



# European Federation of Jewellery

## Position paper on sustainable sourcing of minerals

*The EFJ calls for a concerted and coherent implementation of the European regulation establishing a due diligence system for minerals supply. The Federation reiterates also the need to build a support system for SMEs to help them adapt to the new EU framework.*





### Key points:

- ❖ The European Federation of Jewellery welcomes the adoption of the European regulation on due diligence system for a responsible sourcing of minerals as well as the Delegated act setting the methodology and criteria for the assessment and recognition of voluntary due diligence schemes.
- ❖ The alignment of the European legislation to the OECD system is of paramount importance for a simple and workable implementation as of the 1<sup>st</sup> of January 2021.
- ❖ SMEs, which are the backbone of the jewellery sector, should be proactive and show their willingness to adapt to the new framework. However, an appropriate support scheme needs to be put in place to help them comply with the rules.
- ❖ The Federation is committed to remain fully involved in the ongoing process designed to create the tools to support SMEs in the implementation.
- ❖ Diamonds should remain outside of the scope of the regulation as the diamond trade is highly competitive and internationally regulated via the Kimberley Process.

The European Federation of Jewellery (EFJ) has always worked towards ethical and responsible behaviour in the supply chain of the jewellery sector. **The EFJ therefore considers the adoption of the European regulation on due diligence system for a responsible sourcing of minerals<sup>1</sup> as a step forward and advocates a wide implementation by all actors provided that they are duly supported.**

The jewellery sector being fragmented with a multitude of players, mainly Small and Medium Sized Enterprises (SMEs), it is important to take inspiration of existing private and public certification schemes and to adopt a streamlined approach for an appropriate enforcement of the regulation on all levels and branches. In this regard, **the fact that the European Union (EU) opens up the possibility for private systems to be recognised as compliant to the European regulation is key.** Although these systems are voluntary, they represent robust tools to monitor due diligence in the jewellery sector. This is notably the case of the Responsible Jewellery Council's (RJC)<sup>2</sup> Code of Practices and Chain of

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<sup>1</sup> Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R0821>

<sup>2</sup> The Responsible Jewellery Council is a non-profit organisation bringing together over 1 100 companies in the jewellery sector. Its mission is to set standards on “responsible business practices for diamonds, gold, platinum group metals” and to certify their proper implementation by the member companies. To know more: <https://www.responsiblejewellery.com/>



Custody Standard, which apply the OECD<sup>3</sup> guidelines into a special framework for companies to handle and trade gold and platinum group metals, in a way that is fully traceable and responsibly sourced. It should be stressed that the RJC has recently reinforced its action by launching its new Code of Practices<sup>4</sup>. The scope of the Code has been extended by including the OECD requirements on due diligence for the diamonds supply chain. Other systems exist such as the London Bullion Market (LBMA)<sup>5</sup> responsible Gold Guidance which implements the OECD gold delivery due diligence guidance to the “Good delivery refiners.”

The existing voluntary due diligence schemes being largely inspired by the OECD framework, **the EFJ sees positively the fact that the European regulation and the Delegated Act 2019/429<sup>6</sup> align to the OECD system.** The Federation is notably satisfied with the uniform approach adopted regarding the criteria and methodology to assess voluntary supply chain due diligence schemes which pursue the same objectives as the European regulation. The equivalence criteria put in place by the EU will allow companies which comply with another due diligence model to get a certificate of equivalence. The EFJ also welcomes the future collaboration between the European Commission and the OECD services regarding reports which will seek to assess whether the private scheme fulfils the conditions for public recognition. The alignment between the EU and the OECD system will strengthen the coherence and will ease the steps of the private operators. **However, the EFJ will remain vigilant that the implementation of the EU regulation is smooth, understandable, practicable and will not lead to administrative burden for companies.**

Moreover, the EFJ hereby reaffirms its commitment to continue to be fully involved in the on-going process regarding the setting up of tools to help SMEs reach the objectives set in the regulation. As the jewellery sector is mainly comprised of SMEs, the current 100kg threshold set by the EU legislation on gold import above which the mineral must be traced means that **most companies fall outside of the scope of the current regulation. However, the EFJ thinks that all the actors of the jewellery sector should be proactive and should have as a medium-term objective to comply with the rules.** To accompany the sector in this work, it is essential to **put in place solid support measures.** The **EFJ is therefore happy to be a member of the Advisory Board set up by the European Commission** to provide inputs to the project aiming at creating an online tool to help SMEs implement the due diligence system. This tool will be launched in November 2019.

The EFJ is also convinced that the **EU should rely on the numerous actors of the sector** and especially the professional associations in each country. They can play a key role in disseminating the information and answering questions. In turn, it would also allow the European Commission to have an active and

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<sup>3</sup> Organisation for Economic Co-operation and Development.

<sup>4</sup> For further information: <https://www.responsiblejewellery.com/files/FINAL-New-RJC-Code-of-Practices-announcement-23.04.19.pdf>

<sup>5</sup> The London Bullion Market is a wholesale over-the-counter market for precious metals. To know more: <http://www.lbma.org.uk/>

<sup>6</sup> Commission Delegated Regulation (EU) 2019/429 of 11 January 2019 supplementing Regulation (EU) 2017/821 of the European Parliament and of the Council as regards the methodology and criteria for the assessment and recognition of supply chain due diligence schemes concerning tin, tantalum, tungsten and gold: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0429&rid=1>



productive feedback from the jewellery sector which will eventually lead to adequate and carefully studied measures being taken.

Finally, the EFJ would like to ask to the European Commission **to refrain from extending the scope of the European regulation on due diligence systems for minerals supply to diamonds** as the international trade in rough diamonds is already certified by the Kimberley Process Certification Scheme (KPCS). Although the EFJ recognises that more can be done to make the Kimberley Process stronger and more efficient, we believe that the system has also many strengths that cannot be underestimated. Moreover, the EFJ would like to underline that the **diamond trade is highly competitive and internationally organised**. Hence, a unilateral application of such a regulation will put the EU diamond industry in a competitive disadvantage vis-à-vis its competitors, which are all located in third countries outside the EU.

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EFJ members:

- ❖ **UFBJOP** - Union Française de la Bijouterie, Joaillerie, Orfèvrerie, des Pierres et des Perles (France)
- ❖ **ARS NOBILIS** – Fédération Belge du Bijou et de la Montre (Belgium)
- ❖ **AORP** - Associação de Ourivesaria e Relojoaria de Portugal (Portugal)
- ❖ **FEDERORAFI** - Federazione Nazionale Orafi Argentieri Gioiellieri Fabbricanti (Italy)
- ❖ **AWDC** - Antwerp World Diamond Centre (Belgium)

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