

# Voluntary Code of Conduct for Authenticating Canadian Diamond Claims



Prepared by  
the Canadian Diamond  
Code Committee

CANADIAN DIAMOND  
CODE OF CONDUCT



CODE DE CONDUITE  
SUR  
LES  
DIAMANTS CANADIENS

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Endorsed by:

Canada 





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## PREAMBLE

Canadian diamond stakeholders are committed to ensure that diamonds represented as Canadian can be authenticated to protect themselves against deceptive practices that may erode consumer confidence and at the same time ensure compliance with the *Competition Act*.

The Voluntary Code of Conduct for Authenticating Canadian Diamond Claims (“the Code”) stems from the Competition Bureau’s Enforcement Policy on the Marketing of Canadian Diamonds in respect of when diamonds can be represented as “Canadian” without violating the false or misleading claims provisions of the *Competition Act*. This policy states that a diamond, which was mined in Canada, qualifies for the purposes of the *Competition Act* and may be cut and polished in Canada or abroad.

The Code evolved from the collaborative efforts of a broad cross section of the industry, including the diamond mining sector, cutters and polishers, retailers, the Canadian Jewellers Association and Jewellers Vigilance Canada, as well as the RCMP and other government stakeholders. This Code establishes a minimum standard required to validate a Canadian diamond claim based on a papertrail and a chain of warranties, which was found to be the most appropriate system to validate claims on the origin of Canadian diamonds.

The Code is administered by the Canadian Diamond Code Committee (“the Committee”), a non-profit volunteer industry body comprised of representatives from the mining, cutting and polishing, wholesale and retail sectors, Jewellers Vigilance Canada and Canadian Jewellers Association as well as a national consumer association. This committee is responsible for the maintenance of the Code Signatories’ Registry and the 1-800 hotline service. The Committee will respond to authentication requests from consumers by obtaining or confirming required information under the Code to track the diamond from the retailer up to the mining company.

A Code signatory found in non-compliance with this Code will be removed as a Code signatory from the Code Registry. Failure to authenticate diamonds represented as Canadian may lead to an investigation by the Competition Bureau and subsequent enforcement action pursued under the false or misleading representations provisions of the *Competition Act*.

Code signatories who are also marketing Canadian diamonds that do not meet the minimum requirements outlined in the Code but can substantiate the claims must advise their customers that these Canadian diamond claims cannot be authenticated by the Committee.

The Competition Bureau has endorsed this Code.



## 1. NAME OF CODE

This Code is the Voluntary Code of Conduct for Authenticating Canadian Diamond Claims.

## 2. OBJECTIVE OF CODE

The objective of this Code is to provide a minimum standard for authenticating a Canadian diamond claim.

## 3. APPLICATION OF THE CODE

This Code applies only to diamonds marketed as Canadian.

## 4. DEFINITIONS

In this Code:

**Canadian Diamond** means a diamond mined in Canada.

**Canadian Diamond Claim** means any claim that a diamond is Canadian.

**Canadian Diamond Authentication Process** means a mechanism by which a consumer may authenticate a Canadian diamond claim.

**Claim** means any claim made by a person for promotional purposes, regardless of the medium used, on the origin of a diamond.

**Diamond Identification Number** means the unique number and trademark or symbols lasered on the girdle of the polished diamond that must be reconciled with the original Canadian rough diamond parcel number and the Diamond Production Number. The Diamond Identification Number does not have to differ from the Diamond Production Number.

**Diamond Identification Numbering System** means a system of unique numbers and trademarks or symbols that are registered with the Canadian Diamond Code Committee.

**Diamond Production Number** refers to the number allocated to a Canadian rough diamond by a cutter and polisher prior to the production process and that must be reconciled with the original Canadian rough diamond parcel number.

**Diamond trader** refers to a person trading in rough or polished diamonds and includes brokers and dealers.

**Official invoice** refers to an invoice produced by a person selling diamonds or diamond jewellery and includes the minimum information outlined in the Code.



**Paper trail** means a trackable system which includes paper records as well as computerised records that allow a diamond to be tracked from the consumer to the mine of origin.

**Parcel** means one or more diamonds that are packed together and that are not individualised.

**Parcel numbers** are those numbers used by the mining companies, sorting and/or marketing facilities and traders to track parcels of diamonds in their possession.

**Person** includes any individual, company incorporated or unincorporated, partnership or sole trader.

**Polished Diamond Description** means the shape, colour, clarity and carat (weight) of polished diamonds.

**Production Reconciliation** means:

1. the balancing of the weight of the original Canadian rough diamonds with the final polished diamonds; and
2. the matching of the Canadian rough diamond parcel number with the Diamond Production Number and, if applicable, the unique Diamond Identification Number of the polished diamond.

**Retailer** includes auctioneer.

**Rough Diamond Description** means the description of the shape, colour and size class of rough diamonds.

## 5. STAKEHOLDERS' RESPONSIBILITIES

The following stakeholders who are signatories to this Code agree to be bounded by the following responsibilities.

### 5.1 MINING OPERATORS

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#### 5.1.1 System/Procedural Requirements

The mining operator must have an in-house rough diamond tracking system in place that secures and reconciles all rough diamonds extracted from the Canadian mine for a period of eight years from the time the diamonds were extracted.

#### 5.1.2 Storage of Rough Requirements

The mining operator must securely store all rough diamonds extracted from the Canadian mine and store them separately from any non-Canadian rough diamonds.



### 5.1.3 Shipping Requirements

Mine operators must, when shipping bulk Canadian rough diamonds from the mining facility to the sorting facility, ensure that:

- 5.1.3.1 Canadian rough diamonds are securely packaged;
- 5.1.3.2 the package is clearly labelled identifying the weight of the Canadian rough diamonds; and
- 5.1.3.3 all shipments of Canadian rough diamonds are accompanied by the mining company's official shipment documentation.

## 5.2 SORTING AND/OR MARKETING FACILITIES

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### 5.2.1 System/Procedural Requirements

The Sorting and/or Marketing Facilities must have an in-house rough diamond tracking system in place that secures and reconciles all rough diamonds shipped from the Canadian diamond mining operator for a period of eight years.

### 5.2.2 Storage of Rough Diamond Requirements

The Sorting and/or Marketing Facilities must securely store all rough diamonds, and store all Canadian rough diamonds separately from any non-Canadian rough diamonds.

### 5.2.3 Number Allocation to Canadian Rough Diamonds

All parcels of Canadian rough diamonds must be recorded and identified by a unique parcel number allocated by the Sorting and/or Marketing Facility.

### 5.2.4 Parcelling of Canadian Rough Diamonds

Canadian rough diamond parcels must be clearly labelled and labels must contain the following information:

- 5.2.4.1 a unique parcel number; and
- 5.2.4.2 description of Canadian rough diamonds including:
  - (a) description of Canadian rough diamonds; and
  - (b) total weight of parcel.

### 5.2.5 Invoicing Requirements

Each sale of a Canadian rough diamond or a Canadian rough diamond parcel must be accompanied by an official company invoice and include the following information:

- 5.2.5.1 name and address of the marketing company;
- 5.2.5.2 unique parcel number of the Canadian rough diamonds;
- 5.2.5.3 statement of certification that the rough diamonds are of Canadian origin;
- 5.2.5.4 Canadian rough diamond description;



- 5.2.5.5 weight of Canadian rough diamond or Canadian rough diamond parcel in carats;
- 5.2.5.6 date of invoice; and
- 5.2.5.7 name and address of the customer.

### 5.2.6 Selling Requirements

The Sorting and Marketing Facilities must, when selling Canadian rough diamonds from its sale site, ensure that:

- 5.2.6.1 Canadian rough diamonds are securely packaged and
- 5.2.6.2 the package is clearly labelled identifying:
  - (a) weight of the Canadian rough diamonds;
  - (b) Canadian rough diamond description;
  - (c) unique parcel numbers; and
  - (d) each sale is accompanied by an official invoice which includes the information required in 5.2.5 above.

## 5.3 TRADERS OF ROUGH DIAMONDS

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### 5.3.1 Purchasing of Canadian Rough Requirements

Traders must obtain and retain invoices from the source where Canadian rough diamonds were purchased for a minimum of seven years.

### 5.3.2 Storage of Rough Diamond Requirements

Traders must separately store and process Canadian rough diamonds.

### 5.3.3 Parcelling of Canadian Rough Diamonds

Canadian rough diamond parcels must be clearly labelled and labels must contain the following information:

- 5.3.3.1 unique parcel number;
- 5.3.3.2 Canadian rough diamond description; and
- 5.3.3.3 total weight of parcel.

### 5.3.4 Reconciliation of Canadian Rough Diamond Parcels

When parcelling Canadian rough diamonds, the rough trader must reconcile and record the unique parcel numbers assigned to these parcels with the originating parcel numbers provided by the Sorting and Marketing Facilities.



### 5.3.5 Invoicing of Canadian Rough Diamonds

Each sale of a Canadian rough diamond or a Canadian rough diamond parcel must be accompanied by an official invoice and include the following information:

- 5.3.5.1 name and address of the trader;
- 5.3.5.2 statement of certification that the rough diamonds are of Canadian origin;
- 5.3.5.3 unique parcel number of the Canadian rough diamond;
- 5.3.5.4 description of the Canadian rough diamond;
- 5.3.5.5 weight of Canadian rough diamond or Canadian rough diamond parcel in carats;
- 5.3.5.6 date of invoice; and
- 5.3.5.7 name and address of the customer.

### 5.3.6 Selling Requirements

The trader must, when selling Canadian rough diamonds, ensure that:

- 5.3.6.1 Canadian rough diamonds are securely packaged; and
- 5.3.6.2 the package is clearly labelled identifying:
  - (a) weight of the Canadian rough diamonds;
  - (b) description of the Canadian rough diamonds;
  - (c) unique parcel numbers; and
- 5.3.6.3 each sale is accompanied by an official invoice which includes the information outlined in 5.3.5.

## 5.4 CUTTERS AND POLISHERS

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### 5.4.1 Purchasing of Canadian Rough Requirements

Cutters and polishers of Canadian rough diamonds must purchase Canadian rough diamonds only from mining marketing facilities or traders that abide by the minimum requirements outlined in this Code. Cutters and polishers must obtain and retain invoices from the source where the Canadian rough diamonds were purchased for a minimum of seven years. The invoice obtained from the mining marketing facilities or traders must contain the information outlined in 5.3.5.

### 5.4.2 Storage of Canadian Rough Diamonds

Cutters and polishers must separately store and process Canadian rough diamonds.



### 5.4.3 Processing Requirements

The cutter and polisher, prior to the cutting and polishing process, must:

- 5.4.3.1 assign a unique Diamond Production Number to each diamond. The cutters and polishers must be able to reconcile their unique Diamond Production Number with the Canadian rough diamonds identified by a unique parcel number on an invoice issued by a mining marketing facility or trader that abides by the minimum requirements outlined in this Code; and
- 5.4.3.2 each individual diamond that will be sold as Canadian must be kept separated and must retain its unique Diamond Production Number throughout production.

### 5.4.4 Reconciliation of Canadian Rough and Polished Diamonds

The cutter and polisher, prior to the cutting and polishing process, must:

- 5.4.4.1 weigh each Canadian rough diamond and record its weight next to its assigned Diamond Production Number in a production schedule;
- 5.4.4.2 at the conclusion of the cutting and polishing process, the polished diamond must be weighed and the weight must be recorded against its assigned Diamond

Production Number in a production schedule. The balancing of the weight of the original Canadian rough diamond must be with the final polished diamond; in other words, the original weight must equal the final weight and the loss incurred in the cutting and polishing process.

- 5.4.4.3 If the Diamond Identification Number is assigned by the cutter and polisher and lasered on the polished diamond, the cutter and polisher must:
  - (a) reconcile and record in a database the unique Diamond Production Number and the unique Diamond Identification Number (the Diamond Production Number does not have to differ from the Diamond Identification Number); and
  - (b) register its unique Diamond Identification Numbering system with the Canadian Diamond Code Committee.

### 5.4.5 Invoicing of Polished Diamonds

Each sale of a polished diamond(s) must be accompanied by an official invoice and include the following information:

- 5.4.5.1 name and address of the cutter and polisher;
- 5.4.5.2 statement of certification that the polished diamonds are of Canadian origin;
- 5.4.5.3 unique Diamond Production Number or Diamond Identification Number for each polished diamond;
- 5.4.5.4 polished diamond description;
- 5.4.5.5 date of invoice; and
- 5.4.5.6 name and address of the customer.



## 5.5 TRADERS OF POLISHED DIAMONDS

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### 5.5.1 Purchasing of Polished Diamonds Requirements

Traders must purchase Canadian polished diamonds only from traders, cutters and polishers who abide by the minimum requirements outlined in this Code. Traders must obtain and retain invoices from its source(s) of Canadian polished diamonds purchased for a minimum of seven years.

### 5.5.2 Storage of Polished Diamonds Requirements

Traders must separately store and process Canadian polished diamonds.

### 5.5.3 Parcelling of Polished Diamonds

Polished diamond parcels must be accompanied by the following information provided by the cutter and polisher:

- 5.5.3.1 name and address of the cutter and polisher;
- 5.5.3.2 statement of certification that the polished diamonds are of Canadian origin;
- 5.5.3.3 unique Diamond Production Number or Diamond Identification Number for each polished diamond; and
- 5.5.3.4 polished diamond description.

### 5.5.4 Invoicing of Polished Diamonds

Each sale of a polished diamond or a polished diamond parcel must be accompanied by an official invoice and include the following information:

- 5.5.4.1 name and address of the trader;
- 5.5.4.2 statement of certification that the polished diamonds are of Canadian origin;
- 5.5.4.3 unique Diamond Production Number or Diamond Identification Number of the polished diamond;
- 5.5.4.4 polished diamond description;
- 5.5.4.5 date of invoice; and
- 5.5.4.6 name and address of the customer.



### 5.5.5 Selling Requirements

The trader must, when selling polished diamonds, ensure that:

- 5.5.5.1 Polished diamonds are securely packaged; and
- 5.5.5.2 the package is clearly labelled identifying:
  - (a) description of the polished diamonds; and
  - (b) Diamond Production Number or the unique Diamond Identification Number for each diamond;
- 5.5.5.3 each sale is accompanied by an official invoice which includes the information outlined in 5.5.4.

## 5.6 JEWELLERY MANUFACTURERS

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### 5.6.1 Purchasing of Polished Diamonds

Manufacturers of jewellery containing Canadian polished diamonds must purchase Canadian polished diamonds only from traders, cutters and polishers who abide by the minimum requirements outlined in this Code. Manufacturers must obtain and retain invoices from its source(s) of Canadian polished diamonds purchased for a minimum of seven years.

### 5.6.2 Storage of Polished Diamonds Requirements

Manufacturers must separately store Canadian polished diamonds used in the jewellery manufacturing process from non-Canadian polished diamonds.

### 5.6.3 Production Reconciliation

Manufacturers must reconcile all Canadian polished diamonds purchased with diamonds used in manufacturing, sold and/or in inventory.

### 5.6.4 Invoicing of Diamond Jewellery

Each sale of a jewellery item promoting a Canadian diamond(s) must be accompanied by an official invoice and include the following information:

- 5.6.4.1 name and address of the manufacturer;
- 5.6.4.2 statement of certification that the diamond is of Canadian origin;
- 5.6.4.3 unique Diamond Production Number or Diamond Identification Number of diamond(s);
- 5.6.4.4 polished diamond description;
- 5.6.4.5 date of invoice; and
- 5.6.4.6 name and address of the customer.



## 5.7 RETAILERS

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### 5.7.1 Purchasing of Diamond Jewellery/Polished Diamonds

Canadian retailers must purchase Canadian diamond jewellery/polished diamonds only from traders, cutters and polishers who abide by the minimum requirements outlined in this Code. Retailers must obtain and retain invoices from the source of Canadian diamond jewellery/polished diamonds purchased for a minimum of seven years.

### 5.7.2 Information Provided to Consumers

Retailers must display in plain view a Code Member decal or signage approved by the Canadian Diamond Code Committee indicating compliance with the Code. Retailers must also provide the following information to consumers on sale of a promoted Canadian diamond or jewellery containing a Canadian diamond:

- 5.7.2.1** A unique Diamond Identification Number must be lasered on every diamond 0.18 ct (1/5 ct) or more and also is reconcilable with the unique Diamond Production Number. The Unique Diamond Identification Numbering System must be registered with the Canadian Diamond Code Committee.
- 5.7.2.2** For diamonds less than 0.18 ct (1/5 ct), the retailer must still provide a unique Diamond Identification Number that is reconcilable with the unique Diamond Production Number but is not required to laser it on the diamond.
- 5.7.2.3** A polished diamond certificate/report and an invoice which contains the following information:
- (a) polished diamond description;
  - (b) unique Diamond Identification Number;
  - (c) statement of certification that the polished diamond(s) is of Canadian origin and address of the issuer of the certificate/report;
  - (d) certificate which certifies the Canadian origin of the diamond must not contain a disclaimer as to the certification of the country of origin;
  - (e) date of purchase; and
  - (f) name and address of retailer.
- 5.7.2.4** Details regarding the Canadian Diamond Authentication Process which include the following:
- (a) toll-free Canadian Diamond Authentication hotline number;
  - (b) cost-recovery fee applicable to this process;
  - (c) information required to initiate this process which includes:
    - c.1) Diamond Identification Number;
    - c.2) name and address of the retailer where the diamond/jewellery was purchased;
    - c.3) polished diamond description; and
    - c.4) name and contact details of the person requesting authentication.



## 6. CANADIAN DIAMOND AUTHENTICATION PROCESS

### 6.1 INFORMATION REQUIRED

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A person may authenticate a Canadian Diamond claim by calling the toll-free Canadian Diamond Authentication hotline number. The person must provide the following:

- 6.1.1 Diamond Identification Number;
- 6.1.2 name and address of the retailer where the diamond/jewellery was purchased, the retailer's invoice number and the date of the invoice;
- 6.1.3 polished diamond description;
- 6.1.4 name and contact details of the person requesting authentication; and
- 6.1.5 payment of a cost-recovery fee.

### 6.2 COST-RECOVERY FOR REQUEST

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A cost-recovery fee for this authentication process will be payable by the person making the request. The fee is \$25.00 plus GST for up to two diamonds per piece of jewellery or \$50.00 plus GST for three or more diamonds per piece of jewellery.

### 6.3 TIME LIMIT FOR MAKING A REQUEST

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

### 6.4 REQUEST RESPONSE TIME

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A person making the request must receive an answer to his/her request within 30 days. If not, a letter must be sent to the requesting person advising him/her of the extension.

### 6.5 FAILURE TO AUTHENTICATE A CANADIAN DIAMOND CLAIM

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If an authentication request cannot be fulfilled because the origin of the diamond(s) cannot be traced to a Canadian mine, the Canadian Diamond Code Committee will advise the requesting person of the possibility to file a complaint with the Competition Bureau under the false or misleading representations provisions of the *Competition Act*.



## 7. CANADIAN DIAMOND CODE COMMITTEE

### 7.1 MEMBERS OF THE COMMITTEE

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The Canadian Diamond Code Committee consists of representatives of:

- 7.1.1 Canadian diamond mines;
- 7.1.2 rough diamond traders;
- 7.1.3 Canadian cutters and polishers;
- 7.1.4 polished diamond traders;
- 7.1.5 jewellery manufacturers;
- 7.1.6 retailer associations; and
- 7.1.7 consumers.

### 7.2 RESPONSIBILITIES OF THE COMMITTEE

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The Committee is responsible for the following:

- 7.2.1 creating stakeholder awareness regarding their responsibilities under the Code;
- 7.2.2 administering the Canadian Diamond Authentication Hotline;
- 7.2.3 providing an annual report to the Competition Bureau and its stakeholders; and
- 7.2.4 recommending changes to the Code.

