATION



REFINER



SERVICE INDUSTRY

CANADIAN JEWELLERS ASSOCIATION

Trade Association



Association Member since: February 2012

"The CJA provides leadership and education to ensure the adoption of best practices among all its members. We are very pleased to add the CJA's support with the many international jewellery associations which are current members of the Responsible Jewellery Council. As the voice of the Canadian jewellery industry, it is our continued commitment to expand our presence outside of Canada to better serve our members."

HRD ANTWERP

Service Industry



Certified: September 2012

"We are pleased to be certified by the Responsible Jewellery Council. It shows HRD Antwerp's commitment to improving its quality standards not only on a technical level but also on an ethical level for one purpose only, to safeguard confidence in the diamond industry."

Millions of people worldwide work in the jewellery supply chain. The RJC Code of Practices aims to strengthen responsible practices, benefiting workers, environment, communities, and the integrity of businesses that join the Council.

DIMEXON

Diamond Trading, Cutting and Polishing



Certified: January 2013

"Dimexon is pleased to have achieved the RJC Member Certification for a three year period, having successfully completed its comprehensive evaluation and audit standards. The RJC certification is highly acknowledged and offers assurances concerning the integrity, transparency and accountability of all stakeholders in the Diamond Jewellery pipeline."

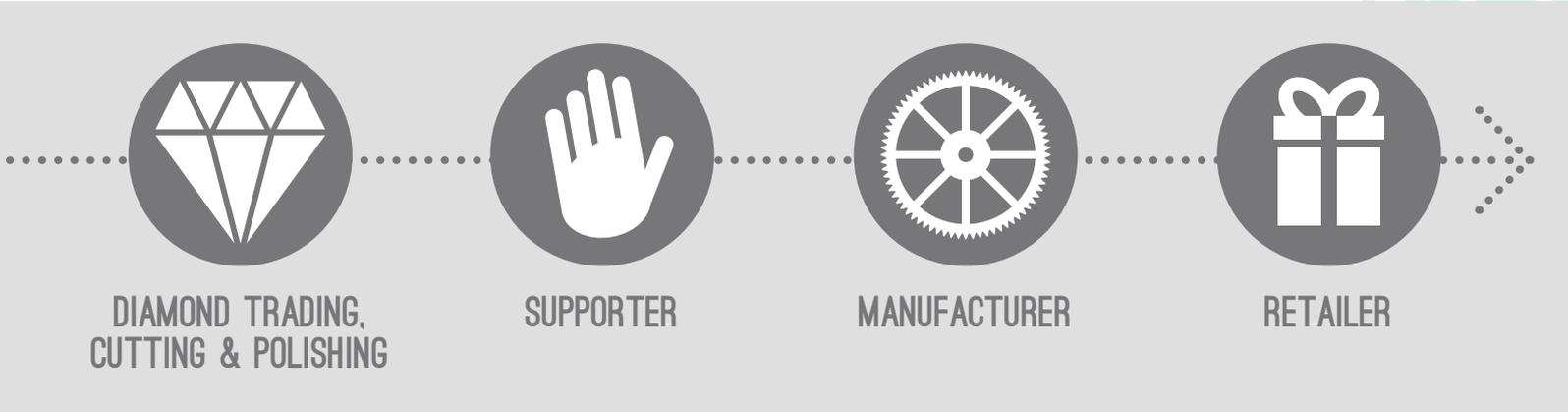
COOKSON

Manufacturer



Certified: January 2012

"At Cookson Precious Metals we have a genuine belief that good practice is good business. Completing the RJC Certification process allows you to identify what really happens in your business not what you think happens. This process allows us to drive continuous improvement and build pride within the business."



JCK EVENTS

Supporter



Supporter since: January 2011

"JCK Events are one of the industry's leading trade shows across the world. We are constantly dealing with change both in the trade show business and the jewellery business. Jewellery trade shows play a key role in supply chain transparency by linking exhibitor to retailer. Providing a transparent, ethical environment to conduct business is essential. By supporting the Responsible Jewellery Council, JCK Events underlines its strong commitment to corporate responsibility and integrity."

BEN BRIDGE

Retailer



Certified: September 2011

"As an early adopter and supporter of the purpose and principles of RJC, Ben Bridge Jeweler is pleased to have received official Certification and be part of the organisation, which reflects our long time commitment promoting ethical corporate behaviour and human rights in the production and sale of our jewelry as well as our adherence to environmentally sound and friendly business practices."

RESPONSIBLE SOURCING

Since 2010, RJC has been working through its own programs and in collaboration with others to address key responsible sourcing challenges for the jewellery supply chain.

Companies in many sectors are supporting the development of programs that aim to tackle a wide range of supply chain risks. In the jewellery supply chain, companies are increasingly interested in responsible sourcing, whether driven by conflict minerals regulation or brand leadership on CSR. Downstream companies are seeking assurances for mining practices generally, as well as for due diligence on sources by precious metals refiners and diamond traders.

Since 2010, RJC has been working through its own programs and in collaboration with others to address key responsible sourcing challenges for the jewellery supply chain. RJC's Chain-of-Custody standard aims to tie together the urgent need to address conflict in specific regions, with RJC's broader long-term mission of responsible environmental, social and ethical practices through the supply chain.



RJC has been proud to play a leading role in these efforts for the jewellery sector and welcomes stakeholders to continue to work with us on implementation and further program development in the coming years.

OECD DUE DILIGENCE GUIDANCE

RJC has worked closely with the Organisation for Economic Cooperation and Development (OECD) on the development of Due Diligence Guidance for the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, particularly the Supplement on Gold. Cross-recognition agreements under the RJC Chain-of-Custody standard have been developed with related programs and initiatives, including the London Bullion Market Association, the Conflict-Free Smelter program, the World Gold Council and the Fairtrade-Fairmined producer standards.

RJC's Chain-of-Custody standard is designed to support the kind of supply chain due diligence approaches laid out in the OECD Guidance and under Section 1502 of the US Dodd Frank Act. RJC continues to play a central outreach role in the jewellery sector to raise awareness and implementation of the OECD Due Diligence Guidance and related initiatives for conflict-sensitive sourcing of gold.

SWISS BETTER GOLD INITIATIVE

The Better Gold Initiative (BGI) is a private – public partnership, driven by the Swiss Better Gold Association (SBGA) and supported by SECO, the Swiss State Secretariat for Economic Affairs. The overall goal of the project is to build up simple market mechanisms that honour compliance of producers with standards on traceability, accountability, labour conditions, environmental, social governance and community relations performance.

Working with interested Swiss refiners and certified producers, the pilot project aims to develop an innovative supply chain from mine (Peru) to market (Switzerland). RJC's Code of Practices and Chain-of-Custody Standard for larger small-scale and medium-scale mines and the Fairtrade and Fairmined standard for artisanal and small-scale mining have been identified as the two certification schemes the BGI will work with.

SOLIDARIDAD GOLD PROGRAM

The RJC and non-profit organization Solidaridad are collaborating on activities that support their shared goal of ensuring better, more transparent and accountable practices throughout the gold supply chain. This includes joining forces to encourage broader participation in RJC by companies in the Global South. The collaboration aims to develop case studies, stakeholder presentations and evaluations that can strengthen uptake and impact of the RJC standards.

Solidaridad launched a pilot project in 2010 to support better practices at mid-scale industrial gold mines, including improved environmental and social conditions for workers and communities around the mines. Together with the mining companies that join the project, Solidaridad is pilot testing RJC's Code of Practices as a tool in achieving this goal. Solidaridad selected the Code of Practices as the standard for certification of the mining companies based on the outcome of a 2010 comparison study of standards used by the mining industry in which RJC ranked the highest.

Solidaridad is also partnering with branded jewellers that are Members of RJC to pilot test the RJC Chain-of-Custody standard from the mining companies to the market.



HOW TO JOIN RJC

COMMERCIAL MEMBERSHIP

Open to any company that is actively involved for commercial reasons in the diamond, gold and platinum group metals jewellery supply chain.

Membership Fees:

Membership Category	Annual Membership Fee Rates
<ul style="list-style-type: none"> • Diamond, gold and/or platinum group metals producer; or • Jewellery retailer 	<p>0.0045% of Annual Relevant Sales* (ARS) This percentage translates to \$45.00 per million dollars of Annual Relevant Sales</p>
<ul style="list-style-type: none"> • Wholesaler; or • Gold and/or platinum group metals trader, refiner or hedger; or • Diamond trader, cutter and polisher; or • Jewellery manufacturer; or • Service Industry (e.g. gem laboratory) 	<p>0.003% of Annual Relevant Sales* (ARS) This percentage translates to \$30.00 per million dollars of Annual Relevant Sales</p>
<ul style="list-style-type: none"> • Minimum fee: £100 GBP or \$170 USD • Maximum fee: £63,750 or \$102,000 USD • *Annual Relevant Sales (ARS) is defined as the total sales derived from those parts of the applicant's business that are directly involved in the diamond, gold and/or platinum group metals supply chain. 	

WHY BECOME AN RJC COMMERCIAL MEMBER

- Achieve RJC Member Certification which provides evidence of responsible business practices.
- Enhance and preserve strong brand reputation - increasing resilience and strengthening your brand.
- Join a community of confidence with a mine to retail supply chain initiative.
- Contribute to standards and policy development for the sector.
- Enjoy free RJC training delivered by online webinars and workshops at main Trade Fairs.

TRADE ASSOCIATION MEMBERSHIP:

Open to any trade association whose members are actively involved in the diamond, gold and platinum group metals jewellery supply chain. Association Members are not required to seek RJC certification.

Membership Fees

Currency	Annual Membership Fee Rates
Great British Pounds Sterling – GBP	£1,500
United States Dollars – USD	\$2,450

WHY BECOME AN RJC ASSOCIATION MEMBER

- Demonstrate leadership in business responsibility issues to your membership.
- Support the interests and reputation of your own membership through a liaison role.
- Access materials to use in educational activities within your membership.
- Engage in dialogue emerging issues and challenges at an international level.
- Benefit from RJC's networking and collaboration opportunities.

RJC SUPPORTERS:

Open to any organisation that is not eligible for Commercial Membership of the Council, but which seeks to support the achievement of the Council's mission through financial and/or in-kind support. Supporters of the RJC play the very important role of extending the outreach of the RJC through disseminating information about the Council and its activities to their respective contacts.

Contact RJC with any questions or to ask for an application form: applications@responsiblejewellery.com

PHOTO CREDITS & REFERENCES

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Pandora S/A

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Image of James Courage
Platinum Guild International

Image of Michael Rae
Corin Rossouw

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Producer
De Beers Group of Companies

Refiner
Goldlake I.P. S.p.A.

Diamond Trading,
Cutting and Polishing
Dimexon Diamonds Limited

Manufacturer

Cookson Precious Metals

Trade Association

Canadian Jewellers Association

Service Industry

R. Donald Woodrow for HRD
Antwerp NV

Supporter

JCK Events

Retailer

Michael W. Fukuda for Ben Bridge
Jeweler

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Rio Tinto



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