

Summary Notes
RJC Standards Committee Teleconference
21 September 2016 - 16:00-17:30 BST

Participants: Ainsley Butler, Charles Chaussepied, Claus Teilmann Petersen, Camille Querleu (for Claire Piroddi), Estelle Levin, Felix Hruschka, Jennifer Hillard, Marco Quadri, Michaël Geelhand de Merxem, Purvi Shah, Tuesday Reitano.

Guest: Matthew Kilgarriff (Richemont Group), guest of Charles Chaussepied.

Apologies: Alan Martin, Cecilia Gardner, Michele Brülhart, Jon Hobbs, Stephane Fischler, Inga Van Nuffle

RJC Management Team: Anne-Marie Fleury, Catherine Sproule, Peter Dawkins, Bethan Herbert

A presentation was provided to the Committee and provides background to the discussion.

1) Opening remarks

Ainsley welcomed the committee, reminded the group of the Anti-Trust Policy statement. Actions from the minutes from the last committee meeting on 2 August 2016 were noted as all complete and approved.

Ainsley went over the agenda for the call noting that the main objective of the meeting is to review and agree on RJC's proposed approach to expanding its scope to include coloured stones.

2) Coloured stones

Background

Anne-Marie summarized that in March 2016 the RJC announced an expansion of scope from gold, platinum group metals and diamonds to also include coloured stones. A technical feasibility study was requested by the RJC Board. The RJC Management Team convened a temporary task force of over 25 RJC members and experts to identify the material issues in the supply chain and map key stakeholders. The task force convened 4-5 times via webinar between March and June 2016. The findings from these discussions form the basis of the proposed approach to coloured stones that is now being put forward to the Committee.

Issues

An overview of the key issues for coloured stones was shared. Anne-Marie noted that many of the issues are similar for coloured stones and the gold and diamond supply chains. She highlighted some particular areas of difference:

- the fact that most (90%) of coloured stones are produced through Artisanal and Small Scale Mining (ASM)
- challenges relating to traceability due to complex trading chains
- disclosure concerns given the treatments that many coloured stones undergo.

Other issues which are similar to the precious metal and diamonds sectors were also discussed including those associated to large scale mining, white collar crime, conflict financing, labour rights and working conditions downstream of mining.

Estelle noted the need to differentiate between issues related to authoritarian regimes and terrorism pointing out that systematic Human Rights abuses are more likely in authoritarian regimes. Charles commented that coloured stones are kept in inventories and then released to market and "recycled" adding further complexity to traceability and provenance efforts.

Proposed Approach

Anne-Marie outlined the basic points of the proposed approach for RJC:

1. A focus on downstream companies in the first instance, rather than aiming to certify large numbers of ASM miners. This would include working with retail and manufacturing companies and the use of due diligence approaches to support the responsible sourcing of stones.
2. Building on the RJC Code of Practices (COP), keeping all the same requirements and adding new standards or guidance for coloured stones as needed.
The potential changes to each of the COP provisions were discussed.
3. Developing the work for sapphires, rubies and emeralds in the first instance. Bearing in mind that a responsible sourcing approach is likely to be the same for all stones, the potential to expand the scope to a number of other stones will be tested in the first phase of work (eg, for opals, topaz and tourmaline, or more)

There was agreement on the importance of aligning any new requirements for coloured stones with those that are in place for diamonds.

Felix raised a concern relating to the limitations of a due-diligence approach. The need for legal compliance for ASM was discussed as the only way to have an impact on the ASM sector.

The current approach to direct sourcing from ASM in the COP was discussed; it includes that companies sourcing from ASM shall:

- *“regularly assess risks of forced labour, worst forms of child labour, unsafe working conditions, uncontrolled mercury use and other significant environmental impacts; and*
- *Use best endeavours to positively influence practices and reduce or avoid the risks and provide for or cooperate in remediation of adverse human rights and environmental impacts. “*

This section of the COP could require further guidance on due diligence (which could include legal compliance aims) and should also include a section on indirect sourcing from ASM.

Estelle pointed out that the coloured stones sector is very informal with typically little or no formal paper work and structures in place and that this represents challenges relating to auditing and the evidence that can be provided (particularly in the context of indirect sourcing from ASM).

It was suggested that there may be more parallels from the diamonds supply chain than gold for ASM sourcing. Ainsley offered to share thinking from DDI’s own work with the ASM sector, particularly on how to engage with the ASM sector.

The need to work on the interactions between large scale mining and ASM miners (when they are working in the same areas) was also identified as an important topic to cover.¹

Next Steps

The proposed approach, with added clarifications from this discussion, will be summarized in a report to be presented to the ExCo and Board. The task force will also be disbanded and public communication prepared on the close of this technical feasibility phase. In 2017, the full draft of suggested changes to the COP will be developed and reviewed through consultation workshops and piloting. Potential pilots are yet to be identified, but the aim is to include a cross section of RJC members along the supply chain as well coloured stones companies who are not currently RJC members (eg, vertically integrated companies).

¹ It was not mentioned during the call, but the COP provision 33 provides guidance to this effect.

3) Update on ExCo-Board meeting

Ainsley provided the Committee with an update on the 15-16 September Exco and Board face to face meeting held in Geneva. She noted that the ExCo and Board approved the proposed timeline for the revision of the standards. This was presented with the following notes:

- The proposed timeline is in line with what has been previously reviewed by the Standards Committee. It has been estimated conservatively and includes one public consultation on the revised draft, with the option of a second consultation only if needed.
- A pre-consultation phase on the COP review is anticipated in order to engage with members on key issues related to this standard including: product disclosure and laboratory grown diamonds; and responsible sourcing and provenance claims.
- Costs for the standards review are aligned with the cost of last review with main costs associated to workshops, as previous experience indicates that this is where most progress is achieved.
- 'Coloured stones' is listed as a separate work stream but will ultimately be combined with the COP review.

4) CoC review update

Anne-Marie reminded the Committee that at the last call, the Public Summary document (which outlines the process for the review of the standard) was approved for release. This was carried out and the consultation period closes on 6 October. She noted that maybe half a dozen responses and expressions of interest have been received, which is as expected given that the document outlines the process rather than actual changes.

She also outlined progress on research and drafting of proposed changes to the CoC standard noting the imminent completion of two studies:

- An estimation on the quantities of CoC material. This study is designed to help guide the CoC review and where to focus efforts relating to eligibility criteria.
- A comparative assessment of RJC's standard with other conflict sensitive sourcing standards and recommendations of changes to RJC's standards. Anne-Marie noted that this assessment relates to responsible sourcing requirements in the COP as well as the CoC.

Action: Share reports on the two studies (1-quantities of CoC material study; and 2-comparative assessment of RJC standards on conflict sensitive sourcing) with the Standards Committee once they are finalized.

5) Next meetings and any other business

Upcoming meetings were noted:

- Extra-ordinary meeting on Monitoring and Evaluation (M&E) programme: Mid-late November
- Workshop on ASM study findings (BGI): Re scheduled needed, options are 1-3-4 November. Anne-Marie reminded the Committee that BGI has funded this study to look at lessons from other sectors on how standards can engage with informal producers. RJC has funded a peer review through ISEAL. This meeting is an "e- workshop" to share the findings of the report and discuss the rationale and is not a formal Committee meeting. In addition to Standards Committee members, other RJC members as well as partners like ARM and other experts will also be invited.
- Next scheduled Standards Committee Meeting: 24 October 2016
- Face to face: mid-late January to review a draft of the revised CoC standard

Action: Schedule the extra-ordinary M&E meeting, BGI workshop and face to face meeting.

Non-industry Co-Chair election

The election for the non-industry Co-Chair of the Standards Committee was launched.

Bethan invited any Committee member to nominate themselves or a non-industry member by 5 October. She reminded members that the role is for a three year term and involves chairing meetings and representing non-industry members and the views of the Standards Committee on ExCo. Voting will take place via webform the week of 10 October, closing on 21 October. We will aim to formalize the Co-Chair at the next meeting of the Standards Committee on 24 October.

Action: Confirm Non-Industry Co-Chair nomination and election process.

Fairtrade cross recognition

Bethan reported that the assessment for RJC to cross recognize the Fairtrade standard is advanced and should be completed soon. She noted that there are no significant issues in potential cross-recognition and indicated a plan to put forward the formal recommendation for cross recognition to the Committee at the next committee meeting in October.

University of Queensland study

Bethan described a recent study carried out by the Centre for Social Responsibility in Mining of the University of Queensland funded by Tiffany & Co. Foundation and looking at the effectiveness of certification schemes for mining. She noted the small sample size of the study with the consequence that the findings may not be representative of broader stakeholder views.

Action: share link to University of Queensland report.

Available here: <https://www.csr.uq.edu.au/component/content/article/20-projects/636-effectiveness-of-certification-for-responsible-mining?highlight=WyJjZXJ0aWZpY2F0aW9uIl0>

Ainsley thanks participants and closed the meeting.