

Summary Notes

RJC Standards Committee Meeting

21 June 2017

Participants: Ainsley Butler, Cecilia Gardner, Charles Chaussepied, Claire Piroddi, Claus Teilmann Petersen, Didier Backaert, Hany Besada, Inga Van Nuffle, Michaël Geelhand de Merxem, Michèle Brulhart Banyiyezako, Peter Nestor, Purvi Shah, Stephane Fischler, Chintan Mehta (on behalf of Tehmasp Printer), Tim Carter, Jennifer Hillard

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

Apologies: Estelle Levin, Marco Quadri

Materials circulated prior to meeting: Notes from committee meeting 24 May 2017, and meeting slides for 21 June 2017

1. Opening remarks

Co-chair Ainsley welcomed the committee and reminded them of RJC's anti-trust policy and the purpose of the June meeting – to discuss the list of topics/issues to be reviewed as part of the Code of Practices (COP) revision. The committee welcomed Marijke Achten who is Legal & Compliance Manager at HRD Antwerp and standing in for Katrien De Corte, and Andrew Cooper who has joined the RJC Management Team as Standards Specialist. The notes from the last meeting were approved by Cecilia and seconded by Purvi.

It was noted that all the actions from the previous meeting were pending, except for the submission of questions by the committee to the ExCo and Board on RJC's strategy. These questions were put to the RJC ExCo and Board on 20 June, and the outcomes of the discussions will be circulated to the committee via a briefing note.

Action: Co-chairs to prepare a briefing on the response of the Board and ExCo for the Standards Committee

2. Standards review

The overall standards review schedule was presented, noting changes to the Chain of Custody (CoC) standard review timeline to accommodate the additional public consultation which was agreed at the last committee meeting. The CoC review will now end in Q4 2017.

An overview of the planning phase for the COP review was provided, including details of the initial consultations held in India, the USA and Europe. The first milestone for the COP is the release of the Public Summary which provides information to all stakeholders on the review process including background on the COP, details on the process and timeline, a stakeholder map and – the main section – an outline of the issues identified for review.

One member asked whether this initial consultation on issues to include in the review could be skipped. The need to follow the full consultation process, including the initial issues consultation, was agreed as the better approach and noted as aligning with ISEAL best practice.

The committee agreed with the proposed approach for the Public Summary.

The key issues identified for inclusion in the Public Summary were then presented in detail. The committee agreed that the issues should be listed in the document in order of potential scale of change.

There was also agreement to provide more detail on coloured stones. This is currently included as a single general topic and needs more information on specific issues to be reviewed (eg, new provisions on disclosure for coloured stones).

The 'priority issues' / those which require more substantial review were outlined as including due diligence and Know Your Customer (KYC), detection of undisclosed synthetics, coloured gemstones and some mining provisions.

The definition of conflict was discussed by the committee in relation to the due diligence provision, with Standards Director clarifying RJC's position of framing due diligence as a business practice for assessing a broad scope of risks in the supply chain, including conflict as currently defined by RJC. She reiterated that the new due diligence requirements will be more like a reorganisation of the existing requirements for human rights due diligence (COP provision 7) than a whole new provision.

The omission of the reference to the OECD under the due diligence section was then discussed. This was described by Standards Director as an intentional change because of feedback from the CoC consultation process where stakeholders raised concerns about the reference to OECD for the diamond supply chain. It was noted that the due diligence approach will still substantively align with guidance of the OECD.

One committee member noted the need to include CFSI and LBMA on the list of harmonised standards. There was also a suggestion to review the UN Global Compact for continued high level alignment.

The committee discussed the inclusion of a scope expansion to silver in the COP review. There was a question on the impact to existing membership (eg change in fees and audit scope) and the need to identify stakeholders outside of the current membership as part of the process for bringing silver into scope.

RJC's capacity to deliver the inclusion of silver as part of the 2018 COP review was questioned. However, it was noted that the COP requirements for silver are likely to be similar to those that apply to gold and platinum group metals.

The committee recommended removing silver from the COP review and carrying out the related membership and standards assessment in a parallel process (as was done for the coloured stones technical feasibility study).

On the issue of synthetic diamonds detection and disclosure, RJC was encouraged to link up with work done by other industry initiatives such as the Diamond Producers Association (DPA) to ensure there is one set of rules for the industry. There was a question on the minimum requirements for detection of synthetic diamonds and whether RJC would require the use of testing machines by its members. Standards Director responded that it is too soon to answer this question and that a review of existing work will inform the proposed changes on minimum requirements.

The committee recommended removing the inclusion of a review of 'Project Assure' (on an independent diamond screening device performance test protocol) as it is still in the design phase and too early to review. The progress of this project will be tracked for potential inclusion in the COP in future.

Action: Remove the issue relating to “Grading and Appraisal” from the list of issues in the Public Summary.

One member noted that the most significant change to the new ISO14001 relates to the definition of risk and that this is a high-level issue that will have to be considered in the review.

Some issues such as gender equality were noted as potentially resulting in changes to the guidance rather than the standard itself.

Overall there was a high level of comfort and agreement on the issues identified for consultation.

Action: Committee members to flag additional issues which should be included in the Public Summary.

3. Board ExCo Feedback

Co-chair Ainsley provided feedback from the recent Board and ExCo meeting to the committee, highlighting the concerns raised by board members about the use and timing of the bolt on approach for moving the requirements on due diligence from the Chain of Custody Standard to the Code of Practices. Alignment with the Kimberley Process and OECD were also of concern. The RJC management team noted these concerns and will work on these.

The committee were also informed of the completion of the 12-month review and re-structuring of the RJC to be more agile and responsive to the needs of the members. Further information on the outcomes of this will be forthcoming.

4. Any other business and next meetings

Next meeting date in July/August is still to be confirmed as well as the date for the additional face-to-face meeting proposed for October. Committee members were informed of the generous offer from Argor-Heraeus to host this meeting in Mendrisio, Switzerland. The purpose of this meeting is to finalise the CoC and advance the revision of the COP and it will likely be over 2 days with a site visit.

There was a question on whether silver would be covered at the Mendrisio meeting. Standards Director replied that this would be considered, but that it may be too early in the process to include this.

Action: RJC to circulate a Doodle poll to set dates for July/Aug teleconferences and Oct face-to-face meetings.