

**Standards Committee Meeting**  
**25 September 2019**  
**Summary notes**

**Standards Committee participants:** Purvi Shah (Industry Co-Chair), Ainsley Butler (Non-industry Co-chair), Natalia Zhulina, Kesha Frank, Nick De Vlamink (alternate for Karla Basselier), Yves Bertran, Jennifer Hillard, Jean-Baptiste Andrieu, Jean-Claude Michelou, Marianna Smirnova, Sara Yood, Joelle Ponelle, Cecilia Gardner, Didier Backaert, Anouchka Didier, Phaedon Stamatopoulos, Fabiana Di Lorenzo

**Apologies:** Ian Rowe

**RJC Management Team:** Andrew Cooper (Manager, Standards), Nawal Ait-Hocine (RJC consultant)

**Materials circulated in advance of call:** Presentation slides, minutes from previous meeting

### **1. Introduction**

The Standards Manager carried out a roll call, a reminder of the RJC anti-trust policy and welcomed participants to the meeting. Nawal Ait-Hocine introduced herself and updated the committee on her current role at the RJC which is working as a consultant providing strategic advice and guidance to the RJC. The Standards Manager then introduced the agenda for the meeting. Meeting minutes from the previous meeting were approved by Yves Bertran and Jean-Claude Michelou.

### **2. Standards Committee resignations**

The Standards Manager noted that there had been three resignations from the Standards Committee since the last meeting. Irina Dolgopolova from Alrosa has moved on to another role but is replaced by Natalia Zhulina. Natalia briefly introduced herself and explained her role at Alrosa, which is managing a range of projects related to sustainable development and responsible business practice. Claire Piroddi has also resigned from the committee as she will be leaving Pomelatto to take up another role. Finally, Damian Gagnon has also left the committee after taking up another role outside of Lazare Kaplan International. Replacements for Claire and Damian have not yet been finalised, however the committee were advised this does not impact quorum for future committee meetings and that presently there are exactly 11 industry committee representatives and 11 non-industry representatives. The RJC will be working to fill the latest resignations, as well as the current non-industry vacancies, in due course.

### **3. Due diligence pilot project**

The Standards Manager reminded the committee of the objectives and deliverables for this project. It was explained that since the application of the OECD model for due diligence was less established in the diamond and coloured gemstone industry compared to precious metals, for example, it was agreed by the previous Standards Committee that further tools should be developed to assist these RJC members with the implementation of the updated due diligence requirements in the 2019 COP. It was noted that the project will also involve developing tools for auditors to help them assess the compliance of members against the due diligence requirements.

The plan and timeline for this project was discussed and the Standards Manager requested that committee members provide any comments or feedback they may have on the plan by 2<sup>nd</sup> October. The non-industry Standards Committee Co-Chair asked for clarification on what specific feedback the committee should be looking to provide and also noted that the deadline for feedback from the committee was quite short. The Standards Manager explained that the management team were looking for feedback on both the content of the plan and also the timescales for meeting the various

project milestones. It was also noted that if the committee feel they need further time to review the plan, then some flexibility would be possible.

Immediate next steps will be to identify and select volunteer companies to participate in the pilot and the RJC are also planning to engage with the Antwerp World Diamond Centre (AWDC) to specifically identify volunteer candidates from the diamond supply chain, with the aim of securing a balanced cross-section of companies. The Standards Manager noted that there had already been expressions of interest from several companies from the diamond and coloured gemstone industry and once a final list had been compiled this will be shared with the Standards Committee.

A committee member asked how the pilot would be managed in practice, and it was clarified that the day to day management of the pilot project and drafting of tools would be coordinated and led by the RJC team, but that ultimate oversight and decision making around the pilot would remain with the Standards Committee.

Another committee member asked if the coloured stone actors that had expressed an interest in participating in the pilot were already RJC members. The Standards Manager clarified that the current planning was to allow (if needed) non-RJC members from the coloured gemstone industry to participate in the pilot given that these companies have only recently been eligible to join the RJC (unless already members dealing in other in-scope materials). There was a discussion around ensuring that the influence of any non-members participating in the project is properly balanced and managed, given that these companies are not currently required to comply with the requirements of the COP. It was agreed that this would be taken into account during the process of selecting companies. Another committee member suggested that as long as the project is implemented so that the input of these 'non-member' stakeholders is reviewed and considered in a structured way with oversight and decision making from the Standards Committee, then such risks should be adequately managed.

A discussion followed about whether it would be possible for an industry member of the Standards Committee to also represent their member company as a participant in the pilot project and whether this could potentially be seen as a conflict of interest. The general feeling from the committee was that it would not be inappropriate for committee members to also participate in the pilot, but that this could be discussed further before finalising the volunteer selection process. Another member noted the importance of, particularly for the coloured gemstone supply chain, providing tools to make it easier for members to source from ASM.

#### **4. Chain of Custody (CoC) standard – technical update**

The Standards Manager explained that this project was not a formal review of the standard, but a technical update to expand the scope of the standard to include silver (since this was added to the material scope of the RJC earlier this year), to align the due diligence and Know Your Counterparty (KYC) requirements and guidance of the CoC with the latest version of the COP, and to make other minor technical improvements to the CoC guidance document.

The Standards Manger confirmed that this update was now fairly advanced and that a draft of the updated standard and guidance would be sent to the committee w/c 1st October for comments and feedback prior to it being published. Committee members were asked to submit any comments or questions they may have on these drafts by 11<sup>th</sup> October. Another member asked if a timeline had been set to remove the due diligence and KYC provisions from the CoC altogether, now that they were a mandatory part of the COP. The Standards Manager noted that given that it will take some years for all members to transition to the 2019 COP, the requirements would remain in the CoC but

a note will be added to the CoC documents to explain that if a member is already certified against the 2019 COP then they are automatically compliant with the due diligence and KYC requirements of the CoC.

Another committee member commented that currently, the due diligence requirements apply to all in scope materials, regardless of the quantity of the material. A concern was raised that when members involved in the manufacturing of jewellery products and components were using very low volumes of silver or PGM in alloys, then these requirements place a significant burden on those companies to undertake due diligence on very small quantities of metal. It was suggested that this should be reviewed with the possibility of introducing a threshold for very low amounts of material where due diligence would not be required. It was agreed that the topic would need to be considered further by the committee in order to understand the specific burden and challenges that the due diligence requirements place on such companies and what measures can be taken to support these members.

#### **5. EU Conflict Minerals Regulation**

The Standards Manager provided background on the scope of the regulation and explained that the RJC intend to apply to the European Commission to become one of the 'recognised schemes'. Becoming a recognised scheme essentially provides assurance to members of those schemes, that they will already be able to demonstrate compliance with the regulation. Committee members were advised that the RJC is already in discussions with the European Commission on the application process and that a plan and timeline was being developed. Further updates on this would be provided during the next Standards Committee meeting.

#### **6. AOB**

A committee member noted that it had come to her attention that the American Gem Society (AGS) had shared a communication with its members that had apparently been approved by the RJC. She noted that she had some concerns with the communication and asked for clarification as to whether this had indeed been endorsed by the RJC. The Standards Manager stated that he was not aware of such a communication but would follow up and respond as soon as possible. The committee Co-Chairs also noted that they were not aware of such a communication being sent by the RJC.

The Standards Manager concluded the meeting and reminded the committee that the next teleconference meeting would take place on 21<sup>st</sup> November.