

MINUTES

Standards Committee Meeting – Face-to-Face

Wednesday 22 May 2013 – 10am to 5.30pm

Location:

Confindustria Federorafi - Meeting Room
Via Petitti 16
Milan 20149



Teleconference dial-in also available

Documents circulated:

- Minutes of Standards Committee teleconference, 23 April 2012
- Code of Practices – draft revisions
- COP Review –Overview of Proposed Revisions document

Participants: David Bouffard, Eva Carlson, Assheton Carter, Daphne Guelker (on behalf of Michèle Bruelhart), Caren Holzman (on behalf of Estelle Levin), Jennifer Horning, Philip Hunter, Andrew Parsons, Claus Teilmann-Petersen, Iris van der Veken, Michael Rae (afternoon), Fiona Solomon, Marieke van der Mijn.

By phone: Sam Brumale (morning), Susan Thea Posnock (afternoon), Marcin Piersiak (on behalf of Felix Hruschka - afternoon).

Apologies: Ryan Taylor, Didier Backaert, Cecilia Gardner, Marcelle Shoop, Jon Hobbs, Ngomesia Mayer-Kechom, Juliane Kippenberg, Steven Oates, Alan Martin, Angelo Palmieri, Stan Lurie, Wilfried Horner, Stephane Fischler, Larry Drummond, Graham Nicholls.

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

- Susan Thea Posnock (Jewelers of America) has been elected by the RJC Trade Association Forum as a representative to the Standards Committee. Susan replaces Rob Headley who resigned at the last teleconference.

2. Minutes of previous meeting

- The Committee approved the minutes of the Standards Committee teleconference on 23 April 2012.
- These will be posted on the RJC website at:
<http://www.responsiblejewellery.com/rjc-standards-committee/>

3. RJC Code of Practices review

3.1 General

- Code of Practices review - update on progress and timelines (Fiona Solomon)
 - The COP review is still on track. Since the last teleconference, the RJC team has been preparing for the upcoming final comment period, and finalising the guidance chapters, incorporating Committee comment.

- Renaming *Verification Assessment* to *Certification Audit* (Sam Brumale)
 - The Committee agreed this proposal would add clarity.
- Proposal to introduce Surveillance Audits – initial discussion (Sam Brumale)
 - Pros:
 - Strengthens the standards and maintains discipline during a 3 year Certification Period
 - In line with other certification systems
 - Can provide a mechanism to formally address any Certification Scope changes during the Certification Period
 - Cons:
 - Some Members feel overaudited already
 - Could be disincentive to Certification re additional costs
 - For low risks businesses, surveillance audits add little value
 - Issues to consider:
 - These should be carried out on a risk basis and could focus on particular risks for that business eg conflict, identified non-conformances, potential red flags identified by the auditor.
 - To reduce audit duplication, could parallel similar standards be recognised as a type of surveillance audit (eg SAI, Walmart, BPP, ICMM).
 - Consider alternative terms eg monitoring, mid-way check, mid-term review: although ‘surveillance audit’ is common language in the certification community and will be immediately understood by auditors.
 - Consider the implications if major NC’s found during a 3 year Certification Period, for example work with the Member to make sure they comply, or reduce Cert Period to 1 year.
 - Who defines scope: RJC, Member or Auditor? Auditors could advise RJC in their Certification Reports whether a business is low-risk and there are no or low requirements for a surveillance audit. In other words, RJC would decide whether a surveillance audit is required on the basis of the auditor recommendation.
 - To address potential disincentives and the need to bring in key regions, consider models used in other sectors eg fashion/apparel. These include matching funding programs, where companies co-invest with donors and civil society to technical support – ‘prime the pump’ initiatives.
 - How to incorporate into more sophisticated RJC database for Member Certification information.
 - Consider how surveillance audit can ‘value add’ and be meaningful from a consumer perspective.
 - The topic will be discussed further at upcoming Committee teleconferences.
- Development of Risk Assessment Toolkit – overview (Sam Brumale)
 - The Committee welcomed the development of this toolkit and will review it further during the upcoming comment period.
 - ‘Child labour’ should be explained further in terms of worst forms of child labour, and can also draw on toolkits from UNICEF on children’s rights and business principles.
 - Solidaridad and ARM are developing a toolkit on forced labour in ASM which would also be a useful reference.
- Other points:
 - Support for proposal to include secure transport providers (of gold, PGM and diamonds).
 - Support inclusion of exploration under COP, however auditor competence needs to be looked at from auditor accreditation point of view. RJC may need to consider additional training re exploration and mining, in addition to current requirements for experience. RJC may need to develop a pool of consultants / specialists that can be available to accredited auditors to fill teams, as the current pool appears to be limited.

3.2 Code of Practices

- The Committee worked through each of the provisions in the track change COP document circulated (Fiona Solomon).
- Items for action:
 - 2.2 Policy and Implementation:
 - Ensure Guidance is clear on implementation requirements.
 - 3.1 Reporting:
 - Ensure Guidance is clear that definitions of stakeholders include more than customers.
 - Review information about US SASB requirements, India CSR law, and work by Integrated Reporting Council, and add these to Guidance as appropriate.
 - RJC could consider removing reference to GRI and instead refer more broadly to ‘international reporting standards’ – however it was proposed to keep as is in the current review.
 - 4.1 Financial Accounts:
 - Edit language to indicate that ‘financial review’ refers to specific jurisdictions where this is a recognised formal approach.
 - 5.1 Business Partners:
 - Ensure Guidance and Risk Assessment toolkit is clear on ‘significant’, giving concrete examples in Guidance.
 - 6. Human rights – changes to provision
 - Proposed changes supported
 - 7. Conflict-Affected Areas
 - Split into two provisions, with second focused on ‘systems to ensure suppliers do not contribute to conflict’ or similar. Revisit the OECD Guidance language, Ruggie and WGC standard.
 - 8. Sourcing from ASM:
 - Delete ‘commensurate with ability to influence’ as redundant with ‘best endeavours’. Add ‘influence practices’.
 - Aim this provision to be a path to do the right thing, discuss in Guidance the main options as a result of the risks assessment: 1 – no risks identified, then no problem with sourcing, 2 - don’t source if too high a risk, and 3 – supporting a transition, actively engaging with an ASM supplier to work to address the risks. RJC can play an important role encouraging sourcing from ASM, where appropriate, in the context of engagement and remediation of risks.
 - 9. Bribery:
 - Review 9.1b – does the language make sense re facilitation payments.
 - Add to guidance that provision of commercial samples is not considered bribery.
 - 11. Security – proposed deletion and proposed addition
 - Proposed changes supported.
 - 12. Provenance Claims – discuss latest proposal
 - Agreed to put latest draft out for public comment, and hold some webinars to explain concept and guidance to interested stakeholders.
 - Note in Guidance / definitions that ‘synthetic diamond’ is a type of provenance claim.
 - 14. Working Hours – reference to mining facilities
 - Agreed to put information about Mining Facilities into Guidance rather than provision.
 - Discussion about application of Collective Bargaining Agreements, agreed to revisit Glossary definitions to accommodate situations where there are no trade unions eg China.
 - 17. Child Labour:

- Discuss 'family work' in the Guidance.
- 19. Freedom of Association and Collective Bargaining:
 - As per discussion for Working Hours, new definition of Workers Association for Glossary.
 - Further clarification in Guidance of major/minor non-conformance outcomes.
- 21.7 Health and Safety:
 - Add 'employees' etc.
- 27. Kimberley Process – proposed changes re sanctions
 - Suggest develop template for reconciliation process.
 - Move provision re sanctions to a separate provision.
- 28. Grading and Appraisal – inflated appraisal reports
 - Add 'price' to wording.
- 31. Free Prior and Informed Consent – ICMM wording
 - Agreed to use 'work to obtain' FPIC.
 - Review for guidance whether FPIC might apply under EU environment law eg with forest producers.
- 36. Biodiversity
 - Is it a lost opportunity to not include 'net positive impact' in provision? Consider applying to areas of critical habitats as per IFC.
- 39. Mercury
 - Issues with ASM implementation were discussed.
 - Remove 'take steps' in 39.2 and add 'by the end of the Certification Period'.
 - Should there be a time horizon on all ASM provisions eg Sourcing from ASM? Discuss issues in the Guidance.
- 40.3 Mine Rehabilitation and Closure
 - What does 'fully costed' mean, ensure clear in Guidance or revisit wording of provision.

3.3 Standards Guidance

- Guidance chapters – overview and opportunity for Committee comments and questions. Detailed editorial suggestions are best suggested via track changes in documents.
- Thanks to those who have already submitted comments – Committee comments due by Monday May 27, 2013 to enable finalisation for the upcoming Comment Period.
 - There was a suggestion during the meeting that sections B and C make the Guidance chapters too long. However other Committee members and RJC noted that these provide important background and context for Members new to the issues, and support the training material.

3.4 Final Comment Period

- The format of the consultation documents to communicate changes was discussed, and the below proposal supported:
 - Press release + Consultation Overview: in email to all Members and stakeholders, and website update.
 - Documents to download from website for comment/feedback:
 - Overview of Proposed Revisions document
 - Clean version of Code of Practices – including comments but not track changes
 - Links to individual Guidance Chapters
- The Committee agreed to the proposed dates for final comment period on revised Code of Practices and draft Guidance chapters: June 3 to August 2, 2013.
- **Action: RJC to circulate revised COP version early in the week of 27 May, taking into account Committee feedback from meeting, seeking any objection to proposed language. The final comment period is then planned to start from June 3, and further Committee feedback and discussion welcomed during that time.**

4. Any other business

5. Standards Committee schedule –2013 dates:

- Propose:
 - Thursday July 4 (mid comment period)
 - Thursday August 8 (end of comment period)
 - Thursday August 29 (final draft of COP)
 - Thursday September 5 (Committee approval of revisions, then go to Legal Review, then Exco, then Board)
- **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.