

# MINUTES

## Standards Committee Teleconference

Tuesday 19 March 2013

### Teleconference times

- Vancouver/Carlsbad/Seattle @ 0700;
- Salt Lake City @0800;
- New York/Toronto/Ottawa @ 1000;
- London @ 1400;
- Antwerp/Paris@ 1500;
- Johannesburg@ 1600;
- Mumbai @ 1930;
- Melbourne@ 0100 Wednesday 20 March.



**Participants:** Ryan Taylor (Co-Chair), Rob Headley, Didier Backaert, Philip Hunter, Cecilia Gardner, Larry Drummond, Juliane Kippenberg, Steven Oates, Chikashi Miyamoto (on behalf of Iris van der Veken), Assheton Stewart Carter, Marcelle Shoop, Stephane Fischler, Missy Krause (on behalf of David Bouffard), Estelle Levin, Eva Carlson, Nicholas Allen (on behalf of Michele Bruelhart), Fiona Solomon, Marieke van der Mijl, Michael Rae, Graham Nicholls, Sam Brumale.

**Apologies:** David Bouffard (Co-Chair), Jennifer Horning, Alan Martin, Andrew Parsons, Wilfried Horner, Stan Lurie, Ngomesia Mayer-Kechom, Iris van der Veken, Felix Hruschka.

### Documents circulated:

- Minutes of Standards Committee teleconference, 12 December 2012
- Powerpoint presentation – 19 March 2013
- RJC COP Review – draft Comments Report for comment period December 2012-March 2013
- Draft Standards Guidance chapter – Provenance Claims

*Attendees are kindly reminded that the RJC is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted an [Anti-trust Policy Statement](#), compliance with which is a condition of continued RJC membership. Failure to abide by these laws can potentially have extremely serious consequences for the RJC and its members, including heavy fines and, in some jurisdictions, imprisonment for individuals. You are therefore asked to have due regard to this Policy today and indeed in respect of all other RJC activity.*

### 1. Welcome

- Welcome – Chair/s
- Roll-call of participants.

### 2. Minutes of previous meeting

- Minutes of the Standards Committee teleconference on 12 December 2012 were approved and can be found at <http://www.responsiblejewellery.com/rjc-standards-committee/>.

### 3. RJC Code of Practices review

- The Powerpoint presentation summarised the process moving forward from the recent Comment Period 2 towards the 3<sup>rd</sup> and final Comment Period, expected to commence late May/early June.

- Committee members are invited to contact Fiona and Marieke with any questions/comments about other provisions or issues that are not addressed during the upcoming Committee meetings.
- A restructure of the Code of Practices into a new grouping of the provisions was proposed. Discussion included:
  - The restructure involves re-ordering and re-numbering provisions, with new section headings. There are also proposed changes being developed for individual provisions in response to the comments received, but this is not necessarily related to the restructure.
  - How to maintain the profile of Human Rights as a headline in the proposed section headings. This could be by including it in the title for the Responsible Supply Chains section, or with Labour Rights and Working Conditions. It was discussed that Labour Rights can be seen as a subset of Human Rights. However it was also raised that Human Rights does not need to be mentioned in every section. It was agreed to consider this issue further and come back to the Committee.
  - It was noted that the Mining section can apply potentially to both LSM and ASM as RJC Membership is technically open to both. The Mercury provision currently falls under the Mining section and is also addressed under the new Sourcing from ASM provision, currently grouped under the Responsible Supply Chain section.
  - It was discussed that Guidance is needed and is being developed in the Standards Guidance re implementation relative to the size of the company (eg ASM vs LSM), particularly taking account of small businesses and enterprises throughout the supply chain.
  - There was general support for the restructure and additional comments on groupings were invited to be submitted after the call.
  - **Action: Committee Members to submit additional thoughts on restructure to Fiona and Marieke.**
- Provisions in proposed 'Responsible Supply Chains' section
  - Money Laundering and Finance of Terrorism
    - Belgium law: there needs to be a minimum balance sheet as well as the minimum turnover (7.3 million Euro) as discussed. The difference between a review and an audit was discussed. It was noted that qualified auditor could be an accountant of the company, and this should be clarified.
    - The draft Guidance will further discuss the difference between financial audit vs financial review.
    - AML laws in the US don't require audits, but do require 'testing' or 'examination' of AML procedures, policies and programs. US law also refers to 'covered goods', which includes 'precious metals, stones and jewels and jewellery containing precious metals, stones and jewels'. Analogous RJC definitions exist that could be used in this provision.
  - Conflict-Affected Areas
    - Question of whether the proposed changes would apply whether or not sourcing from a conflict-affected area. There may be situations where it would be not relevant for companies to have a policy, eg mining companies operating in non-conflict areas and not themselves sourcing.
    - It was noted that there may still be a general principle of articulating a policy or position, even if it restates the law or may not be directly applicable. Companies should make it clear that certain things are not acceptable. However there are situations to consider where this is not in the direct competence of a company.
    - How will a company define what is a conflict-affected area? The RJC does not propose to make a list of countries or regions that are conflict-affected areas. Companies can use tools such as the International Crisis Group listings, and

more information on this can be included in the Guidance. Small and medium businesses need support to make decisions regarding what are conflict-affected areas.

- The wording of the proposed drafting may need to be clearer as to the purpose of the 'policy'.
- It was noted that the OECD Due Diligence Guidance also refers to 'high-risk areas' and that the definitions for this are not very clear. RJC agreed and noted that in the Chain-of-Custody Standard the approach was taken to collapse these two concepts into one definition of 'Conflict-Affected Areas' and the intent is to be consistent across the COP and CoC (precious metals).
- It was raised whether there was going to be a separate section on child labour under the Responsible Supply Chains section. It was noted that there will be aspects of this addressed under the ASM section. However child labour in the manufacturing side can be a risk in some supply chains/regions. RJC noted that child labour is one of the risks that would be assessed under the Human Rights due diligence process, according to the risks in particular supply chains. A template for this process is being developed that should help assist smaller businesses.
- Sourcing from ASM
  - What is meant with regularly 'assess' – would companies need to keep reports? This needs to be discussed in the Guidance.
  - The RJC COP can be a mechanism to promote remedial and corrective action for supply chain risks (or stop sourcing in some cases), taking into account the complexities of different situations. This does not necessarily need to be spelt out at the provision-level and further support can be provided in the Guidance.
  - Several Committee members agreed on the importance of evaluating RJC's impacts via its standards in 2014. As per the ISEAL Impacts Code, it is important to evaluate the impacts of the RJC standards on the ground, in different sectors and types of businesses.
- Provenance Claims
  - Grievance mechanisms – guidance requested on how these would work. For example, who can make complaints? Where do Members draw the line in investigating complaints? Can Members investigate complaints internally? Is the RJC to be made aware of any complaints made/internal investigations? Does the RJC in turn have an ethical or legal duty to report breaches of misrepresentation law to the relevant authorities? It was noted that RJC's options for sanctions are basically to withdraw Membership and/or Certification – beyond those steps, RJC does not have the power to stop companies that may be making false claims.
  - Controls to prevent mixing – Guidance should discuss that these need to be reasonable, especially where applies to contractors. RJC clarified that if segregation claims aren't necessary to the Provenance Claim/s, then controls to prevent mixing are not necessary.
  - Overall, it was noted that it is important that the Provenance Claims provision articulates a minimum standard that is applicable worldwide and that auditors will apply consistently. RJC agreed and noted that the more detail provided in the COP, and the tighter the requirements, the more that a consistent approach can be supported under the COP.
- **Action: RJC to consider these points in the ongoing drafting of the COP provisions and associated Guidance.**
- **Action: Committee Members to provide further feedback by email, particularly on Provenance Claims draft provisions and draft Guidance chapter.**

#### 4. RJC Chain-of-Custody – applicability to diamonds

- The Powerpoint presentation provided a current status re-cap and presented a brief summary of possible next steps for the draft Diamond CoC Standard.
- Ryan Taylor advised the Committee that he gave a presentation on current status to a State Department meeting held in Washington the previous week. A copy of his presentation is available on request and will be circulated to the Committee with the minutes.
- The Diamond CoC Subcommittee’s recommendation at the November 2012 Standards Committee teleconference, that the Standards Committee incorporate a Provenance Claims provision in the Code of Practices, rather than implementing the draft Diamond CoC Standard, was acknowledged.
- However the Standards Committee Co-Chair, Ryan Taylor, noted that this was not a unanimous view of all diamond sub-committee participants, and that some participants in the diamond sub-committee envisioned the Provenance Claims provision as a supplement to a comprehensive CoC system, not a replacement.
- A discussion then ensued comparing the relative advantages and disadvantages of pursuing the Provenance Claim provision in the COP alone, versus pursuing the Provenance Claim provision together with the finalisation of the draft Diamond CoC Standard. Views were expressed in favour of both approaches.
- The committee agreed that it would greatly aid its deliberations to have an analysis prepared for the committee that made a “side by side” comparison of what the Provenance Claim standard and the draft Diamond CoC Standard would provide to Members. The committee resolved to further consider this analysis at its next meeting.
- It was raised that RJC does need to consider available resources and other priorities such as the current Code of Practices Review and increasing Membership in India.
- **Action: RJC to prepare further information comparing the proposed COP Provenance Claims and CoC Standard applicable to diamonds, and considering the pros and cons for the options for next steps, for discussion at the next Standards Committee meeting.**
- In this part of the agenda, a question was raised on how the Certification Scope discussion had progressed. RJC noted that some aspects are being addressed in the COP Review eg an opt-in designation that a Member is the ‘full group’ that is eligible for Membership and thus covered under the Certification Scope; it is envisaged that the auditors would review evidence for this and include in their recommendation report to RJC. The Membership Committee is also currently working through related issues of Certification Scope that could apply at the stage of joining RJC.

#### 5. Update on other relevant initiatives

- OECD Due Diligence Guidance: (Fiona Solomon): Meetings are coming up on May 2 and 3 in Paris for implementation on the Gold supplement guidance. Side meetings on precious stones (diamonds) on April 30, and on gold convened by LBMA on May 1, are being planned. An email with further information will be circulated on March 20.
- Initiative for Responsible Mining Assurance (IRMA): (Rob Headley): An Executive Director for IRMA has been hired (Matthew Wenban-Smith), and IRMA is working towards a formal launch in 1.5 years from now. The scope intends to cover all mined minerals apart from fuel. Long effort continues but not enough members and funders at the moment.

#### 6. Any other business

#### 7. Standards Committee schedule –2013 dates:

- Teleconference: April 23, 2013 at 2pm London time
- Possible face-to-face meeting May 22, 2013, the day before the RJC AGM in Milan. Alternative is convening 3 to 4 x 2 hour teleconferences over two weeks in May. Feedback welcome.

- **Please note:** Committee members are welcome to contact Fiona Solomon and Marieke van der Mijn to arrange times to discuss input or feedback in more detail between formal meetings, or initiate discussion by email.