



Wednesday, 3 March 2021

An open letter to business leaders 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. Now, with the hindsight of 2020 (pun intended), how we march forward – through collaboration, investment and reporting on progress – will determine the future of our world, and for that of generations to come.

What follows is my humble endeavour to distil what, in my opinion and the opinion of the experts quoted below, will be the trends that can take our businesses, communities and our people to a sustainable future.

1. Valuing Employee Wellbeing

The time is now to take the opportunity for organisations to foster a sustainable culture, to embrace diversity and inclusion and create harmony. While also fostering a safe, secure and motivation space with a virtual workplace.

As we emerge from 2020 into the next normal, we have a heightened awareness of our physical and psychological well-being. Focusing on vulnerability in an organisation’s most important assets – its employees – has taken on an added and renewed significance. This McKinsey and Company study talks about how to create a culture of psychological safety.

A company’s intangible assets, which include human capital and culture, are now estimated to comprise on average 52% of a company’s market value. A growing number of companies are looking to go beyond basic healthcare and benefits, trying new approaches to wellness and work/life balance to help their employees thrive. They are also beginning to tackle one of the biggest causes of lost productivity – mental health. The World Health Organisation estimates that untreated depression and anxiety alone can lead to approximately \$1 trillion in global productivity losses each year.

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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. I'm proud of the RJC team, how they have supported each other and our 1,300 members in 71 countries in building back better.

2. Making Deep Changes in Supply Chains

Given the global and truly complex nature of today's supply chains, progress in effecting supply chain sustainability has not been easy. The flip side of this is that achieving supply chain goals could lead to significant and quantum leaps in impact across all other dimensions of sustainability. From eradicating child labour in supply chains, to achieving Zero Net Deforestation, the impacts can be wide and far-reaching. Also, technologies such as AI, blockchain, and digitization of data are continuing to grow in sophistication, hence advancing end-to-end supply chain transparency.

Human rights abuses in supply chains continue to exist, despite growing efforts by business, investors and policy makers. According to the [International Labor Organization](#), almost 25 million people work in forced labour conditions worldwide, 47% of whom are in Asia-Pacific. The absence of regulations in many countries places the onus directly on business to prevent forced labour and child labour.

With just ten years to attain the Sustainable Development Goals, a deeper collaboration and sharing of best practices across and within industries (between competitors and peers) will be required, so that solutions can be deployed at scale without the need to re-invent the wheel.

At RJC, we welcome our ongoing engagement with [Human Rights Watch](#). This year we have committed additional capacity to focus on human rights due diligence and support our members with [business tools](#) to accelerate advancements in this area.

3. Embracing the Circular Economy

The concept of a circular economy involves reducing, recycling and reusing as core concepts. In other words, keeping 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.

We saw companies piloting and adopting circular strategies in 2020 and this is a trend that will continue to gain momentum. Despite this growing momentum, the world is currently only 8.6% circular, according to "[The Circularity Gap Report 2020](#)". Closing the circularity gap directly serves the objective of preventing and deaccelerating environmental degradation and social inequality. The [WWF's living planet report](#) revealed that until 1970, humanity's ecological footprint was smaller than the Earth's rate of regeneration but to feed and fuel our 21st century lifestyles, we are overusing the Earth's biocapacity by at least 56 percent.

According to the [Ellen MacArthur Foundation](#), India and China are two markets where there are significant circular economy opportunities. As per [another report](#) by the same foundation, when implemented in certain key sectors across Europe, India and China, a circular economy could reduce Greenhouse Gases by 22 – 44% by 2050 compared to the current path. And contrary to popular beliefs, the transition to a circular economy could generate an *increase* of \$4.5 trillion in additional economic output by 2030, according to [circularity-gap.world](#). So, what is good for natural ecosystems is also good for the business ecosystems!

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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. Pandora, an RJC certified member since 2015, has 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. Since 2013, Kering's Materials Innovation Lab (MIL) has been cataloguing and exploring sustainable materials for use across fashion and jewellery. We are also seeing RJC certified members educating their customers to help them make conscious choices; like Harriet Kelsall, who 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.

4. Sustainable Consumption & Behaviour Change

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. Even though there might be a gap between people's intentions to live sustainably and their consumer behaviour (as per [this study](#)), that gap is now closing because of increasing awareness, and the availability of sustainable products. In industries ranging from tourism to fashion, consumers now expect companies to offer sustainable options. Even dietary behaviours are seeing a rapid shift – [UBS predicts](#) that the US sales of plant-based protein and meat alternatives will increase from \$4.6 billion in 2018 to \$85 billion in 2030!

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](#) 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. Consumers expect commitment and action on those commitments. 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

In the list of news items that might have dominated the news cycles if 2020 was just like any other year were a number of climate tipping points that happened globally – catastrophic fires in Australia and North America, accelerating biodiversity loss, and increasing frequency of extreme weather events.

According to the [World Economic Forum's Global Risks Report](#), concerns over the climate dominated the list of risks selected by over 12,000 global business leaders. The United Nations Development Program (UNDP) estimates that over the last 30 years, one out of every three dollars spent on development has been lost to extreme weather events – a combined loss of [\\$3.8 trillion worldwide!](#) It is now widely accepted that our current trajectories will lead to planetary warming of at least 3 – 4°C this century.

There is clearly an increased need of collaboration between businesses, governments 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.

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It might be slower than many of us want, but change is surely happening. Here are a few notable examples:

- Last year Microsoft announced an ambitious goal to become carbon negative by 2030.
- India and Brazil have formally agreed to collaborate on accelerating bioenergy production.
- Breakthroughs in battery technology which will enable scaling of electrified transportation across both commercial and public sectors have begun to be rolled out.
- The Global Commission on Adaptation has launched a collaboration with more than 75 partners in governments, global companies, NGOs and foundations to scale up [climate adaptation solutions under eight action tracks](#).

The jewellery industry has also demonstrated its commitment to positive and immediate climate action. As highlighted by the Natural Diamond Council, their members, who represent 75% of global diamond production, have a series of programs in place aimed at reducing energy consumption and CO2 emissions and it all starts with the transparent disclosure of this impact by each of their member companies.

- 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.

At RJC this is also an important issue and we will continue to guide our members with standards, training and [climate action webinars](#) with our strategic partners.

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. 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](#) explores the practical opportunities and risks that rapidly emerging technologies represent for diversity, equity and inclusion efforts.

At RJC, we integrated a gender lens to various provisions in our Code of Practices standard, some which more intuitively or directly address gender equality (e.g. non-discrimination) and others that contribute to creating vulnerable situations for women (e.g. working hours and patterns). We call out the right to paid maternity leave and flexible working hours and arrangements and aim to create a business environment where everyone is considered equal, setting standards for what equality should look like in the industry. The RJC Code of Practices show how RJC COP provisions are mapped to the SDGs, including SDG 5.

As a diverse team ourselves, we are united by a shared mission and our [increased commitment to Generation Equality](#), including our 2021 series of gender equality industry roundtables with BSR, reflects our vision to advance diversity and inclusion at all levels in the global jewellery and watch industry – from board room to action on the ground.

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7. Innovation for the 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. It is being said that increased connectivity has a critical role to play in addressing SDG4 – “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. In countries like Nigeria, increased internet speeds and coverage is enabling remote education and telemedicine opportunities, improving medical care in rural areas and thus enabling inclusive socioeconomic development. Network technology also offers the potential for remote learning with lower energy consumption.

More broadly, studies have shown that rolling out AI applications across certain key industries could boost global GDP by 4% and create up to 38m jobs by 2030, while at the same time reducing Greenhouse Gas emissions by 4%.

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.

We are also seeing the application of emerging technologies (e.g. the internet of things, artificial intelligence, and Blockchain) lead to outstanding technological developments including:

- Application of blockchain (distributed ledger) technology to enhance traceability
- Nano-particle identification systems for gemstones
- Ultra-fine marking of diamonds to identify individual stones
- Inventory controls systems to track diamonds and jewellery through the manufacturing process and to the retailer/consumer
- 3d imaging of rough diamonds to maximise the yield and ideal diamond shapes from each piece of rough
- Laser cutting of rough diamonds to prepare stones for fine finishing and polishing
- Special diamond cuts to maximise brilliance and light refraction
- High quality simultaneous casting of multiple jewellery pieces in gold or other precious metals

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!

During the COVID-19 market downturn, Environmental, Social and Governance (ESG) stocks have continued to outperform the S&P 500 and MSCI Europe indices. This trend which demonstrates an increasing investor preference for companies that take a stakeholder view of their business as opposed to a purely shareholder view could change the nature of corporate social responsibility. There has been a renewed focus from governments and the private sector on the need to address climate change and other sustainability challenges.

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In his 2020 annual letter to company executives, BlackRock CEO Larry Fink said that climate change has brought us to “the edge of a fundamental reshaping of finance” and will require “a significant reallocation of capital” in the near future. Fink called attention to the importance of investment stewardship, commenting that BlackRock stewardship teams would continue to engage with the issue and be “increasingly disposed to vote against management and board directors when companies are not making sufficient progress on sustainability-related disclosures and the business practices and plans underlying them.”

Looking globally, the United Nations launched its [Principles for Responsible Investment](#) back in 2006 and just a few months ago, the World Economic Forum (WEF) released its [ESG disclosure framework](#), 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. Of the options available, this is the framework that holds the best chances of becoming the standard in private markets for reporting on ESG. In Europe, the EU has adopted the European Green Deal, which consists of an overarching set of policy initiatives that aim to make Europe climate neutral by 2050. Additionally, 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.

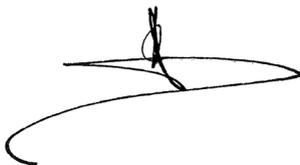
RJC is working closely with its members and key stakeholders in the finance and equity markets to build and implement tools that will support the jewellery and watch industry to integrate an ESG framework in their management reporting.

We have in the recent past, seen companies in our own industry (and in many nations and governments) step up to long-held promises of corporate sustainability and responsible investing. Our global and often complex supply chains – involving materials, people, distribution, creative processes and retail, to name the key elements – present both unique challenges and unique opportunities. I have a deeply held belief that the interfaces of these various components require collective effort and that there are some core values that are entirely non-negotiable. Also, there is an urgent need for factoring in the true cost of doing business in our organisations.

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.

Ultimately, we are an industry of beauty and emotions. Jewellery plays a special role in people’s lives and the story behind the jewellery is often as precious as the jewellery itself. By transforming the world’s jewellery supply chains to be responsible and sustainable, we create beautiful things in a beautiful way. In doing so, we are rebuilding trust in the global jewellery industry and underpinning its future, so people continue to hold jewellery close to their hearts for centuries to come. This is our promise to the consumer for generations to come.

Create beautiful.



Iris Van der Veken
Executive Director
Responsible Jewellery Council

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