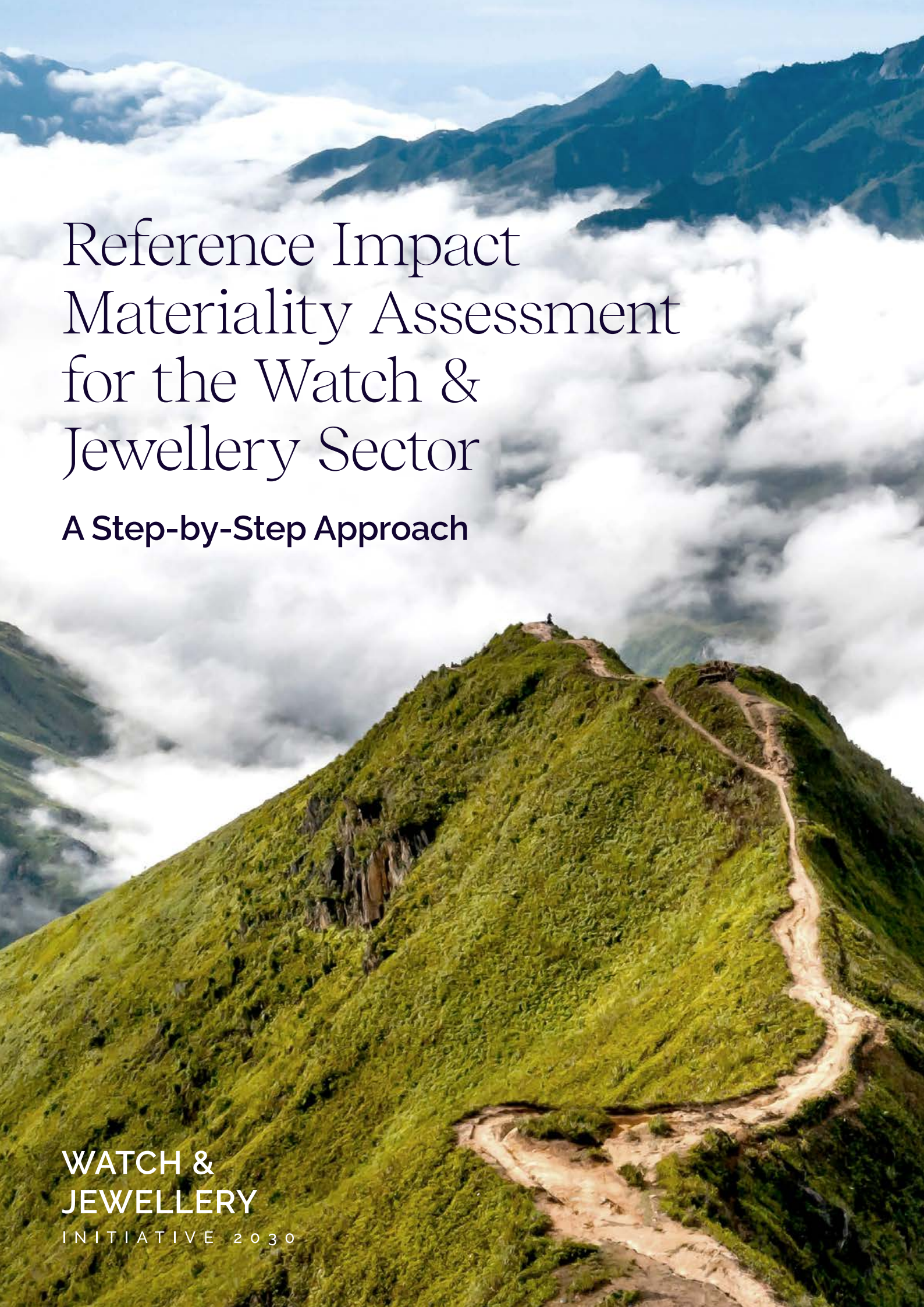


Reference Impact Materiality Assessment for the Watch & Jewellery Sector

A Step-by-Step Approach

WATCH & JEWELLERY
INITIATIVE 2030

All WJI 2030 resources are living materials and updated on an annual basis. we welcome all feedback and input on how we can continue to strengthen this resource.

Feedback is welcome at insight@wjinitiative2030.org

Contents

Photos: Pexels (cover, pages 18, 25, 31); Unsplash (2, 4, 7, 13, 16, 20, 27, 29, 46)

Foreword

The Watch & Jewellery Initiative 2030 (WJI 2030) was founded in 2022 by Kering and Cartier, delegated by Richemont, as a global action platform for change. Born from a shared belief that collaboration is the key to lasting impact, WJI 2030 brings together all actors across the watch and jewellery value chain to tackle our industry's most pressing challenges and to help future-proof businesses in an ever-evolving regulatory and social landscape.

As a Swiss Association of Public Utility, our mission is to drive collective progress across three interconnected pillars: climate, nature, and inclusion. We exist to transform ambition into action, providing a common framework, open-source tools, and shared accountability to help companies integrate sustainability at the heart of their strategies. Our work is designed for the greater good — to protect what is most precious: people and planet.

Around the world, we are witnessing unprecedented environmental and social shifts. The scale of these challenges calls for more than just compliance — it demands creativity, courage and shared accountability and action. Through WJI 2030, we channel this spirit of collaboration, empowering businesses of all sizes to act with clarity and confidence and provide while providing guidance on operationalizing best practices.

As part of a Pilot on the Corporate Sustainability Due Diligence Directive – "Preparing for CSDDD: A Deep Dive on Key Topics, we published our first open-source guidance note - Preparing for the Corporate Sustainability Due Diligence Directive (CSDDD) which provides companies with a starting point to understand new legislative requirements as well as practical implementation through examples and case studies.

This Reference Impact Materiality Assessment takes the pilot project one step forward — it seeks to deepen alignment across the sector, provide actionable pathways, and enable companies to assess and comprehend their impacts on the environment and society and embed the assessment into their decision-making process. Together, we are shaping a watch and jewellery industry that not only adapts to change but leads it.

1. Overview and Objectives

Purpose of this document

With the shift from voluntary to mandatory reporting, double materiality assessments have become a key instrument to align sustainability reporting to strategic decision-making. To support the watch and jewellery industry in assessing double materiality, The Watch & Jewellery Initiative 2030 (WJI 2030) has partnered with experts and key stakeholders to assess sustainability impacts of the sector to provide companies with a starting point in assessing their impact materiality and consequently their double materiality.

As a result, this guide outlines:

1. The **framework, scoring methodology and assumptions** used for conducting impact materiality with references to key documents used, ensuring a rigorous and well-documented approach that supports robust outcomes.

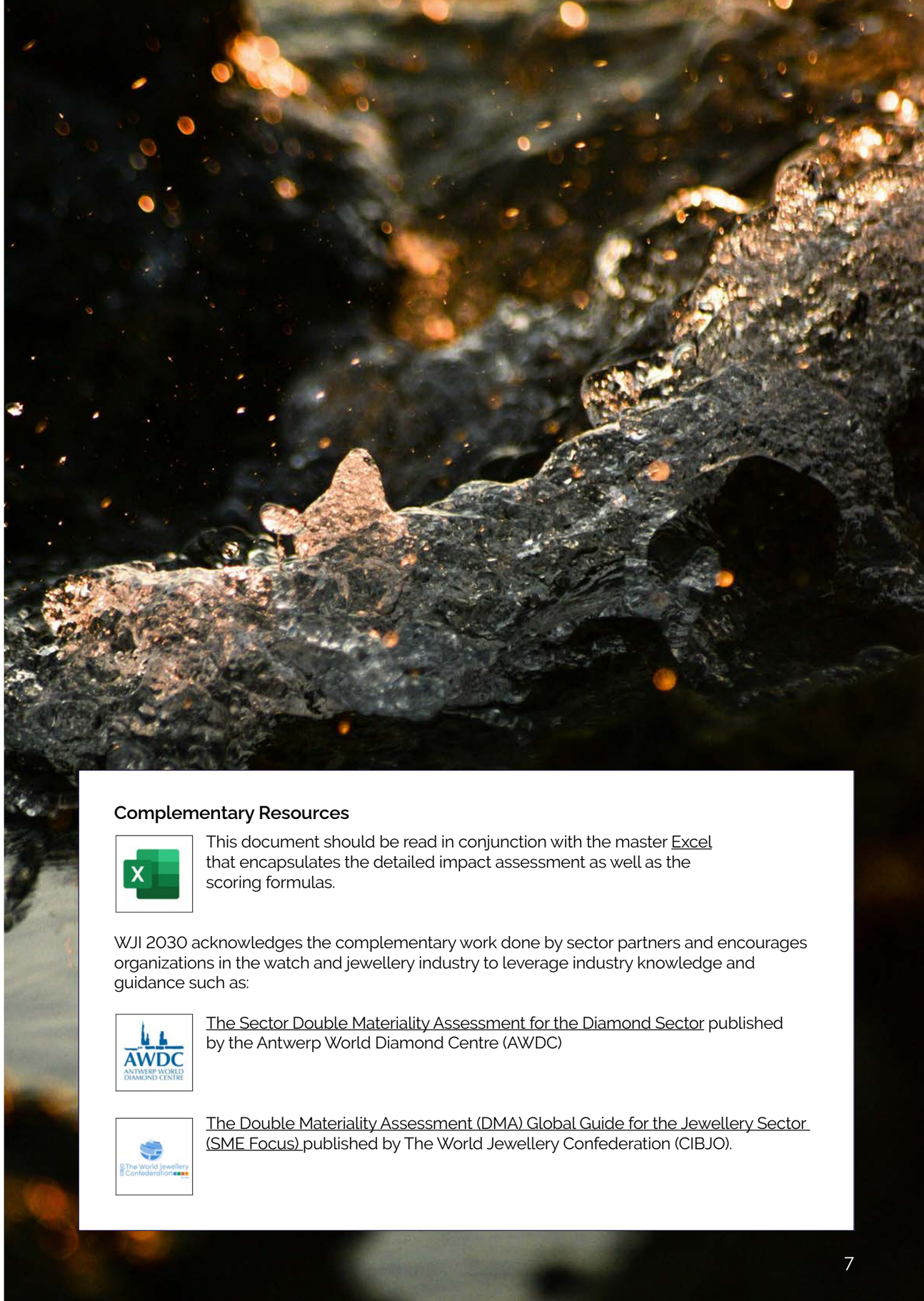
   While this guide focuses on impact materiality only, a reference to financial materiality is made when relevant. This ensures organizations can align the results of this assessment with their financial materiality, with the objective of completing a double materiality assessment.

   The framework and approach used reflect the current best practices and will be updated in line with evolving methodologies and regulatory requirements.

2. The **preliminary results** of the impact assessment.

   While this guide provides a list of preliminary results, its core objective is to summarize a sector-wide qualitative assessment. Companies are encouraged to adapt the impact materiality methodology described along with its results to their context, specificities, materiality threshold and regulatory requirements. Note that this list is not exhaustive, but it is a starting point.

3. The **general next steps and recommendations** for companies in the sector and for continued multi-stakeholder collaboration.



Complementary Resources

This document should be read in conjunction with the master Excel that encapsulates the detailed impact assessment as well as the scoring formulas.

WJI 2030 acknowledges the complementary work done by sector partners and encourages organizations in the watch and jewellery industry to leverage industry knowledge and guidance such as:

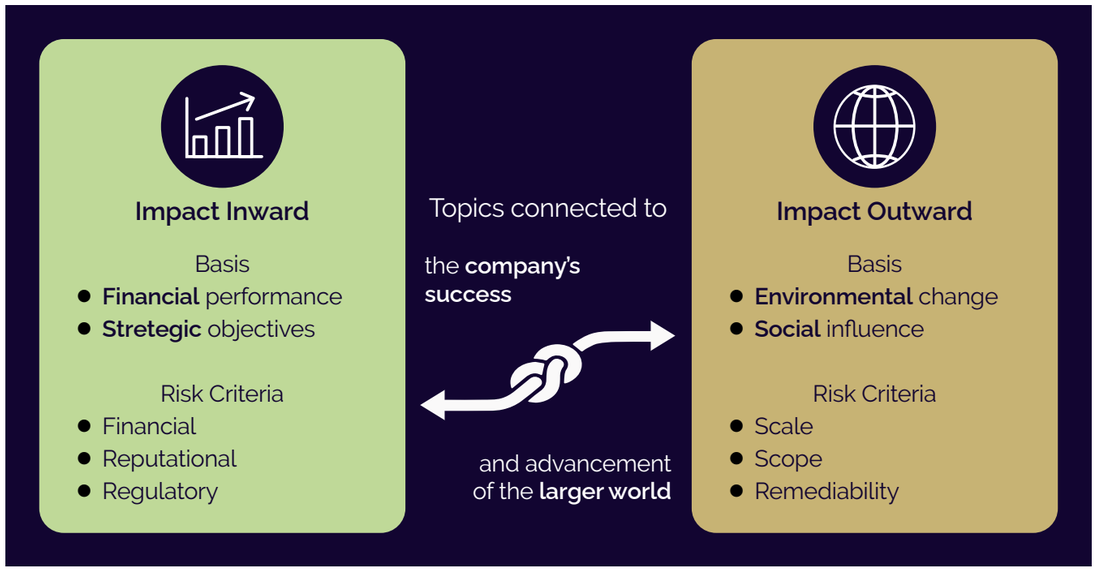
The Sector Double Materiality Assessment for the Diamond Sector published by the Antwerp World Diamond Centre (AWDC)

The Double Materiality Assessment (DMA) Global Guide for the Jewellery Sector (SME Focus) published by The World Jewellery Confederation (CIBJO).

Double Materiality Overview and Objectives

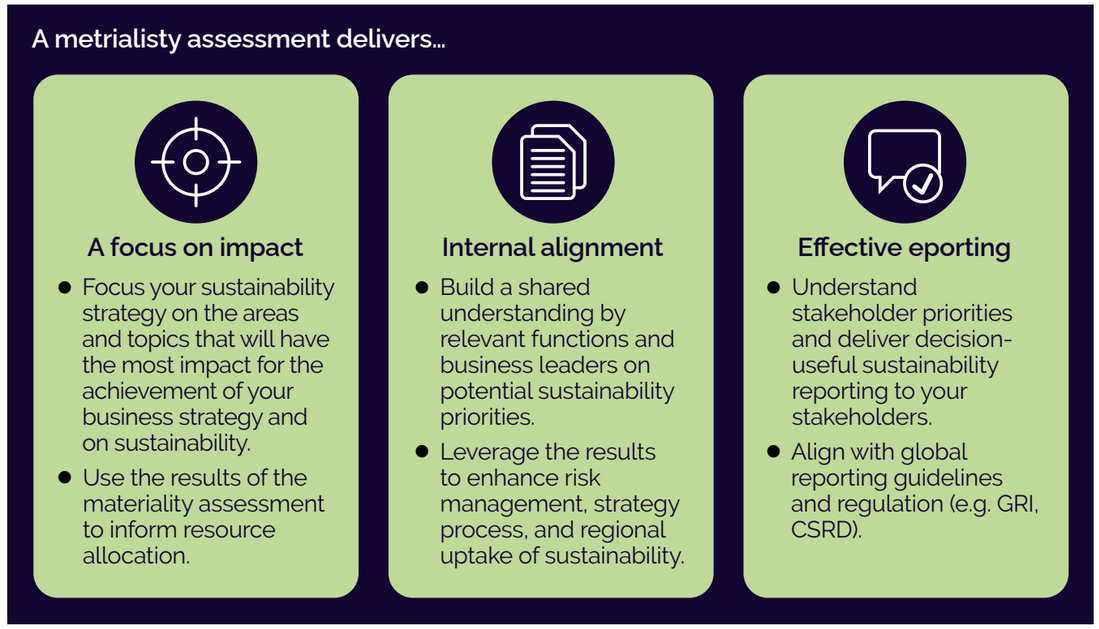
Double materiality is a key concept in sustainability reporting, emphasizing that companies should assess **both how sustainability issues affect their financial performance** (financial materiality or outside-in) **and how their operations impact society and the environment** (impact materiality or inside-out).

In the EU, the Corporate Sustainability Reporting Directive (CSRD) has made double materiality assessments mandatory (for companies that fall in scope of the regulation), driving organizations to systematically identify and disclose these dual dimensions.



A double materiality assessment is a process to evaluate the significance of sustainability issues for a company from the perspective of the impact on society and the impact on financial success. In addition to being used for reporting, materiality assessments inform a company's sustainable business strategy.

By integrating both perspectives of materiality, companies can **align sustainability priorities with business strategy, anticipate regulatory and market shifts, and build resilience** in an evolving economic and environmental landscape.



For the watch and jewellery industry, double materiality is particularly relevant given the sector's reliance on raw materials such as precious metals and gemstones, which are often associated with complex supply chains and significant environmental and social impacts and risks. Assessing both financial and impact materiality helps companies identify critical issues like responsible sourcing, human rights practices, biodiversity impacts, and climate-related risks that could affect brand reputation, regulatory compliance, and long-term profitability. It also enables the broader industry to demonstrate leadership in transparent and ethical practices - factors that are increasingly important to consumers, investors, and regulators.

While we recognize the distinct characteristics of watch versus jewellery value chains, **industry experts have emphasized that, in essence, the two sectors are vertically integrated and closely aligned in their operational structures**. As a result, their key sustainability impacts and priorities are largely comparable across the value chain. Furthermore, as mentioned in the methodology steps, companies should further tailor the assessment to their specific company and its value chain.

Above regulatory requirements, **carrying out a double materiality is considered key for business resilience** as it enables companies to anticipate impacts that may lead to risks and opportunities, align strategy with stakeholder expectations, and build long-term value through informed, sustainable decision-making.

2. Approach

Methodology

Step 1: Defining Scope

Objective: Set boundaries.

- The scope of the impact assessment was defined in accordance with regulatory requirements, ensuring a good understanding of the watch and jewellery sector, its global value chain, main activities and operations, main stakeholders and main materials ranging from leather to pearls.

This assessment is a starting point and does not include bespoke impacts relevant to individual companies. It serves as a basis for individual companies undertaking their own impact assessment or double materiality assessment (DMA) by establishing definitions, impact statements, and general prioritization for the industry which individual companies can leverage.

Recommendation:

- When carrying out their double materiality or when aligning this methodology to entity level, companies should set boundaries around their context such as their position in the value chain, their processes (for e.g. watch vs jewellery operations), stakeholder engagements outputs, etc. For example, a manufacturer crafting only diamond and pearl jewellery will focus on different value chain operations and impacts compared to a brand sourcing colored gemstones.
- A full DMA process should be conducted in full at least once every three years and results must be reviewed annually to test its validity, given changes in the organization's activities and business relationships (such as mergers and acquisitions, market entry, or significant changes in operating environment).

➤ For more information on Defining Scope, refer to EFRAG's Implementation Guidance on Materiality Assessment.

Step 2: Planning Project and Aligning Timelines

Objective: Kick-off with key internal stakeholders and prepare for the various project phases.

- A project team was set up, and a kick-off meeting was scheduled to establish roles, commitments, and identify concerns or barriers to success.

Recommendation:

- For companies that are currently (or soon) in scope of CSRD and other regulatory requirements, conduct a regulatory review before carrying out an assessment to identify any new applicable requirements.

- A detailed work plan was laid out, including target dates for key meetings and delivery of outputs, stakeholder engagement (interviews and focus groups), internal review deadlines.
- Requirements and decision makers for approving milestones, deliverables, and implementation were also approved.

Recommendation:

- Include in the detailed workplan a validation workshop with senior leadership or board to ensure senior leadership buy-in and accountability.

- Internal documents were collected, and desktop research was carried out to understand main value chain segments, existing industry resources, and main categories of stakeholders. This ensured a good understanding of the watch and jewellery sector including existing sustainability-related impacts as well as industry highlights and trends.

Recommendation:

- Desktop research at entity-level should also include strategy presentations, organizational profiles, enterprise risk management report and approach, stakeholder meeting notes, client inquiries of corporate responsibility information, submissions to external rankings and ratings, ethics line findings, employee surveys, climate risk assessments, supplier assessment findings, human rights risk assessment or impact assessment, value chain mapping, and any other relevant summarized information.

Step 3: Developing Impact Assessment Framework

Objective: Prioritize sustainability topics and impacts, according to a series of assessment criteria, for impact on society and environment in line with global standards and regulations such as GRI[1] and CSRD[2] | ESRS[3]. This prioritization will help the watch and jewellery entities determine material topics for reporting and inform the continued relevance of its sustainability strategy.

Note that for reporting and strategy development risks and opportunities to the business (financial materiality) should be considered, in addition to impact materiality.

3.1 Impact Materiality Assessment Criteria

The criteria defined are qualitative assessments used to inform scoring against a predetermined set of categories.

Impacts on society and the environment are evaluated against their:

Severity as defined by the scale, scope, and irremediability of the impact.

- **Scale** refers to the severity or magnitude of an impact — how serious or significant its consequences are for people or the environment.
- **Scope** describes the reach or extent of an impact — how widespread it is, including how many people, locations, or ecosystems are affected.
- **Irremediability** indicates the degree to which an impact can be reversed or remedied — how permanent or difficult it is to restore the situation to its original state.

Likelihood of the impact occurring.

- **Likelihood** refers to the probability or chance that a given impact or event occurring. This can be measured qualitatively (e.g., unlikely, possible, likely) or quantitatively, either by probability (e.g., <5%, 10 in 100) or by frequency (e.g., once every three years).
- A **maximum likelihood** is always selected for actual impacts (both positive and negative).

Positive vs. Negative Impacts

- A **positive impact** is assumed to be beneficial to society and/or the environment and a **negative impact** is assumed to negatively affect society and/or the environment.
- An impact can also be categorized as actual or potential. An **actual impact** is assumed to be already happening whereas a **potential impact** may occur in the future (short, medium or long-term).

These are assessed differently as illustrated below.

[1]Global Reporting Initiative
[2]Corporate Sustainability Reporting Directive
[3]European Sustainability Reporting Standards

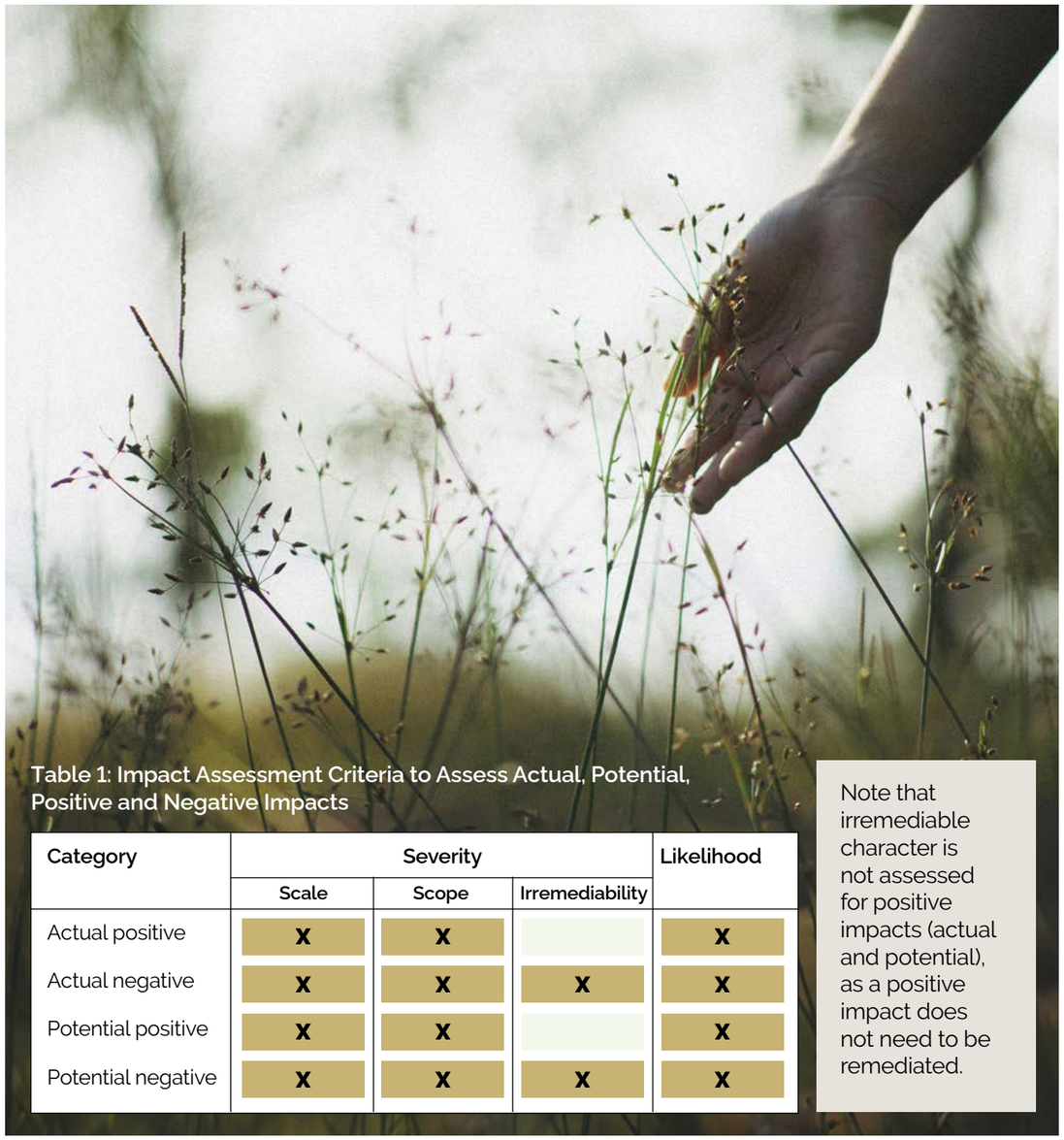


Table 1: Impact Assessment Criteria to Assess Actual, Potential, Positive and Negative Impacts

Category	Severity			Likelihood
	Scale	Scope	Irremediability	
Actual positive	X	X		X
Actual negative	X	X	X	X
Potential positive	X	X		X
Potential negative	X	X	X	X

Note that irremediable character is not assessed for positive impacts (actual and potential), as a positive impact does not need to be remediated.

- **Inherent vs residual impact**
  This methodology used an inherent ("gross") approach to assessing impacts, meaning that the methodology does not consider remediation and mitigation measures in line with CSRD guidance.

Recommendation:

- While CSRD refers to an inherent ("gross") approach for the assessment of impacts, companies not in scope of CSRD can decide to assess impact on a residual ("net") basis. Regardless of the approach a company takes, it is important to document what approach has been used.

2. APPROACH

- **Overview of Criteria**
  The assessment criteria applied for this reference impact materiality are provided below. These should be revisited and updated as global standards and local frameworks evolve.

NEGATIVE IMPACTS

		1	2	3	4	5
Severity	**Scope** How many people are (or could be) affected by the adverse impact? How widespread would the negative impacts be on environment or ecosystems?	**Smallest** Smallest range of the relevant population negatively impacted. Little to no negative environmental impacts and the local level.	**Small** Limited/ smaller range of the relevant population negatively impacted. Limited/ small negative environmental impacts at the local/city level.	**Medium** Majority of the relevant population negatively impacted. Negative environmental impacts at the country level.	**Large** Larger majority of the relevant population negatively impacted. Negative environmental impacts at the regional level.	**Very Large** Significant and/or all of the relevant population negatively impacted. Negative environmental impacts at the global level.
	Scale How serious are the negative impacts (or could they be) for affected individuals or the environment?	**Least Serious** Associated with indirect and/or minimal negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with indirect and/or minimal negative impacts on the environment, climate, or biodiversity.	**Moderately Serious** Associated with indirect and/ or moderate negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with indirect and/ or moderate negative impacts on the environment, climate, or biodiversity.	**Serious** Associated with direct and/or serious negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with direct and/or serious negative impacts on the environment, climate, or biodiversity.	**Very Serious** Associated with lasting negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with lasting negative impacts on the environment, climate, or biodiversity.	**Most Serious** Associated with irreversible negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with irreversible negative impacts on the environment, climate, or biodiversity.
	Remediability Can a remedy restore affected individuals or the environment to the same or equivalent position before the adverse impact?	**Remediable** Remedy would return those affected / environment to the same or equivalent position before the negative impact occurred.	**Likely Remediable** Remedy is likely to return those affected / environment to the same or equivalent position before the adverse impact occurred.	**Possibly Remediable** Remedy may help return those affected / environment to the same or equivalent position before the negative impact occurred.	**Rarely Remediable** Remedy can rarely return those affected / environment to the same or equivalent condition before the negative impact occurred.	**Irremediable** Remedy will not return those affected / environment to the same or equivalent condition before the negative impact occurred.
Likelihood	**What is the likelihood of the negative impact occurring?**	Although a risk, it is highly unlikely that negative impacts may occur.	There is some minor likelihood that negative impacts may occur.	It's more likely than not that negative impacts may occur.	There is a high likelihood that negative impacts may occur.	Negative impacts are currently occurring or certain to occur.

POSITIVE IMPACTS

		1	2	3	4	5
Severity	**Scope** How many people are (or could be) affected by the positive impact? How widespread would the positive impacts be on environment or ecosystems?	**Smallest** Smallest range of the relevant population positively impacted. Little to no positive environmental impacts and the locl level.	**Small** Limited/ smaller range of the relevant population positively impacted. Limited/ small positive environmental impacts at the local/city level.	**Medium** Majority of the relevant population positive impacted. Positive environmental impacts at the country level.	**Large** Larger majority of the relevant population positively impacted. Positive environmental impacts at the regional level.	**Very Large** Significant and/or all of the relevant population positively impacted. Positive environmental impacts at the global level.
	Scale How beneficial are the positive impacts (or could they be) for affected individuals or the environment?	**Least Beneficial** Associated with indirect and/or minimal positive impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with indirect and/or minimal positive impacts on the environment, climate, or biodiversity.	**Moderately Beneficial** Associated with indirect and/ or moderate negative impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with indirect and/ or moderate negative impacts on the environment, climate, or biodiversity.	**Beneficial** Associated with direct and/ or beneficial positive impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with direct and/ or beneficial positive impacts on the environment, climate, or biodiversity.	**Very Beneficial** Associated with lasting positive impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with lasting positive impacts on the environment, climate, or biodiversity.	**Most Beneficial** Associated with permanent positive impacts on an individual's physical, mental, civic, or economic wellbeing. Associated with permanent positive impacts on the environment, climate, or biodiversity.
Likelihood	**What is the likelihood of the positive impact occurring?**	It is highly unlikely that positive impacts may occur.	There is some minor likelihood that positive impacts may occur.	It's more likely than not that positive impacts may occur.	There is a high likelihood that positive impacts may occur.	Positive impacts are currently occurring or certain to occur.

Recommendation:

- Consider updating the 1–5 scale in line with your company's corporate risk assessment framework. It is best practice to align the scales used for financial materiality and impact materiality, and to apply consistent likelihood definitions across both. The severity definitions, however, are based on the UN Guiding Principles on Business and Human Rights (UNGPs) and GRI and should therefore remain unchanged.

Step 4: Developing Long List of Sustainability Topics

Objective: Research relevant sustainability topics and definitions pertinent to the watch and jewellery industry.

- Based on relevant sustainability reporting standards and international frameworks, including CSRD/ESRS, GRI, IFRS[4], SASB[5], an initial list of topics reflective of pertinent sustainability impacts in the sector was prepared.

Recommendation:

- In addition to this watch and jewellery-level research, companies should review third-party research of their specific sub-sector which does not already cover or modify definitions. To have internal buy-in from the start it is recommended that the full list of topics and definitions is validated by leadership (e.g. VP ESG/Sustainability).

➤ For more information on Developing Long List of Sustainability Topics, refer to EFRAG's Implementation Guidance on Materiality Assessment.

[4]International Financial Reporting Standards
[5]Sustainability Accounting Standard Board

Step 5: Drafting of Impacts

Objective: Develop an initial list of impacts and assess the watch and jewellery sector's impacts on society and environment.

- A list of high-level impacts was developed for each topic, considering the watch and jewellery sector's impacts on society and the environment. These were developed by experts in collaboration with WJI 2030 and desktop research.

- The list of impact statements covers:
  - Impacts across the full value chain
  - Actual impacts that have already occurred
  - Potential impacts that could occur but have not yet occurred
  - Negative and positive impacts

- The draft impact statements were revisited after engaging with stakeholders. Impacts were written at high level to ensure they were realistic and applicable across all lines of business.

Please refer to the Appendix, *Table 5: List of Topics, Topic Definitions and Impact Statements*, for the complete list of impact statements.

Recommendation:

- When creating a list of impacts, consider internal sources including strategy presentations, enterprise risk management report and approach, ethics line findings, employee surveys, climate risk assessments, supplier assessment findings, human rights risk assessment or impact assessment, and any other relevant summarized information on business and social and environmental impacts and opportunities. Sources that can be used can include investor reports, documents from environmental NGOs, human rights NGOs, business associations, and consumer associations.

Step 6: Definition of Stakeholder Engagement Plan

Objective: Determine how and which stakeholders to engage with. For this reference impact assessment, interviews as well as focus groups were conducted with both internal and external stakeholders.

A stakeholder is someone who affects or is affected by a company's operations, activities, products, or services, and can be either inside or outside the company. This could include employee engagement organizations or representatives; investors (traditional or socially responsible); suppliers; business partners; customers; local communities or their representatives; industry associations; regulatory/standard-setting bodies; civil society organizations; vulnerable groups or their representatives; topical experts / academics.

➤ For more information on Stakeholder Engagement, refer to BSR's FAQ on Stakeholder Engagement.

- Outreach communication was then developed and shared with stakeholders in advance.
- A target list of stakeholders was defined to inform the assessment, and the best engagement method was determined (interview vs focus group).

Engagement Method Examples

Interviews

- ***Purpose:*** Gather input on the topic list and identify potential or actual impacts.
- ***Internal stakeholders:*** Typically include senior leadership, decision-makers, and business unit or department leads, representing a cross-section of business functions.
- ***External stakeholders:*** Typically include those with direct and significant involvement with the company, such as stakeholders directly impacted by the assessment or affected by its outcomes. These may bring firsthand experience or insights into potential risks, benefits, challenges, or opportunities.

Focus groups

- ***Purpose:*** Broaden input on topics or impacts, facilitate scoring exercises, or gather feedback on preliminary scoring.
- ***Structure:*** Often organized by ESG category, business unit, or geography, with a focus on internal stakeholders.
- ***Considerations:*** Clarify how input from focus groups will be used (e.g., to validate topics, refine scoring, or prioritize issues), and identify participants accordingly to ensure relevant and diverse perspectives are captured.

Validation workshop

- ***Purpose:*** Gather feedback on results of the impact assessment and validate conclusions before communicating the results.
- ***Participants:*** Typically, senior leaders, which may include those already engaged in interviews or focus groups, as well as C-suite executives, board members, or other decision-making bodies.
- ***Considerations:*** Confirm in advance who needs to sign off on the results, and design the workshop to facilitate meaningful discussion and validation with these stakeholders. Ensure materials are clear, concise, and aligned with decision-making needs.

Recommendation:

- If there is an opportunity to engage stakeholders as part of another event or session, there is no need to organize separate interviews or focus groups. If a company has a good understanding of impacts related to a specific topic, these insights can be leveraged for the impact assessment (e.g. human rights assessment, environmental assessment, etc.)
- Ensure internal corporate functions (i.e., Risk, Legal, Strategy, Human Rights, Procurement, HR, etc.) are included in the discussions.
- Perspectives of (harder to engage) stakeholders can also be understood through written documentation. This would for example include employee surveys (focused on impacts on workers), notes from annual supplier reviews, reports from hotlines, etc.
- As a matter of principle, companies should engage with potentially affected stakeholders (i.e., rightsholders) by consulting them directly; in situations where such consultation is not possible, companies should engage reasonable alternatives, such as independent experts, civil society organizations, and human rights defenders.

Step 7: Collecting Stakeholders' Insights

Objective: Gather both qualitative insights and quantitative insights from stakeholders to refine and validate the list of topics and impact statements.

- For the 2025 reference impact assessment, we engaged with more than 20 stakeholders across 11 interviews and 3 focus groups. Attention was particularly given to ensure representation of the multiple value chain segments (i.e. Mining, Refining and Processing, Manufacturing, Distribution). For an overview of the interview questions, see Appendix.

Stakeholders from the following categories took part in the interview process:

- Civil Society Organizations (CSOs)
- International Organizations (IOs)
- Refiners
- Industry Associations
- Labor Unions
- Academia
- Multi-stakeholder initiatives
- Diamond companies
- Jewellery companies

Please note that the stakeholder interviews are confidential with direct quotes not attributed to specific individuals.

Recommendation:

- Planning stakeholder engagement may be challenging due to differences in availability. Consider scheduling challenges in assessment timeline.

Step 8: Refining and Scoring Impact Statements

Objective: Update and score impacts based on stakeholders' feedback.

8.1 Refining impact statements

- After stakeholder interviews and focus groups, the impact statements were revised and adjusted to reflect experts' feedback.

Recommendation:

- Impacts that do not resonate or are unlikely to be material, based on professional judgment, can be deprioritized so scoring efforts concentrate on those most significant.

8.2 Scoring Impact Statements

Positive and negative impacts were evaluated using the Impact Materiality scale.
To ensure consistency and completeness, the following dimensions were considered:

Reference materials
Interview notes and insights, document review, and desktop research, and documented specific materials used for assessing each impact were leveraged.

Gross vs Inherent Approach
Each impact was evaluated as if no mitigation measures were in place, other than the minimum required to meet regulations. The aim is to identify the underlying or inherent impact, independent of existing management controls. For example, while the presence of policies or controls indicates that a potential impact has already been recognized; the chance of the impact occurring without those controls and the potential impact if existing controls were to fail were prioritized for the context of this assessment.

Actual vs Potential Assessment
It was determined whether the impact is already occurring (actual) or could occur in the future (potential).

Recommendation:

- In making this classification, assess whether there is documented evidence of occurrence, or whether it may arise based on the company's business context.

2. APPROACH

Time horizon

The impact was also evaluated based on the timeframe over which they are most likely to materialize. For the sake of this reference impact materiality, the timeframes used align with ESRS provisions.

- Short term: The reporting period adopted in financial statements
- Medium term: From the end of the short term up to five years
- Long term: Beyond five years

This assessment is often based on professional judgment. The goal is not to evaluate every horizon, but to indicate whether the impact is expected imminently or over a longer timeframe.

Recommendation:

- For companies not in scope of CSRD, doing this assessment voluntarily, please align the time horizons to business needs and context.
- It is also important to document the time horizons and make them clear when scoring impact statements.

Value chain

The assessment specifies where in the value chain the impact is most likely to occur: upstream, downstream, or in own operations. While multiple locations may apply, the key is to clarify which stakeholders or parts of the value chain are most affected.

Likelihood

The likelihood of the impact occurring was assessed using the established scoring scale and criteria. When the impact is already occurring (actual), the highest likelihood rating (5 – Very High) was assigned.

➤ Please refer to Step 3: Developing Impact Assessment Framework for scale definition and application.

While probability estimates can help guide the assessment, in most cases this evaluation relies on professional judgment informed by stakeholder insights and the business context (e.g., geography, industry).

Severity

Severity of impacts were calculated as the average of scale, scope, and irremediable character (when relevant). Together, these dimensions capture the overall significance of an environmental or social impact, consistent with established human rights assessment methodologies.

➤ Please refer to Step 3: Developing Impact Assessment Framework for scoring positive vs negative impacts.

Rationale

For both likelihood and severity scoring, the rationales were documented and referenced.

Recommendation:

- Balance level of detail with practicality, prioritizing documentation for impacts that are at or near the materiality threshold.

Example of topic scoring

Topic	Circularity
Positive / Negative	Positive
Description of impact	By adopting circular practices, such as sourcing recycled diamonds or using lab-grown alternatives, jewellery companies could reduce pressure on finite natural watch & jewellery raw materials' reserves and support more sustainable resource use across the value chain.
Actual / potential	Actual
Value chain	Extraction, Polishing & Cutting, Manufacturing, Distribution
Time horizon	Medium-term
Likelihood	Very high
Scale	High
Scope	Low
Irremediability	N/A
Score	15.0
Rationale for score	Circularity has been cited in almost all stakeholder interviews as a positive actual impact in the watch and jewellery sector. The industry's current dependence on mining, identified as one of the least circular and most environmentally damaging activities, underscores the urgency of scaling circular solutions. Stakeholders recognize growing momentum across the value chain; while the gold and precious metals sectors have advanced recycling practices, the diamond and coloured gemstone segments lag behind. Circularity thus represents an opportunity for the jewellery sector to enhance sustainability and limit the tradition of extractivism in the sector.

Impacts were assessed as actual (already occurring) or potential (likely to occur in the future).

Impacts were also evaluated based on the timeframe over which they are most likely to materialize.

Likelihood, scale and scope were assessed based on engagement feedback.

Irremediable character was not assessed for positive impacts.

Scoring rationales were documented and referenced.

➤ For more information on Refining and Scoring Impact Statements, refer to EFRAG's Implementation Guidance on Materiality Assessment.

Step 9: Defining a Materiality Threshold

Objective: Define a materiality threshold for impact materiality, above which topics will be considered material for reporting purposes.

A **materiality threshold** in sustainability reporting is the defined level of significance used to determine which environmental, social, and governance issues are substantial enough to influence stakeholder decisions or affect the company's value and therefore should be disclosed.

For the purpose of this reference impact materiality, a materiality threshold was not established. **Defining a materiality threshold is entity-specifi**c and is highly dependent on individual companies' business context, risk appetite and ambition.

Recommendation:

- The determination of "where and how" to set the threshold remains at the company's discretion, recognizing that:
  - Threshold-setting typically relies on professional judgment rather than quantitative precision.
  - Materiality is a relative concept, assessed in relation to the other impacts identified by the company.
- Companies in scope of CSRD should continue to monitor regulatory developments and emerging best practices on threshold setting to ensure alignment.
- For interoperability with internal frameworks, a company's existing risk scale may be a useful reference point: under this scale, risks scoring ≥4 on both severity and likelihood are considered "high risk." This benchmark could be leveraged to inform a double materiality or in this case impact materiality threshold.

➤ For more information on Defining a Materiality Threshold, refer to The Double Materiality Assessment (DMA) Global Guide for the Jewellery Sector (SME Focus).

Step 10: Illustrate Results

Objective: To display results of the impact assessment in public and internal reporting.

As mentioned, no threshold for materiality was set for this reference impact materiality. This brief is to be used as a starting point for companies in the watch and jewellery industry. The recommendations below should be used once a threshold is defined at organizational level.

Recommendation:

- Material impacts can be listed or mapped on a materiality matrix. While often materiality results are plotted in a matrix, this approach might not always be the most suitable solution, and a list may be preferred.
  - A matrix showing only impacts, will be a severity x likelihood matrix. Often, companies plot the highest severity score (y-axis) against the likelihood score (x-axis). Instead of plotting each individual impact, the overarching topic will be plotted. This shows the relative placement of impacts and allows for comparison across topics.
  - For a matrix where both impact materiality and financial materiality are included, it will be a matrix showing financial materiality x impact materiality. For both financial and impact materiality placement, the placement is determined by the highest impact, risk, or opportunity.
- Results should be validated by senior leadership.

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3. Impact Materiality Assessment Results

This section presents the ranked impact materiality results for the watch and jewellery sector. Results are grouped under Environmental, Social, and Governance categories, from the most to least material issues. Higher scores indicate greater material significance for the sector (25,0 being the maximum score, and 1,0 being the minimum score). The results are shown for both positive and negative impacts, illustrating how their significance differs for similar issues (see *Appendix, Table 5* for the corresponding impact statements for each issue).

These findings provide a sector-level view: **each company should determine its own materiality threshold according to its operations and risk profile**. Each category results integrate related key stakeholder insights, while the full list of issues and rationale descriptions are available in the accompanying Excel reference file.

Detailed Results for Environmental Topics

The table below outlines the environmental topics identified as material for the watch and jewellery sector, presented with their respective scores. Detailed rationales for each environmental topic, along with related detailed salience results, are available in the Appendix as well as in the accompanying Excel reference file.

Table 2: Material Environmental Topics Scores
Material topics are listed from most material (highest scores) to least material (lowest scores).

Category	Topic	Positive / Negative	Score
Environmental	**GHG Emissions and Energy Use**	Negative	**25,0**
Environmental	**Waste Management**	Negative	**20,0**
Environmental	**Waste Management**	Positive	**20,0**
Environmental	**GHG Emissions and Energy Use**	Positive	**17,5**
Environmental	**Circularity**	Positive	**15,0**
Environmental	**Biodiversity and Ecosystems**	Negative	**14,7**
Environmental	**Biodiversity and Ecosystems**	Positive	**14,0**
Environmental	**Pollution and Use Of Chemicals**	Negative	**13,3**
Environmental	**Water and Marine Resources**	Negative	**13,3**
Environmental	**Water and Marine Resources**	Positive	**12,0**
Environmental	**Pollution and Use of Chemicals**	Positive	**12,0**
Environmental	**Circularity**	Negative	**11,7**

"The sector can build resilience by building circularity"
Multi-stakeholder collaboration specialist

Some Key Interview Insights

- **Secondary materials beyond precious metals**, such as plastics, packaging, and furniture components, **remain largely overlooked** within the watch and jewellery sector. Although considered "secondary," stakeholders emphasized these materials represent a significant sourcing stream and environmental footprint, highlighting the need for broader circularity strategies that extend beyond core raw materials like gold, which already receive greater industry attention.
- Stakeholders recognize **growing momentum for circularity across the value chain**: while the gold and precious metals sectors have advanced practices, the diamond and colored gemstone segments lag. Circularity thus represents an opportunity for the jewellery sector to enhance sustainability and counter traditional critiques of extractivism in the sector.
- **The need for aligned measurement methodologies represents an opportunity in the sector.** An opportunity consistently raised concerns establishing shared definitions, boundaries, and methodologies for calculating the carbon footprint of recycled gold to ensure comparability across the sector.

Best practice:

As highlighted by a stakeholder, alignment through collective initiatives such as the Watch & Jewellery Initiative 2030 would enable the development of consistent measurement methodologies for the carbon footprint of recycled gold, enhance transparency, and support credible communication of climate performance.

Detailed Results for Social Topics

The table below outlines the social topics identified as material for the watch and jewellery sector, presented with their respective scores.

Detailed rationales for each social topic, along with related detailed salience results, are available in the Appendix as well as in the accompanying Excel reference file.

Table 3: Material Social Topics Scores
Material topics are listed from most material (highest scores) to least material (lowest scores).

Category	Topic	Positive / Negative	Score
Social	**Health and Safety**	Negative	**25,0**
Social	**Health and Safety**	Positive	**16,0**
Social	**Fair Working Conditions (Incl. Living Wage)**	Positive	**16,0**
Social	**Gender Discrimination (Incl. GBV) and Discrimination Against Vulnerable Groups**	Positive (Gender)	**16,0**
		Positive (Vulnerable Groups)	**16,0**
Social	**Fair Working Conditions (Incl. Living Wage)**	Negative	**15,0**
Social	**Gender Discrimination (Incl. GBV) and Discrimination Against Vulnerable Groups**	Negative (Gender)	**14,7**
		Negative (Vulnerable Groups)	**14,7**
Social	**Child Labor**	Negative	**14,7**
Social	**Grievance Mechanisms and Access to Remedy**	Positive	**14,0**
Social	**Forced Labor**	Positive	**14,0**
Social	**Child Labor**	Positive	**14,0**
Social	**Freedom of Association and Collective Bargaining**	Positive	**14,0**
Social	**Women and Other Vulnerable Groups' Economic Empowerment**	Positive (Gender)	**14,0**
		Positive (Vulnerable Groups)	**14,0**
Social	**Forced Labor**	Negative	**13,3**
Social	**Security and Conflict-Affected and High-Risk Areas (CAHRAS)**	Negative	**12,0**
Social	**Community Rights (Including Indigenous Peoples Rights and FPIC)**	Negative	**12,0**
Social	**Freedom of Association and Collective Bargaining**	Negative	**12,0**
Social	**Women and Other Vulnerable Groups' Economic Empowerment**	Negative (Gender)	**12,0**
		Negative (Vulnerable Groups)	**12,0**
Social	**Grievance Mechanisms and Access to Remedy**	Negative	**10,7**
Social	**Security and Conflict-Affected and High-Risk Areas (CAHRAS)**	Positive	**10,0**
Social	**Community Rights (Including Indigenous Peoples Rights and FPIC)**	Positive	**10,0**
Social	**Product Integrity and Disclosure (Incl. Responsible Marketing)**	Positive	**10,0**
Social	**Product Integrity and Disclosure (Incl. Responsible Marketing)**	Negative	**6,7**

Some Key Interview Insights

- **Health & Safety in the watch and jewellery supply chain was continuously raised as critical** during stakeholder engagement.
- Stakeholders consistently highlighted **informal and artisanal labor as a backbone issue linking most salient human rights risks in the watch and jewellery sector's supply chains**. In artisanal and small-scale mining, informality creates conditions that enable forced labor, child labor, and exploitation of migrant workers, reinforcing each other through weak oversight, opaque recruitment, and lack of legal protection. Addressing informal and artisanal labor is therefore perceived as essential to tackling the root causes of interconnected human rights abuses and systemic vulnerabilities across the value chain.
- Stakeholders emphasized the **need to reframe the discourse related to women not as a vulnerable group but as embodying opportunity and drivers of value** in the watch and jewellery sector. Linking women's strong influence downstream as primary consumers to their empowerment and participation upstream can create a more positive narrative, positioning women as active contributors to leadership, and inclusive growth across the sector.

Best practice:

Best Practice: Leverage technology transfer and local capacity-building beyond the mining stage to strengthen in-country value creation. *The Case Study: HB Antwerp's model of radical transparency in Botswana* illustrates how establishing cutting and polishing facilities in producing countries, supported by advanced digital tools and expert mentorship, can enhance local technical capacity, improve traceability, and help shift away from traditional extractivism by retaining more economic and knowledge value within resource-producing countries.

3. IMPACT MATERIALITY ASSESSMENT RESULTS

Detailed Results for Governance Topics

The table below outlines the governance topics identified as material for the watch and jewellery sector, presented with their respective scores.

Detailed rationales for each governance topic, along with related detailed salience results, are available in the Appendix as well as in the accompanying Excel reference file.

Table 4: Material Governance Topics Scores
Material topics are listed from most material (highest scores) to least material (lowest scores).

Category	Topic	Positive / Negative	Score
Governance	**Supply Chain Practices (Incl. Traceability)**	Negative	**20,0**
Governance	**Supply Chain Practices (Incl. Traceability)**	Positive	**16,0**
Governance	**Corruption and Money Laundering**	Positive	**14,0**
Governance	**New Technology and Innovation**	Positive	**14,0**
Governance	**Collaboration**	Positive	**14,0**
Governance	**Corruption and Money Laundering**	Negative	**12,0**
Governance	**Protection of Whistleblowers and Human Rights Defenders**	Negative	**12,0**
Governance	**New Technology and Innovation**	Negative	**12,0**
Governance	**Protection of Whistleblowers and Human Rights Defenders**	Positive	**10,0**
Governance	**Collaboration**	Negative	**9,3**

Some Key Interview Insights

- **Collaboration is resilience.** Stakeholders emphasized the need to strengthen collective action and true social dialogue across the watch and jewellery sector. By means of example, suppliers expressed fatigue from repeatedly responding to similar brand questionnaires, underscoring the opportunity for more harmonized, bottom-up collaboration, such as shared KYC and due diligence tools, to reduce duplication and build trust across the value chain.

"Trust is essential in the watch and jewellery value chain, which can be reinforced by the power of collective action".

Multi-stakeholder initiatives specialist

Best practice:

Develop digital product passport systems to strengthen traceability and transparency across the value chain. A stakeholder shared it achieves strong traceability back to mines through strong Tier 1 supplier relationships and digital tools, such as blockchain-based product passports. Such practice enhances consumer trust, meets rising expectations from younger generations, and drives accountability from source to finished product.

4. Next Steps and Recommendations

Integrating Impact Materiality into Double Materiality

- **Start from existing results:** Use the reference impact materiality topic list as a starting toolkit, and update and adjust as needed. Ensure assessment criteria (severity, likelihood, etc.) align with individual context.
- **Link impacts to financial effects:** For each material impact, consider how it could create financial risks or opportunities (e.g., regulation, costs, reputation, supply chain).
- **Add financial materiality assessment:** Assess which topics could reasonably affect enterprise value using inputs from finance, risk, legal, environmental, social and strategy teams.
- **Combine into one matrix or list:** Plot topics on a two-axis matrix (impact vs. financial) or combine a list. Disclose all topics that are material under either lens.
- **Ensure coherence and governance:** Document your approach, validate with cross-functional teams, and have results approved by management.
- **Communicate clearly:** Explain how the impact assessment evolved into a double materiality view, noting any new or changed topics.

Recommendations

The following section outlines recommendations for both companies in the sector and multi-stakeholder initiatives to advance the watch and jewellery sector on its material issues, reflecting what can be done at both the individual company level as well as collectively across the industry to address these ESG-related issues. They are informed by stakeholder insights gathered throughout the assessment and reflect the interconnections between environmental, social, and governance challenges.

The foundational, intermediate, and advanced actions aim to balance immediate risk management with longer-term systemic transformation. While specific actions differ by actor, all converge on the need for building trust, supply chain transparency, and collaboration to strengthen the sector's resilience.

General Recommendations

The three overarching and high-level recommendations below echo the core insights emerging from this assessment and are further translated into concrete, action-oriented measures in the subsequent detailed recommendations section.

These recommendations should be viewed in the context of this assessment: an industry-wide approach meant to establish the baseline, rather than specific outcomes and action plans for individual members of WJI 2030. Likewise, these high-level recommendations establish the building blocks for more advanced and specific findings and recommendations that will emerge at the individual company level.

Transparency and traceability as foundations for accountability: Strengthen supply chain visibility and due diligence to ensure responsible sourcing, fair labor practices, and environmental stewardship.

Invest in local capacity-building: Support capacity-building for suppliers, workers, and artisanal miners to enhance skills, formalize operations, and promote equitable value creation across the value chain.

Collaboration is resilience: Address interlinked challenges such as labor informality, extraction, and biodiversity loss through coordinated, cross-sector approaches. Multi-stakeholder collaboration should focus on harmonized standards, shared data, and practical instruments of change to deliver measurable and lasting impact.

Detailed recommendations

1. Recommendations for companies in the sector

1.1 Foundational

Conduct your own double materiality assessment (DMA): To determine top material environmental, social, and governance topics relevant to your company and the specific value chain in which you are operating. Such assessment will help prioritize action, map priority value chain segments, potential priority materials and related suppliers in a way that is specific, relevant, and most importantly, actionable for you as an individual company.

Invest in supply chain visibility: Strengthen engagement, traceability and due diligence systems for your tier 1 and 2 suppliers and beyond, prioritizing high-risk materials (gold, gemstones) and piloting tech solutions such as digital product passports. Consider traceability mechanisms beyond tiers 1 and 2 for high-risk commodities like gold and gemstones in order to engage where ESG risks are greatest.

Understand informal and artisanal labor in the supply chain: To better address the interconnected human rights issues deriving from informal and artisanal labor, use assessments conducted to engage with relevant suppliers on recruitment practices, contracting standards, wage practices or employment benefits.

1.2 Intermediate

Develop targeted action plans: Building off this impact assessment and the outcomes of an individual company's DMA. Action plans should define clear objectives, responsibilities, and timelines; and they may be tailored by value chain segment, commodity, or geography.

Take part in multi-stakeholder initiatives: Join sustainability initiatives (such as the Watch & Jewellery Initiative 2030) to share and align practices on challenging issues such as supply chain traceability, informal and artisanal labor, or nature conservation. These initiatives allow for joint action on ESG impacts that companies may not be able to address individually.

Pilot circularity initiatives on secondary materials: Through multi-stakeholder initiatives or through organization-specific efforts, integrate secondary materials such as plastics and packaging into sustainability strategies.

1.3 Advanced

Scale successful solutions in supply chain practices: Integrate them across the value chain through interoperable systems (i.e., digital product passports).

Invest in local capacity-building: Train suppliers' workers in resource countries beyond mining to promote technology transfer, local employment, and improved supply chain resilience.

Implement action plans & build long-term trust: Ensure regular monitoring of supply chain practices based on action plan objectives. Ground implementation and monitoring in dialogue and capacity-building to enhance trust with supply chain actors, and over the long-term, supply chain resilience.

2. Recommendations for multi-stakeholder collaboration

2.1 Foundational

Harmonize supplier due diligence tools: Collaborate across industry platforms (i.e., WJI 2030, RJC[6], OECD[7] alignment initiatives) to standardize due diligence, KYC[8], and reporting tools. This reduces duplication, alleviates supplier fatigue, and strengthens data comparability across the value chain.

Map and engage key actors: By actively involving artisanal and small-scale miners, local communities, and Indigenous Peoples in sector-wide dialogues and decision-making processes. Multi-stakeholder collaborations should prioritize these voices to ensure that solutions are grounded in local realities and foster trust.

Focus on building trust: Map where trust deficits exist, such as between artisanal miners, concession holders, and buyers, and design targeted interventions to close them. Building mutual confidence is critical to fostering collaboration, reducing illicit activity, and enhancing the overall resilience of the watch and jewellery supply chain.

2.2 Intermediate

Define measurable and actionable data points: Prioritize identifying what data is truly measurable, then build the methodologies and shared understanding needed to collect and interpret it effectively. Interviewees shared the need for common methodologies for calculating the carbon footprint of recycled gold. By clarifying collective aspirations and focusing on practical, evidence-based instruments of change, the watch and jewellery sector can move from ambition to measurable, credible action.

Think in terms of a system-based approach: Move beyond siloed interventions and embrace systems thinking, acknowledging that human rights, environmental, and governance issues are deeply interdependent and results in phenomenon like labor informality and extractivism.

2.3 Advanced

Launch cross-sectoral innovation partnerships: For example, this could be with tech providers to pilot traceability and transparency solutions across the supply chain. (including SMEs[9] and ASM[10] actors) building on successful brand-led pilots to ensure applicability.

[6] Responsible Jewellery Council
[7] The Organization for Economic Co-operation and Development
[8] Know Your Chain
[9] Small and Medium Enterprises
[10] Artisanal and Small-Scale Mining

5. Appendix

Reference List of Topics and Impacts

The table below presents the full reference list of sustainability topics assessed for the watch and jewellery sector, along with their corresponding positive and negative impact statements. The following reference list serves as a starting point for companies, who should adapt topic names, definitions, and impact descriptions to reflect their specific operations and risk profile.

Table 5: List of Topics, Topic Definitions and Impact Statements

Topic Name	Topic Definition	Negative and Positive Impact Statements
Circularity	Transformative approach to the design and manufacture of watches and jewellery to reduce environmental impact linked to extraction and depletion of natural reserves, such as watch & jewellery raw materials (including but not limited to gemstones, pearls, wood, precious metals), and the long-term availability of these non-renewable resources. This includes sourcing and use of reclaimed precious metals and gemstones.	**Negative:** While the use of reclaimed watch & jewellery raw materials offers a more sustainable alternative, companies may impact on the availability of reclaimed materials on the market. This may negatively impact local communities, e.g. artisanal mining communities, who may lose formal market access to reclaimed watch & jewellery raw materials, ultimately reducing their livelihoods opportunities. **Positive:** By adopting circular practices, such as sourcing recycled diamonds or using lab-grown alternatives, jewellery companies could reduce pressure on finite natural watch & jewellery raw materials' reserves and support more sustainable resource use across the value chain.
Waste Management	The management of all forms of waste generated throughout the watch and jewellery value chain, including extraction, cutting and polishing of watch & jewellery raw materials such as gemstones, metal refining, component manufacturing, assembly, packaging, distribution, retail, and end-of-life disposal. This includes hazardous and non-hazardous waste, such as mine tailings, production scrap, water and chemical waste, packaging materials, and post-consumer product waste.	**Negative:** Ineffective waste management, especially around mining and manufacturing sites, can lead to significant environmental degradation, including soil and water contamination, affecting local communities' living standards. At the downstream end, lack of circular product design and insufficient consumer waste collection systems contribute to growing volumes of non-biodegradable and non-recyclable waste, which impairs biodiversity but may also affect communities surrounding landfills. **Positive:** By adopting responsible waste management practices across the value chain, the industry can significantly reduce its environmental footprint and improve resource efficiency. Initiatives such as minimizing mining waste, recovering and reusing production scrap, reducing packaging, and implementing take-back or recycling programs at end-of-life can drive circularity and positively impact brand reputation.
Water and Marine Resources	Refers to the syphoning and use of freshwater as well as management of wastewater throughout a manufacturer's own processes and across the value chain, particularly in water-stressed areas. This also includes the responsible sourcing and use of marine resources such as pearls and corals, ensuring that their extraction and cultivation do not contribute to marine ecosystem degradation, overexploitation, or water pollution.	**Negative:** Water use and discharge from mining, manufacturing, and marine resource extraction activities, such as pearl farming and coral harvesting, may contribute to local freshwater scarcity, marine ecosystem degradation, pollution, and reduced access to clean water for surrounding communities and aquatic life. The use of substances such as mercury or uncontrolled use of cyanide may contribute to the degradation of marine ecosystems, mainly through river contamination, ultimately posing risks to local communities' health conditions. **Positive:** Sustainable sourcing of pearls and corals, coupled with responsible wastewater treatment, supports the health of aquatic environments and ensures viable access to water resources for local communities and biodiversity.
GHG Emissions and Energy Use	Refers to the reduction of GHG emissions resulting from sourcing, production, transportation, and packaging of watches and jewellery (scopes 1, 2, and 3). This also includes emissions from energy use, energy efficiency and renewable energy use for precious metal processing and all supply chain activities. In addition, it considers the industry's role in supporting climate adaptation and resilience, particularly in supply chain regions vulnerable to climate-related disruptions such as extreme weather, water stress, or infrastructure instability.	**Negative:** GHG emissions from fossil fuel use and energy-intensive processes contribute to climate change, leading to environmental degradation and increased risks for communities, especially those in vulnerable mining and production areas, through impacts like extreme weather events and water stress. **Positive:** Deployment of renewable energy use across manufacturing operations would support societal shift away from fossil fuels and contribute to reducing GHG emissions.
Biodiversity and Ecosystems	Refers to the physical and chemical pressures, such as land-use change, deforestation, direct resource extraction and exploitation, resulting from mining activities that contribute to the degradation of ecosystems, water-use alteration or contamination, animal welfare, as well as loss of biodiversity and habitats (including for at risk living organisms)	**Negative:** Mining and processing of raw materials can lead to habitat destruction, soil and water contamination, and long-term biodiversity loss in ecologically sensitive areas. Moreover, the continued use on finite watch & jewellery raw material resources and other precious stones contribute to this biodiversity loss and depletion of non-renewable assets. **Positive:** Implementing cleaner production methods, reducing chemical use, and improving waste and water management in manufacturing can mitigate ecological harm. Additionally, sustainable packaging and low-impact logistics contribute to protecting habitats and promoting long-term ecosystem resilience across the value chain.

5. APPENDIX

Topic Name	Topic Definition	Negative and Positive Impact Statements
Pollution and Use of Chemicals	Refers to the use, handling, and disposal of chemicals or hazardous materials (substances of concern and high concern as defined by local regulations). This can lead to pollution of air, water and land through NOx, SOx, ozone depleting emissions and other non-GHG pollutants.	**Negative**: Improper management of hazardous substances can lead to soil and water contamination, occupational health risks, and long-term harm to ecosystems and surrounding communities. **Positive**: Substituting or reducing hazardous substances can improve worker safety, lower environmental contamination risks, and support cleaner production practices.
Health and Safety	Refers to the protection and promotion of physical and mental well-being of all workers involved in the value chain, including miners, factory employees, and contractors, through safe working conditions, risk mitigation, and access to appropriate health resources and infrastructure.	**Negative:** Work related incidents could lead to severe injury including death of members of the community, employees, suppliers and contractors. High-pressure production cycles driven by seasonal demand peaks (e.g., Christmas, Black Friday) or shifts in pricing structures can lead to unsustainable work intensity. This heightened pace increases the risk of fatigue-related errors and workplace injuries, compromising the physical and mental well-being of workers across the value chain. **Positive:** Robust health and safety practices will enhance worker well-being, in turn fostering a safer, more resilient workforce and by extension have positive impact on the overall community.
Fair Working Conditions (incl. Living Wage)	Refers to the terms and quality of employment that at minima are in compliance with local and international labor laws and regulations. This includes fair and equitable wages, working hours, job security, and access to social protection across the value chain for formal and informal workers. This also incorporates right to sanitation and proper housing for factory workers.	**Negative:** Poor employment conditions and the absence of a living wage can lead to worker exploitation, income insecurity, and reduced well-being, particularly in lower tiers of the supply chain. **Positive:** Promoting fair and stable employment, as well as living wages, supports decent work, reduces inequality, and strengthens social cohesion.
Security and Conflict Affected and High-Risk Areas (CAHRAs)	Refers to the measures and practices implemented to protect workers and communities involved in or affected by the watch and jewellery value chain from violence, intimidation, and human rights abuses linked to security personnel, suppliers, or external actors like militias in high-risk contexts, which are frequent at the mining stage of the value chain and in operations in conflict-affected and high-risk areas (CAHRAs). This includes addressing the trade in minerals mined in areas controlled by armed groups and sold to finance conflict, in violation of human rights and international standards.	**Negative:** Inadequate security measures could lead to human rights violations and increased trade of conflict minerals, including abuse, intimidation, or violence against workers and local communities, especially in mining regions and/or in high-risk contexts. More generally, sourcing from conflict-affected areas may contribute to reinforce or financing terrorism or armed conflicts. **Positive:** A company implementing robust security measures on-site and robust due diligence processes, especially at the mining stage and in alignment with international standards, will prevent the financing of armed conflict and the flow of conflict mineral, helping to foster a stable and safe working environment for workers and the community.

Topic Name	Topic Definition	Negative and Positive Impact Statements
Grievance Mechanisms and Access to Remedy	Refers to the availability and effectiveness of channels that allow workers to raise concerns or report abuse related to their rights, working conditions, or treatment, without fear of retaliation. Where a company identifies that it has caused or contributed to adverse human rights impacts, it should provide for or cooperate in their remediation through legitimate processes, either via its own operational-level mechanism or by supporting access to independent, non-judicial grievance mechanisms.	**Negative:** Lack of accessible or trusted grievance mechanisms can prevent workers from reporting harm, allowing misconduct to persist and undermining accountability across the value chain. **Positive:**Effective grievance mechanisms can help resolve issues early, uphold workers' rights, and foster more transparent and responsible business practices.
Community Rights (including Indigenous Peoples Rights and FPIC)	Refers to the recognition, respect, and protection of the legal and customary rights of local communities affected by operations across the watch and jewellery value chain, including rights to land, resources, and cultural heritage (as per international frameworks such as the IFC Performance Standards or the UNDRIP and respect of rights such as the obligation to obtain Free, Prior, and Informed Consent from Indigenous Peoples and local communities where applicable).	**Negative:** Failure to respect community rights could lead to forced displacement, loss of access to land and resources, and the erosion of cultural heritage, causing social conflict, livelihood disruption, and environmental harm. **Positive:** A company that actively engages with communities and uphold their rights through transparent consultation and consent processes can foster local trust, secure social license to operate, and contribute to preserving local cultural identities.
Forced Labor	Refers to situations where workers are coerced to work through threats, violence, debt bondage, withholding of wages or identity documents, often affecting vulnerable populations in informal work settings, which may occur at the mining and manufacturing stages.	**Negative:** It undermines fundamental human rights and can expose workers, especially migrant workers or workers in informal employment, to abusive and exploitative conditions sometimes amounting to death, particularly in high-risk sourcing regions. It also contributes to social instability and may be linked to lack of oversight. **Positive:** A company that proactively addresses forced labor risks through due diligence, supplier engagement, and grievance mechanisms can improve working conditions across its value chain.
Child Labor	Refers to the engagement of children in work that is mentally, physically, socially, or morally harmful, or that interferes with their education, particularly in lower tiers of the supply chain.	**Negative:** Child labor violates fundamental rights, hinders development and education, and perpetuates cycles of poverty and inequality. **Positive:**Eliminating child labor supports children's rights, improves long-term community outcomes, and strengthens responsible sourcing practices.

5. APPENDIX

Topic Name	Topic Definition	Negative and Positive Impact Statements
Gender Discrimination and Discrimination Against Vulnerable Groups	Refers to harmful treatment, harassment, abuse, or coercion based on vulnerable groups characteristics, such as gender, ethnicity, sexual orientation, disability, or other identity factors, occurring in or linked to the workplace or supply chain. This includes risks of gender-based violence (GBV) and harassment, particularly in artisanal and small-scale mining (ASM), manufacturing, and retail supply chains.	**Negative - Vulnerable Groups**: Discrimination against vulnerable groups undermine safety, dignity, and equity, and can create hostile environments across workplaces and supply chains. These impacts are heightened in conflict-affected areas, often causing physical and/or mental harm to individuals and reinforcing unfair treatment of vulnerable groups. **Negative - Gender:** Discrimination against women in the workplace, through cognitive bias, a lack of career advancement opportunities, unequal wages, a lack of recognition, or gender-based violence undermine safety, dignity, and equality, and can create hostile environments across workplaces and supply chains for women. These impacts are heightened in conflict-affected areas, often reinforcing the already existing context of unfair treatment of women. **Positive - Vulnerable Groups:** Preventing and addressing discrimination against vulnerable groups promotes safer, more inclusive workplaces across the value chain. Advancing diversity and inclusion through DEI initiatives can also unlock innovation and improve outcomes by enabling broader participation and a more diverse talent pool. **Positive - Gender:** By promoting gender equity and inclusion in its operations and supply chain, a company can contribute to the reduction of harmful gender norms and discriminatory practices. This includes supporting women's empowerment and career advancement, ensuring safe and fair working conditions, and preventing gender-based violence (GBV) and harassment, particularly in high-risk geographies (CAHRAs) and segments such as artisanal
Freedom of Association and Collective Bargaining	Refers to the right of workers across the value chain to form and join trade unions or worker organizations and to engage in collective bargaining to negotiate fair wages, working conditions, and other employment terms.	**Negative:** Restrictions on freedom of association and collective bargaining can lead to poor labor conditions, wage suppression, and increased worker vulnerability, particularly in lower tiers of the supply chain where legal protections may be weak, contributing to social instability and abusive working conditions. **Positive:** A company that respects and supports workers' rights to organize and bargain collectively can foster more equitable labor conditions, improve worker well-being and retention, and strengthen supply chain resilience, especially when practiced in collaboration with suppliers in countries with limited legal safeguards.

Topic Name	Topic Definition	Negative and Positive Impact Statements
Women and other Vulnerable Groups' Economic Empowerment	Refers to the equitable participation, treatment, and advancement of vulnerable groups (such as women, migrant workers, persons with disabilities, LGBTQIA+ persons) in the watch and jewellery value chain, particularly in sourcing, production, and manufacturing. It includes access to fair wages, leadership opportunities, skills training, and supportive workplace policies that promote safe and respectful environments. This is especially relevant in ensuring women workers' career advancement opportunities, considering they are over-represented in the lower-paid roles in manufacturing of the watch and jewellery value chain.	**Negative - Vulnerable Groups:** Barriers such underrepresentation in leadership, limited access to employment opportunities, unsafe working conditions, or non-inclusive practices can hinder vulnerable groups' economic participation and reinforce exclusion within communities. This is especially salient for women who may face gender-insensitive practice and inadequate childcare support in the workplace, preventing them to access career progression opportunities. **Negative - Gender:** The absence of gender-sensitive policies, wage equity measures, childcare support, or protection from workplace discrimination (including GBV) can limit women's career advancement, resulting in their underrepresentation in leadership positions and may perpetuate economic dependence patterns, exposing them to heightened risks of exploitation or harassment. **Positive - Vulnerable Groups:** Companies that actively promote vulnerable groups' economic empowerment through inclusive hiring, upskilling, and leadership development programs with a focus on sourcing regions, can improve vulnerable group's advancement and support broader community development. **Positive - Gender:** By actively promoting the economic empowerment of women across the watch and jewellery value chain, particularly in sourcing and manufacturing, a company can contribute to closing the gender pay gap, advancing women into leadership roles, and building more resilient supply chains. Targeted initiatives such as skills development, or equitable wage policies can support broader community development.
Product Integrity & Disclosure (incl. Responsible Marketing)	Refers to the accuracy, clarity, and completeness of information provided to consumers about product characteristics, including material origin, sourcing practices, and sustainability claims, as well as the ethical standards associated with the product's marketing and labeling.	**Negative:** Misleading or incomplete product claims can erode consumer trust, contribute to greenwashing, and prevent informed purchasing decisions, undermining broader efforts toward responsible consumption. **Positive:** Transparent product information and responsible marketing empowers consumers to make ethical and informed choices, reinforces accountability in the value chain, and strengthens brand credibility.

5. APPENDIX

Topic Name	Topic Definition	Negative and Positive Impact Statements
Supply Chain Practices (incl. Traceability)	Refers to business partners within the watch and jewellery supply chain that engage in practices violating local laws, international frameworks, or a company's standards (set as per the Supplier Code of Conduct), including corruption, labor exploitation, environmental harm, or human rights abuses. This also includes a company's pressure on its business partners, whether it is in terms of pricing or timing, pushing those to adopt unethical practices such as overtime or inadequate resting periods for workers. Weak traceability and due diligence systems can further exacerbate these risks by limiting visibility over upstream operations, hindering accountability, and allowing illicit or unsustainable practices to go undetected.	**Negative:** Working with unethical suppliers or exerting excessive pressure on business partners, such as through unrealistic pricing or delivery timelines, a company may indirectly incentivize labor rights violations, including excessive overtime, inadequate rest, and unsafe working conditions. Weak traceability and due diligence systems further exacerbate these risks by obscuring supply chain visibility, allowing exploitative or environmentally harmful practices to persist undetected. Such gaps can harm workers' well-being, erode community livelihoods, and contribute to broader social and environmental degradation across the value chain. **Positive:** A company that implements robust due diligence and comprehensive traceability systems can significantly enhance visibility and accountability across its value chain. When combined with fair pricing, reasonable lead times, and capacity-building support for suppliers, such practices help prevent labor and environmental abuses while promoting continuous improvement. Strong traceability frameworks also foster transparency and trust, driving higher social and environmental standards and contributing to more resilient and responsible supply chains.
Corruption and Money Laundering	Refers to the abuse of entrusted power for private gain, including bribery, facilitation payments, conflicts of interest, and money laundering. These practices may occur across the value chain, particularly in jurisdictions with weak governance, limited financial transparency, and inadequate oversight. In the watch and jewellery sector, this can include the illicit movement of funds linked to high-value transactions or opaque sourcing of precious watch & jewellery raw materials.	**Negative:** Corruption and money laundering can undermine fair business practices, fuel illicit trade in gold and gemstones, and contribute to human rights abuses and environmental degradation, particularly in high-risk sourcing regions. **Positive:** Companies with strong anti-corruption and anti-money laundering policies, transparent business practices, and due diligence across their value chains can promote ethical conduct, support rule of law, and contribute to more stable communities.
Protection of whistleblowers and human rights defenders	Refers to the policies and practices that enable individuals to report misconduct, unethical behavior, or legal violations without fear of retaliation. This includes the protection of internal employees as well as external stakeholders such as human rights defenders raising concerns about mining-related abuses.	**Negative:** Lack of whistleblower protection can suppress the reporting of wrongdoing, allowing harmful practices to continue unchecked and eroding trust within organizations and value chains. **Positive:** Protecting whistleblowers, including community advocates and human rights defenders, encourages transparency, accountability, and early detection of risks, contributing to stronger ethical and legal compliance.
New Technology & Innovation	Refers to the development and adoption of new materials, manufacturing processes, digital tools, and business models that can enhance product traceability, operational efficiency, or transparency. In the watch & jewellery sector, this includes innovations such as blockchain for responsible sourcing, lab-grown gemstones, advanced tracking systems for ethical supply chains, or digital platforms for customer engagement.	**Negative:** The rapid adoption of new technologies, such as blockchain or lab-grown watch & jewellery raw materials, without adequate governance may lead to data privacy risks, increased cybersecurity vulnerabilities, and exclusion of smaller suppliers unable to adapt, potentially deepening inequalities in the supply chain and prevent local communities from employment opportunities. **Positive:** Responsible innovation can improve supply chain transparency, traceability, reduce environmental impacts, and foster consumer trust by ensuring ethical and sustainable sourcing practices.
Collaboration	Engagement and cooperation among industry actors, brands, suppliers, civil society, and public institutions to address shared sustainability challenges across the watch and jewellery value chain. This includes joint efforts to improve responsible sourcing, labor practices, and environmental performance through collective standards, transparency, and capacity-building initiatives.	**Negative**: When poorly managed, multi-stakeholder initiatives can reinforce existing power imbalances or exclude key voices, particularly from artisanal miners, local communities, or Indigenous groups. Fragmented or duplicative initiatives may create confusion, dilute accountability, and limit tangible progress on shared goals. Lack of coordination or transparency can ultimately undermine trust and reduce the effectiveness of collective action across the value chain. **Positive:** Multi-stakeholder initiatives can foster shared standards, transparency, and capacity-building, especially for SMEs and upstream suppliers, helping to address systemic and complex challenges such as traceability. By pooling resources and expertise, the sector can scale impact, enhance credibility, and drive more resilient and inclusive value chains, especially at extraction stage.

5. APPENDIX

Value Chain Map

	Upstream	Own Operations	Downstream
	Responsible Sourcing and Material Transformation	**Design, Production, and Corporate Activities**	**Distribution, Use, Circularity**
Key activities:	Extraction and processing of precious metals, gemstones, and other materials. Supplier selection, traceability, and human rights due diligence. Environmental and social impact management in sourcing regions.	Product design, assembly, and finishing of watches and jewellery. In-house processes: energy, water, and waste management; circular product design; employee well-being and inclusion. Governance, strategy, and sustainability reporting under CSRD and WJI 2030's three pillars (Climate, Resources, Inclusion).	Distribution to retailers and consumers (retail, e-commerce, partnerships). Customer engagement on sustainability and product transparency. After-sales services, repair, reuse, and recycling of products and materials.
Key stakeholders:	• Mining and refining companies • Material suppliers • Local communities • NGOs • Regulators	• Brand owners • Employees, manufacturing partners • Logistics providers	• Retailers • Consumers • Recycling partners • Regulators, • Industry associations.

Works Consulted & Useful Resources

- AWDC, The Sector Double Materiality Assessment for the Diamond Sector
- BSR, Women in the Jewelry Supply Chain
- CIBJO, The Double Materiality Assessment (DMA) Global Guide for the Jewellery Sector (SME Focus)
- Deloitte, Swiss Watch Industry Study 2025
- GCBHR, UNSW, Transforming the diamond value chain: HB Antwerp's model of radical transparency in Botswana
- Human Rights Watch, The Hidden Cost of Jewelry
- Sustenuto, Sector Materiality Assessment for the Diamond Sector
- WJI 2030, Guidance Note: Preparing for the Corporate Sustainability Due Diligence Directive in the Watch & Jewellery Industry
- WJI 2030, Human Rights Navigator, Practical Guidance to Navigating Human Rights Due Diligence
- WJI 2030, UN Women, Case Study: Advancing Gender Equality through Gender Responsive Procurement in the Watch and Jewelry Industry
- WWF, Sustainability Rating and Industry Report 2023: Time for Change, Demanding More Transparency and Responsibility in the Watch and Jewellery Sector
- The Sector Double Materiality Assessment for the Diamond Sector
- The Double Materiality Assessment (DMA) Global Guide for the Jewellery Sector (SME Focus)

Interview Questions

Introduction

- Please introduce yourself and/or your organization.
- Can you describe your experience with the watch and jewellery industry, including any past or current interactions, and how you might engage with it in the future?
- Are there any trends which you think are of particular importance as we explore the industry's impact on the world?

Prioritizing sustainability topics

- Looking at the list of topics below (Appendix 1), what are the potential or actual impacts of the industry on society and the environment? If certain issues are specifically relevant to your organization, please focus on these.
- For each topic, please describe the potential impact, severity, and likelihood. (Scale: Very Low, Low, Medium, High, Very High). Additionally, do you believe the industry typically causes, contributes to, or is directly linked to this impact?
- What are effective approaches to mitigate the negative impacts of the issue? What are leading companies doing? What role should industry actors (such as brands, manufacturers, and sourcing partners) play in addressing these impacts and engaging with partners, members, and communities?
- What are effective approaches to generate positive impacts? What are leading companies doing? What role should industry actors (such as brands, manufacturers, and sourcing partners) play in contributing to these impacts engaging with partners, members, and communities?
- Are there any new industry, societal or legislative trends which might impact the industry by 2030 and the material issues we have talked about?

WATCH & JEWELLERY

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