

Summary Notes

RJC Standards Committee Meeting

14 September 2017

Participants: Ainsley Butler, Alan Martin, Cecilia Gardner, Charles Chaussepied, Claus Telimann Peterson, Eleonora Rizzuto, Estelle Levin, Jennifer Horning, Marijke Achten, Michael Geelhand de Merxem

RJC Management Team: Anne-Marie Fleury (Standards Director), Andrew Cooper (Standards Specialist), Andrew Bone (Executive Director)

Apologies: Claire Piroddi, Tim Carter, Michele Bruelhart, Peter Nestor,

Materials circulated prior to meeting: Notes from committee meeting 02 August 2017, and meeting slides for 14 September 2017

1. Opening remarks

Co-chair Claus Telimann Peterson welcomed all participants to the call and reminded them of RJC's Anti-Trust policy and the purpose of the meeting which was to discuss feedback on the strategic questions put forward to the RJC ExCo and Board at the face-to-face meeting in February 2017, and to also provide an update on the CoC and COP standards review.

With regards to action points from the previous meeting, Standards Director noted as follows:

- Requests to change the dates for the face-to-face meeting in Mendrisio were reviewed, but the decision was taken to hold the meeting 17-18 Oct as originally planned.
- The request to provide country by country certification data is not easily fulfilled because of challenges disaggregating the data so won't be provided at this time.

In relation to the notes from the previous meeting, another committee member asked for clarification as to which specific coloured stones will be included in the COP scope expansion. The member recommended that the scope should not just be limited to high value precious stones i.e. sapphires, rubies and emeralds, but should also include other types of coloured stones. Standards Director indicated that part of the consultation process on coloured stones involves seeking further information on the advantages and disadvantages of expanding the scope of which stones to include. She added that this question will be put to the ExCo as it is a strategic one that impacts RJC membership.

Previous meeting notes were approved by Ainsley Butler and Cecilia Gardner.

2. Strategic questions

Claus reminded committee members that during the last face-to-face meeting of the Committee in February this year there was a request for guidance from Exco on strategic directions in order to guide the standards setting process. Committee members were asked to share questions with Ainsley and Claus, however none were put forward. The co-chairs and RJC management team therefore prepared 3 questions summarising the discussions from the February meeting as follows:

- I. What is RJC's objective for its standards?
- II. What are RJC's membership objectives, particularly for gold mining companies?
- III. Should we continue to harmonise with other standards?

These questions were brought to the Exco and Board face to face meeting in June 2017.

On the topic of RJC's objectives for its standards, Claus reported on a fruitful discussion on whether the RJC wanted to be the 'best in class', or focus on building 'critical mass' in its membership. The outcome was an agreement that it is too simplistic to say describe the question as 'class vs mass'. The focus should instead be on improving performance across the industry. The standard should also be implementable by all committed companies and not be designed for companies with well-resourced CSR departments. The RJC should not become an 'exclusive club' of major brands.

In response to a question from a committee member, this Exco/Board direction was described as a continuation of the existing strategic approach rather than a shift in direction. Claus also added that the Exco and Board believe that we are on the right path, noting RJC's periodic reviews of the standards combined with the growth in membership.

Concerning RJC's specific membership objectives for gold mining companies, Exco and Board noted that gold mining companies have a range of certification options available to them outside of the RJC, and the very low number of gold mining companies within the RJC membership is likely to be a symptom of this. The recommendation was therefore to continue to focus on the formal gold mining sector and also to continue to harmonise with, and recognise, other relevant mining standards.

One member pointed out that agreement on the objective to build critical mass is one thing, but where is the strategy to achieve this? The member additionally commented that it should be possible to build a strategy that is not only focussed on large-scale mines, but also allows smaller mining operations.

The Executive Director noted that this is a membership issue rather than a standards one, and thanked the member for the comment, agreeing that a proper strategic framework is needed to reach and engage with a range of gold mining companies. He described plans for recruiting a Director of Business Development who will work with the Membership Director and other members of the senior management team to develop a value proposition that is bespoke to companies within the different sectors of the value chain. He welcomed the offer of input from interested committee members. This news was warmly received by a committee member who emphasised the importance of engaging mining companies as they (potentially) have the most significant environmental and social impacts. Another committee member noted that it is also important to reach out to consumers and retailers. The Executive Director replied by stating that the Director of Business Development will develop the strategy for actors all along the supply chain, including retailers. He further noted that raising public awareness will also be considered, although the RJC will remain a B2B organisation.

Claus then discussed the harmonisation question indicating a clear Exco/Board response that, yes, harmonisation with other standards should continue. The importance of aligning with the requirements of the upcoming EU conflict minerals regulation was also noted.

A committee member reiterated a point made at the previous Committee teleconference on the importance of aligning with the OECD due diligence requirements. The member expressed concerns with the resistance from the diamond supply chain to this and asked whether the comment on aligning with EU regulation is an indication of a commitment that RJC will reference the OECD guidance. Standards Director indicated that the question focusses on the high-level approach to harmonisation rather than about the OECD guidance in particular. She further drew attention to the fact that the revised CoC standard has been drafted to explicitly reference the OECD guidance. She reminded the Committee that, as agreed at the last teleconference, there is agreement that the COP standard will align with the OECD guidance but that the explicit references to OECD will be defined through the COP review process. A member reiterated concerns related to potential contradictions between the OECD requirements and those of the Kimberley Process, particularly relating to the definition of conflict. Standards Director responded that RJC's due diligence requirements in the COP will apply in addition

to compliance with the Kimberley Process, which is the subject of a separate COP provision, and that there is no intention to remove the requirement to comply with the Kimberley Process. Another member noted that there is a difference between standards and guidance, and we need to be careful when talking about aligning the RJC standards with a guidance document.

Standards Director suggested scheduling a Committee discussion on COP alignment with the OECD guidance in early Q1 2018 before publishing proposed changes to the COP in Round 2.

Action: Schedule a committee discussion on how COP will align with and reference the OECD guidance in early 2018.

3. Standards review

Standards Director provided an overview of the status of the standards review, noting that all documents relating to the CoC and COP review were available on the RJC website. The committee were reminded that we are now at the third and final round of the CoC review process, and in the first round of the COP review.

It was noted that the intention is to have a final draft of the CoC standard and guidance document ready for approval for the face-to-face meeting in October. Standards Director summarised the main changes to the CoC standard on due diligence, eligible mined material and eligible recycled material.

A committee member asked why the acceptability of bullion bank gold as eligible recycled material is no longer allowed under revised changes to the CoC standard. Standards Director described the concerns shared by stakeholders on this proposal in Round 2 of the CoC review. These relate to the fact that bullion banks do not differentiate to buyers whether their gold originates from mined or recycled sources. The proposal to allow bullion bank gold as eligible recycled gold was removed as a result.

Standards Director asked Committee members to review the CoC and share comments before the Round 3 deadline (Sept 15). She cautioned against waiting till the face to face meeting in October to share significant new concerns with the CoC standard, as this is too late to allow the Management Team to propose workable solutions.

Standards Director noted that the COP review round 1 comment period closed on the 8th September. Standards Specialist provided an overview of feedback, noting that we received over 40 comments from 6 submitters covering a broad range of topics around mining, human rights and also the governance structure of RJC (the latter being a topic that would have to be considered separately from the standards review process). Next steps were discussed; the comments will be published (verbatim) on the RJC website. A summary of the feedback and recommended actions will be prepared by the management team for the Committee.

4. Mendrisio face to face meeting

Standards Specialist summarised plans for the face-to-face meeting in Mendrisio, noting that proceedings will kick off on the 17th October with an optional tour of the Argor facilities. The formal Committee meeting will run from 1pm-6pm on 17th and then 8am to 3pm on the 18th. Co-chair Ainsley asked if any arrangements could be made for transportation to and from Milan airport to Mendrisio. Standards Specialist advised that we are currently looking into this and will circulate information on transport options shortly. In the meantime, participating committee members are asked to share their flight details with RJC so we can better coordinate on this.

Another member asked if there would be any discussion of the COP at the face-to-face meeting. Standards Director stated that we will be able to provide a status update, but no specific actions or decisions will need to be taken at that time.

5. Any other business

Standards Director noted a suggestion from some committee members to deliver a webinar on due diligence for those members less familiar with the OECD guidance. Several committee members considered that the OECD has a lot of good educational material on due diligence and that it would be more efficient to point to these resources than to deliver an additional webinar.