



## Terms of Reference

Version 3-0

# Standard Development Committee for the Certification Standard for Sustainably Produced Diamonds

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## I. Introduction

SCS Standards is a non-profit entity established by SCS Global Services to develop standards for underserved industry sectors and claims categories that offer important advances in one or more aspects of sustainability. These standards are created in accordance with our Standard Development Procedure developed in alignment with the requirements of ISEAL's Code of Good Practice for Setting Social and Environmental Standards.

## II. Scope and Intended Geographic Application

The purpose of the *Certification Standard for Sustainably Produced Diamonds* (the "Standard") is to establish a uniform and credible basis for assessing and certifying the sustainable production of gemstone-quality diamonds, and ensuring a robust chain of custody for any diamonds to be marketed as Sustainably Grown.

The Standard's Production module applies specifically to Production Operations involved in the production of gemstone-quality diamonds. It may be applied in any geographic area worldwide. The Chain of Custody module establishes a uniform and credible basis for assessing and certifying the conformance of downstream participants in the product value chain (e.g., cutters, polishers, retailers) from production to consumer with traceability and monitoring requirements, as well as with basic environmental, social and governance performance levels.

### III. Justification

SCS Standards conducted a review of environmental, social and governance issues and market claims in the gemstone diamond sector and the associated supply chain and downstream value chain, in light of growing consumer interest in supporting sustainable practices, avoiding conflict diamonds, and addressing climate change.

During this review, SCS Standards considered the following standards and related documents:

- IRMA Standard for Responsible Mining (IRMA-STD-001) June 2018
- Responsible Jewellery Council, Code of Practices (April 2019)
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition (2016)
- Proprietary standards developed by individual companies in the diamond sector
- Aluminium Stewardship Initiative Performance Standard V2 (December 2017)
- Responsible Steel Standard (Draft 4-1, January 8, 2019)
- PEFC International Standard (PEFC ST 2002:2013; Second Edition 2015-12-07)
- ISO – Ethical claims and supporting Information – Principles and requirements [Technical Specification ISO/TS 17033, 2019-08]

Based on this review, SCS Standards identified the need for a unified set of standards to serve as the basis of comprehensive sustainable production, sourcing and chain of custody claims. It was determined that this set of standards should address a combination of environmental, social, and governance criteria, include the use of life-cycle assessment (LCA) to evaluate the biophysical impacts of Production Operations, incorporate the establishment of climate assessment and neutrality provisions, and include empirical methods to confirm the origin and authenticity of diamonds throughout the supply chain.

### IV. Goals and Objectives

The goal of this Standard is to establish a uniform and credible basis for assessing and certifying the sustainable production of gemstone-quality diamonds, and to provide robust chain of custody procedures to ensure that such diamonds are properly tracked and marketed throughout the downstream product value chain.

Specific objectives include:

- ☐ Providing uniform set of requirements applicable across the mined and lab-grown diamond industry sectors.
- ☐ Providing diamond producers and supply chain partners with a detailed understanding of the requirements needed to achieve sustainably produced status for specific Production Operations.
- ☐ Protecting and supporting workers and communities in the diamond production industry.

- ☐ Protecting the environment impacted by diamond production operations.
- ☐ Providing clear guidance for market claims throughout the downstream value chain, including traceability practices and a code of sustainable practice for downstream value chain participants.

## V. Level of Achievement and Associated Market Claims

This Standard provides requirements for recognizing the following level of achievement for diamonds certified under the Production module: “Sustainably Produced.”

This Standard is intended to support business-to-business claims by Producers, as well as business-to-consumer claims when downstream value chain participants conform with the Chain of Custody module.

## VI. Outcomes

Outcome	Economic	Social	Environmental
Mined diamond and lab-grown diamond producers will be able to determine the level of conformance of their Production Operations relative to “sustainably produced” requirements.	√	√	√
Workers at Production Operations will benefit from assurance that business integrity and social requirements are met.	√	√	
Communities will benefit from conformance with social and environmental criteria.		√	√
Direct business partners will be able to confirm that diamonds are sourced from mines or lab-grown facilities certified to the Standard.	√	√	√
Diamonds certified under the Production module of this Standard will qualify for business-to-consumer market claims – provided that downstream value chain participants conform to the Chain of Custody module – in order to assure consumers of the veracity of Sustainably Produced claims for the diamonds they purchase.	√	√	√
Downstream value chain participants conforming to the Chain of Custody module of the Standard will be able to advertise their status as certified participants, and in addition, will be able to market diamonds from Producers certified under the Production module to consumers.			

Mined diamond and lab-grown diamond Producers will be able to demonstrate progress toward achieving climate neutrality.			√
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## VII. Standard Development Committee

The role of the Standard Development Committee (SDC) is to support the development of this Standard. SDC members are appointed by SCS Standards.

### A. Composition

The SDC includes representatives of four key interest areas in the diamond sector, namely:

- Producers (e.g., diamond mine operators, diamond laboratory operators)
- Users (e.g., diamond and jewelry downstream value chain participants, such as retailers, cutters and polishers, jewelry manufacturers, dealers)
- Civil society (e.g., NGOs active in the jewelry and mining sectors, Corporate Social Responsibility and related areas; labor organizations)
- Other stakeholders (e.g., certification bodies, academics, individual experts, government agency representatives, testing/tracing companies)

The SDC includes a minimum of ten members, and a maximum of 30 members, with at least two representatives from each key interest area. SCS Standards will review all applications for membership on the SDC submitted by a set date, taking into consideration such factors as industry expertise, representation, experience in standards development, and consensus orientation. Only one member of a given organization may serve as a voting member of the SDC.

The SDC may also include non-voting “ex-officio” members including, for example, members of SCS Standards or persons with recognized specific expertise as approved by the SDC and SCS Standards.

### B. Observers and Alternates

Individuals representing a stakeholder group, consultants or other experts may be granted observer status with the approval of SCS Standards and the Convener.

Observers may be invited by the SDC to present items or contribute to discussions. If confidential information or other sensitive matters are being discussed, observers will be asked to leave the meeting. Observers must agree to maintain confidentiality unless they have explicit permission to share information outside the meeting. SCS Standards reserves the right to remove observers from meetings or have their observer status revoked if their participation causes interruptions to the SDC workflow.

An SDC member may identify another individual from his/her organization to serve as his/her alternate. An alternate may participate in meetings as an observer, and when the SDC member is not present, is empowered to vote on behalf of the SDC member.

### **C. Obligations**

All members and, as applicable, ex-officio participants and observers:

- Adhere to the terms of this document, and the SCS Standards Development Procedure;
- Represent the organization to which he or she belongs (however, only one representative from a given organization may serve as a voting member);
- Prepare for and attend SDC meetings and discussions and actively contribute to SDC tasks;
- Have the ability to listen to other points of view and go beyond individual and organizational perspectives in order to reach broad consensus;
- Have the ability to communicate in English and through electronic media;
- Disclose participation in other activities that could cause a potential conflict of interest prior to taking part in decision making. SDC members with a conflict of interest related to a specific decision or vote shall recuse themselves from the vote.

SCS Standards may discontinue a member's participation if these requirements are not met.

### **D. Remuneration**

Participation in the SDC is voluntary and generally is not subject to remuneration. In exceptional cases, remuneration requests may be considered by the SCS Standards. If requested, SDC members will be reimbursed for reasonable expenses related to their participation in the SDC, if any.

### **E. Convener and Committee Secretary**

SCS Standards appoints an individual with relevant expertise to serve as Convener of the SDC. The Convener:

- approves meeting agendas;
- presides over committee meetings;
- assures that business is conducted in an orderly fashion;
- makes procedural decisions in coordination with SCS Standards (e.g., preparations for meetings, participation of observers);
- decides whether comments received during the public consultation stage are meritorious and require a response or further deliberation of the committee.

In addition, SCS Standards assigns a representative to act as Committee Secretary to support the work of the SDC, documenting meeting minutes and decisions, and revising standards in accordance with committee decisions.

## **F. Subcommittees**

The SDC may form subcommittees to address distinct issues of importance to the Committee's work, such as an editing subcommittee, a subcommittee to address a technical issue, etc. Typically, subcommittee members are members of the SDC, but the SDC may also invite observers to participate in subcommittee discussions.

## **G. Comments**

All SDC members in the process may submit comments during official comment periods. Comments are general, specific, or editorial. (While general comments will be reviewed, only specific or editorial comments will require a response from the SDC.)

During consideration of the first Working Draft (WD1) and subsequent drafts, comments are submitted by individual members of the SDC.

The SDC resolves all comments by accepting, accepting with modifications, or not accepting.

## **H. Decision Making**

Decision making is determined by votes of the SDC members during SDC meetings.

The SDC makes decisions by consensus. Consensus is achieved when the majority of the Standard Development Committee cast a vote (including abstentions) and at least two-thirds of the voting members vote to approve (not counting abstentions). Dissenting views or reports may be lodged and should be noted.

## **VIII. Field Testing**

Field testing of the Committee Draft standard (CD1) by diamond Production Operations (i.e., pilot studies) will be permitted during the standards development period in order to help inform the process with real-world experience.

## **IX. Standard Development Steps and Timeline**

The standard development process for this Standard is intended to be completed within six months of initiation. The steps are as follows:

- SDC is formed and members are assigned to one of four SDC key interest areas.
- SCS Standards releases an initial Working Draft of the standard for review by the SDC ("SCS S- 007 WD1").
- Pilot studies may be concurrently initiated by Producers.

- SDC members submit comments pertaining to SCS 007 WD1 to SCS Standards.
- The SDC reviews member comments and marks up the Working Draft to develop the first Committee Draft (“SCS 007 CD1”), or a second working draft, if needed.
- SCS Standards publishes and distributes CD1 for review and comments by SDC members (i.e., voting members), as well as ex-officio members, observers and other stakeholders over a period of at least 60 days.
- SCS Standards compiles all comments and distributes to the SDC for review.
- The SDC members review comments, as well as the findings of any pilot studies that may have been conducted, and submit their positions on each comment (i.e., accepted, accepted with modification, not accepted) to SCS Standards.
- Based on this input from the members, SCS Standards will determine if consensus has been achieved, or lacking consensus, if two thirds of the members have agreed to move the standard forward, conformant with the decision making requirements in Section H (above). This process, in turn, will determine the changes needed to prepare the second Committee Draft (“SCS 007 CD2”), and in addition, whether CD2 requires another round of SDC and stakeholder review, or whether it is ready to be considered a Draft Standard suitable for broader public consultation. (As such, the SDC is the “approving party” for release of the draft standard for public review.)
- SCS Standards publishes the approved CD version as a Draft Standard (SCS 007 DS1) on the SCS Standards website for public review for a period of at least 60 days.
- SCS Standards compiles and distributes all comments for review by the SDC members.
- The SDC members review all comments, as well as the findings of any pilot studies that may have been conducted, to determine whether further substantive changes are warranted, then vote to determine whether to finalize the standard, or to create SCS 007 DS2 standard for additional public review.
- Based on this input from the members, the SDC will determine if consensus has been achieved, or lacking consensus, if two thirds of the SDC members have agreed to finalize the standard, conformant with the decision making requirements in Section H (above).
- Upon an affirmative vote to finalize the standard, SCS Standards approves the final version of the standard (FS) and publishes it on its website.

## **X. Working Principles**

### **A. Language**

The working language of the SDC is English for both oral and written communication.

### **B. Confidentiality**

SDC members agree to keep confidential and not to share with third parties any information they receive or are privy to in their role as SDC members unless the information is explicitly or in writing declared to be non-confidential.

## **C. Meetings**

At its initial meeting, the SDC decides on the meeting schedule and work plan to accomplish its main tasks. The SDC also determine tasks required by SDC members prior to meetings. Meetings take place by teleconference, unless the committee deems an in-person meeting necessary.

Between meetings, e-mail consultation may take place for matters that require attention or cannot wait for approval until the next meeting. E-mail consultations are transparent, with all relevant SDC members included.

Draft minutes of all SDC meetings are taken by the Committee Secretary, and at minimum include participants, agenda, key issues and any action points or decisions taken. Draft meeting minutes are circulated within two weeks.

Meeting agendas and supporting materials are prepared and distributed to the SDC by the Convener in consultation with SCS Standards. SDC members may suggest agenda items to SCS Standards in writing.

## **XI. Additional SCS Standards Responsibilities**

In addition to those tasks identified above, SCS Standards supports the SDC by:

- Ensuring that decisions are viable for implementation (auditing) and in line with standard setting protocols;
- Helping to set SDC meeting agendas and facilitate meetings;
- Communicating SDC meeting decisions and outcomes as needed;
- Developing work plans and timetables; and
- Compiling input from public and stakeholder consultations and developing summaries for SDC decision-making.

## **XII. Assessment of Risks in Implementing the Standard and Mitigation Measures**

Broadly scoped environmental and social responsibility standards in any industry seek to identify and address the full spectrum of significant issues that can arise to compromise worker health and well-being, safety and earnings, health of the environment, or interests of the community. However, there is always that risk that evidence of such compromises will elude the third-party certification process. SCS Standards seeks to mitigate against such risk through the development of certification requirements that can be well documented through iterative processes, including a reputable paper trail, on-site inspection, interviews, and the use of empirical tools to support accountability, authenticity and traceability.