

Summary Notes
RJC Standards Committee Meeting
02 August 2017

Participants: Ainsley Butler, Alan Martin, Cecilia Gardner, Claire Piroddi, Eleonora Rizzuto, Estelle Levin, Felix Hruschka, Jennifer Hillard, Jennifer Horning, Marco Quadri, Michaël Geelhand de Merxem, Michèle Brulhart Banyiyezako

RJC Management Team: Anne-Marie Fleury, Andrew Cooper, Bethan Herbert, Peter Dawkins

Guest Speakers: Nawal Ait-Hocine, Victoria Gronwald

Apologies: Charles Chaussepied, Hany Besada, Purvi Shah, Tim Carter

Materials circulated prior to meeting: Notes from committee meeting 21 June 2017, and meeting slides for 02 August 2017

1. Opening remarks

Co-chair Ainsley welcomed the committee and reminded them of RJC's anti-trust policy and the purpose of the August meeting – to provide an update on the progress of the standards review, which will also include guest speaker presentations from Nawal Ait-Hocine on the topic of coloured stones. There will also be a presentation from Victoria Gronwald (Levin Sources) who will provide an update on a project commissioned by RJC to explore engagement and alignment opportunities with the ICGLR. Notes from the last meeting were approved by Cecilia Gardner and Claire Piroddi.

With regards to action points from the last meeting, Ainsley noted that:

- The summary of responses from the board and ExCo on strategic questions will be presented during the next committee meeting.
- The issue relating to grading and appraisal was also removed from the COP Public Summary, and there were no additional issues/topics flagged by committee members for inclusion in the Public Summary.
- July and August teleconference dates were set, as were dates for the face-to-face committee meeting in Mendrisio in October.
- The management team were to also prepare a one-page summary on the work carried out so far on coloured stones, and this is included in today's call.

2. Standards review update

Standards Director reiterated that the key topic for today's call would be the status of the standards review, with a particular focus on the CoC review. A high-level summary of the status of the standards review was provided, noting that we are now at round 1 of the COP review and round 3 of the CoC review.

Standards Director highlighted that a number of comments were received as part of the second round of CoC consultation and that these [comments](#) have now been uploaded to the RJC website. Participants were reminded that a third-round of public comment was agreed by the Standards Committee at the last call (due to the number of unresolved issues from the previous round). The proposed changes for round 3 have been developed based on feedback from Round 2 consultation, and round 3 will be published in mid-August for 30 days of consultation.

A summary of the main changes in round 3 were presented, noting that the most significant changes would relate to the timing and arrangements for transitioning the new due diligence (DD) and Know Your Counterparty (KYC) provision from the CoC to the COP. Standards Director noted

that significant concerns were raised on the proposal to add the new DD & KYC provision as an interim bolt on to the COP, since this does not provide sufficient opportunities for consultation on what due diligence should look like for the whole jewellery supply chain in the COP. In round 3, the new approach will therefore be to proceed with changes to the DD & KYC requirements of the CoC standard as part of the CoC review (for gold and PGM only) and to develop the COP provision on due diligence for all materials in RJC's scope (diamonds, gold, PGM, coloured stones) as part of the COP review. Once the COP requirements are developed, the relevant CoC provisions will be removed from the CoC to avoid duplication.

One committee member emphasised the need to have strong references and links to the OECD Due Diligence Guidance in RJC's COP, highlighting how a wide spectrum of industries are recognising this guidance as best practice. The member also raised concerns about the 'tentative' language (with many qualifiers) that is being used to describe RJC's intention to align with and reference the OECD guidance. This view was also supported by another participant who strongly objected to any measures that might distance the RJC and its standards from the OECD guidance.

A point was also raised relating to the Kimberley Process (KP) definition of conflict, noting the narrow KP interpretation and the concern that RJC members could select which definition they would like to use (KP or OECD). In response to this, one member said that the due diligence process (with its broad scope of risks) in fact 'subsumes' the KP definition of conflict so it is not a question of choosing one definition or another.

Standards Director noted that there are differing views amongst stakeholders as to the level of direct reference that should be made to the OECD Guidance. She pointed out that from consultation carried out in India and Antwerp earlier this year, there is support for developing a COP provision on due diligence and broad agreement with the five steps for due diligence outlined in the OECD Guidance. The issue is therefore more about the level of direct reference to the OECD rather than about whether to include due diligence and the 5 step framework in the COP or not.

She also noted that the COP has an existing provision requiring adherence to the KP and System of Warranties (COP 27) and that the introduction of a new due diligence provision is not intended to replace or change the KP requirement. Due diligence is a business practice that requires looking at a broad scope of risks, including conflict, but also Human Rights, child labour, illicit sourcing risks, etc. This is why due diligence is being proposed as a separate provision in the standard with the scope of risks to be included to be defined in both the CoC and COP standard.

Standards Director agreed that this is an important topic, and noted this as an additional reason to fully consult on this as part of the COP review.

Two committee members requested that the RJC share a list of arguments for not directly referencing the OECD guidance for all materials within the COP scope, so that this can be discussed and considered further by the Standards Committee. The Standards Director indicated that all comments which were received are in the Comment Report from round 2 and are on the website ([Click here to download](#)). The fact that these comments can be submitted anonymously was highlighted by some committee members as a deterrent to dialogue on this question.

Another member stated that the use of wording relating to the OECD was a sensitive topic, and that it was appropriate for the RJC to take care when making any direct references to it, but the guidelines and steps put forward by the OECD are not in themselves something that is being objected to. Standards Director suggested that the committee pick up on the question of OECD reference further as we progress with the COP review.

Committee members were then updated on changes to the eligibility criteria for recycled material under the CoC, noting that considerable push back on the proposal to include bullion bank gold as an eligible source of recycled material was received. As a result, this has been removed from round 3. It was noted that the objections to including bullion bank gold related to the fact that the majority of this gold originates from mined, not recycled sources. There were therefore concerns on the ability of refiners to differentiate recycled sources from bullion bank gold.

Other comments from round 2 on recycled material were in support of the proposal to include e-waste as eligible recycled material, but noting that the proposed approach was overly complex. As a result, the revised approach for round 3 is to split eligible recycled material into two categories - high value material (i.e. jewellery products) and lower value industrial material (i.e., e-waste, catalysts etc). One committee member suggested that the example of 'bars' listed under the 'high value' category should be clarified as not including bullion bank bars.

Standards Director then presented a summary of the material that will be sent out for round 3, noting that this would include two documents: a summary of the changes since round 2; and the revised standard with detailed guidance sections relating to the major amendments. Committee members were reminded of the intention to have a final version of the CoC standard for approval at the October face-to-face meeting.

Standards Director next provided a brief update on the COP review process, noting that the Public Summary for round 1 was published on the RJC website and circulated to stakeholders on 10th July. Committee members were given a high-level overview of the various projects and activities that are now underway as part of that review (both in-house and with external consultants). One member from the diamond industry noted that they are carrying out consultation with their own constituency on the COP in August, and committed to sharing the outcomes with the RJC secretariat.

The member inquired as to whether audit practices will also be within the scope of the COP review. Standards Director clarified that changes to the assurance process are not within the scope of the COP review, unless this is required as a result of changes to any of the provisions. However, she did emphasise that feedback on assurance questions is welcomed as the assurance approach will need to be updated in a separate process.

3. Coloured stones

Standards Director introduced the first guest speaker, Nawal Ait-Hocine, who has been active in RJC circles for many years. Nawal has been working to develop the expansion of the COP material scope to include coloured stones. Committee members were reminded that in 2016 the RJC board approved the move to include coloured stones within the COP scope, and that since then there had been engagement with stakeholders (via webinars and meetings) to further develop the thinking and strategy behind this.

Nawal presented an overview of engagement on coloured stones, noting a number of events and workshops. The particular issues related to the coloured stones supply chain (e.g. ASM) were also summarised. Nawal confirmed that a draft of the requirements for coloured stones will be prepared by the end of September this year for consultation before inclusion in the COP ('draft 0'). This will be shared with the Standards Committee, potentially at the face-to-face meeting in October. The draft will then be included in the full COP proposed changes document that will be released for public consultation in Q1 2018. Standards Director reiterated that the inclusion of coloured stones in the COP will not result in major changes to the COP. The schedule for additional

consultation on coloured stones was presented and includes outreach in India, Thailand and possibly the US. Webinars and other individual consultations are also anticipated. Nawal noted that the material scope for coloured stones is something that still needs to be agreed (i.e. will it be limited to sapphires, rubies and emeralds OR more/all stones?).

One member asked whether it would be possible to move the face-to-face meeting from 17-18 Oct to November. Standards Director suggested this would be difficult as the date has already been confirmed based on availability indicated via a Doodle poll. She invited other Committee members to indicate via email the need to explore new dates.

Action: Committee members to request via email in the next week if a change in dates for the face-to-face meeting should be explored. RJC to confirm if date to be changed.

4. RJC engagement with ICGLR

Ainsley introduced Victoria Gronwald from Levin Sources (previously Estelle Levin Ltd.) who presented the work on assessing possible engagement and alignment opportunities with the International Conference on the Great Lakes Region (ICGLR). This project was conceived to determine possible RJC recognition of the ICGLR Regional Certification Mechanism (RCM).

Victoria's overview included a description of the ICGLR and the RCM. She outlined the findings from the work, describing how the alignment between the two systems is currently insufficient to include the RCM as a recognised responsible mining standard. Victoria also pointed out that the RCM itself has limited uptake amongst ICGLR member states and that the requirements and documentation for the RCM also contain a number of inconsistencies and irregularities. Victoria concluded that while the RCM is not at a stage where it can be recognised, there are opportunities for engagement and RJC should consider communicating a desire to for eventual recognition to ICGLR.

One committee member raised the question of why we would seek to recognise the RCM as a responsible mining standard, when its primary focus is at the exporter level. Standards Director noted that one of the drivers behind this assessment was to see how the RJC could create and improve opportunities for engagement with the ASM sector. She acknowledged that RCM is quite different to Fairmined and Fairtrade, which was one of the reasons for working with a consultant on this assessment. Standards Director also noted the recommendation to engage with ICGLR and commented that this should be considered after the conclusion of the standards review.

5. Next meeting and any other business

Standards Director noted the last slides of the presentation with RJC certification data. One committee member asked for geographical context to the certification data.

Action: RJC to provide, if possible, further geographical context to the certification data presented in the meeting slides.

Ainsley confirmed that the next meeting teleconference is 14th September.