

Summary Notes
RJC Standards Committee Teleconference
24 October 2016 - 16:00-17:30 BST

Participants: Ainsley Butler, Claus Teilmann Petersen, Camille Querleu (for Claire Piroddi), Felix Hruschka, Marco Quadri, Purvi Shah, Michele Brühlhart Banyiyezako, Didier Backaert, Jennifer Horning, Tim Carter, Charles Chaussepied, Eleonora Rizzuto, Assheton Stewart Carter

RJC Management Team: Anne-Marie Fleury, Bethan Herbert, Maria Mursell

Guest: Dr. Nawal Aït-Hocine

Apologies: Jonathan Hobbs, Cecilia Gardner, Michaël Geelhand de Merxem, Estelle Levin, Alan Martin, Hiren Vepari, Inga Van Nuffle, Katrien De Corte, Stephane Fischler, Tehmasp Printer, Tuesday Reitano, Jennifer Hillard

Background Material: (1) Presentation provided during the teleconference and (2) Report by Dr. Nawal Aït-Hocine ‘Study on Quantities of Chain of Custody (CoC) Material’

1. Opening remarks

Claus welcomed the committee and reminded the group of the Anti-Trust Policy statement. He welcomed Dr. Nawal Aït-Hocine.

Actions from the meeting 21 Sept were reviewed:

| Actions | Status as of 24 October |
|---|--|
| Share reports on the two studies 1. Quantities of CoC material study; and 2. Comparative assessment of RJC standards on conflict sensitive sourcing | 1. Complete 2. Report to be finalized in early November |
| Schedule: 1. the extra-ordinary M&E meeting 2. BGI workshop; and 3. face to face meeting | 1. Not yet complete 2. Complete - for Fri 4 Nov 3. Not yet complete – anticipated week 30 Jan 2017 |
| Confirm Non-Industry Co-Chair nomination and election | Complete |
| Share link to University of Queensland report | Complete |

Claus outlined two main agenda items for this call: to review RJC’s proposal to recognise the Fairtrade Standard for Gold and to discuss the findings from the study on quantities of CoC material.

2. Co-Chair election

The call for nominations closed on 12 Oct. Ainsley Butler, Program Director from the Diamond Development Initiative and Interim Co-Chair of the Standards Committee was the only nominee and was formally elected as Co-Chair. Anne-Marie Fleury thanked Ainsley for her commitment to the committee, with congratulations from many members also noted.

3. Recognition of the Fairtrade Standard for Gold

Anne-Marie outlined the purpose of process, as the formal recognition of comparable responsible mining standards, to enable RJC members to source and trade gold from mines against such standards as eligible mined material in the RJC Chain-of-Custody (CoC). RJC has an existing recognition with the Alliance for Responsible Mining (ARM)’s Fairmined Standard Version 2.0.

The three steps to recognition process are: (1) a technical review by the RJC Management Team (2) review and recommendation by the Standards Committee (3) recommendation to the ExCo and Board.

Bethan Herbert shared the findings of the technical review, noting that the full report will be sent to the Standards Committee in the next few days for approval via subsequent email, barring any significant concerns that might be raised on the teleconference.

The technical review included a comparison of the Fairtrade Standard for Gold (FT) standard with the RJC Code of Practices (COP) and a comparison the assurance approaches.

- On the standards, there is an overall high degree of comparability. Thirty of the 37 applicable provisions of the COP are “aligned” or “comparable” with the FT standard (where “aligned” means equivalent or higher level of compliance with the COP and “partial alignment” means a different approach is taken, but has a comparable impact).
- Partial alignment was found with 6 COP provisions:
 - COP 14. Working hours
 - COP 21. Health & Safety
 - COP 22. Environmental Management
 - COP 32. Impact Assessment
 - COP 36. Biodiversity
 - COP 37. Tailings and Waste Rock
- One provision considered as ‘not addressed’ is: COP 25 on Use of Natural Resources which relates to energy and water usage and efficiency. This provision is more relevant to large scale mining. It should be noted as a difference in the two standards, but is not considered to be a critical issue.
- The comparison of the assurance approaches was outlined and noted as being largely comparable.

The Fairtrade Standard for Gold was therefore assessed as largely comparable in intent and impact as the RJC COP. The Management Team does not consider the differences to be of material importance and therefore proposes the recognition of the Fairtrade Standard for Gold as a “Recognised Responsible Mining Standard” under the RJC CoC Standard.

Many committee members expressed support for the recognition and described this as a positive development for the RJC. Felix Hruschka described the move as strengthening the links between a family of standards.

The RJC Management Team also shared their view that Fairtrade welcomes this recognition.

The likelihood of Fairtrade revising their standard to reconcile the identified differences was discussed. Anne-Marie suggested that this could happen, however given that the overall assessment found a high level of comparability between the standards, there is arguably not a pressing need to push for further alignment. She also signalled her view that through a good working relationship both organisations will be able to provide substantive input to the other’s respective standard review process.

The mechanics of the recognition was also clarified. Fairtrade Gold which comes from a Fairtrade Certified producer will be considered eligible CoC mined gold, however RJC CoC eligible material will not qualify as Fairtrade Gold. This is because CoC gold is not exclusively from ASM sources, among other reasons.

It was noted that although this recognition is very positive, getting certified gold flowing to downstream users will remain a challenge.

Action: The RJC team will share the full technical comparison report with the committee for review.
In the absence of any objections, the recommendation to recognise will be put to the ExCo and Board.

4. Study on Quantities of Chain of Custody (CoC) Material

Anne-Marie introduced the study carried out by Dr. Nawal Ait-Hocine on assessing the quantity of CoC material. She reminded participants that RJC does not gather data on actual amounts of certified material, though certification data indicates that this quantity is low. The purpose of the study is to inform RJC's review of the CoC standard and subsequent outreach approach.

Nawal described the study aims and methodology. The study focuses on the European market, as many of the bigger refineries and luxury brands are based there. Fourteen companies were interviewed and Nawal thanked those who provided data.

The findings were outlined. It was noted that the supply of CoC gold is higher than demand with 153 tons produced but only 76 tons sold as CoC material over the last 12 months. Almost no newly mined gold is CoC certified and Fairmined gold is not currently entering CoC refining lines.

Nawal signalled that most companies interviewed are interested in reviewing the eligibility criteria for mined material rather than industrial waste. This means addressing the weakness of low supply from larger scale mining and easing the supply from ASM sources.

For most of the refiners, there is a difference in the pricing between CoC and non-CoC gold, especially in case of low volumes. When asked, Nawal also expressed her view that, the premium applied by some refineries was not too high.

Many downstream buyers may not be aware of the quantity of available CoC gold and the fact that it's not all currently being purchased. There was a suggestion to communicate this more broadly. Next steps for making the report publicly available were also discussed. Anne-Marie noted that the study findings will be communicated as part of CoC review.

The potential for increased demand of CoC material because of new EU conflict sensitive sourcing legislation was discussed. Participants noted that purchasing from LBMA Good Delivery List refiners is sufficient to comply with conflict sensitive sourcing regulation and therefore EU legislation would not necessarily result in more interest in CoC material.

The issue of low/no mined CoC material and the potential to influence miners to become CoC certified was discussed. It was suggested that a joint statement by the RJC and refiners could positively influence miners. Nawal nuanced the potential effectiveness of such a statement, describing the market structure challenge refineries face influencing miners (mined gold is always sold).

Anne-Marie and various committee Members thanked Nawal for the informative report.

5. Next meetings and any other business

Anne-Marie noted the upcoming meetings, including the workshop to discuss the BGI study on lessons from other sectors on engaging with informal producers (not a formal Standards Committee meeting).

The next scheduled formal meeting is 13 December 2016. The face to face meeting will be confirmed in the next week and is planned for London the week of 30 Jan 2017.

Action. Add to next meeting agenda an update on EU conflict sensitive sourcing legislation

Claus thanked participants and closed the meeting.