

CRJP Mining Supplement Workshop – Denver, Thursday October 9, 2008

Participants

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Meeting Governance

- The CRJP anti-trust policy and guidelines were explained to the attendees.
- The Chatham House Rule was agreed to apply to this meeting.

Purpose

1. To assess the adequacy of the Mining Supplement's performance requirements for the CRJP Members' mining activities by:
 - Discussing suggestions received for its improvement thus far through stakeholder feedback;
 - Discussing suggestions for improvement from the meeting's participants.
2. Provide valuable input to the further refinement of the Mining Supplement, which the Council will finalise over the next six months.

Summary of discussion

- Michael Rae welcomed participants. He introduced the CRJP's current effort to develop a Mining Supplement on additional mining-specific issues, to be incorporated into the CRJP's existing Code of Practices for the gold and diamond jewellery supply chain.

- The CRJP is developing a certification system for its Members across the gold and diamond jewellery supply chain, from mine to retail. It is anticipated that the system will commence operation in 2009.
- The Code of Practices, and associated guidance, is the standard with which CRJP Members' business practices will need to comply.
- Independent third party auditors will verify Members' conformance with the Code of Practices (which, when complete, will include the Mining Supplement).
- There was a discussion as to whether the CRJP System was a second party or third party certification system, because the standards development process did not include stakeholders in decision making.
 - There were different interpretations of what 'counted' as third party certification.
 - A proposed language was 'third party verification against a standard developed by the CRJP'.
 - The potential for conflicts of interest were discussed. It was noted that conflicts arise under any arrangement, and the key is to identify and manage the conflicts. ISEAL recommend the establishment of an Impartiality Committee with external representatives.
- Fiona Solomon presented an overview of the CRJP System design and the development of the Mining Supplement draft. These slides will be circulated with this summary.
 - It was suggested that because the current draft is high level most of the input and comments from NGOs and other stakeholders would take place on a subsequent version that included more detailed guidance (as has been developed for the current Code of Practices).
 - It was suggested that the CRJP invite stakeholders to participate in further developing the Mining Supplement by suggesting specific language that could be used to define the draft guidelines. The CRJP website could be used as a tool for this purpose.
- Specific comments on the Mining Supplement draft:
 - Climate change, while there obliquely in 3.3 and 3.4, could be made more obvious, including a reporting component.
 - Question of whether environmental bonds were included, for example under closure?
 - Mercury air emissions – what control mechanisms need to be in place – is a gap. IRMA has developed a draft standard on this.
 - Tailings (under waste and emissions) – there is no clear view on riverine and submarine tailings disposal.
 - Biodiversity – missing landscape and species specific metrics. NGOs such as Conservation International and WWF have developed biodiversity assessment tools.
 - The draft biodiversity provision is not auditable, except regarding World Heritage sites. Conserving ecosystem and landscape values should be the focus. IRMA draft may be helpful for guidance.
- General comments on the Mining Supplement draft:
 - It was suggested that the ICMM's standards are not auditable, so should not be the sole reference.

- It was noted that the CRJP covers 2 commodities, while the ICMM covers 35, so developing specific guidance should be easier.
- Industry participants at the meeting indicated that they want the ICMM SD Principles to be the umbrella for standards development to enhance consistency.
- Guidance on technical equivalence between parallel systems eg ISO, SA8000 and other operating certification systems, will be helpful (and is planned).
- The relative credibility, status and progress of IRMA vs CRJP was canvassed. Some participants were concerned that CRJP not duplicate IRMA's efforts, and that the value of both the CRJP and IRMA efforts should be protected. It was noted that the scope of the current CRJP Code of Practices already covers a wide range of business ethics, human rights, social and environment performance issues. This means that the CRJP Mining Supplement is intended to address a subset of issues not already covered by the Code of Practices, or inadequate vis-a-vis mining. There are also fewer commodities under CRJP – only diamonds and gold, as compared with IRMA's broader scope as a stand-alone standard for the entire mining industry.
- Participants wanted to see a roadmap for stakeholder participation in the standards development process going forward – e.g. a Work Group model.
- There was a discussion about the broad intent of the CRJP initiative:
 - From a jewellery retail perspective, the aim is 'to do good in the world' and reinforce consumer confidence.
 - There was a discussion about 'confidence in what ...' – with a possible spectrum of 'responsibly mined' to just 'continuous improvement', with the latter less compelling.
 - It was noted that there are different value propositions for different parts of the supply chain. For mining companies, communities can also be considered customers.
 - While the CRJP system is not currently product certification, it enables businesses to create their own chain of custody systems by providing certification of companies in the chain. In future, CRJP may consider developing an auditable, voluntary, chain of custody standard to capture this potential value for Members.
 - It was noted that there are legal limitations, relating to anti-trust law, on the extent to which CRJP can require non-Members to provide information, act or comply with the Code of Practices.
 - There was a discussion comparing the CRJP and the Forest Stewardship Council (FSC). It was noted that the two have different business models – so while FSC may not have the same anti-trust considerations, it has had financial viability problems. It was advised that the source of the standards is not relevant to anti-trust prohibitions.
 - It was agreed that governance will be a key issue for the CRJP in transitioning to a certifier in 2009.
- The issue of production thresholds was raised: for multi-commodity mines, what percentage of gold as a percentage of production should trigger inclusion under the CRJP system? Suggestions included:
 - This be left to mining companies to see the value in certification.
 - 10% could be the production threshold.

- If mines are being certified/assessed under other product stewardship systems, then duplication was unnecessary.
- If have a saleable product, then in scope; if it is a Cu concentrate and not selling an Au product, then not in scope.
- In general, the view was that this was not a major credibility issue.
- The question of a credible sampling system for mining operations was raised (the certification scope and the verification scope). Suggestions included:
 - Mine sites be 100% sampled – in other words a site-based certification approach, mine by mine, rather than company wide. Also agreed that if there was a “cluster” of mines in an area, or a “mining camp” all operated by the same company, that it should be possible to certify all at once, rather than individually.
 - Under this model, could have option for temporarily excluding from the certification scope a site that didn’t meet the standard, until fixed.
 - This information would be available on the website, with advice as to process e.g. supplementary audit. This option may only be made available to miners, in recognition of complexity of mine sites.
- There was a broad discussion as to how the credibility of the CRJP system might be enhanced. Suggestions included:
 - There was a question as to whether an industry association being a certifier was problematic, in terms of a potential conflict of interest for a standards association to set standards and certify businesses who have sponsored the development of the standards. The CRJP could consider separation between the association and the standard owner; the standard owner could also then certify non-Members. Other income streams could be investigated.
 - Before starting to certify in 2009, the opportunity for external participation in standards needs to be established. An easy option is to include a diversified group of experts on a Standards Committee or technical Advisory Group. Alternatively, a revised governance structure could be envisaged.
 - In the short term, need the involvement of stakeholders in the development of standards guidance. Use the website to facilitate.
 - There was discussion as to whether the CRJP is a trade/industry association, because the Council does not promote the industry or a commodity, but best practices. There were views that it is an industry club, since there are no non-industry participants. NGOs are also promoting best practices. There is potential for CRJP to become a multi-stakeholder initiative.
 - NGOs want a negotiating voice at the table, where there are clear rules, a commitment to output and acting in good faith. It was suggested that third party could convene / facilitate this involvement.
 - The relationship to IRMA was again discussed. It was noted that IRMA products have been built into the CRJP Mining Supplement, along with other standards. The CRJP is trying to operationalise inputs from many other fora, for the whole life cycle, and thus in a landmark position to achieve what we have all been trying to do for many years. There were some participants whose view was that IRMA should have priority since it is ostensibly multi-stakeholder. However, the CRJP focus is only on diamonds and gold and does not have IRMA’s wide brief. It was also noted that

IRMA's progress since the Vancouver dialogue has been slow, and the products do not directly meet CRJP's needs.

- There was a proposal to create a fast-track task force / collaboration process to build on what has been achieved in various initiatives eg IRMA, CRJP etc. Ground rules, objectives, and participatory process would need to be agreed.
- The CRJP agreed to consider this proposal with its Executive Committee and develop some concepts for discussion. It was reiterated that the Council aims to incorporate the Mining Supplement into its certification system by March 2009 if possible, to enable Members with mine sites to commence assessments and verification.