



An open letter to business leaders in the jewellery industry



# TRENDS SHAPING RESPONSIBLE BUSINESS IN THE JEWELLERY INDUSTRY

## SUSTAINABILITY: A 2021 PERSPECTIVE REBUILDING TRUST IN THE DECADE OF ACTION

The past year has been a year of reckoning, reflection and reassessing how we relate to one another and to the planet. There is a lot that has been said about the changes this unprecedented year has brought and also about the next normal that seems to be on the not-so-distant horizon. Among all of this, I am convinced of the centrality of a value that has taken on enormous significance and holds true in more ways than we had probably imagined before the pandemic began – interconnectedness. This is why I feel our industry will do well, we are a global family of businesses who have always been interdependent in bringing products to the consumer that are pure emotion and trust. Of the many lessons that have emerged from this turbulent year, one rang true across the globe – we are all in this together.

At the beginning of 2020, we were at the start of the “decade of action”, with just ten years to reach the 17 Sustainable Development Goals and to implement decisive action on the climate crisis. As the jewellery industry realigns itself to the next normal, my sincere hope and efforts are directed to ensuring that we act in this spirit of interconnectedness, and that our ethics, business values and core principles are aligned with the sustainability goals that we have collectively committed to. I’ve never seen so much collaboration, so much knowledge sharing, we’re moving in the right direction. Let’s agree we need to accelerate efforts with a focus on human rights and climate action – we owe it to the next generation.

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### 1. VALUING EMPLOYEE WELLBEING

52% of a company’s market value is a company’s intangible assets, which include human capital and culture<sup>1</sup>. Going into 2021 we have a heightened awareness of the physical and psychological well-being of our employees<sup>2</sup>.

Focusing on vulnerability in an organisation’s most important assets – its employees – has taken on an added and renewed significance. Many organisations are going beyond basic healthcare and beginning to tackle one of the biggest causes of lost productivity – mental health. WHO estimates that untreated depression and anxiety alone can lead to approximately \$1 trillion in global productivity losses each year<sup>3</sup>.

At RJC, we have been working with a sports coach from the Olympic Committee in Belgium since the start of the lockdown, to guide and mentor us as a group to accelerate cohesion and champion team performance.

### 2. MAKING DEEP CHANGES IN SUPPLY CHAINS

25 million people work in forced labour conditions worldwide, 47% of whom are in Asia-Pacific<sup>4</sup>. The absence of regulations in many countries places the onus directly on business to prevent forced labour and child labour.

Given the global and complex nature of today’s supply chains, progress in effecting supply chain sustainability is not easy. The flip side is that achieving supply chain goals could lead to significant and quantum leaps in impact across all dimensions of sustainability e.g. eradicating child labour in supply chains and achieving Zero Net Deforestation. Technologies such as AI, blockchain, and digitization of data continue to grow in sophistication, advancing end-to-end supply chain transparency.

At RJC we welcome our ongoing engagement with Human Rights Watch. We have committed additional capacity to focus on human rights due diligence in 2021 and support our members with business tools to accelerate advancements in this area.

### 3. EMBRACING THE CIRCULAR ECONOMY

We are overusing the Earth’s biocapacity by at least 56%<sup>5</sup>. To keep our world liveable and thriving, we need to double global circularity from 8.6% to 17%<sup>6</sup>. A circular economy could reduce greenhouse gases by 44%<sup>6</sup> and increase economic output by \$4.5 trillion<sup>7</sup>.

The concept of a circular economy involves reducing, recycling and reusing as core concepts. In other words, keep resources in use for as long as possible to extract maximum value. Moderating consumption to help conserve resources is also central to the circular economy. With its global ecosystem, the jewellery industry is perfectly placed to find opportunities in the circular economy and to accelerate advancements in this area throughout the entire value chain. RJC certified members are already making commitments and transitioning to a circular economy.

- Pandora: committed by 2025 to entirely stop using newly mined silver and gold in their jewellery and only buy from recycled sources. This will cut carbon emissions by two thirds for silver and by more than 99% for gold.
- Hariett Kellsall: encourage clients not to rhodium plate their pieces. This involves teaching their clients about rhodium plating and its use of chemicals and empowers the consumer to make more sustainable choices.
- Kering: Since 2013, Kering’s Materials Innovation Lab (MIL) has been cataloguing and exploring sustainable materials for use across fashion and jewellery.

### 4. SUSTAINABLE CONSUMPTION & BEHAVIOUR CHANGE

The gap between people’s intentions to live sustainably and their consumer behaviour is closing<sup>8</sup>.

Increasingly, consumers worldwide feel growing concern about the state of the planet. This sentiment is especially pronounced among millennials and Gen Z, who are ‘voting with their wallet’ and choosing brands whose values align with their own. In the jewellery industry, where buying decisions are driven by emotion, it is especially important for business to be highly attuned to the voice of the consumer.

I believe that any company in the jewellery and watch industry, will have to show its positive impact on the livelihoods of communities. We at RJC, have developed a Roadmap to 2030<sup>9</sup> to help our companies to understand better their impact on the supply chain, and more important, support them in measuring progress over time. This is a process of continuous improvement and I believe consumers will respond well if you provide reliable data in this area. We cannot overpromise, we need to share information about the journey on sustainability and the impact long-term actions have on communities, with focus on the most vulnerable like Artisanal Small-scale Mining (ASM) and women.

### 5. DOUBLING UP ON CLIMATE ACTION

Global business leaders cited ‘Climate Action Failure’ as the biggest risk (blind spot) that a co-ordinated global response has the most potential to prevent or mitigate<sup>10</sup>.

We saw a number of climate tipping points happening globally in 2020 – catastrophic fires in Australia and North America, accelerating biodiversity loss, and increasing frequency of extreme weather events. With an estimated \$3.8 trillion lost due to extreme weather events<sup>11</sup>, there is clearly an increased need of collaboration between business, government and investors to address the climate resilience gap. Businesses need to ensure that climate risk is effectively embedded in corporate risk models and commit to reducing emissions in line with the 1.5°C target, while encouraging suppliers and peers to do the same. The jewellery industry continues to demonstrate their commitment to positive and immediate climate action.

- Natural Diamond Council members: represent 75% of global diamond production, are required to disclose the impact of energy consumption and CO2 emissions, and to commit to reducing both.
- ALROSA: has ensured 85.5% of total energy consumption comes from renewables.
- Diavik Diamond Mine in Northern Canada: has become a global leader in cold climate technology, proving that renewable energy works in a remote sub-arctic location.
- De Beers Group: has pledged by 2030 to be carbon neutral across its own operations and are crucially working with their entire supply and value chain to drive this agenda.

### 6. PUT EQUALITY AT THE CORE OF BUSINESS

Women and people from an ethnic minority background have been among the most affected by the pandemic and the economic fallout<sup>12</sup>.

As business leaders we need to ensure that we do not lose the improvements made in diversity and inclusion, and indeed renew efforts to continue action towards balanced board rooms, equal opportunities, and foster responsible business practices that ensure all employees – irrespective of ethnicity, ability, sex and status – receive equal pay, benefits and opportunities at every level in the jewellery supply chain.

The World Economic Forum Diversity, Equity and Inclusion Toolkit<sup>13</sup> explores the practical opportunities and risks that rapidly emerging technologies represent for diversity, equity and inclusion efforts.

At RJC, we integrated a gender toolkit to various provisions in our Code of Practice (e.g. non-discrimination) and others that contribute to creating vulnerable situations for women (e.g. working hours and patterns). Our aim is to create a business environment where everyone is considered equal, setting standards for what equality should look like in the industry. Our 2021 Generation Equality industry roundtables with BSR, give a voice to everyone in the jewellery industry.

### 7. INNOVATION FOR THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Accelerating advancements in areas such as AI, mobile, data management and other technologies hold great promise to solve some of the world’s most complex problems, edging us closer to the SDGs.

The benefits of increasing internet penetration to emerging economies are self-evident. Increased connectivity can advance achievements across all SDGs, notably the root of all innovation – SDG 4 Quality Education (and lifelong learning). AI applications across certain key industries could boost global GDP by 4%, create up to 38m jobs by 2030, and reduce greenhouse emissions by 4%<sup>14</sup>.

Within the jewellery industry we have seen pioneering innovations throughout the entire supply chain, most notably in tracer technology to increase transparency in the life of individual diamonds, like Tracr™. Initiated and led by De Beers Group and built collaboratively with the diamond industry, Tracr™ is an inclusive platform presently being piloted by RJC member companies including De Beers, ALROSA, Rosy Blue, Signet, Venus Jewel, KGK, and Finestar.

### 8. NORMALISE ESG REPORTING

Many investors are integrating environmental, social and governance (ESGs) and climate considerations across their portfolios in response to changing attitudes and regulations.

This is unlikely a temporary trend, it will become part of the new normal. In financing and private equity, transparency has become the new watchword: data, data, data and reporting on progress is here to stay!

Looking globally, the United Nations launched its Principles for Responsible Investment<sup>15</sup> back in 2006 and in 2020 the World Economic Forum (WEF) released its ESG disclosure framework<sup>16</sup> developed in collaboration with the ‘Big Four’ accounting firms. The WEF framework is a key milestone in setting up a universal benchmark for reporting sustainable value creation. In Europe, the EU’s Sustainable Financial Disclosure Regulation (SFDR), set to commence in March 2021, will be the regulator’s first stab at enhancing the transparency of ESG criteria in investment decisions and recommendations.

RJC is working closely with its members and key stakeholders in the finance and equity markets to build and implement tools that will support the jewellery and watch industry to integrate an ESG framework in their management reporting.

READ THE FULL OPEN LETTER: [RESPONSIBLEJEWELLERY.COM/2021-OPEN-LETTER](https://www.responsiblejewellery.com/2021-OPEN-LETTER)

RJC is the global membership and standards body of trusted jewellery throughout the entire supply chain – from mine to retail.

Our ‘Code of Practice’ references key development frameworks, including the Universal Declaration of Human Rights, ILO Principles and UN Global Compact and Sustainable Development Goals (SDGs).

#CREATEBEAUTIFUL



RESPONSIBLE JEWELLERY COUNCIL SUPPORTS THE SUSTAINABLE DEVELOPMENT GOALS

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<sup>4</sup>International Labor Organisation, ‘Global Estimates of Modern Slavery: Forced Labour and Forced Marriage’, September 2017. <https://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>  
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<sup>6</sup>Circle Economy, ‘The Circularity Gap Report 2021’, <https://www.circularity-gap.world/2021/>  
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<sup>9</sup>Responsible Jewellery Council, ‘Roadmap to 2030 and Beyond’, December 2020. <https://www.responsiblejewellery.com/action/impacts/#roadmap>  
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<sup>14</sup>PWC, ‘How AI can enable a sustainable future’, April 2014. <https://www.pwc.com/gov/press-room/press-releases/2019/ai-realize-gains-environment.html>  
<sup>15</sup>United Nations, ‘Principles for Responsible Investment’ tools and resources. <https://www.unpri.org/>  
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