

RJC Standards Committee extraordinary meeting with the Diamond Expert Group
Final approval of COP X Guidance document
15 Mar 2019
Summary notes

Diamond Expert Group: Peter Karakchiev (ALROSA), Tyler Gillard (OECD), Ferial Zerouki (De Beers), Irina Dolgopolva (ALROSA), Nick De Vlaminck on behalf of Karla Basselier (AWDC)

Experts also on Standards Committee: Didier Backaert (Bonas), Purvi Shah (De Beers), Stephane Fischler (WDC)

RJC: David Bouffard (Chair RJC Board)

Standards Committee participants: Ainsley Butler (non-industry co-chair), Charles Chaussepied (industry co-chair), Joelle Ponelle, Anouchka Didier, Michael Geelhand de Merxem, Cecilia Gardner, Estelle Levin-Nally, Assheton Carter, Yves Bertran, Diana Culillas, Jennifer Hillard, Phaedon Stamatopoulos

RJC Management Team: Anne-Marie Fleury (Standards, Assurance and Impacts Director), Andrew Cooper (Standards Manager)

Materials circulated in advance of the call: Meeting agenda, final draft of COP X guidance, slides.

1. Introduction

The Standards Director welcomed and thanked participants for participating in this extraordinary Standards Committee teleconference meeting, before taking a roll call and confirming that there was quorum. The non-industry co-chair then summarised the agenda and purpose of the meeting, which is to obtain a final approval/recommendation from the standards committee on the COP X due diligence guidance chapter. The industry co-chair emphasised the importance of approving the final section of the revised COP so as to recommend approval to the RJC Exco (meeting 25th March) and subsequently to the RJC Board (meeting 1st April). The industry co-chair noted the valuable input of the diamond expert group in reaching this current draft of the COP X guidance document.

2. Summary overview of changes to COP X guidance document

Key changes to the document were summarised as follows:

- Splitting the guidance document into two parts – one for the diamond/coloured stones supply chain and one for precious metals (gold, silver, PGM).
- Including an updated version of the diamond supply chain map, which now provides clearer expectations for the different actors in the supply chain.
- Other edits to ensure that the language used is appropriate for, and understood by, the diamond industry.

The Standards Director also noted that a final version of the guidance was sent to all standards committee and expert group members on 13th March, which incorporated some additional marked-up changes to the draft sent out on 5th March.

3. Comments from Expert Group and recommendations to the Standards Committee

The non-industry co-chair invited the OECD representative of the expert group to provide some general comments. The OECD representative noted that the RJC and the diamonds industry had reached an important milestone. The industry has shown a clear commitment to implementing the OECD Guidance and the latest draft of the COP X guidance brings clarity to what will be expected of RJC members for due diligence. He noted that the overall approach is aligned with the OECD concept of continuous improvement, however he pointed out that compromises have been made along the way in reaching this agreed draft and that OECD 'was sticking it's neck out' to support this approach.

He also emphasised that the phased audit approach does not, and should not, prevent companies from starting to establish full implementation of the OECD 5 step framework from the outset.

Other members of the expert group were then invited to make comments. Two industry expert group members thanked the whole group for their contributions to this important document, noting that it represents months of work by everyone involved. It was also noted that the pilot project will help to move forward with the practical implementation of the provision. The Chair of the RJC Board also thanked the OECD expert group representative and the standards committee co-chairs for their efforts and contributions.

The non-industry co-chair then invited members of the standards committee to comment. One industry member flagged some confusion on the responsibilities of the Tier 1 and Tier 2 actors. The Standards Director provided a brief clarification of the supply chain map, noting that Tier 1 midstream companies are those sourcing directly from the source of production, whereas Tier 2 midstream companies are those sourcing either from Tier 1 suppliers or other Tier 2 companies in the midstream supply chain. There was then some discussion about the differing responsibilities of companies that hold an export licence and whether this should be clarified further in the COP guidance document, however the OECD representative of the expert group suggested that it was more important to identify the entity that exports rough diamonds from the mining country of origin, rather than to get caught up in the particularities of export licensing requirements.

Agreed change: It was agreed that the definition of “source” should refer to ‘country of mining origin’ which is also aligned with the definition used under the Kimberley Process Certification Scheme (KPCS).

There was a discussion on the text about pilot projects being a ‘prerequisite’ to evaluating this provision, its implementation, guidance and supporting tools (see ‘Diamonds and coloured stones: a phased approach to assessing COP conformance’ sidebar of COP X guidance). The OECD representative of the expert group indicated that this language could be perceived as providing an ‘escape clause’ for companies wishing to avoid or delay implementation of this provision. Various industry expert group members emphasised that this was not the intended meaning.

Agreed change: The following changed text was agreed: “The findings of the pilot projects are essential and will support the RJC in evaluating this guidance and supporting tools as necessary.”

Another point was raised concerning traceability and the requirement for ‘segregating’ material found to be associated with adverse impacts. It is not clear what companies are expected to do with this segregated material.

Agreed change: Review text on ‘segregating’ material found to be associated with adverse impacts in consultation with participants who raised this issue.

The industry co-chair then invited the expert group to provide their final recommendation to the standards committee on the COP X guidance document. All members provided their recommendation that the document should now be approved by the Standards Committee, subject to the remaining agreed changes.

The industry co-chair thanked the expert group for their participation and approval, and then asked them to exit the call so that the standards committee could discuss any remaining points and then make their decision on next steps.

4. Standards Committee approval/recommendation

The Standards Director first requested that the standards committee provide their approval of the summary notes from the previous meeting held on the 24th and 25th January 2019. Didier Backaert and Cecilia Gardner both provided their approval.

The Standards Director then asked if there were any members of the standards committee that do not approve the COP X guidance, subject to the changes discussed today. One industry member noted that the guidance does not make reference to the Coloured Gemstone Working Group (CGWG) and that it would be important to mention their work. The Standards Director noted this suggested addition for inclusion in the COP Guidance. There were no other comments from the standards committee and the COP X guidance chapter was approved, subject to the remaining agreed changes.

5. Next steps and AOB

The Standards Director provided a summary of key upcoming dates for obtaining final approval from the RJC Executive Committee and Board on the new COP and guidance. It was also noted that elections for the industry standards committee will take place on the 20th March (for manufacturers forum only) and that there would be a further communication from the RJC shortly regarding the non-industry standards committee nomination process. Dates for the remaining 2019 standards committee meetings will be circulated following the RJC Annual General Meeting in May.