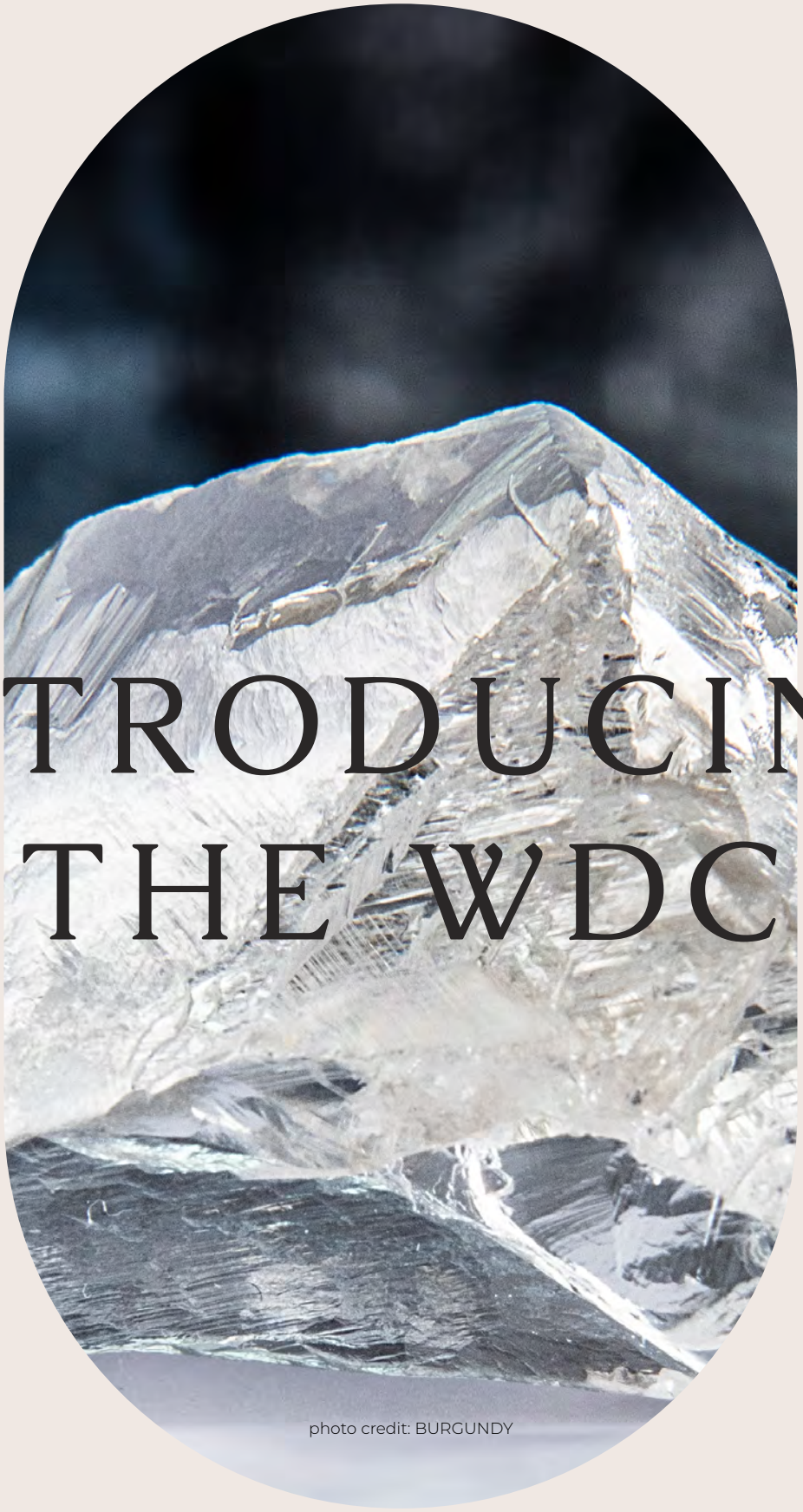

INTRODUCING THE WDC

photo credit: BURGUNDY

WORLD DIAMOND COUNCIL

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About WDC

The World Diamond Council (WDC) is a not-for-profit trade association registered in New York. Its primary mission is to protect the integrity of the diamond distribution chain and ensure consumer confidence. Representing entities from all sectors of the diamond industry, from rough diamond producers to retail jewelers, the WDC plays a pivotal role in the industry.

As the official representative of the diamond and jewelry sector in the Kimberley Process (KP), the WDC collaborates with governments and civil society representatives. A significant objective is to create industry self-regulation processes that promote responsible business practices across the value chain, making them accessible to all industry members.

Supporting the Kimberley Process, the WDC provides technical, financial, and logistical assistance, including the Administrative Support Mechanism (AMS), which aids the KP Chair and the KP Working Group Chairs.

To further ensure responsible sourcing, the WDC introduced the System of Warranties (SoW) to complement the Kimberley Process Certification Scheme (KPCS). The SoW mandates warranty statements on invoices for buyers and sellers of rough and polished diamonds, as well as diamond-set jewelry, reaffirming compliance with the KPCS and emphasizing responsible business practices.

Through initiatives of some of its members, the WDC advocates for the formalization of Artisanal and Small-scale Mining (ASM), improved working conditions, enhanced miner revenues, and sustainable community economic opportunities. They also focus on environmental management and capacity building.

The WDC's overarching objective in its collaborations is to safeguard the integrity of the natural diamond value chain and uplift countries and communities dependent on the diamond trade.

To find out more, click here

Mission Statement

The purpose of the World Diamond Council (WDC) is to represent the natural diamond & jewelry industry and its positions in the Kimberley Process (KP) and to protect the integrity of the diamond supply chain.

The WDC develops and implements industry due diligence and self-regulation processes to further responsible sourcing, consumer confidence, and sustainable development in the diamond industry.

photo credit: Rio Tinto

WDC's Major Objectives

To strengthen the integrity of the diamond supply chain in collaboration with relevant stakeholders.

To support the KP and SoW implementation through engagement with relevant stakeholders.

To position the WDC as the central voice of the diamond industry in securing the responsible sourcing of conflict-free diamonds and diamond jewelry across the value chain.

History

photo credit: BURGUNDY

In July 2000, the bustling diamond district of Antwerp, Belgium, witnessed the inception of the World Diamond Council (WDC). A collaborative initiative of the World Federation of Diamond Bourses (WFDB) and the International Diamond Manufacturers Association (IDMA), the WDC emerged in response to civil wars financed by the diamond trade. Rapidly, it evolved into a pivotal industry force, drawing industry luminaries—manufacturers, retailers, miners, gem labs, and even banks—into its fold.

By May 2000, just a few months before the WDC's establishment, the United Nations had mandated the Kimberley Process. Naturally, the WDC stepped in as the industry's representative. Donning the mantle of Observer, the WDC wasn't just a passive onlooker. It actively engaged in the various working groups, committees, and review visits, ensuring the diamond industry's voice echoed in the corridors of power.

Arguably, the WDC's crowning achievement within the Kimberley Process was its foundational role in crafting the Kimberley Process Certification Scheme (KPCS). This blueprint, which began as a WDC working paper, championed the vision of safeguarding rough diamond shipments as "conflict-free."

Flash forward to 2013, and the WDC added another feather to its cap when it undertook the stewardship of the Kimberley Process's Administrative Support Mechanism (ASM). This initiative wasn't just about administrative diligence; it was about creating an accessible digital memory for the Kimberley Process. From maintaining an informative public website to facilitating seamless global communication among stakeholders and orchestrating key meetings, the WDC ensured the Kimberley Process's machinery ran smoothly.

Before ushering in 2003 and the official launch of the KPCS, the WDC had already unveiled its System of Warranties (SoW) in 2002. This robust framework and self-regulation mechanism required diamond buyers and sellers to vouch for the legitimacy of their diamonds on business invoices. And in a progressive move in 2018, the WDC Board further refined the SoW, requiring diamond stakeholders to affirm the legitimacy of their trade, ensuring it echoed the values of human and labor rights while standing firmly against corruption and money laundering.

WDC Structure

The World Diamond Council (WDC) stands out as a comprehensive representative body, uniquely encompassing every facet of the diamond industry. From the depths of the mines to the sparkle of retail jewelers, and from influential associations to individual enterprises, the WDC offers a platform where the entire diamond supply chain is represented in its totality. Among our esteemed members are the world's most prominent diamond miners and illustrious jewelry retailers. However, the strength of the WDC also lies in its diversity, as numerous smaller companies bring their invaluable perspectives to the table.

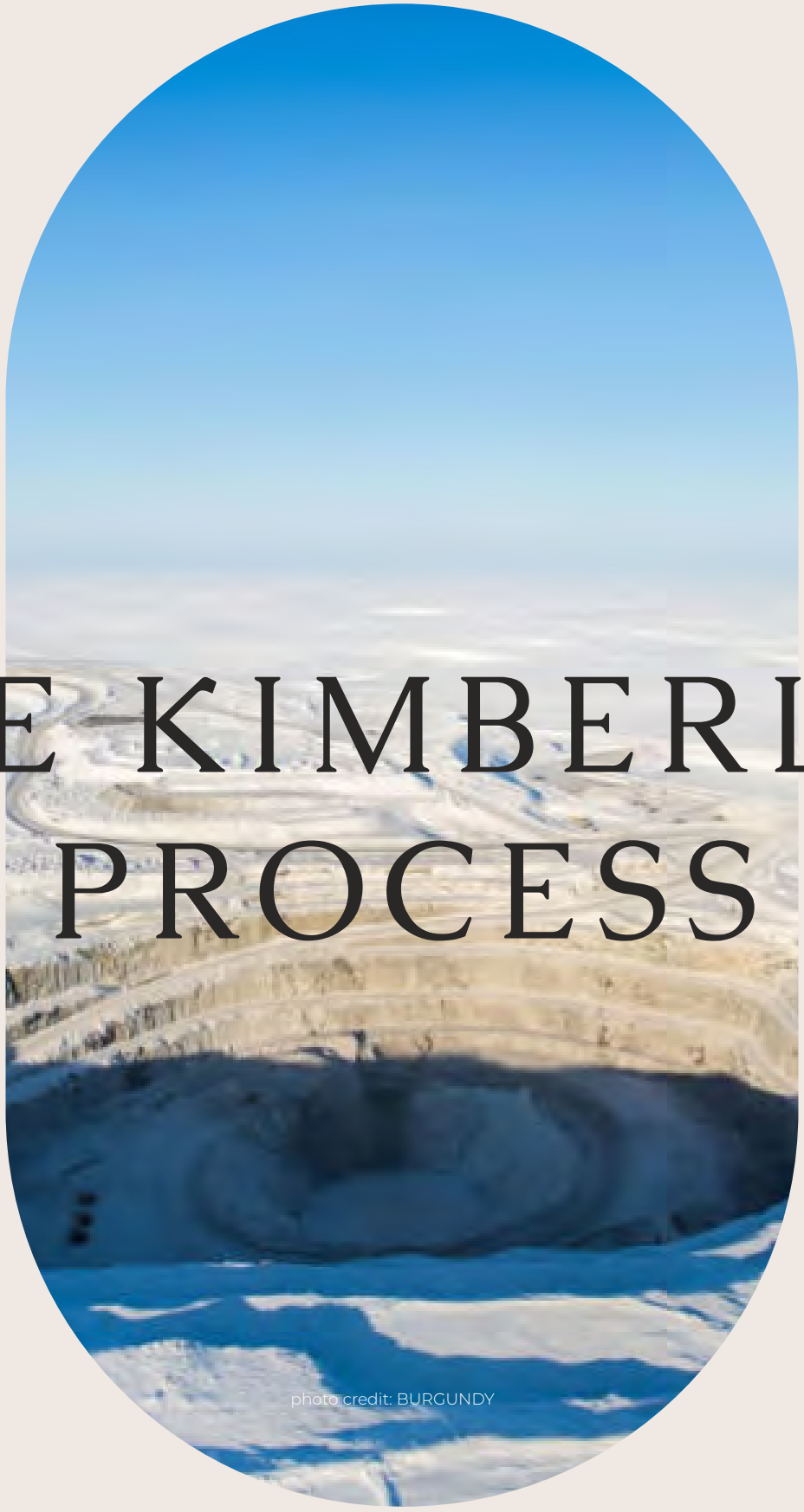
A significant portion of the international diamond sector finds its voice through our various national and international member associations. We pride ourselves on our inclusive approach: both commercial entities and not-for-profit organizations engaged in any sector of the diamond trade, from production to retail, are welcome. Furthermore, any individual or entity, be it commercial or not-for-profit, that provides professional services to the diamond industry and meets our membership criteria can join our ranks.

The financial backbone of the WDC is its membership fees. Thoughtfully structured, these fees take into account the member's specific role and stature within the diamond industry. Such a tiered approach ensures that both major players and smaller enterprises can actively participate, reinforcing the council's inclusive ethos. It's worth noting that our association members, primarily trade associations, are entitled to reduced rates, reflecting our commitment to fostering collaborative relationships.

In terms of governance, the WDC's 20-member Board of Directors is a testament to our dedication to representational diversity. Carefully curated, the board ensures that every segment of the diamond industry, from mining to retail and from trading to services, has a voice. Four dedicated directors represent each key segment, ensuring that decisions made are holistic, informed, and in the best interests of all industry stakeholders.

To find our more, click here

photo credit: BURGUNDY



THE KIMBERLEY PROCESS

photo credit: BURGUNDY

WORLD DIAMOND COUNCIL

About The Kimberley Process

The Kimberley Process (KP) stands as a beacon of collaboration among governments, the diamond industry, and civil society. This tripartite initiative, established in 2000 and backed by the United Nations General Assembly and Security Council, seeks to eradicate conflict diamonds from the global trade landscape. The overarching goal is to shield vulnerable individuals and communities in conflict zones, paving the way for sustainable socio-economic growth.

At its heart, the KP's Core Document distinctly defines conflict diamonds as rough diamonds exploited by rebel factions to fund wars against recognized governments.

The linchpin of the KP's strategy is the Kimberley Process Certification Scheme (KPCS). Under this scheme, trading of rough diamonds is confined strictly to KP Participant nations. Every international consignment of rough diamonds mandates an accompanying KP certificate. This certificate, issued by a designated KP Authority from the originating country or region (like the European Union), serves as a seal of assurance that the diamonds are conflict-free.

While the KPCS meticulously oversees the trade of rough diamonds at official entry and exit points of KP Participant nations, it is bolstered by the World Diamond Council's System of Warranties (SoW). This system extends the conflict-free warranty down the distribution chain, encompassing rough diamonds, polished stones, and diamondencrusted jewelry. Every transaction, every change of hands, invokes this warranty, ensuring a consistent thread of authenticity.

A robust global customs vigil ensures that any rough diamonds without the requisite KP documentation are promptly confiscated. Subsequently, an alert is sounded across all KP Participants, underscoring the collective commitment to the cause.

To find out more, click here.

History

In May 2000, key stakeholders from diamond-producing countries, the industry, and civil society convened in Kimberley, South Africa. Their purpose: to address the trade of diamonds financing civil conflicts in Africa, aiming to prevent rough diamond sales from bolstering rebel movements against recognized governments.

By December 2000, the United Nations General Assembly had endorsed the initiative, leading to the establishment of an international certification for rough diamonds. By November 2002, negotiations within the Kimberley Process (KP) culminated in the Kimberley Process Certification Scheme (KPCS).

Effective January 1, 2003, the KPCS was implemented by Participant countries, each having previously adapted its legislation to align with the KPCS guidelines. Prior to its launch, conflict diamonds constituted over 4% of the diamond value chain. Remarkably, within five years, this figure was reduced to 0.2%.

As of January 2023, the Central African Republic (CAR) remains the only country under KP sanctions, originating from 2013 due to a rebel-led coup. However, in July 2015, the KP allowed CAR to resume exports from areas termed “green zones,” adhering to KP standards.

Structure

As of January 2023, the Kimberley Process (KP) comprises 59 Government Participants, representing 86 countries. The European Union, inclusive of its member states, is unified as a single Participant under the aegis of the European Commission.

Within the KP, decision-making authority rests solely with Government Participants, and decisions require unanimous consensus. While industry and civil society function as non-voting Observers, they actively contribute to KP's working groups and committees. The World Diamond Council (WDC) stands as the diamond industry's voice within the KP.

For KP Participant designation, countries must fulfill "minimum requirements." These encompass enacting national legislation for the Kimberley Process Certification Scheme (KPCS), establishing regulatory bodies for diamond exports and imports, and instituting rigorous internal controls.

Additionally, transparency and data sharing are imperative. Non-compliance may result in KP sanctions, potentially halting diamond trade with the affected country. Persistent breaches could trigger expulsion, though re-entry is viable upon rectification.

The KP operates under the leadership of the Chair, an appointee from a designated Participant country. Serving a year-long tenure commencing January 1, the Chair steers the KPCS's global implementation and KP's operational facets. Succession sees the outgoing KP Vice-Chair, a pre-approved government representative, assume the Chairmanship.

Providing administrative backbone, the Administrative Support Mechanism (AMS), overseen and funded by the WDC, aids the KP Chair and Working Groups. The KP's vision includes transitioning from the AMS to a Permanent Secretariat, slated to be headquartered in Gaborone, Botswana.

To find our more, click here.

Much of the ongoing work of the KP takes place within its working groups and committees.

These include:

- **Working Group of Diamond Experts (WGDE),** which is chaired by the WDC and charged with providing solutions to technical challenges and problems in the implementation of the KPCS
- **Working Group on Monitoring (WGM)** deals with issues relating to the implementation of the KPCS and is responsible for the peer-review mechanism.
- **Working Group on Statistics (WGS)**, which ensures timely reporting and analysis of statistical data on the production and trade of rough diamonds from all KP-member countries, with the aim of being able to identify anomalies and ensure the effective implementation of the KPCS
- **Working Group on Artisanal and Alluvial Production (GAAP)**, which is charged with developing effective internal controls on alluvial diamond production and trade, enables artisanal and small-scale diamond miners to obtain legal access into the distribution chain.
- **Committee on Participation and Chairmanship (CPC)**, which assists the Chair of the Kimberley Process in handling the admission of new participants and consults in cases of non-compliance by other participants
- **Committee on Rules and Procedures (CRP)**, which develops rules and procedures within the KPCS, as well as making recommendations to the Chair of the Kimberley Process regarding members' compliance with KP rules
- **Central African Republic Monitoring Team** oversees the legal exports of diamonds from KP-compliant green areas in the CAR.

SYSTEM OF WARRANTIES

photo credit: Asian Star

WORLD DIAMOND COUNCIL

About The System of Warranties

The World Diamond Council's (WDC) System of Warranties (SoW) serves as an industry self-regulation mechanism, enhancing the Kimberley Process Certification Scheme (KPCS) across the diamond value chain. It addresses facets beyond the KPCS's purview, ensuring the diamond supply chain's integrity. Professionals trading diamonds are mandated to include a warranty statement on B2B invoices, affirming KPCS compliance, conflict-free origin, and responsible trade practices. This warranty is integral to all diamond industry transactions, barring retail jewelry invoices. However, retailers reverting stocks to the trade must adhere.

Though the SoW operates as a self-regulated, industry-driven mechanism, without third-party monitoring, its adoption is almost indispensable for successful trade. In Belgium, a hub of the diamond trade, SoW declarations are standard and embedded in statutory audit procedures.

Key industry bodies, including diamond exchanges under the World Federation of Diamond Bourses (WDFB), diamond manufacturer groups affiliated with the International Diamond Manufacturers Association (IDMA), and the Responsible Jewellery Council (RJC), necessitate SoW adherence for membership. Additionally, the Responsible Sourcing Blue Book by CIBJO, the World Jewellery Confederation, emphasizes SoW compliance.

Major rough diamond producers, such as De Beers, underscore the SoW in their Best Practice Principles. Likewise, global jewelry giants like Signet Jewelers, Chow Tai Fook Jewellery, and Tiffany & Co. integrate the SoW within their respective responsible sourcing and supplier protocols.

To find out more, click here.

photo credit: BURGUNDY

photo credit: BURGUNDY

History

In 2002, the WDC pioneered the System of Warranties (SoW) to ensure diamond sales adhered to the Kimberley Process Certification Scheme (KPCS), set to debut in 2003. By October 2017, the WDC sought to refine the SoW, aligning it with broader responsible business practices. Following extensive public review in 2018, the WDC Board ratified the enhanced SoW in June that year.

While the SoW mandates KPCS compliance declarations on B2B transactions for diamonds and diamond-embedded jewelry, its revised version introduces an online self-assessment commitment.

This commitment aligns buyers and sellers with the WDC SoW Guidelines, formalized in 2018 and updated in 2020.

These guidelines champion human and labor rights, anti-corruption, and anti-money laundering (AML). They align with globally recognized conventions such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration, the UN Convention Against Corruption, and AML standards in sync with FATF recommendations.

photo credit: Asian Star

Applying the SoW

Professional buyers and sellers of rough diamonds, polished diamonds, and jewelry set with diamonds must include an SoW warranty statement on invoices and memos each time a diamond changes ownership within the trade.

The original warranty statement, introduced in 2002, reads as follows:

"The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict, and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict-free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds."

The revised warranty statement, introduced in 2018, reads as follows:

"The diamonds herein invoiced have been sourced/purchased from legitimate sources not involved in funding conflict, in compliance with United Nations Resolutions and corresponding national laws. The seller hereby guarantees that these diamonds are conflict-free and confirms adherence to the WDC SoW Guidelines."

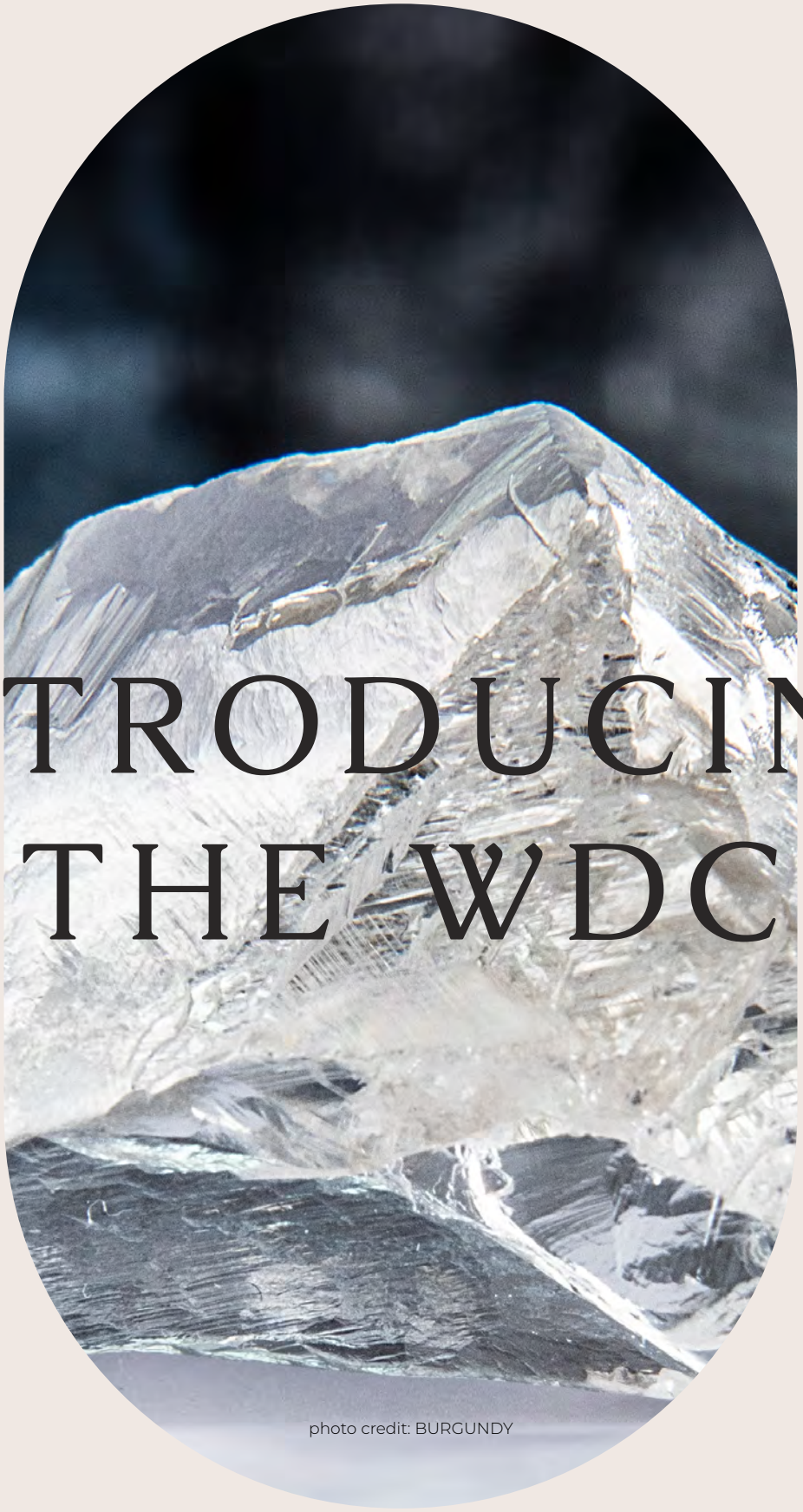
Diamond trading firms must retain System of Warranties (SoW) warranty invoices for five years post-transaction. In Belgium, it's legally mandated for auditors to annually oversee these warranties. During the SoW's transition, older warranties remain valid for three years for rough purchases and five years for polished diamonds and diamond jewelry, effective from September 2021.

From 2021 onward, industry members using the updated warranty statement are required to undertake due diligence. This entails registration on the dedicated SoW platform and a self-assessment aligned with the WDC SoW Guidelines. Only those meeting the compliance criteria can issue the updated SoW warranty.

The WDC offers an online SoW Toolkit, featuring a tailored self-assessment questionnaire. It factors in the member's position in the diamond value chain, company size, and existing compliance with recognized due diligence systems, such as the Responsible Jewellery Council.

The platform also provides tools, including SoW background, explanatory notes for self-assessment, and policy templates. To maintain eligibility for issuing the SoW warranty, an annual renewal of the self-assessment is essential.

To Register, click here.



INTRODUCING THE WDC

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www.wdcsow.org