

**VOLUNTARY CODE OF CONDUCT FOR
AUTHENTICATING CANADIAN DIAMOND CLAIMS**

CODE COMMITTEE

PRACTICE AND OPERATING PROCEDURES

Revised September, 2005

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Appendix I

Directory of CDCC Members- February 2006

1. Canadian Diamond Code Committee (CDCC)

1.1 CDCC Structure

The CDCC will consist of a Chair, Treasurer, Secretary and Code office administrator forming an Executive along with representatives from the following sectors:

- Canadian diamond mines
- rough diamond traders
- cutters and polishers
- polished diamond traders
- jewellery manufacturers
- retailers
- industry associations/consultants
- consumers
- other related sectors as required

1.2 Responsibilities of the CDCC

The CDCC is responsible for the following:

- 1.2.1 Administering the Code office and authentication process.
- 1.2.2 Creating stakeholder awareness regarding their responsibilities under the Code.
- 1.2.3 Provide an annual report to the Competition Bureau and its stakeholders.
- 1.2.4 Recommend changes to the Code.
- 1.2.5 Promotion of the Code

1.3 Roles and Responsibilities of CDCC individual members

1.3.1 Chair will:

- 1.3.1.1 Chair all meetings of the Board.
- 1.3.1.2 Be the "voice" of the organization.
- 1.3.1.3 With the advice of the Treasurer, be responsible for the financial management of the Code office.
- 1.3.1.4 With the advice of the Executive be responsible for the day to day administrative running of the Code and the Code office.
- 1.3.1.5 Be the media spokesperson of the Code.

1.3.2 Treasurer will:

- 1.3.2.1 Monitor Code expenditures in line with the approved budget.
- 1.3.2.2 Maintain along with the Code office administrator the books, records and accounts of the CDCC.
- 1.3.2.3 Work with the Chair on budget proposals.

1.3.3 Secretary will:

- 1.3.3.1 Maintain along with the Code office administrator the minutes of all meetings.

1.3.4 Code Office Administrator will:

- 1.3.4.1 Maintain the books, records and accounts of the CDCC and prepare monthly financial statements.
- 1.3.4.2 Sort and distribute mail, email, etc. and update website as necessary.
- 1.3.4.3 Maintain Signatory Registry.
- 1.3.4.4 Ensure records of the CDCC are kept in an orderly fashion.
- 1.3.4.5 Carry out authentication requests with supporting documentation.
- 1.3.4.6 Provide general administration for CDCC.
- 1.3.4.7 Provide consumers and trade with additional information.

1.3.5 Individual CDCC Members

- 1.3.5.1 Any member is eligible for a position on the Executive.
- 1.3.5.2 All members are volunteers to the CDCC.
- 1.3.5.3 All members are required to participate in a minimum of 50% of CDCC meetings/conference calls.
- 1.3.5.4 All members are required to respect the confidentiality agreement signed upon joining the CDCC.
- 1.3.5.5 All members are required to declare any conflict of interest that may arise at any time.
- 1.3.5.6 All members are expected to familiarize themselves with the Code and any issues surrounding the Code.
- 1.3.5.7 Any public or media representation of the Code or CDCC by an individual member shall be with prior approval of the Chair.
- 1.3.5.8 Failure to follow and carry out the roles and responsibilities of a CDCC member shall result in the withdrawal of membership in the CDCC.

1.3.6 Code Office Administration

The administration of the Code office will be overseen by Jewellers Vigilance Canada (JVC).

1.4 Meetings

- 1.4.1 The CDCC will meet on a quarterly basis with at least one face to face meeting per calendar year. The other meetings may be by conference call.
- 1.4.2 Additional meetings may be called on the recommendation of the Executive.

1.4.3 The CDCC will conduct an annual meeting to review the past year, make necessary amendments to the Code and make a formal report to the Commissioner of the Competition Bureau.

1.4.4 The Chair may appoint a member in good standing to act as Chair.

2. Financial Reporting

2.1 Monthly Financial Reports

Monthly financial reports will be prepared by the Code office under the guidance of the treasurer and distributed to the CDCC.

2.2 Annual Audit and Report

2.2.1 The Code annual audit will be included in Jewellers Vigilance Canada's (JVC) financial audit year ending December 31st.

2.2.2 A separate financial report will be submitted by the auditors and forwarded to the CDCC.

2.2.3 Auditors will be appointed at the Annual meeting.

2.3 Signing Authorities

2.3.1 Along with the Chair, Secretary and Treasurer, the CDCC appoints other signing authorities from the CDCC and the administration office.

2.3.2 Two of these authorities must sign all cheques.

2.3.3 Any purchase over \$1000.00 must be approved by the entire CDCC.

3. Report to the Competition Bureau

3.1 The report to the Competition Bureau will be prepared in conjunction with the annual CDCC meeting.

3.2 The report should include:

- summary of activities including inquiries, industry awareness and administration of database, website and voice mail system;
- number of Code Signatories;
- number of authentications and results;
- distribution of Code and consumer brochures;
- types of general inquiries from consumers;
- types of general inquiries from stakeholders including any meetings where stakeholders are invited;
- number of consumer complaints;
- number of trade complaints;
- ongoing issues;
- recommendations of changes to the Code.

4. Code Signatory Registry

- 4.1 Code Signatories agreed to be bound by the minimum requirements outlined in the Code.
- 4.2 The Registry of Code Signatories will be maintained in the Code office.
- 4.3 All Code Signatories will be listed on the Code web site.
- 4.4 The CDCC will review individual requests from Signatories who do not wish to be listed on the Code web site.

5. Trade Complaint Procedure

5.1 Acceptance of Complaints by the CDCC

- 5.1.1 All complaints to the CDCC must be received in writing, either by letter or email.
- 5.1.2 The identity of the Complainant is kept confidential.
- 5.1.3 The complaint (in writing) must contain the following information:
 - The nature of the complaint;
 - Supporting documentation/evidence of non-compliance with the Code;
 - Full name and address of the Signatory in question;
 - Full name, address, telephone number and email address of the Complainant, including the contact name.
- 5.1.4 The CDCC will review the received written complaint and assess whether it appears to violate the Code.
- 5.1.5 If the complaint appears to violate the Code, the CDCC will open a file. (See 5.2).
- 5.1.6 If the complaint appears not to violate the Code, the CDCC, in writing, will inform the Complainant of their assessment of the complaint.
- 5.1.7 If the Complainant wishes to provide further substantiating evidence of the complaint, the CDCC will re-assess the complaint upon receipt of such new information in writing.
- 5.1.8 If upon receipt of new information the CDCC assesses the complaint as valid it will proceed as per 5.1.5.
- 5.1.9 If upon receipt of new information the CDCC assesses the complaint as not sufficiently substantiated, the Complainant will be informed in writing of the reasons for the CDCC's decision.

5.2 Procedure for Accepted Complaints

- 5.2.1 Once a file has been opened, the CDCC will inform the Signatory in question in writing that a complaint has been made to the CDCC. The letter will include the nature of the complaint.
- 5.2.2 In the letter the CDCC will request an explanation or evidence to the contrary showing compliance with the Code. The letter will be sent Priority Courier/Registered mail. The Signatory will be given three weeks (15 business days) to respond. This response must also be written. The signatory will be

warned in the letter that if a written response is not received within 15 business days, he or she will be removed from the Code Registry and a formal complaint may be filed with the Competition Bureau.

- 5.2.3 All subsequent pertinent information, including phone calls and emails, will be documented and put in the file.
- 5.2.4 If a written response has not been received within 15 business days the CDCC will remove the Signatory in question from the Code Registry and from the Code web site and may file a formal complaint with the Competition Bureau. The CDCC will send a letter to the Code Signatory requesting that they remove all Code point of sale material from their premises and marketing and return it to the CDCC.
- 5.2.5 Upon receipt of a response from the Signatory in question, the CDCC will assess the information provided and either, inform the Signatory in writing the file has been closed or, that their submission is insufficient to show compliance with the Code and seek further corrective measure(s). All letters will be sent Priority Courier.
- 5.2.6 If the initial Signatory's submission was insufficient and the Signatory has provided further evidence of compliance, the CDCC will evaluate the additional information provided it is received within 15 business days of the date on the letter from the CDCC.
- 5.2.7 Upon written receipt of additional evidence, the CDCC will assess the compliance to the Code and either inform the Signatory, in writing, the file has been closed or that the evidence is insufficient therefore they have been suspended from the Code Registry and a formal complaint may be laid by the CDCC with the Competition Bureau.
- 5.2.8 If other Signatories or consumers inquire regarding the status of the Signatory in question during the investigation, the Code office will inform them that this Signatory is under investigation.
- 5.2.9 Following the investigation, if other Signatories or consumers inquire regarding the status of the Signatory, the Code office will inform them of the Signatory's status.
- 5.2.10 The Complainant will be informed in writing of the outcome of their complaint.

5.3 Corrective Action

If the Signatory in question is found in non-compliance, and therefore suspended from the Code Registry, they may reapply to the CDCC in writing within 15 business days showing their non-compliance was not deliberate and demonstrating the corrective action they have taken to rectify the situation and prevent it's re-occurrence.

6. Consumer Complaint Procedure

6.1 Acceptance of complaints by the CDCC

- 6.1.1 All complaints to the CDCC must be received in writing, either by letter or email.
- 6.1.2 The complaint (in writing) must contain the following information:

- the nature of the complaint;
 - supporting documentation/evidence of non-compliance with the Code;
 - full name and address of the Signatory in question;
 - full name, address, telephone number and email address of the consumer.
- 6.1.3 The CDCC will review the received written complaint and assess whether it appears to violate the Code.
- 6.1.4 If the complaint appears to violate the Code, the CDCC will open a file. (See 6.2).
- 6.1.5 If the complaint appears not to violate the Code, the CDCC, in writing, will inform the consumer of their assessment of the complaint.
- 6.1.6 If the consumer wishes to provide further substantiating evidence of the complaint, the CDCC will re-assess the complaint upon receipt of such new information in writing.
- 6.1.7 If upon receipt of new information the CDCC assesses the complaint as valid it will proceed as per 6.1.4.
- 6.1.8 If upon receipt of new information the CDCC assesses the complaint as not sufficiently substantiated, the consumer will be informed in writing of the reasons for the CDCC's decision.

6.2 Procedure for Accepted Complaints

- 6.2.1 Once a file has been opened, the CDCC will notify the Signatory in question in writing that a complaint has been made to the CDCC. The letter will include a copy of the consumer's complaint.
- 6.2.2 The CDCC will also acknowledge the consumer complaint in writing and copy the consumer on all correspondence to the Signatory.
- 6.2.3 In the letter the CDCC will request an explanation or evidence to the contrary showing compliance with the Code. The letter will be sent Priority Courier/Registered mail. The Signatory will be given three weeks (15 business days) to respond. This response must also be written. The signatory will be warned in the letter that if a written response is not received within 15 business days, he or she will be removed from the Code Registry and a formal complaint may be filed with the Competition Bureau.
- 6.2.4 All subsequent pertinent information, including phone calls and emails, will be documented and put in the file.
- 6.2.5 If a written response has not been received within 15 business days the CDCC will remove the Signatory in question from the Code Registry and from the Code web site and may file a formal complaint with the Competition Bureau.
- 6.2.6 Upon receipt of a response from the Signatory in question, the CDCC will assess the information provided and either, inform the Signatory in writing the file has been closed or, that their submission is insufficient to show compliance with the Code and seek further corrective measure(s). All letters will be sent Priority Courier.
- 6.2.7 If the initial Signatory's submission was insufficient and the Signatory has provided further evidence of compliance, the CDCC will evaluate the additional

information provided it is received within 15 business days of the date on the letter from the CDCC.

- 6.2.8 Upon written receipt of additional evidence, the CDCC will assess the compliance to the Code and either inform the Signatory, in writing, the file has been closed or that the evidence is insufficient therefore they have been suspended from the Code Registry and a formal complaint may be laid by the CDCC with the Competition Bureau.
- 6.2.9 If other Signatories or consumers inquire regarding the status of the Signatory in question during the investigation, the Code office will inform them that this Signatory is under investigation.
- 6.2.10 Following the investigation, if other Signatories or consumers inquire regarding the status of the Signatory, the Code office will inform them of the Signatory's status.
- 6.2.11 The consumer will be informed in writing of the outcome of their complaint.

6.3 Corrective Action

If the Signatory in question is found in non-compliance, and therefore suspended from the Code Registry, they may reapply to the CDCC in writing showing their non-compliance was not deliberate and demonstrating the corrective action they have taken to rectify the situation and prevent it's re-occurrence.

7. Canadian Diamond Authentication Process

7.1 Information Required

- 7.1.1 A person may request an authentication of a Canadian Diamond claim by calling the toll-free Canadian Diamond Authentication hotline number.
- 7.1.2 The person must provide the following:
 - the Diamond Identification Number (DIN);
 - the name and address of the retailer where the diamond/jewellery was purchased, the retailer's invoice number and the date of the invoice;
 - the polished diamond description;
 - name and contact details of the person requesting authentication, and payment of a cost-recovery fee.

7.2 Cost-recovery for Request

A cost-recovery fee for this authentication process will be payable by the person making the request.

7.3 Time Limit for Making a Request

A request for authentication can only be made within five years of purchasing the diamond.

7.4 Request Response Time

A person making the request must receive an answer to his/her request within thirty days. If not, a letter must be sent to the requesting person advising him/her of the extension.

7.5 Failure to Authenticate a Canadian Diamond Representation

If an authentication request cannot be fulfilled because the origin of the diamond(s) cannot be traced to a Canadian mine, the CDCC may refer the matter to the Competition Bureau.

7.6 General

There are a number of parties involved between the retailer of jewellery containing diamonds and the mines where the diamonds came from. The number of parties will vary depending on the nature of those parties. Some companies buy directly from mines, cut and polish the diamonds and set them into their own lines of jewellery. Others deal through a number of brokers and/or distributors.

Although it is impossible to describe in exact detail the route followed by diamonds, the following list illustrates the many possible steps involved:

- a. a mine produces the rough diamonds;
- b. the rough diamonds are sold to core customers through a marketing agent;
- c. the core customers sell to rough diamonds brokers and manufacturers;
- d. the brokers sell rough diamonds to manufacturers;
- e. the manufacturers sell polished diamonds to polished diamonds brokers;
- f. the polished diamond brokers sell to jewellery manufacturers;
- g. the jewellery manufacturers sell to international distributors of jewellery;
- h. the international distributors sell to regional distributors;
- i. the regional distributors sell to retailers;
- j. retailers sell to customers.
- k. inform consumer of outcome.

Additional steps could be involved if the diamonds are sent to be cleaned by a specialist, cut, partly polished, laser engraved, etc. In tracing the paper trail of a particular piece of jewellery, the CDCC will need to exercise common sense to ensure an unbroken trail back to the mine of origin.

7.7 Typical Steps

- 7.7.1 Each authentication request will receive a file number assigned by the Code office in which a paper trail will be kept of all steps in the authentication process.
- 7.7.2 The following describes the typical steps that would be followed to authenticate Canadian diamond claims:

Step 1. The consumer contacts the CDCC by utilizing the 1-800 number.

Step 2. The consumer is asked to provide the description of all laser markings and the four C's supplied by the retailer. This includes the carat weight, colour, clarity, and any proportion information (cutting grade), as well as the shape of the diamond. The description must delineate which diamond grading system (GIA, AGS, HRD) was used. The details of the retailer's dated and numbered invoice to the consumer must also be provided.

Step 3. The CDCC contacts the retailer to determine the source of the piece of jewellery or diamond. The CDCC contacts the source of the jewellery or diamond to confirm that indeed the piece in question was sold to the retailer and that it meets the minimum standard of the Code. The source of jewellery is asked to provide his source of the jewellery or diamond.

Step 4. The CDCC contacts the participant that has pre-registered the associated laser-marking scheme. The Code participant confirms the diamond description, and provides to the CDCC the name of the cutter/polisher that cut and polished the diamond, the production number assigned to the diamond, the invoice number of the cutter/polisher and the date of purchase. The Code participant (if not a retail merchant who has registered a trademark with CDCC) also provides the CDCC with the details of the merchant who purchased that diamond

Step 5. The CDCC contacts the cutter and polisher (manufacturer) providing either the laser markings from step number 2 and/or the production number from step number 4. The four C's acquired from the Consumer are withheld. The Manufacturer provides the CDCC with the four C's supplied to the retailer, which confirms the stone. For the purposes of this step of the process, 'cut' would refer to shape of the cut and polished diamond. The Manufacturer provides additional information as follows: who they purchased the rough from, the parcel description, the invoice number and date of purchase and the unique parcel number from which the rough diamond crystal came.

Step 6. The CDCC contacts the Marketing Agent confirming the unique parcel number for the rough diamond crystal, the invoice number and date of sale of the rough diamond crystal, the invoice number and date of sale of the rough diamond crystal and the name of the purchasing client. The Marketing Agent also provides the CDCC with the mining company's official shipment documentation information.

Step 7. The CDCC contacts the Mining Operator and confirms the official documentation information from step number 6, the date of sale and name of the purchasing client.

Step 8. The CDCC will confirm or not confirm by letter to the consumer the authentication request.

NOTE: There will be instances when the Marketing Agent and the Producer are one and the same or when the Cutter and Polisher and the laser marking registrant are one and the same. The information being acquired and confirmed will be the same although fewer contacts will be required. It is anticipated that most authentications will determine that the Code is being followed and therefore should often only require the main steps outlined above.

- 7.7.3 Any failure to acquire or confirm information during the five steps would suggest that the conditions of the Code are not being met. Such instances would therefore require that contacts be made throughout the chain of custody starting with the Retailer and ending with the Mining Company. The sequence of transaction dates is key to the authentication process.

Appendix 1

Directory of CDCC Members as of October 2007

Chair	Ms. Phyllis Richard, Jewellers Vigilance Canada
Treasurer	Mr. Pierre Leblanc, Canadian Diamond Consultants
Secretary	Mr. Howard Shanfield, Libman & Co.
Committee Members	Mr. Uri Ariel, HRA Investments Ltd. Ms. Jenny Hillard, Independent Consumer Mr. Tom Hoefer, Diavik Diamond Mines Inc. Mr. Paul Lombardi, Birks & Mayors Inc. Mr. Jon Phillips, BHP Billiton Diamonds (Belgium) N.V. Mr. Greg Rieveley, Aber Diamond Corporation Mr. Ken Mulhall, Canadian Jewellers Association
Admin. Advisor	Ms. Carla Adams, Jewellers Vigilance Canada
RCMP Advisor	Sgt. Stephen Burrill, RCMP
NRCAN Advisor	Mr. Louis Perron, Natural Resources Canada
Competition Bureau	Mr. Luc Beausejour, Competition Bureau Mr. Christian Warren, Competition Bureau Mr. Lawrence Zuker, Competition Bureau