



European Federation of Jewellery

Policy paper on mandatory due diligence

The European Federation of Jewellery supports the idea of an EU-wide cross-sectorial legislative framework on due diligence provided that the future requirements are coherent with the ones already in place and that a level playing field is ensured for EU companies at the international level.





On the 29th of April, Didier Reynders, European Commissioner for Justice, announced to the European Parliament Responsible Business Conduct Working Group that the European Commission plans to **propose a legislative initiative on mandatory due diligence in 2021**¹. Commissioner Reynders further specified that the legislation will be **cross-sectorial** and will include **enforcement mechanisms** to ensure compliance and access to justice for the victims.

The **European Federation of Jewellery (EFJ)** supports the idea of an **EU-wide cross-sectorial legislative framework on due diligence** and is ready to take a proactive role in the decision-making process.

In this respect, the EFJ would like to point out that the European jewellery sector is preparing to comply with **EU Regulation 2017/821** laying down supply chain due diligence obligations for Union importers of minerals originating from conflict-affected and high-risk areas², that will become applicable from the 1st of January 2021. The EFJ has been cooperating with the EU decision-makers all along the legislative process to make sure that the Regulation took into consideration the **specificities of the European jewellery sector**, a sector mainly composed of Small and Medium-Sized Enterprises (SMEs), with limited human and financial resources.

The EFJ **welcomed the adoption of the Regulation** and noted with satisfaction its alignment with the Organisation for Economic Co-operation and Development (OECD) framework as well as the provisions making it possible for **industry / private sector schemes to be recognised as compliant** with the European rules. The Federation was also an active contributor in the process that led to the creation of a set of tools aimed at supporting SMEs to comply with the regulation³. The EFJ indeed thinks that all the actors in the jewellery sector should comply with the EU Regulation 2017/821 as a medium-term objective⁴.

Furthermore, the EFJ would like to recall that the **European diamond sector**, which is an essential component of the jewellery sector, **is committed to improving transparency and accountability in the global diamond value chain** through the [Kimberley Process](#) (KP), an international certification scheme established in 2003 to prevent conflict diamonds from entering the mainstream rough diamond trade.

In light of the considerations above, the EFJ would like **to invite the European Commission to build the new framework on the basis of existing schemes** such as the so-called Conflict Minerals Regulation and the Kimberley Process Certification Scheme in order to **avoid any duplication of legal requirements** which would lead to an increased administrative and financial burden on EU companies or even create incentives to companies to relocate their activities outside of the EU. The EFJ notes that it will be more difficult, or even virtually impossible, for **EU companies to comply with the new**

¹ <https://responsiblebusinessconduct.eu/wp/2020/04/30/european-commission-promises-mandatory-due-diligence-legislation-in-2021/>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R0821>

³ https://ec.europa.eu/growth/sectors/raw-materials/due-diligence-ready_en

⁴ As the jewellery sector is mainly comprised of SMEs, the current 100kg threshold set by the EU legislation on gold imports, above which the mineral must be traced, means that many companies fall outside of the scope of the current regulation.



legislative framework if coherence is not ensured between the new requirements and the ones already in place.

To this aim, the EFJ invites the European Commission to **perform a thorough impact assessment** as well as an **analysis of the existing schemes** to clearly identify potential compliance issues.

The EFJ would like to invite the **Commission to also take into consideration existing third-party's schemes such as the Responsible Jewellery Council's (RJC) Code of Practices (CoP)**. The RJC is an industry-driven body and its CoP integrates the OECD guidelines into a special framework for jewellery companies to handle and trade gold, silver, platinum-group metals as well as diamonds in a way that is fully traceable and responsibly sourced. The RJC has already applied to have its certification schemes recognised as compliant with EU Regulation 2017/821 and thus represents a valuable example of due diligence for the jewellery sector.

Furthermore, the EFJ urges the Commission to **ensure a level playing field for EU companies at international level** in order to support European competitiveness. The EU trade policy could play a crucial role in this area and the Commission should promote the future EU legal framework in international fora, through bilateral and multilateral trade agreements and political high-level contacts.

Commissioner Reynders stressed that the new EU rules would be mandatory and that enforcement mechanisms will also be put in place. In this respect, the EFJ would like to underline that the Regulation should also **incorporate a supporting mechanism to promote compliance** and **tools to support EU companies during the implementation phase**. A specific and agile framework should be envisaged for SMEs to encourage them to incorporate due diligence into their business model without increasing the administrative and financial burden. The cross-sectorial EU legal framework on mandatory due diligence should include a **transition period of at least 3 years** before entering into full force to allow national governments and companies to adapt to the new regulation.

The EFJ believes that an EU-wide cross-sectorial legal framework on due diligence has the potential to significantly **influence the way EU business will conduct their operations in the future** and will define an ambitious threshold for countries and companies globally. However, it is essential that the new rules are **pragmatic and implementable**, and this can be achieved only by fully involving all stakeholders in the discussion and by taking into consideration the challenges and needs of the different sectors as well as their specificities.

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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